TAKING CARE OF OUR OWN

A GUIDE TO YOUR IUOE LOCAL 793 PENSION PLAN

OPERATING ENGINEERS BENEFITS ADMINISTRATION CORP

Updated November 2020

CONTACT US

If you have a question about your IUOE Local 793 pension plan, please contact:

Operating Engineers Benefits Administration Corporation (OEBAC)
2201 Speers Rd. Unit 1
Oakville, ON L6L 2X9

Email: info@oebac.org
Telephone: 1-844-793-1919

Please be sure to have your Certificate # (found on the OEBAC Benefits Card) — or Union registration number — handy when you call for personal benefits information.

When writing to OEBAC, please include your:

- name printed clearly (as listed on your employer's payroll);
- certificate # (found on the OEBAC Benefits Card);
- full address and telephone number (including area code); and
- name of current or most recent employer.

To view the amount of pension you have earned and find out how much you can expect to receive when you retire or leave the plan, go to the member section at:

www.iuoelocal793.org

Going forward, any updates made to this pension booklet will be made to a digital version only, and posted on the I.U.O.E. Local 793 website or our app.

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WELCOME TO THE PLAN

Congratulations! Less than 25% of non-government workers in Ontario are covered by a private pension plan — so as a member of the IUOE Local 793 pension plan, you belong to a very privileged group.

Your IUOE Local 793 pension may be your largest financial asset.

Why don't more Canadians have pension plans? Because pensions are expensive! In fact, it's not unusual for IUOE Local 793 members to discover that the pension they have earned under our plan is, by far, their single largest financial asset — worth more than the combined value of all of their other assets.

As an example, if you were age 62 today and wanted to get a lifetime annual pension of $30,000 from an insurance company, you would need to have saved somewhere between $550,000 and $650,000!

Whether you're just beginning your career as a member of IUOE Local 793 or you are a long-time plan member, we urge you to take a few minutes to review this booklet and share it with those closest to you. In particular, we encourage you to understand the options available to you — and the impact these choices can have on your financial situation over the long term.

A commitment to good governance

Our plan is a target benefit pension (TBP) plan that provides a high probability of benefit security (where benefits are "targeted") for plan members and retirees through both favorable and adverse market conditions. The Trustees may change the plan at any time, in any way, including increasing or reducing benefits for active, inactive and/or retired members.

Our plan began on November 1, 1973, and operates under the supervision and direction of a Board of Trustees from across Ontario. One-half of the Trustees represent participating employers and the other half are Trustees appointed by the Union.

One of the Board's key responsibilities is to choose the professionals it needs to help run the plan effectively and make sure that it complies with current legislation. As plan "fiduciaries," the Trustees have a legal obligation to manage the plan in the best interests of the plan membership.

The Trustees are also responsible for deciding how the pension fund is invested. These decisions are guided by a formal Statement of Investment Policies and Procedures to help ensure that the pension is managed prudently and effectively. To view a copy of this statement, please contact OEBAC. For more investment details, see the latest annual report on the plan, which is published in your *IUOE Local 793 Operator* magazine.

The plan is regulated by federal and provincial legislation. It is registered under the *Income Tax Act* and the *Ontario's Pension Benefits Act* (Registration No. 0389890). Under the terms of the plan, the Trustees have full power to make changes at any time with the approval of the Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario (FSRA). This includes:

- changing the plan in order to comply with applicable legislation (the federal *Income Tax Act* and *Ontario's Pension Benefits Act*);
- increasing benefit levels if the plan has surplus funds; and
- decreasing benefit levels if the plan's funds are insufficient to pay for the plan's benefits, or contributions are reduced or discontinued.

Registration as a Specifed Ontario Multi-Employer Pension Plan

Ontario pension legislation has special rules for multi-employer target benefit plans like ours. Because it is highly unusual for multi-employer plans to shut down, these rules allow multi-employer plans that meet certain conditions to register as a Specified Ontario Multi-Employer Pension Plan (SOMEPP). Our plan registered as a SOMEPP in 2010.

SOMEPPs don't have to pass the "solvency" funding test that applies to single-employer DB plans (which face a higher risk of shutting down). This test checks to see what would happen if a pension plan ended immediately and had to pay out the total benefits earned by active and retired members all at once. SOMEPPs are, however, required to meet the "going-concern" funding requirements, which assume the plan continues indefinitely. By registering as a SOMEPP, our Trustees are able to focus on maintaining the financial health of our plan over the long term.

The plan is reviewed by an independent actuary at least every three years. The actuary's report is filed with the provincial pension regulator and is available for viewing on request.

If the plan terminates

The Trustees hope to keep the plan running for many generations to come. However, if it became necessary to wind up the plan, after expenses related to the wind up were paid, the remaining assets would be used to provide benefits to plan members. Pension benefits might be increased or decreased depending on the financial position of the plan at that time.

Professionals employed by the Board of Trustees

Actuary and consultant

Eckler Ltd. conducts regular plan reviews, provides plan design advice, assists with the development of the plan's investment strategy (including selecting and monitoring investment managers), and helps with member communications.

Administrative agent

Administration services are provided by the Operating Engineers Benefits Administration Corporation (OEBAC), a corporation established to allow us to self-administer our benefits. Day-to-day administration includes signing up new members, receiving contributions from employers, answering questions, and maintaining member pension records.

Auditor

BDO Canada prepares the plan's annual financial statements.

Custodian

CIBC Mellon holds the plan's assets in a segregated fund that is set aside from any Union or employer funds.

Lawyer

Koskie Minsky LLP provides legal advice to the Board.

Your responsibility under the plan

As a plan member, your responsibilities include:

- reviewing the information that is provided to you, including this booklet and your statements; and
- getting help from a qualified, independent financial advisor if you feel you need additional retirement planning guidance.

Assignment of benefits

To help protect your pension benefits, the law prohibits your IUOE Local 793 pension from being paid directly to any creditor or individual, or given as security or collateral for a loan, except in the case of a relationship breakdown. If you're going through a separation or divorce, please contact OEBAC as soon as possible for the required forms.

Privacy

It is impossible to administer your pension benefits without using personal information. However, the Trustees are committed to protecting your privacy and have strict safeguards in place to protect your information from unauthorized access or use.

In addition, you have the right to see the information on file for you, and to update or correct it as necessary. For more information, please contact OEBAC at info@oebac.org or 1-844-793-1919.

As a plan member, you have a responsibility to review the information provided to you and get professional advice when needed.

IUOE LOCAL 793 PENSION PLAN

QUICK FACTS ABOUT YOUR PENSION PLAN

Type of plan — The plan is a target benefit pension (TBP) plan that blend elements of defined-benefit and defined-contribution plans to provide a base monthly pension at retirement (which may be allowed to change, depending on the pension plan's performance). The benefits paid in retirement are linked with how well the pension plan performs. As a registered "Specified Ontario Multi-Employer Pension Plan" (SOMEPP), the plan is exempt from solvency funding requirements, but must meet the going-concern funding requirements.

How to join the plan — You automatically become a plan member when you work for an employer who pays a contribution to the plan based on your hours. You must complete a Personal Information Form and return it to OEBAC.

Contributing to the plan — Your employers contribute to the plan for each hour that you are paid. The exact amount of the contribution depends on the collective agreement in place with your employer. Employer contributions are used to fund your pension. You are not permitted to make any contributions to the plan.

Size of your pension — The amount of your pension depends on the total contributions made on your behalf, or credited to you because of WSIB disability. Under the current formula, your annual pension equals 12% of your total contributions. The formula may change from time to time (see page 11 for details). To view your personal pension, visit *Destinations*, your online pension calculator, in the member section of our website, **www.iuoelocal793.org**.

When you can start your pension — You can retire with a full pension at age 65, or with a reduced pension as early as age 55. Unreduced early retirement is also available at age 60, as long as you qualify.

If you retire between ages 55 and 60 — and you qualify — your pension will be reduced from age 60 instead of age 65.

You can delay your pension past age 65, but by law, it must start by the end of the year in which you turn 71.

To qualify for an unreduced pension at age 60, or a reduced pension from age 60 (if you retire between ages 55 and 60), instead of age 65, you must meet these requirements:

- you are a member in good standing with the Union, and
- you have not withdrawn or been suspended from the Union — or transferred into the Union — during the 24 months leading up to retirement.

If you don't meet these requirements and retire before age 65, your pension will be reduced by ½% per month from age 65.

How your pension is paid — Your pension is paid to you each month for as long as you live and, depending on the payment option you choose, may continue to one or more beneficiaries after your death.

If you have a spouse — If you have a spouse when you retire, you must choose a form of pension that provides continuing payments to your spouse if you die first.

Becoming an inactive member — You will become an inactive member if:

1. you are not a member in good standing with the Union, and
2. no contributions have been made on your behalf for 12 straight months.

As an inactive member, you may leave the plan and withdraw your pension benefits (see additional rules below), or you may keep your benefits in the plan until you are ready to collect your pension.

Leaving the plan — You can end your plan membership and withdraw your pension benefits if you are under age 55 and:

- you have not earned any contributions for at least 12 straight months;
- you are not actively working and earning a pension from the pension plan of another Operating Engineers' local that has a reciprocal agreement with IUOE Local 793; and
- you complete an application to leave the plan.

You can transfer the cash value of your pension to another registered plan or a locked-in account, unless your pension qualifies as a "small" pension (see definition on page 38).

Keep in mind, if you have any service that ended before July 1, 2012, you may not qualify for your full benefits.

If the plan has a solvency funding shortfall when you withdraw your pension benefits, your pension will be reduced in line with the plan's solvency funding level (also called the "transfer ratio"). See page 30 for more information.

In the event of your death — If you die before your pension begins, your spouse, named beneficiary(ies) or estate will receive a death benefit from the plan. If you die after your pension has started, death benefits (if any) will depend on the form of pension you choose at retirement.

If you are not a Union member but are working for an employer that contributes to the plan — The plan works exactly the same way as it does for Union members, with the following differences:

- unreduced early retirement benefits are not available to you;
- if you retire before age 65, your pension will be reduced by ½% per month from age 65; and
- disability credits are not applied to your pension unless you are receiving WSIB benefits.

THE BASICS

How the plan works

Pension plans can be a little complex at first glance. They use strange terms, complicated formulas, and government-set rules and restrictions. But when you strip them down, pension plans are actually fairly easy to understand. Apart from a few differences here and there, all pension plans work in pretty much the same way.

1. Regular contributions flow into a pension fund — basically a pot of money that is held in trust for the plan members.
2. The contributions are invested by professional money managers.
3. At retirement, the funds in the pot are used to provide a retirement income (or pension).

Money in, money invested, money out. This is exactly how our plan works.

For each hour that you earn, your employer is required to make a contribution to the pension plan. The exact amount of the contribution is set out in the collective agreement. At the end of every month, each employer for whom you have worked reports your hours and sends the contribution to the Union. These hours are recorded, and the money is deposited in the pension trust fund along with contributions for the other members. Professional investment managers invest the trust fund in stocks, bonds and other types of investments based on guidelines established by the Trustees. All pension benefits and expenses of operating the plan are paid from the trust fund.

At retirement, the pension you have earned is calculated by applying a formula to your contributions (see page 11).

You do not pay tax on employer contributions, but they are counted against your RRSP contribution room for the following year (see page 35).

Joining the plan

You join the plan at the beginning of the first month in which your employer pays a pension contribution on your behalf. You must complete a Personal Information Form and return it to OEBAC.

If you pay Union dues but you do not work for an employer who makes contributions on your behalf, you will not qualify for a pension from the IUOE Local 793 plan.

Rejoining the plan

If you choose to withdraw your pension benefits from the plan, you will automatically rejoin the plan on the first of the month in which employer contributions are again made on your behalf.

Keeping track of contributions

You get regular contribution statements from OEBAC. It's your responsibility to check your statements carefully to make sure that all of your hours have been correctly reported and your contributions paid. The higher your contributions, the bigger your pension.

You will be given credit only for contributions that you have earned and your employer has paid into the plan. You have two months from the date that your statement is issued to report any errors.

How to calculate your pension

The pension you receive is based on a formula that is applied directly to your employer contributions. The formula is decided on by the Board of Trustees based on the recommendation of the plan's actuary. As the table below shows, the formula can change depending on the financial health of the plan. The financial health of the plan, in turn, depends on many things, including the expected level of contributions and investment returns, the age of our members, our average life expectancy, and the cost of plan features.

When contributions were credited	Amount of annual pension (pension formula)
Before January 1, 1992	33.0% of contributions
January 1, 1992 – December 31, 1996	32.2% of contributions
January 1, 1997 – December 31, 2001	30.7% of contributions
January 1, 2002 – December 31, 2003	18.4% of contributions
December 31, 2003 – January 1, 2019	12.3% of contributions
After January 1, 2019	12.0% of contributions

The amount of monthly pension you actually receive may be higher or lower than the amount provided by the formula depending on which pension payment option you choose and whether you retire before you qualify for an unreduced pension (see next page).

Note that your IUOE Local 793 pension is paid in addition to any Canada Pension Plan (CPP) and Old Age Security (OAS) benefits for which you may qualify. See page 33 for more information about government pension benefits.

Pension increases or decreases

The Trustees may increase or decrease pensions for plan members — including retirees — from time to time, based on the financial position of the plan, and the provisions of the *Ontario Pension Benefits Act*. Most recently, effective January 1, 2019, all benefits earned up to that date were increased by 2.5%. This applied to all pensioners, active members and inactive members entitled to a benefit from the plan as of that date. Pensions in pay increased by 2.5%, starting with the January 1, 2019 monthly payment. This increase is reflected in the table of pension formulas on page 11.

Keeping track of your pension

Once a year, you receive a detailed pension statement showing the amount of pension you have earned so far and how much you can expect to receive when you retire or leave the plan. Please check your statement carefully to ensure that the personal information we have on file for you is accurate and complete.

Once you become an inactive member or retire from the plan, you will receive a pension statement at least once every other year.

Don't miss out on your statements! Make sure your statement is mailed to the right address by notifying the Union Office of your new address when you move.

WHEN YOU CAN RETIRE

"Normal" retirement

You can retire with your full pension on the first of the month after you reach age 65.

Unreduced early retirement

You can retire with an unreduced pension on the first of any month between the ages of 60 and 65 as long as you qualify (see below).

Reduced early retirement

Because not everyone wants to (or can) work until they qualify for an unreduced pension, you may retire with a reduced pension as early as age 55. Under this option, your pension is calculated the same way as a pension at age 65, but is reduced by 6% per year (½% per month) from age 60 (if you qualify – see below). If you don't qualify, your pension is reduced from age 65.

If you are not a Union member — but are working for an employer that contributes to the plan — and you choose to start your pension before age 65, it will be reduced by ½% per month from age 65.

You qualify for an unreduced pension starting at age 60, or a reduced pension from age 60 (if you retire between ages 55 and 60), instead of age 65, if:

- **you are a member in good standing with the Union, and**
- **you have not withdrawn or been suspended from the Union — or transferred into the Union — during the 24 months leading up to retirement.**

If you don't meet these requirements and retire before age 65, your pension will be reduced by ½% per month from age 65, instead of from age 60.

Late retirement

On the other hand, because not everyone wants to (or can) retire by age 65, you also have the option to delay your retirement. In this case, your employer contributions will continue as usual and your pension will continue to grow. Under current tax rules, you are required to start taking your pension by December 1 of the year in which you reach age 71, even if you keep working.

To begin your monthly pension, please complete an application form and return it to OEBAC three to four months ahead of time.

An important decision

Your retirement date can have a big impact on your monthly pension amount. If you retire early, your pension is reduced for two reasons:

1. you won't work as long, so you will have fewer hours and the contribution amounts used to calculate your pension will be smaller; and
2. your pension is expected to be paid over a longer period, so the payments are reduced to keep the same overall value (unless you qualify for unreduced early retirement).

It is very important to note that early retirement reductions are based on your age *when your pension starts, not when you stop working.*

Working and collecting a pension

By law, you cannot earn additional pension benefits while collecting a pension income from the same plan. If you continue to work for a contributing employer after you start your IUOE Local 793 pension, your pension will continue as usual but you will not earn any additional pension benefits. Instead, you will receive a cash refund with interest (less applicable taxes) of any money your employer sends to the administrator for hours you worked. This refund is paid to you by cheque — usually in December — and covers the period from November 1 of the previous year up to October 31 of the current year. Remember that both your refund and your pension payments are taxable. This means that if you take your pension while you're still working, you might have to pay a higher rate of income tax.

If you work for a contributing employer after you start your IUOE Local 793 pension, you will receive a cash refund — by cheque — for any money your employer sends to the administrator for hours you worked during the previous 12-month period, plus interest. Taxes will be withheld.

Pension examples

Example 1: Unreduced annual pension at age 62

Contribution period	Contribution amount
Contributions credited to December 31, 1991:	$12,500
Contributions credited between January 1, 1992, and December 31, 1996:	$18,750
Contributions credited between January 1, 1997, and December 31, 2001:	$19,500
Contributions credited between January 1, 2002, and December 31, 2003:	$20,000
Contributions credited from January 1, 2004 to December 31, 2018:	$68,400
Contributions credited from January 1, 2019:	$21,000
Annual pension at age 62 (see formula on page 11)	
33.0% x $12,500	$4,125
32.2% x $18,750	$6,037
30.7% x $19,500	$5,986
18.4% x $20,000	$3,680
12.3% x $68,400	$8,413
12.0% x $21,000	$2,520
Total unreduced annual pension	**$30,761**

Example 2: Reduced annual pension at age 58 (meets qualifications – pension reduced from age 60)

Contribution period	Contribution amount
Contributions credited to December 31, 1991:	$12,500
Contributions credited between January 1, 1992, and December 31, 1996:	$18,750
Contributions credited between January 1, 1997, and December 31, 2001:	$19,500
Contributions credited between January 1, 2002, and December 31, 2003:	$20,000
Contributions credited from January 1, 2004 to December 31, 2018:	$68,400
Contributions credited from January 1, 2019:	$21,000
Annual pension at age 58 (see formula on page 11)	
33.0% x $12,500	$4,125
32.2% x $18,750	$6,037
30.7% x $19,500	$5,986
18.4% x $20,000	$3,680
12.3% x $68,400	$8,413
12.0% x $21,000	$2,520
Total unreduced annual pension	**$30,761**
Minus 12% (6% x 2 years)	**- $3,691**
Total permanently reduced annual pension	**$27,070**

Example 3: Reduced annual pension at age 58 (does not meet qualifications – pension reduced from age 65)

Contribution period	Contribution amount
Contributions credited to December 31, 1991:	$12,500
Contributions credited between January 1, 1992, and December 31, 1996:	$18,750
Contributions credited between January 1, 1997, and December 31, 2001:	$19,500
Contributions credited between January 1, 2002, and December 31, 2003:	$20,000
Contributions credited from January 1, 2004 to December 31, 2018:	$68,400
Contributions credited from January 1, 2019:	$21,000
Annual pension at age 58 (see formula on page 11)	
33.0% x $12,500	$4,125
32.2% x $18,750	$6,037
30.7% x $19,500	$5,986
18.4% x $20,000	$3,680
12.3% x $68,400	$8,413
12.0% x $21,000	$2,520
Total unreduced annual pension	**$30,761**
Minus 42% (6% x 7 years)	**- $12,920**
Total permanently reduced annual pension	**$17,841**

As these examples demonstrate, waiting to retire until you qualify for an unreduced pension can make a big difference in the amount of pension you receive over the long term.

YOUR PENSION PAYMENT OPTIONS

Deciding *when* you want to retire is a big decision. But it's just as important to decide how you want your pension paid to you. The option you choose will have an impact on the amount of your monthly pension and how much your spouse or other beneficiary(ies) receives after your death.

Some things to consider

Here are some things you should keep in mind before you choose a pension payment option:

1. **It's up to you to apply for your IUOE Local 793 and government pensions.** You should apply for your IUOE Local 793 pension at least three to four months before you plan to retire. Government benefits (Canada Pension Plan and Old Age Security) can take longer to process (see page 34 for more information on how to apply).
2. **Your pension will be paid for your lifetime.** It doesn't matter which option you choose; you will receive a pension from the IUOE Local 793 pension plan for the rest of your life.
3. **If you have a spouse when you retire.** The plan requires you to choose a form of pension that provides a continuing pension to your spouse in the event of your death. Your spouse's pension will be 66⅔% of the amount you were receiving before your death and comes with a five-year guarantee period. If you wish, you can choose a different payment option that provides either 60%, 80% or 100% of your pension to your spouse with a 10-year guarantee period, or, if you retire before age 65, a "level income" option with 66⅔% of your pension continuing to your spouse after you die (see #5 below).

   If both you and your spouse die within the guarantee period, 100% of your pension will continue to your named beneficiary(ies) for the remainder of the guarantee period. After that, no further benefits will be paid from the plan.
4. **If you don't have a spouse when you retire.** Your pension will be paid for your life with a 10-year guarantee period. If you wish, you can choose a different payment option that provides a pension for your life only, a lifetime pension with either a 5- or 15-year guarantee period, or, if you retire before age 65, a "level income" option with a 10-year guarantee period (see #5 below).
5. **If you retire before age 65.** You may consider taking a "level income" option that increases your IUOE Local 793 pension from the date you retire until you reach age 65. At age 65, when your Old Age Security (OAS) benefits begin, your

IUOE Local 793 pension is reduced. The level income option is intended to provide a steady amount of monthly income from your combined IUOE Local 793 and OAS benefits throughout your retirement. *This option is not available once you reach age 65.*

If you take the level income pension, keep in mind that the reduction at age 65 is based on maximum OAS benefits. If you don't qualify for maximum OAS benefits, the drop in your pension may be larger than your actual OAS payments.

6. **You can't change your payment option once you begin receiving your pension.** That's why it's important that you take the time to learn about your choices before you make a decision.

7. **If you have a "small pension."** If your pension qualifies as a "small" pension under Ontario pension law, instead of receiving your pension in monthly instalments, you will receive the lump-sum value of your pension. You can choose to receive either a one-time taxable cash payment, or transfer the lump sum to a non-locked-in RRSP.

Please refer to the table on pages 20 and 21 for details about each of the payment options. We highly recommend that you talk to a qualified professional financial advisor before choosing which option is right for you. To find a qualified advisor near you, the Financial Advisors Association of Canada is a good place to start. Visit www.advocis.ca, select the "For the public" tab at the top of your screen, then click on the "Find an advisor" link.

WANT TO SEE YOUR PERSONAL PAYMENT OPTIONS AT RETIREMENT?

Go to the secure member section at www.iuoelocal793.org and click on *Destinations*. This powerful calculator comes fully loaded with your personal information — so you can see the impact of different retirement dates and payment options.

Who qualifies as your spouse?

Under Ontario pension law, your "spouse" is the person who is living with you and is:

(a) married to you, or
(b) not married to you but has been:
  (i) in a conjugal relationship with you continuously for at least three years; or
  (ii) in a relationship of some permanence with you if together you are the parents of a child, as defined in the *Children's Law Reform Act*.

For death benefits, you can only claim one person as your spouse at any one time, and it's the "spouse in the house" that rules. This means if you are separated from your legally married spouse and living with someone else in a common-law relationship, your common-law spouse qualifies as your spouse under the pension plan.

Please note: the spouse in the house at the date of your retirement is the individual that will be entitled to the surviving spousal pension in the event of your death. After your retirement, if someone else becomes your spouse for any reason, your spouse at your date of retirement remains entitled to the surviving spousal pension.

If you do not have a spouse when you retire or withdraw your pension benefits from the plan, you must confirm this on your declaration of marital status form. If you have a new spouse after your pension begins, he or she will not qualify for benefits after your death (unless named as the beneficiary for any remaining guaranteed payments). See page 27 for more information on divorce or separation.

Keep in mind that the form of payment you select at retirement is guaranteed, but the amount of your payment may increase or decrease depending on the financial position of the plan.

Choosing a pension that is right for you

The table on the following pages illustrates the possible impact of different payment options on your monthly pension, assuming you and your spouse are age 60, and you've earned a monthly benefit of $1,000. For a personal estimate, go to *Destinations*, your online pension calculator in the member section of the IUOE Local 793 website, www.iuoelocal793.org. Remember, your IUOE Local 793 pension is completely separate from any government benefits you may receive.

Pension payment option	Description	Ages 60-65	After age 65	After your death	
				Continuing to spouse	Continuing to beneficiary for remaining guarantee period
IF YOU DON'T HAVE A SPOUSE AT RETIREMENT					
Lifetime pension with a 10-year guarantee period	Pension paid for your life with payments continuing to your beneficiary for the remaining guarantee period if you die within the first 10 years of retirement.	$1,000	$1,000	N/A	$1,000
Lifetime pension	Pension paid for your life only.	$1,025	$1,025	N/A	N/A
Lifetime pension with a 5-year guarantee period	Pension paid for your life with payments continuing to your beneficiary for the remaining guarantee period if you die within the first 5 years of retirement.	$1,017	$1,017	N/A	$1,017
Lifetime pension with a 15-year guarantee period	Pension paid for your life with payments continuing to your beneficiary for the remaining guarantee period if you die within the first 15 years of retirement.	$976	$976	N/A	$976
Level income pension with a 10-year guarantee period	Pension paid for your life. At age 65 — when Old Age Security (OAS) benefits begin — your IUOE Local 793 pension is permanently reduced. If you die within the first 10 years of retirement, the benefit will continue to your beneficiary for the remaining guarantee period.	$1,384	$800	N/A	$1,384 up to the date you would have reached age 65; $800 after the date you would have reached age 65
IF YOU HAVE A SPOUSE AT RETIREMENT					
Lifetime pension with a 5-year guarantee period and continuing 66⅔% spouse's pension	Pension paid for your life with 66⅔% continuing to your spouse for his or her lifetime after your death. If you die within the first 5 years of retirement, your spouse will receive 100% of your pension for the remainder of the guarantee period. It is then permanently reduced to 66⅔% of your pension.	$1,000	$1,000	$667	$1,000

	If both you and your spouse die before 5 years of payments have been made from the plan, your named beneficiary will receive 100% of your pension for the remainder of the guarantee period; after that, no further benefits will be paid.				
Lifetime pension with a 10-year guarantee period and continuing 60% spouse's pension	Pension paid for your life with 60% continuing to your spouse for his or her lifetime after your death. If you die within the first 10 years of retirement, your spouse will receive 100% of your pension for the remainder of the guarantee period. It is then permanently reduced to 60% of your pension. If both you and your spouse die before 10 years of payments have been made from the plan, your named beneficiary will receive 100% of your pension for the remainder of the guarantee period; after that, no further benefits will be paid.	$1,002	$1,002	$601	$1,002
Lifetime pension with a 10-year guarantee period and continuing 80% spouse's pension	Same as 60% spouse's pension with 10-year guarantee period except that your spouse's pension will be permanently reduced to 80% after the first 10 years of payments are made from the plan.	$980	$980	$784	$980
Lifetime pension with a 10-year guarantee period and continuing 100% spouse's pension	Same as 60% and 80% spouse's pension with 10-year guarantee period except that your spouse will continue to receive 100% of your pension if you die after the first 10 years of payments are made from the plan.	$958	$958	$958	$958
Level income with a continuing 66⅔% spouse's pension	Pension paid for your life. At age 65 — when Old Age Security (OAS) benefits begin — your IUOE Local 793 pension is permanently reduced. When you die, the death benefit is calculated as if you chose the lifetime pension with a 5-year guarantee period and a continuing 66⅔% spouse's pension with no level income option.	$1,383	$799	$667	$1,000

How to apply for your pension

Please contact OEBAC three to four months before you are ready to start collecting your pension. OEBAC will send you an information package describing your payment options and the forms you must complete.

When you retire, you must provide proof of age for both you and your spouse. This can be a valid driver's licence, passport, citizenship certificate, or an original or certified copy of your birth or baptismal certificate.

Backdating your pension

If you're under age 65, you can backdate your pension start date for up to 12 months if no contributions were made during the backdated period. For example, if you want to start your pension on September 1 this year (and no contributions have been made on your behalf since last September 1), you can ask to have your pension calculated as though you "retired" as early as last September 1, and receive a single cheque for the missed pension payments. This lump-sum payment will be taxed as income in the year you receive it.

If you're still working in the trade and over age 65, you can backdate your pension only to the beginning of the calendar year in which contributions were last made on your behalf. Any contributions made during the year that you are "retired," will be paid to you in a lump sum as taxable cash.

For example, if you are 66 years old and work through October 1, you can backdate your pension to January 1 of that year. In this case, you will receive a cheque for the contributions made on your behalf from January 1 to September 30, as taxable cash.

Keep in mind that any reduction to your pension will depend on your age as of the date you backdated your pension. For example, if you're 60 years old and want to backdate your pension 12 months (to age 59), your pension will be reduced based on your pension start date at age 59.

How your pension is paid

Your pension is deposited directly to your personal bank account on the first business day of each month. To avoid missing payments, please make sure you notify OEBAC of any changes in your address or banking arrangements. Direct deposit forms are available from OEBAC.

Income tax

Income tax is deducted from your pension before it is paid to you. The amount that is deducted is based on your estimated income. When it comes time to file your tax return, you will see how accurately your income has been estimated. If you have to pay a large lump sum when you file your return, your income has been underestimated and you may want to have more tax deducted from your monthly pension payments in the future. If you decide there is too little tax being deducted from your pension, you can change this amount (within limits) by submitting a written request to OEBAC.

If, on the other hand, you find you are receiving a large refund from the government each year, your income is being overestimated, and you may be deducting too much tax from your pension payments. If this is the case, you should contact the Canada Revenue Agency (CRA), for a T1213 “Request to Reduce Tax Deductions at Source” form.

If you are considering a change to your tax deduction, we recommend that you consult an accountant or financial advisor first.

Tax forms are available online at https://www.canada.ca/en/services/taxes/income-tax.html.

Pension income splitting

You can split up to 50% of your pension income with your spouse. This means that your spouse can report up to half of your pension income on his or her tax form.

Pension income splitting doesn’t affect how or to whom your pension income is paid. It’s simply a way for you to reduce your individual income taxes. All you need to do is submit Form T1032, “Joint Election to Split Pension Income,” available from the CRA, and complete an additional line on both your own and your spouse’s tax returns.

If you are thinking about changing your tax deduction or splitting your pension income, we recommend that you first consult an accountant or financial advisor.

LIFE EVENTS

Becoming an inactive member

You will become an inactive member if:

- you are not a member in good standing with the Union, and
- no contributions have been made on your behalf for 12 straight months.

Once you are inactive, you have two choices:

1. leave the plan at any time (see *Leaving the plan* on page 29 for additional requirements) and transfer the cash value of your pension benefits, or
2. keep your benefits in the plan until you are ready to collect your pension.

If you keep your benefits in the plan, you can either take your full pension at age 65, or a reduced early retirement pension starting anytime between ages 55 and 65. Your reduced pension is calculated the same way as a pension at age 65, but is reduced for each year that you retire before age 65. The reduction is calculated by the plan actuary.

Death before retirement

If you die before your pension begins (and you have not already withdrawn your pension due to terminal illness), your beneficiary or estate will receive a death benefit from the plan. This death benefit will equal the greatest of:

- total contributions made up to the date of your death;
- the current cash value of the pension you have earned after 1986 and would have started receiving at age 65; or
- if you had at least seven straight years of Union membership, or 10,000 hours of contributions, the current cash value of your first 10 years of pension payments.

The cash value is sometimes known as the "commuted" or "transfer" value. It is the amount of money that must be set aside today to provide your future pension. The calculation is done by an actuary according to strict regulations and involves many factors, including your age and current interest rates.

Curious about the cash value of your pension? Go to *Destinations*, your online pension calculator, in the member section of your IUOE Local 793 website at www.iuoelocal793.org.

If you have a spouse

By law, your spouse is automatically your pension beneficiary and has the following payment options:

1. transfer the death benefit tax free to an RRSP or to an insurance company to buy an annuity;
2. take the death benefit as a taxable one-time cash payment; or
3. take a pension from the plan equal to the greater of:
   a. the pension your spouse would have received if you had retired the day before your death, or
   b. the amount of pension provided by the cash value of the death benefit.

If your spouse chooses option 3, the pension can start immediately on the first of the month following your death, or at another time, but no later than the date your spouse reaches age 65.

Even though your spouse is your beneficiary by law, if you get married or have a new partner who qualifies as a spouse, you should submit a new Personal Information Form to OEBAC. This helps to avoid any confusion or errors if something happens to you down the road. You can only have one spouse who qualifies for death benefits from the plan.

If your spouse refuses the death benefit by signing a waiver and providing a "certificate of independent legal advice" (in a form that is satisfactory to the Trustees) before you die, you can name someone else as your pension beneficiary.

If you don't have a spouse (or your spouse signs a waiver)

If you don't have a partner who qualifies as your spouse under Ontario pension law, or your spouse signs a waiver and provides a "certificate of independent legal advice" (in a form that is satisfactory to the Trustees), you can name anyone you want as your pension plan beneficiary. When a death benefit is paid to someone other than a spouse, it is paid in a single lump-sum payment (minus any withholding taxes).

If you don't name a beneficiary, or your beneficiary is not living, your death benefit will be paid to your estate. If it is paid to your estate, it may be subject to probate fees, estate taxes and creditors.

If your beneficiary is someone other than your spouse, the death benefit is taxed as ordinary income and paid in a single lump sum.

Naming a child as beneficiary

If you don’t have a spouse and you decide that you would like to name your child or other minor as a beneficiary, you should appoint a trustee or guardian to look after the minor’s benefits until he or she is 18 years old (a lawyer can help you choose and appoint this person).

If you don’t appoint a trustee, the plan can pay the benefit to a legal guardian who has been appointed by the court. If no guardian is appointed, current Ontario law states that any amount above $10,000 must be paid to the Accountant of the Superior Court who will hold the money until the minor reaches age 18. At that point, the minor can withdraw the funds by filing an affidavit proving his or her age; however, an administration fee will be charged. Amounts of $10,000 or less will be held in the plan until the minor reaches age 18.

Death after retirement

After your pension begins, any death benefits will depend on the payment option you chose at retirement.

Disability

The plan will pay you a disability pension if you meet ALL of the following conditions:

- you are an active plan member in good standing with the Union when you become disabled;
- you have a mental or physical disability that is expected to last for the rest of your life and that prevents you from doing any work for which you are reasonably suited by training, education and experience;
- you have been a member of IUOE Local 793 for at least seven straight years, or you have earned 10,000 hours of contributions to the pension plan immediately before you became disabled;
- you did not end your plan membership before you became disabled;
- you apply for a disability pension within 24 months of becoming disabled;
- you provide acceptable proof of disability to the Trustees in the form of a certificate from a doctor after a medical examination, or proof of receipt of a disability pension from the Canada/Quebec Pension Plan; and
- you agree to any medical exam requested by the Trustees during your disability.

In addition to a disability pension from the IUOE Local 793 pension plan, you might also qualify for disability benefits from the IUOE Local 793 life and health plan. Please check your life and health booklet for details.

Disability pension

Your disability pension will equal the full pension you have earned up to your date of disability with no early retirement reduction. The pension will start on the first of the month following your disability, and will continue for the rest of your life unless you recover before age 65. In that case, your disability pension will stop until you choose to retire.

Please see "Terminal illness" on page 31 for information about accessing the cash value of your pension in the event of shortened life expectancy.

Disability credits

If you are a Union member in good standing and receiving a disability pension from both the IUOE Local 793 pension plan and the Canada or Quebec Pension Plan, you will receive disability credits equal to $100 for each month that you are disabled — excluding the first nine months — up to age 65, to a maximum of $6,300.

These credits will be used to increase the amount of your disability pension, based on the plan formula in effect when you apply. If you recover before 72 months (63 months of credit, plus the first nine months that are excluded), you may lose some of the disability credits you previously received.

Workers' compensation (WSIB) credits

If you are receiving Workplace Safety & Insurance Board (WSIB) benefits, you will receive disability credits for up to 25 hours per week — for a maximum of 12 months. To qualify for WSIB disability credits, the injury must happen on the job while you are working for an employer that contributes to the IUOE Local 793 pension plan. You cannot get WSIB disability credits if you are receiving a IUOE Local 793 pension.

Divorce or separation

If you and your spouse are living apart from each other, he or she does not qualify as your spouse under Ontario pension law, even if you are still legally married (see page 38 for the definition of spouse under Ontario pension law). This means that he or she will not get any death benefit from the plan unless specifically named as your beneficiary. If you do not wish to name him or her as your beneficiary, no waiver is required. Simply complete a Personal Information Form with the name of your new beneficiary(ies) and give it to OEBAC.

Your pension is considered a family asset. This means that any pension you earn while you and your spouse are married or living as a common-law couple may have to be divided based on any separation or divorce agreement. But the division may not take place immediately.

If you have a separation agreement or court order dated before January 1, 2012 that provides for the division of your pension, your former spouse can't start collecting his or her share of your pension until you leave the plan, retire, turn age 65 or die — whichever occurs first.

If you filed for the division of your pension after December 31, 2011, your former spouse may receive an immediate payment of his or her share of your IUOE Local 793 pension — after the "family law value" of your pension is calculated by the plan actuary and OEBAC receives all of the required documents. You will be charged $678 ($600 + HST) to determine the family law value of your pension.

For further instructions, please visit the FSRA at **http://fsrao.ca/**

If you have more than one former spouse, you may — depending on your separation or divorce agreements — have to divide some of your pension among each of them. Keep in mind that it is not the employer contributions that are divided, but the pension earned on those contributions.

Financial hardship

If you're in a serious financial crunch and have met the criteria to leave the IUOE Local 793 plan (see page 29), you may be eligible for a financial hardship withdrawal if at least one of the following applies:

- Your expected annual income is low;
- You need money to pay for the first and last month's rent of your principal residence;
- You are in arrears of rent or secured debt on a principal residence (such as a mortgage), and you could face eviction; or
- You need money to pay for medical expenses for you, your spouse or any dependents of either of you. Expenses include renovations to your principal residence for medical reasons.

Here's what you need to do to apply for a financial hardship withdrawal:

1. You must leave the IUOE Local 793 plan and withdraw the cash value of your pension benefits by completing a pension termination application (see below);
2. Transfer the cash value of your IUOE Local 793 pension to a locked-in retirement account (LIRA) at a Canadian financial institution of your choice; and
3. Complete a financial hardship withdrawal application from the financial institution that holds and administers your LIRA.

Your financial institution will review your application to see if you qualify for the withdrawal. It will also let you know how much you are allowed to withdraw based on the type of financial hardship you are facing.

If you go back to working in the trade, and your employer makes pension contributions on your behalf, you can rejoin the plan as a new member and begin earning pension benefits again.

If you have any questions about the financial hardship withdrawal process, please contact your financial institution.

Leaving the plan

You may end your plan membership and withdraw your pension benefits if:

- you are under age 55; and
- you have not earned any contributions for at least 12 straight months; and
- you are not actively working and earning a pension from the pension plan of another Operating Engineers' local that has a reciprocal agreement with IUOE Local 793; and
- you complete an application to leave the plan.

Keep in mind, if you have any service that ended before July 1, 2012, you may not qualify for your full benefits.

Unless you qualify for a small pension (see next page), the cash value of your pension is "locked in" by law and must be transferred to one of the following:

- a special type of RRSP called a LIRA (locked-in retirement account), which must eventually be used to provide a retirement income; or
- an insurance company to buy an annuity that will guarantee a lifetime income when you retire; or
- your new employer's registered pension plan if that plan allows transfers.

These transfers are tax free.

Also keep in mind, if you leave the plan and withdraw your pension benefits when the plan has a solvency funding shortfall, your pension will be reduced, which means the cash value will also be reduced. The reduction is based on the plan's solvency funding level (also called the "transfer ratio"). See definition on page 38.

For example: The amount of your monthly pension is $1,000 based on the plan formula, and the cash value of that pension equals $100,000. If you choose to leave the plan when the solvency funding level is 80%, your $1,000 monthly pension will be reduced to $800, and you will receive a cash value of $80,000.

You can avoid this reduction by staying in the plan and taking a pension at age 55 or later. You also have the option to wait and see if the plan's solvency funding level improves and end your plan membership (by withdrawing your pension benefits) at a later date — as long as you're still under age 55 and you have not earned any contributions for 12 straight months.

If you leave the plan and withdraw your pension benefits when the plan has a solvency funding shortfall, the cash value of your pension will be reduced.

The reduction does not apply to:

- any pension that starts at age 55 or later;
- any death benefits paid from the plan; or
- terminal illness benefits (see page 31).

Please contact OEBAC if you want to leave the plan and would like a termination option statement.

Small pension

A "small" pension is one that provides a lifetime monthly retirement benefit under a certain amount. The limit is set by the Canadian government and may change each year.

If the pension you have earned qualifies as a "small" pension, your benefit will be paid either in a taxable lump sum, or a one-time transfer to a non-locked-in RRSP.

Opt out of "grow-in" benefits

The Ontario Pension Benefits Act includes rules around "grow-in benefits" that apply when a member leaves a pension plan before retirement. However, these rules are optional for multi-employer plans like ours. Under these rules, the value of early retirement benefits would be added to a member's termination benefits, but only if the member's employment ended involuntarily and without cause — and if the member's age plus service equaled 55 or more.

Because these grow-in benefits would result in additional costs that would affect members who remain in the plan, our Trustees decided to opt out as of July 1, 2012, and leave our plan unchanged. The Trustees' decision to opt out has no impact on pension benefits for members who retire from the plan.

Marriage or a new partner

Because your spouse has certain rights under the pension plan, it is very important that you keep OEBAC informed of any changes in your marital status.

Terminal illness

It's probably not something you want to think about, but it's important for you to know that, if you ever found out that you were terminally ill, you could make a request to withdraw the entire cash value of the pension you have earned from the IUOE Local 793 pension plan as a single lump sum.

To apply for a withdrawal, you must complete an Application to Withdraw Pension due to Shortened Life Expectancy. You can obtain an application by contacting OEBAC or your local Union Office.

You must include the following information with your completed application:

1. proof of your age (used to calculate the cash value of your pension), and
2. a written statement from your doctor confirming that you have less than two years to live.

Keep in mind that if you have a spouse, his or her written consent is required before you can withdraw the cash value of your pension. This consent is important because your spouse has a right to death benefits that he or she will give up when you make a withdrawal. For this reason, you and your spouse should obtain independent professional legal and financial advice before making this decision.

After you submit the application, you will be notified of the cash value of your pension and will be asked to complete a form indicating your preferred form of payment. You can withdraw the money as a taxable cash payment or make a tax-sheltered transfer to an RRSP or other registered account.

If you become terminally ill and are already collecting your IUOE Local 793 pension, you can request the cash value of your remaining pension payments as a single lump sum. Please contact OEBAC for more information.

Transferring to/from another local

If you temporarily work in another local that has an agreement in place with IUOE Local 793, the contributions you earn in the other local will be applied directly to your IUOE Local 793 pension. If you work in Quebec, you must apply to the Quebec Construction Pension Plan to have the contributions transferred back to Ontario. Only employer contributions can be transferred. The IUOE Local 793 pension plan cannot accept employee pension contributions.

IUOE Local 793 has agreements in place with many Operating Engineers locals in Canada and the U.S.

GOVERNMENT PROGRAMS

The two main government pension programs are the Canada Pension Plan (CPP) and Old Age Security (OAS). There is also a Guaranteed Income Supplement (GIS) for people receiving OAS who have an income below a certain level.

Canada Pension Plan (CPP)

CPP is a federal government program. The Quebec Pension Plan (QPP) operates in the province of Quebec and is almost identical to the CPP. All working Canadians outside of Quebec over the age of 18 are required to contribute to the CPP if their earnings are above the basic exemption.

Your contributions are matched by your employer. You can start taking your CPP retirement pension anytime between ages 60 and 70. If you start before age 65, your payments will be permanently reduced by 7.2% for each year that you retire early. For example, if you start your CPP pension at age 60 (5 years early), it will be reduced by 36% (7.2% x 5 years). Depending on your health and personal financial situation, it might make sense to start your CPP pension early. On the other hand, you can also delay your CPP pension until you reach age 70. If you retire after age 65, your CPP benefits will increase by 8.4% for each year you retire late.

The pension that you receive from the CPP is paid in addition to your IUOE Local 793 pension. The amount of CPP pension you receive depends on how much and for how long you contributed to the CPP. CPP benefits are indexed, which means that benefits are adjusted each January based on the increase in the Consumer Price Index.

Old Age Security (OAS)

OAS is another federal program. It provides a basic pension for almost every senior. The earliest you can start collecting OAS is age 65. You may also choose to delay your OAS benefits for up to five years to age 70. In this case your OAS benefits will increase by 7.2% for every year you delay receiving it, up to a maximum increase of 36% at age 70.

Part or all of this benefit will be "clawed back" if your net income is above a certain level. Like CPP, OAS is indexed.

There are two ways to qualify for a full OAS pension. If you were at least 25 years old on July 1, 1977, you need 10 years of residence before you can apply.

Otherwise, you need 40 years of residence after age 18. If you don't qualify for a full pension, you may still receive a partial one if you have at least 10 years of residence.

Applying for CPP and OAS

You should receive a letter from Service Canada the month after you turn 64, notifying you that you will automatically be enrolled in the OAS program. If you don't receive this letter, you must apply for your OAS benefits in writing.

You won't automatically be enrolled in CPP. You must apply online or by mailing a completed application to Service Canada, along with required personal information.

Visit **www.canada.ca** for more information or to download the application forms — or call the Government of Canada at 1-800-277-9914.

If you spent some of your adult years living outside of Canada, depending on the country, these years may be included under an international agreement.

PERSONAL SAVINGS

If there's a gap between your retirement income goals and your combined government and IUOE Local 793 pensions, this is where personal savings come in.

Registered retirement savings plan (RRSP)

In Canada, one of the most tax-effective ways to save for retirement is a registered retirement savings plan (RRSP). Simply visit any major financial institution and ask to open an RRSP account. Any contributions you make to an RRSP come straight off your taxable income (up to government limits) and can greatly reduce the amount of income tax you pay. The money you leave in your RRSP, including investment income, grows tax free until it is withdrawn.

Tax law limits the amount that you may put aside tax free in an RRSP each year. The current limit is 18% of your previous year's "earned income" up to a certain dollar limit, minus pension contributions made in the previous year (which are reported on your T4 as a "pension adjustment"):

> **Go to www.canada.ca/en/services/taxes/savings-and-pension-plans.html for the annual RRSP and TFSA contribution limits.**

Your available RRSP contribution room for the year is shown on your annual Notice of Assessment. If you contribute less than the maximum to an RRSP in any year, you may carry forward your unused contribution room to future years.

It is important to keep track of your RRSP contributions to avoid over-contributing. Tax law allows a lifetime over-contribution limit of $2,000. Amounts above this limit are subject to a 1% monthly penalty.

Tax-free savings account (TFSA)

All Canadian residents aged 18 or over can contribute up to a certain amount each year to a tax-free savings account (TFSA). Like an RRSP, a TFSA lets you save and invest your money without having to pay tax on your investment income or capital gains. Here are the main differences between a TFSA and an RRSP:

- An RRSP gives you a tax deduction on contributions, but withdrawals are counted as taxable income;
- A TFSA gives you no tax relief on contributions, but withdrawals are tax free; and
- When you make a withdrawal from a TFSA, contribution room equal to the withdrawal is restored the following year.

Unused contribution room can be carried forward for as long as you wish.

DEFINITIONS

ACTUARY
An actuary is an expert in the mathematics of risk. Our actuaries advise our Trustees on the design and funding of our plan based on calculations involving estimates of future interest rates, retirement ages, work levels, life expectancy, etc.

BACKDATING
You may be able to have your pension calculated as though you retired as much as 12 months earlier than you actually did, and receive a lump sum for those back payments. This lump-sum payment is taxed as income in the year you receive it.

BENEFICIARY(IES)
This is the person (or persons) you name to receive your pension benefits if you die. If you have an eligible spouse, Ontario pension law requires your spouse to be your beneficiary, unless he or she signs a waiver. If you do not have a spouse — or your spouse signs a waiver — you may name anyone you want. If you do not name a beneficiary, death benefits will be paid to your estate.

BOARD OF TRUSTEES
A joint Board of Trustees made up of both employer and Union representatives is responsible for the management of the plan.

CASH VALUE
The cash value — sometimes known as the "commuted" or "transfer" value — is the total value in today's dollars of the lifetime pension you have earned and would be entitled to receive if you left your benefits in the plan until you reach retirement age. In other words, it is the amount of money that must be set aside today to provide your future pension. It is an actuarial calculation that involves many factors, including your age, pension earned to date and interest rates.

CPP
Canada Pension Plan.

CRA
Canada Revenue Agency.

DOCTOR
A medical doctor certified by the Royal College of Physicians and Surgeons of Canada (or its equivalent when treatment is performed outside Canada) who is practising within the scope of his or her licence.

EMPLOYER
An employer who makes contributions to the pension plan on your behalf.

LOCKED-IN RETIREMENT ACCOUNT (LIRA)
A LIRA works the same way as a registered retirement savings plan (RRSP), except that amounts in a LIRA are "locked in" and must be used to provide a retirement income (cannot be withdrawn in cash except under special circumstances). All funds in a LIRA must be used to buy an annuity (a "pension" you buy from an insurance company) or transferred to a life income fund (LIF) by the end of the year in which you reach age 71.

MEMBER
You are automatically a member of the pension plan if your employer makes pension contributions on your behalf.

MINOR
A minor is a child who is under the age of 18.

"NORMAL" RETIREMENT
Your "normal" retirement date is the first of the month after you reach age 65. However, the plan allows you to take your full pension between ages 60 and 65 provided you qualify.

LEVEL INCOME PENSION
This is one of the payment options available to you if you retire before age 65. A level income pension is designed to "smooth out" your IUOE Local 793 pension plus OAS payments so that you receive about the same amount of pension throughout your retirement. Your IUOE Local 793 pension is increased from the date you retire until you reach age 65 (the age your OAS benefits begin). The amount of the increase depends on your age when you retire. At age 65, your IUOE Local 793 pension will be reduced.

OAS
Old Age Security.

PENSION ADJUSTMENT (PA)
The amount you are allowed to contribute to a registered retirement savings plan (RRSP) in any year is reduced by the total employer contributions to the pension plan for the previous year. This reduction is called a "pension adjustment." Your PA is reported on your T4 and is reflected in the available RRSP contribution room reported on your Income Tax Notice of Assessment each year.

REGISTERED RETIREMENT SAVINGS PLAN (RRSP)
This is a type of account that lets your savings grow tax free. Your contributions to an RRSP also reduce your annual income tax (unless contributions are transferred in from another registered plan). If you withdraw money from an RRSP, tax is deducted first. When you retire, you may use your RRSP to provide a retirement income.

SIN
Social Insurance Number.

"SMALL" PENSION
Under Ontario pension law, a "small" pension is one that provides a lifetime monthly retirement benefit under a certain amount. The government sets the limit each year.

SOLVENCY FUNDING LEVEL (ALSO CALLED "TRANSFER RATIO")
A measurement of the pension plan's financial health if it had ended on a specific date and had to pay out all pensions earned by active and retired members on that date.

SPOUSE
Under Ontario pension law, your spouse is the person who is:

(a) married to you, or

(b) not married to you but has been:

- (i) in a conjugal relationship with you continuously for at least three years, or
- (ii) in a relationship of some permanence if together you are the parents of a child, as defined in the *Children's Law Reform Act*.

It does not include a person who:

(a) is living separate and apart from you at the earlier of the start of your retirement or your death, or

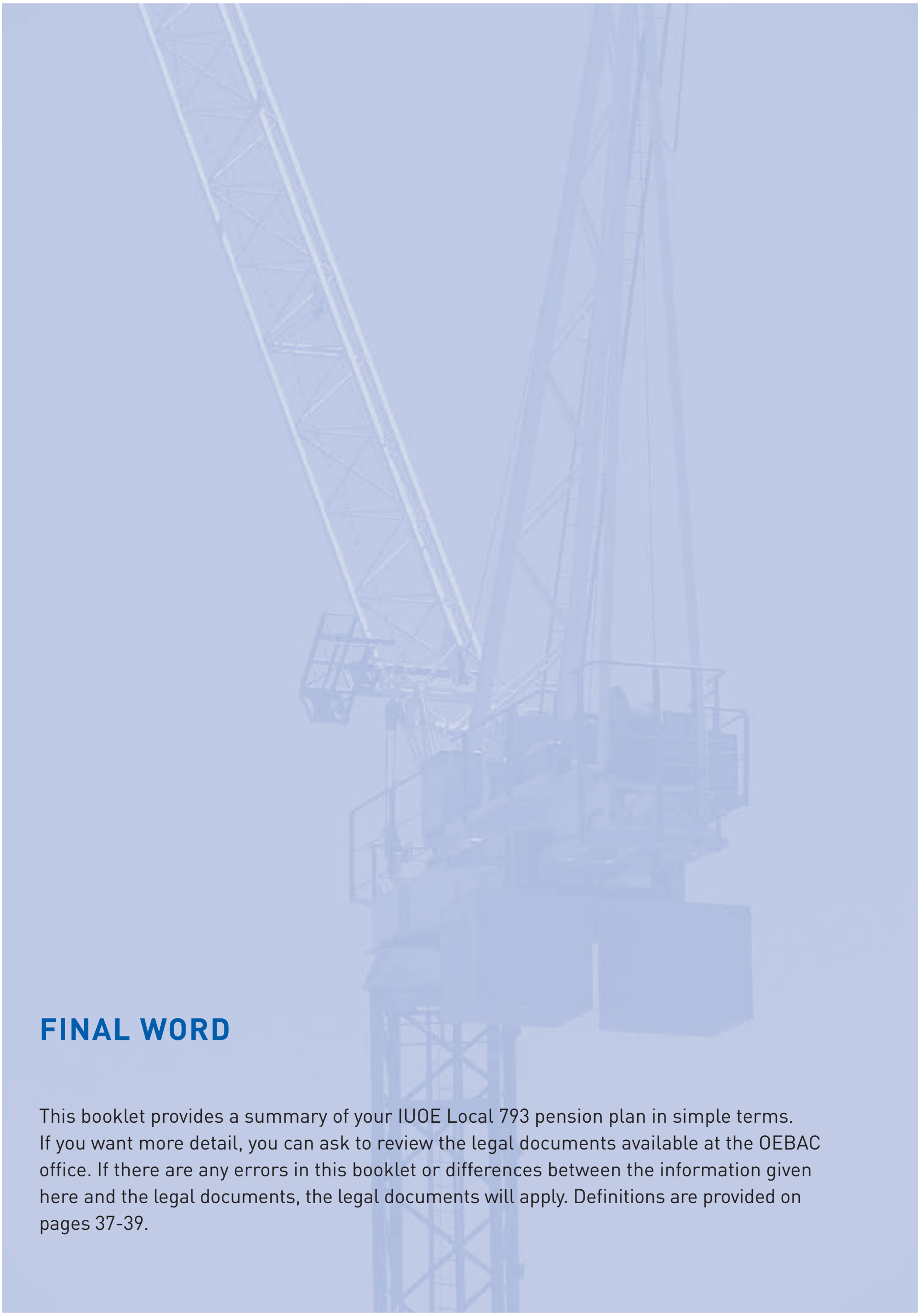
(b) becomes your spouse after you have started receiving your pension benefits.

TAX-FREE SAVINGS ACCOUNT (TFSA)

All Canadian residents aged 18 or over can contribute to a tax-free savings account (TFSA) each year, up to government-set limits. A TFSA gives you no tax relief on contributions, but you pay no tax on investment income or capital gains. Withdrawals are tax free and the contribution room equal to the withdrawal is restored the following year. Unused contribution room can be carried forward for as long as you wish.

UNION

International Union of Operating Engineers Local 793.



FINAL WORD

This booklet provides a summary of your IUOE Local 793 pension plan in simple terms. If you want more detail, you can ask to review the legal documents available at the OEBAC office. If there are any errors in this booklet or differences between the information given here and the legal documents, the legal documents will apply. Definitions are provided on pages 37-39.

OPERATING ENGINEERS BENEFITS ADMINISTRATION CORP

Updated November 2020