

## B.C.'s New Pension Legislation: Pre-Retirement Death Benefits

There has been a significant change made to the rules regarding spousal waiver forms. Please read this explanation very carefully.

Revisions to BC's *Pension Benefits Standards Act* and *Pension Benefits Standards Regulations* came into effect on September 30, 2015. Included in the revisions are new prescribed **waiver forms**. These forms are an important change, particularly if you have a spouse and wish to designate a beneficiary other than your spouse to receive the pre-retirement death benefit should you die before starting a pension.

Here are the details:

The BCGEU Pension Plan pays pre-retirement death benefits equal to the full value of your account. If you have a qualifying spouse (see definition below), he/she is first in line for the benefits. The fact that you might have designated someone else as your beneficiary(ies) does not change this. If you want your pre-retirement death benefits to go to someone other than your spouse (e.g., your children), then your spouse must waive his/her rights by filing a *Form 4 – Spouse's Waiver of Beneficiary Right to Benefits in a Pension Plan*. This form must be filed with the Plan Administrator **prior to your death**. If you have a spouse and he/she has not waived his/her rights by filing Form 4, he/she will receive your pre-retirement death benefits. If you have neither a living spouse nor a named beneficiary upon your death, benefits will be paid to your estate. According to legislation, **Spouse means the person who:**

- [a] is married to you, and has not been living separate and apart from you for a continuous period longer than 2 years; or
- [b] you have been living with in a marriage-like relationship for a period of at least two years immediately preceding the relevant date.

If you wish to change your designated beneficiary(ies), you must complete a Member Record Form (available from your employer, your BCGEU area office or the Plan Administrator) and submit it to the Plan Administrator.

## Economic Commentary

Global equity markets were weak during the quarter, while bond returns were fairly flat. Concerns of a slowdown in global growth prompted by worries over a hard landing in China resulted in negative returns for equities in August and September. The MSCI All Country World Index returned -8.2% in local currency terms. However, weakness in the Canadian dollar limited the fall in CAD terms to -2.8%.

Disappointing economic and market data resulted in a continuation of easy monetary policies across central banks globally. The U.S. Federal Reserve opted to leave interest rates unchanged in September, and the market implied trajectory of

U.S. and U.K. interest rates flattened as a consequence.

Canadian GDP contracted for two consecutive quarters, qualifying as a technical recession, as the economy shrank at an annualized pace of 0.5% in Q2 2015. The weakness in economic growth in the first half of 2015 was largely driven by a reduction in investment in the Energy sector as a reaction to the continuing low price of oil.

In July, the Bank of Canada (BoC) reduced the target overnight interest rate for the second time this year to 0.5% on falling energy and commodity prices from weaker economic data. The BoC also slashed its growth forecast for 2015 to 1.1% from the previous forecast of 1.9%.

## Investment Fund Performance

The BCGEU Pension Plan Board of Trustees is pleased to report pension plan results to September 30, 2015. There are two investment funds in the BCGEU Pension Plan – the Main Fund and the Immunization Fund.

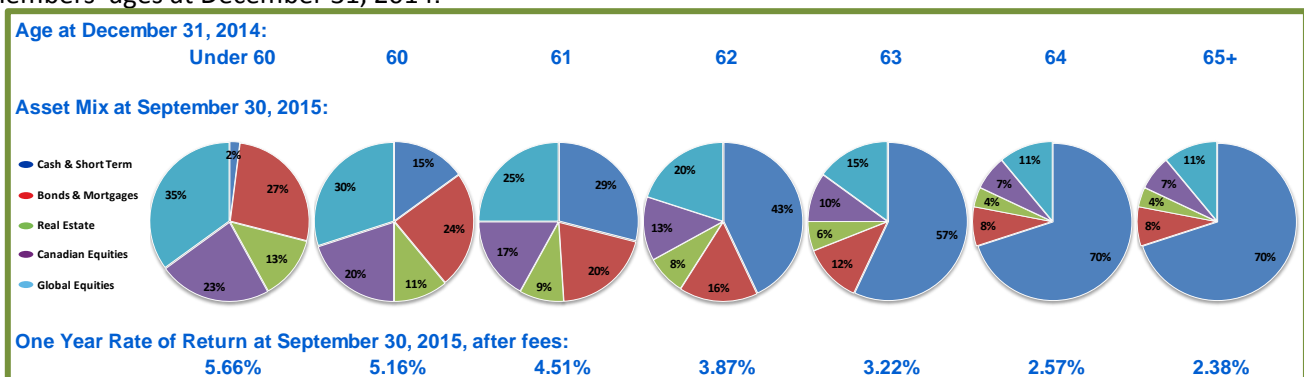
The investment philosophy of the Main Fund is to maintain a diversified, quality, balanced portfolio. The assets are managed by four professional investment managers. The assets of the Main Fund as at September 30, 2015 total \$130.7 million and the September 30, 2015 unit value is \$624.30.

Main Fund Annualized Rates of Return at September 30, 2015						
1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	25 Year
5.66%	9.71%	7.80%	4.21%	4.57%	6.69%	7.66%

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 September 30, 2015 total \$16.3 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 to September 30, 2015 based on members' ages at December 31, 2014:



## Important Reminder:

If you move, please make sure you provide the Plan Administrator and the Union with your change of address. If you know anyone that did not receive an Annual Member Statement, ask them to make sure that the Plan Administrator and Union have their current address.

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.

### Pension Plan Administrator

Toll Free Phone: 1.888.993.8993  
 Taleen Lageston: Extension 7959  
 Direct Line: 604.844.7959  
 Email: taleen.lageston@aonhewitt.com

### BCGEU Pension Plan-Board of Trustees

Mike Nuyens (Chair)      Paul Finch  
 Jim Manson      Kelly McDonald  
 Peter Mehling      Rory Smith  
 Laura O'Neill (Board Secretary)      Megan Washington