



BC GOVERNMENT AND SERVICE EMPLOYEES' UNION

bcgeu

pension plan news

PLEASE POST

June/July 2010

THE BCGEU PENSION PLAN BOARD OF TRUSTEES is reporting results to May 31, 2010.

Please let us know if there are topics you would like to see included in future issues of the Pension Plan News. You may mail, fax or email your request to the Pension Plan Administrator.

The contact information is below.

BCGEU Pension Plan

Economic Commentary

Markets have softened considerably in May and June of 2010 (see performance numbers in table below). However given that markets have risen quite sharply in twelve of the last fifteen months, the pull back should not come as a surprise. The BCGEU Pension Plan was up over 20% during that period.

Recent market weaknesses can be attributed to a number of global challenges, including sovereign debt problems in many European countries, a massive environmental disaster in the Gulf of Mexico, and generally a number of factors that contribute to insecurity and volatility. Closer to home, concerns over the state of US finances and a jobless recovery in the US increase the uncertainty for many Canadian exports and hence the overall Canadian market.

Money market and bond yields continue to be low during this period of sustained low interest rate policy, so the only area for reasonable growth is in the Plan's equity and real estate holdings. The Board monitors its asset mix frequently to ensure its investment managers stay within their guidelines. It is that disciplined approach that the Trustees believe is essential to minimizing investment risks. The Board believes that there are only two reasons to outperform market indices and they are skill and luck and the Board does not want to rely on the latter.

Recent Developments

In the Plan's December 2009 pension news the bulletin described an investment proposal the Trustees were considering for members who are age 60 and over. The trustees have, after considerable deliberation on plan design, adopted a plan that will come into effect as of January 2011. In effect the plan will move members assets to a more conservative investment on a progressive basis during the period in which members participate in the Plan after age 60. Some of you will recall that the previous Immunization Fund that had similar characteristics but was implemented at an earlier age. The difference in this new arrangement is that it will apply to all members age 60 and over. For those

BCGEU Pension Plan Board of Trustees

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members that will be affected correspondence will be directed to you individually over the coming months. The purpose of this plan change is to limit members' exposure to fluctuating market returns as their proximity to retirement age gets closer.

The Board of Trustees has recently approved the Plan Administrator, Aon Consulting, to inform terminating and retiring members of a new option available to them. Generation Aon is a product designed to provide income stability in your retirement period through a diversified investment policy without going the annuity purchase route. The product also has a very competitive fee schedule. Our plan administrator will only provide the contact information and a separate life insurance company will provide you with investment advice for those that are interested. Aon Consulting is not in a position to offer investment advice to retiring members nor is the BCGEU Pension Plan but some members may be interested in this product.

Pension Plan Performance

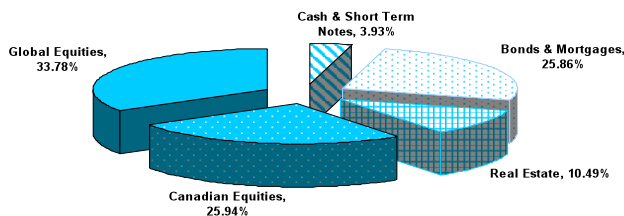
At May 31, 2010, the annual return for the Plan was 8.84%. The May 31, 2010 unit value is 411.55. To illustrate the return you have earned in the Plan, you may find it interesting that the unit value at commencement of the Plan in March 1989 was 100. Following are the one, three, five, ten, fifteen and twenty year annualized rates of return at May 31, 2010.

Average Annualized Rate of Return (%)					
1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
8.84%	-5.57%	1.05%	2.99%	6.20%	7.14%

Main Fund

The assets of the Main Pension Fund as at May 31, 2010 were approximately \$114 million and are comprised of the following asset classes:

Asset Distribution at May 31, 2010:	
Cash & Short Term Notes:	3.93%
Bonds and Mortgages:	25.86%
Real Estate	10.49%
Canadian Equities:	25.94%
Global Equities:	33.78%
Total Investments	100.00%



MORE INFORMATION

For more information about your Plan, please refer to the relevant section of your pension booklet before contacting the Union or the Plan Administrator.

Plan Administrator: Aon Consulting
Fax: 604-684-9902
Toll Free Phone: 1-800-818-9855 Ext 564
Contact: Barbara Whitear
Direct Line: 604-443-2564
Email: barbara.whitear@aon.ca

BCGEU WEBSITE: www.bcgeu.ca
 Select "Components>10>Pensions"

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 BCGEU Pension News FYI Jun-Jul 2010