

**BCGEU Pension Plan
Board of Trustees**

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The BCGEU Pension Plan Board of Trustees is pleased to report the results to December 31, 2010.

Please let us know if there are topics you would like to see included in future issues of the Pension Plan newsletter. You may mail, fax or e-mail your requests to the Pension Plan administrator. The contact information is noted below.

2010 Annual Member Statement

With this bulletin is your Annual Member Statement. You will notice that the statement has been completely redesigned in an attempt to provide you with more simple, meaningful and accurate information. The Trustees hope that you will find this new format more straightforward and understandable.

The 'Notes' under each Section explain the composition of each balance. Please read the entire document carefully and be sure to store it in a safe place for future reference.

Immunization Account Established

All members received correspondence last fall outlining a decision made by the Plan trustees to establish an Immunization Account for all plan members age 60 and over. This means that all members of the Plan will have a modified investment strategy implemented immediately following the year in which they turn 60. The rationale behind this decision is to limit members' exposure to the volatility that equity holdings in their account experience. This means that an increasing proportion of your assets each and every year after age 60 will be invested in fixed income products. The Trustees believe this to be the best way to protect members' assets from the type of situation that was experienced in 2008 when tremendous market turmoil occurred, hurting most investors, but particularly those close to retirement age.

If you did not receive the letter detailing the Immunization Fund transfer, or if you would like further information, please contact the Plan Administrator.

Economic Commentary

2010 was a year pronounced by volatility. There were periods of strong gains and strong losses with the overall results being rather modest considering the gains made in 2009. (see table for returns). As always, your Plan's

investment philosophy is to maintain a diversified quality portfolio. As mentioned in an earlier bulletin, the Plan has moved the global equities portion of the fund to an index manager (Blackrock).

Pension Plan Performance

At December 31, 2010, the annual return for the Main Fund was 6.92%. The December 31, 2010 unit value is 448.08. To illustrate the return you have earned in the Main Fund, 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 December 31, 2010.

Avg. Annualized Rate of Return (%)					
1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
6.92%	-1.47%	1.35%	3.50%	6.19%	7.50%

Plan Assets

• **Main Fund**

The assets of the Main Pension Fund as at December 31, 2010 were approximately \$126.5 million and are comprised of the following asset classes:

Cash & Short Term Notes:	3.00%
Bonds and Mortgages:	25.72%
Real Estate	10.17%
Canadian Equities:	26.53%
Global Equities:	34.58%
Total Investments	100.00%

• **Immunization Fund**

The rate of return for the Immunization Fund was 0.71% for the 12-month period ending December 31, 2010 with total assets of \$2.3 million before the annual transfer. The Immunization Fund is comprised solely of short-term notes.

Government Benefits

In addition to your pension from the BCGEU Pension Plan, you may receive government benefits as described below. These benefits are not automatic, you must apply for them.

Canada Pension Plan (CPP)

Starting in 2011 there will be some important changes made to the Canada Pension Plan.

Currently, once you reach age 60, you must stop work or earn less than \$960 for two consecutive months to start your CPP pension. Starting in 2012, this criteria will be removed and you will be permitted to collect CPP while still working if you are at least 60.

Currently, if you start your CPP pension and resume working, you do not make additional CPP contributions. Effective January 1, 2012, if you are younger than 65, receiving a CPP pension and continue to work, you will be required to make CPP contributions. If you are between 65 and 69 and still working, you will have the choice whether or not to make contributions. Contributions will not be permitted once you reach 70. Contributions will provide additional CPP pension benefits which will depend on your earnings level.

When your CPP benefit is calculated, 15% of the months when your earnings were the lowest are dropped out of the contributory period. This low earnings drop-out period will be increased to 16% in 2012 and 17% in 2014.

If you collect CPP before age 65, your CPP pension is reduced by 0.5% for each month your start date precedes age 65 (6% per year). Starting in 2012, this reduction factor will gradually increase by 0.02% each year for five years so that in 2016 the reduction factor will be 0.6% per month. In the same way, if you start your CPP pension after age 65, your CPP pension is increased by 0.5% for each month your start date exceeds age 65. Starting this year, the adjustment factor is increased to 0.57%. In 2012 it will increase to 0.64% and from 2013 it will be 0.70% per month.

For further information about these changes, or for an estimate of your CPP retirement pension (on your CPP Statement of Contributions), contact Service Canada at 1-800-277-9914 or visit their web site at: servicecanada.gc.ca. The closer you are to the date you want your pension to begin, the more accurate the

estimate will be. It is best to apply for your CPP retirement pension at least six months before you want your pension to begin.

Old Age Security (OAS)

OAS pensions are paid from age 65 to all Canadians who meet the age and residency requirements. OAS benefits are adjusted quarterly in line with inflation. The maximum level of benefit at the beginning of 2011 is \$524.23 per month. If your net income exceeds a certain level (\$67,668 in 2010) a portion of your OAS pension may be "clawed back" by extra tax.

Six months before your 65th birthday you should submit your OAS application with proof of age to the nearest Service Canada office.


Important Reminders:

- Check that your employer is remitting the correct percentage of employee and employer contributions as prescribed in the Collective Agreement.
- If you move, **please make sure you provide the Plan Administrator and the Union with your change of address.** If you know of any member who did not receive an annual pension statement, it means that they need to provide the Administrator and the Union with their current address.
- If you are retiring this year, you should be aware that annuities purchased through the Plan are purchased on a "net of commission" basis. This results in annuity payments which are higher compared to annuities purchased after Plan funds have been transferred out of the Plan. For your information, based on recent annuity purchases, a 65-year-old male member having an account balance of \$100,000 would receive an estimated pension of \$595 per month for the duration of his lifetime (with no spouse's pension).
- For more information about your Plan, please refer to the relevant sections of your pension booklet before contacting the Union or the Plan Administrator.

BCGEU Website

Visit www.bcgeu.ca. You will be asked to set up a user account. You can find copies of newsletters and other pension information at "C10-Highways> Pension News".

Sources of Information

Plan Administrator	
Toll Free Fax:	1-800-818-9858
Toll Free Phone:	1-800-818-9855
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