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## **A big change is coming to the BCGEU pension plan on July 1, 2016.**

July 2016 is a long way away, but the three most important things for you to know right now are:

- **Your contributions will not change because of the changes that are coming to the Plan.** Your collective agreement will continue to determine your contributions and your employer's contributions to the Plan after it changes on July 1, 2016.
- **Nothing about the Plan will change until July 1, 2016.** Between now and July 1, 2016, the Plan will stay the same as it is now. Between now and then, you will receive information about the new Plan and have the opportunity to ask all your questions about what is happening to the Plan.
- **You will decide what happens to the retirement savings you already have in the Plan.** You will personally decide whether your savings up to July 1, 2016 will stay in the Plan or not.

### **Why is this happening?**

Your current Plan is a **defined contribution plan**. After July 1, 2016, the Plan will become a **target benefit plan**. The key difference is that when you retire with a target benefit plan, instead of taking your money out of the Plan and having to invest it (which is how a defined contribution plan works), you will tell us when you are retiring and the Plan will start paying you a monthly pension.

### **What exactly is a target benefit?**

A target benefit is a yearly benefit amount that is based on a target percentage of the contributions that you and your employer have made to the Plan. This amount is then split into 12 equal parts and paid out to you monthly. The reason we call it a target benefit is that the benefit you receive in retirement could be adjusted, up or down, depending on the plan's financial condition.

### **What decision do you have to make as a Plan member?**

Your contributions after July 1, 2016 go towards your target benefit. You do not have to make any decisions about that. For your savings in the Plan up to the day before the new plan starts (July 1, 2016), you can decide to convert those savings to a target monthly retirement benefit or transfer the savings out of the Plan. You will make this decision anytime between May 1, 2016 and June 30, 2016 based on the information you get from the BCGEU before then.

### **Here is what will happen between now and July 1, 2016:**

- There will be **four more newsletters** like this one that will be sent to you, one each month from now until April 2016, that will further explain what is changing, how the new plan will work, how your pension will be calculated and the choice you have about your current savings.
- There will be a **town hall in April 2016**. You will get information about participating in the town hall by telephone well before it happens and be able to listen to a recording of it if you cannot attend.
- **You will be able to ask questions and get answers by telephone and email.** The telephone number is 1-888-267-6774. The email address is [BCGEU.PensionPlan@bcgeu.ca](mailto:BCGEU.PensionPlan@bcgeu.ca).
- In late April 2016, you will receive a personal option package and other materials explaining the choices you have for the savings you have built up in the Plan up to July 1, 2016.