

About Your Pension Plan

I.A.M. Labour-Management Pension Fund (Canada) (the “Plan” or the “Fund”) was established through collective bargaining between employers and various Canadian Lodges of the International Association of Machinists and Aerospace Workers.

The Plan is managed by a joint Board of Trustees on which the union and the employers are equally represented. The Trustees are responsible for the overall operation of the Plan. They serve without compensation.

The Plan is financed entirely by contributions from employers and, where required under the Collective Agreement, contributions from participants, and by investment income. The Plan's assets are held by a trust company. The Trustees have hired professional money managers to invest the Plan's assets.

The Plan is registered with the Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario. The Plan's Registration Number is 0555243.

This Summary Plan Description is a summary of the Rules and Regulations of the I.A.M. Labour-Management Pension Fund (Canada) as amended and restated by the Board of Trustees effective January 1, 2022. These Rules and Regulations apply to all employees of contributing employers and participants of the Plan for service on or after January 1, 2022. For current members with service prior to January 1, 2022, please see earlier booklet for details of the provisions that apply up to December 31, 2021.

Those provisions have not changed for that period. Unless specially stated otherwise, benefit entitlement of former employees who retired, terminated or died before January 1, 2022 will be governed by the Rules and Regulations in effect at the time of their retirement, termination or death.

Certain provisions vary according to the province in which the employee works and whether the person's employment is governed by provincial or federal pension law. Some of these variations are noted in this summary. More details can be obtained by contacting the Fund Office.

The explanatory material that follows is intended to provide a summary of the Plan Rules and Regulations in plain language. It is not intended to either change or interpret the Rules and Regulations as adopted by the Board of Trustees. Only the Trustees are authorized to interpret the Rules and Regulations. No Employer or Union representative is authorized to interpret the Plan or its Rules and Regulations, speak for it, or commit the Trustees in any matter relating to the Plan. The benefits provided under the Plan are not guaranteed. As circumstances may warrant from time to time, the Trustees have the right to change, amend or revise the Plan Rules and Regulations, including the right to improve or reduce benefits.

Participation

Who can participate in this Plan?

You can participate in this Plan if you work for an employer who has:

- a collective agreement with a Lodge or the International Association of Machinists and Aerospace Workers requiring contributions to the Fund, or
- an agreement with the Trustees to contribute to the Fund on your behalf, and the employer has been accepted by the Trustees as a contributing employer.

When do I become a Plan Participant?

You become a participant in the Plan upon the earliest of the following dates:

- Employee contributions are remitted on your behalf by a contributing employer, or
- Completion of 1,800 hours of employment on or after January 1, 2022, or
- **For Alberta and British Columbia employees:** completion of two consecutive calendar years of covered employment in each of which you earn at least 35% of the YMPE, or.
- any earlier date specified by the federal or provincial pension law that applies to you.

What happens if I work for more than one Employer during the year?

Even though you may work for two or more different contributing employers during a calendar year, you will accrue pension benefits as if all the work had been done for one employer.

What happens if I stop participating in the Plan and start again later?

This depends on whether you elect the portability option when you stop participating in the Plan. This is explained in more detail in the “Termination of Participation” section (see page 18).

How does my working time count towards accruing pension benefits?

The preceding sections explain how your working time affects when you become a participant of the Plan. For the period from January 1, 2019 onwards, your pension benefits are determined based on the employer contributions and the employee contributions, where applicable, remitted to the Plan on your behalf by a contributing Employer.

For more information on pension benefits accrued prior to January 1, 2019, consult the official Rules and Regulations.

What rate of interest is applied to my contributions?

Your contributions are credited with interest each year at the average of the yields of five-year personal fixed-term chartered bank deposit rates as determined by Statistics Canada. This interest rate, as well as the total value of your contributions to date, is provided on your annual pension statement.

The accrued interest is not used to determine your Normal Pension.

Is there a limit on how much of my pension can be funded by my own contributions?

The minimum benefit rule ensures that your own contributions with interest will not pay for more than 50% of the commuted value of your pension benefits when you terminate employment, die before retirement, or retire. If your own contributions with interest exceed this level, the excess over 50% (referred to as “excess contributions”) will be used to increase your pension benefit or paid as a lump sum.

Pensions

What types of Pensions are available?

The Plan offers four types of pensions:

- Normal pension
- Early retirement pension
- Deferred pension and
- Disability pension.

When do I become eligible to receive a Pension?

Normal Pension

You are eligible for a normal pension when you reach normal retirement age.

“Normal retirement age” is age 65 or, if later, your age when you complete the eligibility requirements to become a participant.

Early Retirement Pension

You are eligible for an early retirement pension if you are at least age 55 but have not yet reached your normal retirement age.

Deferred Pension

You may receive a deferred pension payable when you retire if you:

- elect to terminate participation in the Plan, and
- are not eligible for an immediate normal pension or early retirement pension.

This benefit usually starts at your normal retirement age. However, you may elect to start receiving a reduced benefit at any time after age 55. For more information on deferred retirement pensions see page 11.

Disability Pension

You may receive a disability pension if you:

- become permanently and totally disabled while you are an active participant,
- have at least 18,000 hours of covered employment on or after January 1, 2020, and
- are not eligible to retire on a normal pension.

You are considered permanently and totally disabled if a licensed medical doctor certifies in writing that:

- you are suffering from a physical or mental condition that prevents you from being able to do any work for which you're reasonably suited according to your education, training and experience, and

■ this condition is expected to last for the rest of your life.
You may be required to be examined by a medical doctor or doctors that the Trustees select, and may be re-examined at periodic intervals as the Trustees see fit.

Can I start receiving a Pension if I'm still working?

You cannot start receiving a pension while you are still working for an employer who is making contributions on your behalf. However, you may submit an application for your pension to start at a future date, when you will no longer be working. Please allow at least two months to properly complete your application and submit supporting documents, and for your request to be reviewed and processed.

If I don't stop working at my normal retirement age (age 65), can my Pension be backdated to age 65?

No. While you are working for a contributing employer after age 65, your employer continues to contribute on your behalf which will be used to calculate your pension when you eventually stop working.

How much Pension will I receive?

Normal Pension

For covered employment on or after January 1, 2022 your benefit is based on:

- the employer and, where applicable, employee contributions remitted on your behalf to the Plan by a contributing employer, multiplied by
- the applicable pension benefit rate applicable for your employer group, which you will be notified of separately.

The pension benefit rate may vary for different contributing employer groups. The schedule is based on an actuarial study conducted when an employer joins the Plan. This study takes into account the age and service of the employees then working for the employer. When you join the Plan, you will be provided with the pension benefit schedule that applies to your employer.

Note: Employees of employers that became contributing employers before November 16, 2010 may also qualify for a "past service benefit". If you need more information on how past service credits are granted, please contact the Fund Office.

EXAMPLE:

Paul's employer contributes \$8,000 on his behalf to the plan for covered employment on or after January 1, 2022. Let's assume the pension benefit schedule applicable to his employer is 1.25% of Contributions. Paul's future service benefit is calculated as follows:

<u>Contributions</u>	<u>Monthly Pension for Each \$ of Contributions</u>	<u>Monthly Pension</u>
<u>\$8000</u>	<u>1.250%</u>	<u>\$100.00</u>

Note: Different contributing employer groups have different pension benefit schedules. The following table shows a range of monthly pensions based on different negotiated benefit schedules.

<u>Contributions</u>	<u>Monthly Pension for Each \$ of Contributions</u>	<u>Monthly Pension</u>
<u>\$8000</u>	<u>1.000%</u>	<u>\$80.00</u>
<u>\$8000</u>	<u>1.250%</u>	<u>\$100.00</u>
<u>\$8000</u>	<u>1.455%</u>	<u>\$116.40</u>

Early Retirement Pension

Your early retirement pension benefit is first calculated the same way as your normal pension. Then, your pension amount is reduced because you are retiring before your normal retirement age. The reduction is .5% for every complete month that you are younger than your normal retirement age when your early retirement pension starts.

EXAMPLE:

Let's assume Paul in the previous example wants to retire and receive an early retirement pension when he reaches age 62. Since Paul will be 36 months (three years) younger than his normal retirement age (age 65), his normal pension of \$100.00 per month will be reduced by 18% (.5% x 36 months).

To determine Paul's early retirement monthly benefit, his normal pension amount is reduced by the early retirement pension reduction:
 $\$100.00 \times 18\% = \18.00 (amount of early retirement pension reduction)

$\$100.00 - \$18.00 = \$82.00$ (normal pension minus early retirement pension adjustment)

Paul will receive an Early Retirement Pension of \$82.00 per month.

Deferred Pension

If you elect a deferred pension, your monthly pension calculation depends on whether your pension payments begin before or after you have attained your normal retirement age. Additionally, to protect the Plan should you wish to transfer your entitlement, your deferred pension will be reduced by the most recently determined transfer ratio. If you do not want to transfer your entitlement out of the Plan, we advise you not to elect to terminate your participation in the Plan until you retire.

On or after your normal retirement age: If your deferred pension begins on or after your normal retirement age, your benefit is calculated like a normal pension.

Before your normal retirement age: If your deferred pension begins before you reach your normal retirement age, your benefit is calculated like an early retirement pension.

Disability Pension

If you are eligible for a disability pension, you will receive 110% of your early retirement pension based on your hours of covered employment up to the date of your disability. Your disability pension must not exceed the normal pension amount you would receive if you were age 65 when your disability pension is first payable from the Plan.

If you are not yet age 55 on the date on which the disability pension is first payable to you, your benefit will be determined as though you were age 55 on that date.