

Enclosed is your **Annual BCGEU Pension Plan Statement**. Please review your statement and contact the Plan Administrator if you notice that any of your personal information is incorrect. You can find contact information for the Plan Administrator at the end of this newsletter.

## ECONOMIC COMMENTARY

After a dismal third quarter, global equities rebounded in the fourth quarter with U.S. and European markets supported by decent economic data even as Chinese growth remained subdued. In December, the European Central Bank extended its quantitative easing program and cut the deposit rate to -0.3% while the U.S. Federal Reserve gave its vote of confidence to the U.S. economy by raising the key interest rate for the first time in almost a decade. The Canadian economy grew at an annualized rate of 2.3% in the third quarter of 2015, exiting its technical recession.

For Canadian investors with geographically diversified equity portfolios, 2015 was another strong year. The decline of the Canadian dollar contributed to global equities (MSCI World) returning +18.9% in Canadian dollar terms in the past year. However, declining commodity prices took their toll on Canadian equities (S&P/TSX Composite Index) which returned -8.3%. Canadian bond yields continued falling in 2015, helping the overall Canadian bond market (FTSE TMX Universe Bond Index) return +3.5% in the past year.

## CHANGE COMING TO THE BCGEU PENSION PLAN

The BCGEU Pension Plan is currently a defined contribution plan. On July 1, 2016, the Plan will become a target benefit plan.

Bulletins explaining the Plan change are being mailed to Plan members' homes. You should have received Bulletins in December and January, and another is being sent in February. Further bulletins will follow. Bulletins will be posted here as they are mailed out to members:

<http://www.bcgeu.ca/bcgeu-pp>

There will be a Town Hall in April (date yet to be announced) and a personalized package will be mailed to you in April that explains your plan conversion options.

If you know your home address will be changing, please let us know by submitting a "BCGEU Pension Plan Member Record Change Form – 2016", which can be found here: <http://www.bcgeu.ca/bcgeu-pp>

Meanwhile, your defined contribution accounts will continue to earn the fund rate of return (Main Fund and, if applicable, Immunization Fund) up to June 30, 2016.

### **RETIRING SOON?**

**BC FORUM** - The BC Federation of Retired Union Members provides many benefits to its members. Go to [www.bcforum.ca](http://www.bcforum.ca) for more information.

**Join today!** First time member dues for retiring BCGEU members are paid by your Component.

## INVESTMENT FUND PERFORMANCE

There are two investment funds in the BCGEU Pension Plan – the Main Fund and the Immunization Fund.

The investment philosophy of the Main Fund is to maintain a diversified, quality, balanced portfolio. The assets are managed by four professional investment managers. The assets of the Main Fund as at December 31, 2015 total \$133 million and the December 31, 2015 unit value is \$641.75.

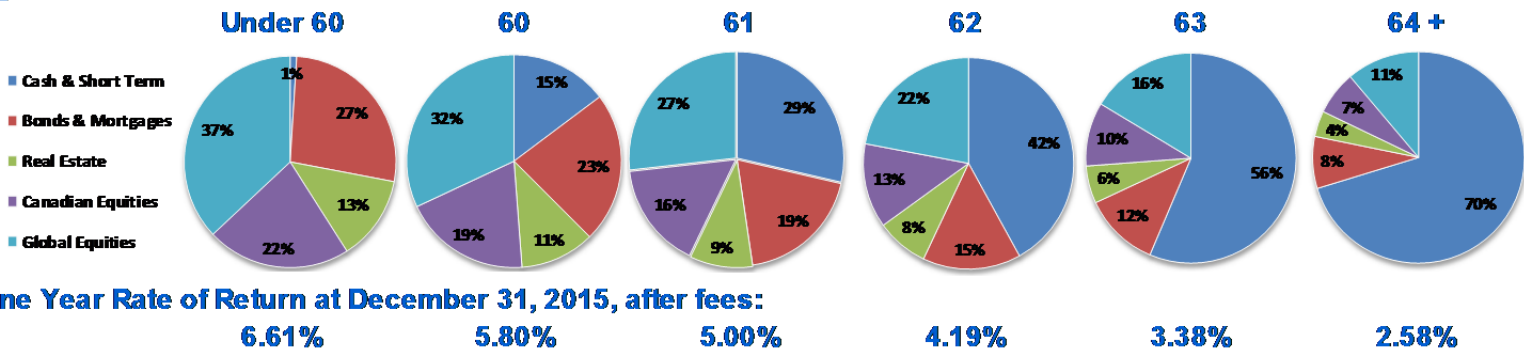
| Main Fund Annualized Rates of Return at December 31, 2015 |        |        |         |         |         |         |
|---|--------|--------|---------|---------|---------|---------|
| 1 Year  | 3 Year | 5 Year | 10 Year | 15 Year | 20 Year | 25 Year |
| 6.61%   | 10.41% | 7.45%  | 4.36%   | 4.80%   | 6.50%   | 7.49%   |

The Immunization Fund is comprised solely of short term, fixed income investments that do not depreciate in value and is used to limit exposure to market volatility for members over age 60 who are nearing retirement. The assets of the Immunization Fund as at December 31, 2015 total \$15.2 million.

It is important for members, age 60 and older, to view their account in total (Main Fund plus Immunization Fund). At the end of each year, member accounts are rebalanced and transfers are made to the Immunization Fund so that the total member account evolves to a more conservative asset mix. At all ages, member accounts continue to be diversified and invested in Canadian and Global stocks, bonds and real estate.

The following charts illustrate the various asset mixes and investment returns based on members' ages:

### Age at December 31, 2015:



### Your Plan Administrator

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### BCGEU Pension Plan-Board of Trustees

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