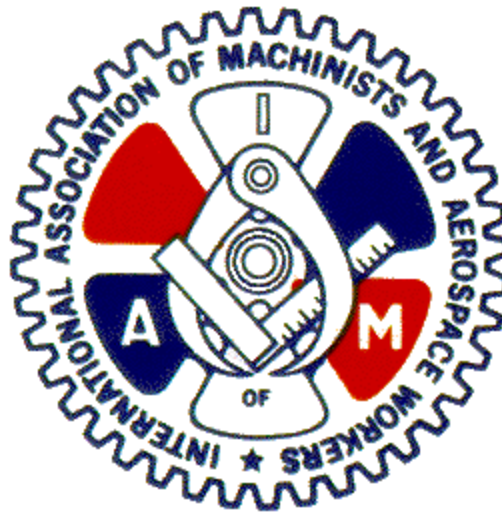


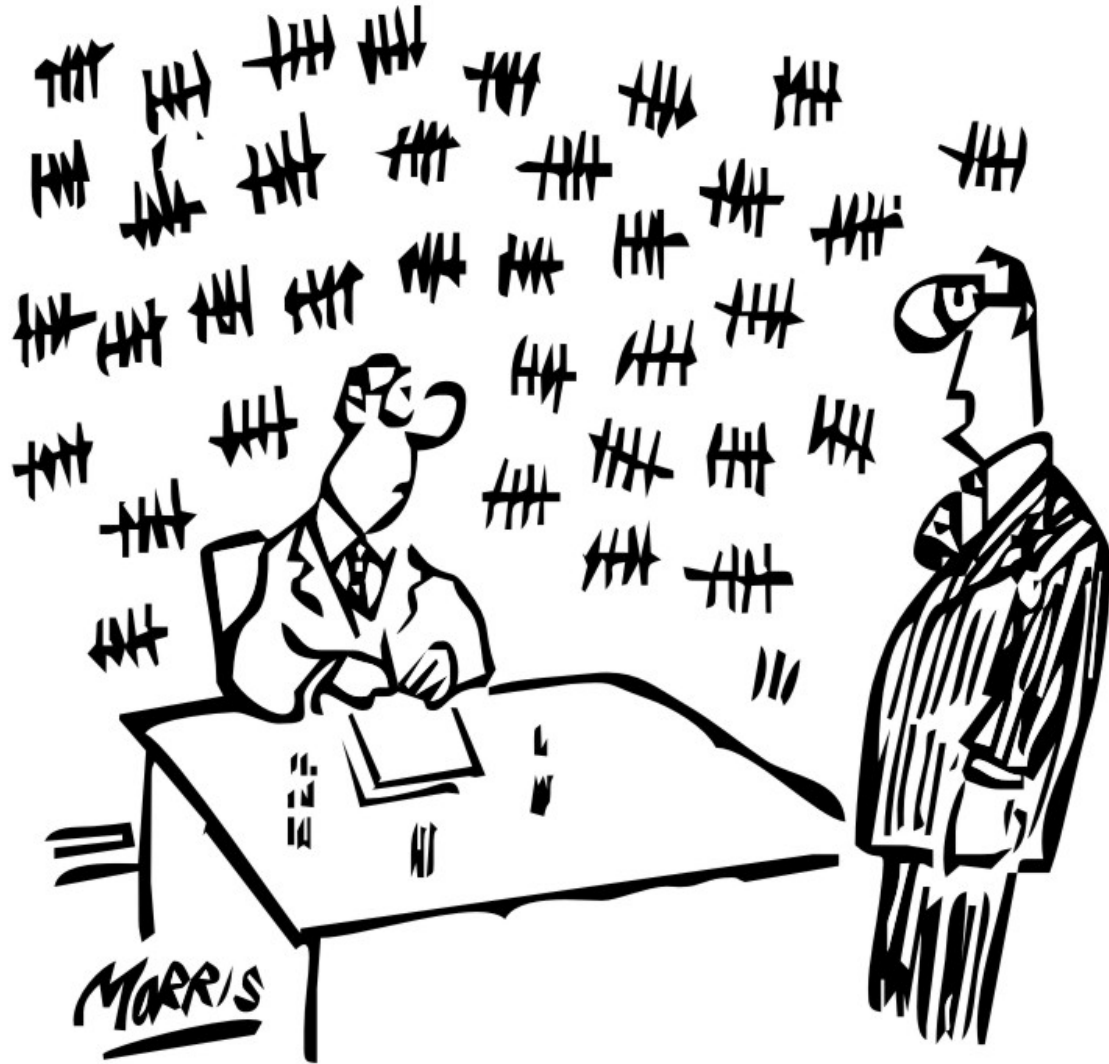
Retirement Options For Machinists in BC.

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"How long is it now to your retirement, Potter?"



"I just found out the party is for me!"

Pension Plans

- Pension Plans can be employer, Union or multi-employer.
- A Defined Contribution (DC) pension has a set contribution by the employer to an employee account
- A Defined Benefit (DB) pension has a set benefit based on years of service
- A Hybrid pension has aspects of both DB and DC pensions, some are Target plans.
- Employer pensions are dependent on the health of the sponsoring employer. Many bankrupt companies, such as Nortel, have reneged on promised benefits.



Pension Plans (*con't*)

- A Union pension is dependent on sound investment and sustainable benefit levels.
- A multi-employer pension administers for many employers, allowing small companies to offer pensions. The plan is independent of the employers and, like a Union plan, needs prudent management of funds and benefits.
- No benefits are cast in stone. Any plan may increase benefits if returns on investment are good and reduce benefits if the assets of the plan are hit in a recession.

Pension Plans (*con't*)

- This pension follows both Canadian and provincial Laws as a registered pension plan and is supervised by the Commissioner of Pensions.
- Like all retirement plans If a plan assets slip below 100% of what is needed to pay out all obligations, the Commissioner of Pensions will order remedial action either by reducing benefits or increasing contributions.
- Likewise, if the funds of a plan grow too great, the plan will be required to reduce contributions or increase benefits. The 692 plan chooses the latter.
- A company plan will always do the former whereas a Union plan often increases benefits.

RRSPs

- RRSP savings are the most common form of personal retirement savings.
- A maximum of \$32,490 per year can be contributed in 2025. Any unused portion of the deduction limit is carried forward to next year.
- Money going in is not taxed but withdrawals are. Money goes in when your income is higher and taxed at a higher rate and comes out when your income and tax rate are reduced.



RRSPs (*con't*)

- RRSPs have two major drawbacks.
 - First, the value of your savings is subject to the economy, stock market and interest rates.
 - Second, the banks take an average 2 ½% of your RRSP account. That is 2.5% which will be subtracted from any growth in your fund.
- A pension typically has a cost of 0.5%, an extra returns per year over an average RRSP of 2%.
- While in the Sunlife plan we enjoy low fees but upon retirement the fees will change.

RRSPs (*con't*)

- If two people saved each \$500 a month for 25 years with an average return of 7% less costs of 0.5%, their Pension account could accrue approximately \$365,646
- But the RRSP, at 7% with higher costs, would come up to \$273,865, more than \$90,000 less.
- As your retirement income is based on the size of your savings account, the actual total paid out over your retirement can be even greater.

Pension vs. RRSP

*\$91,781 more
with a pension*

Pension Plan
\$500/mth
25 years
@7%
-1½% cost
**6½%
return**
= \$365,646

RRSP
\$500/mth
25 years
@7%
-2½% cost
**4½%
return**
= \$273,865

*If two people each saved \$500 / mo. for 25 years
with an average return on investment of 7%*

A Pension could accrue **\$365k**

A RRSP, with higher service fees,
would come up to \$273k..... over \$90,000 less!

TFSA

- Tax Free Savings Accounts (TFSA)
 - TFSA program allows a maximum investment of \$7,000 in 2025 (Indexed to inflation)
 - Unlike RRSPs, money going in is taxed; money coming out is not.
 - This is an ideal savings plan for low-income earners whose income tax rate is low.
 - It is also a place to save if the RRSP contributions are maxed out for the year.

RRIF

- All RRSPs (but not TFSAs) must be cashed out or converted to Registered Retirement Income Funds (RRIF) by age 71.
- Otherwise taxes on entire balance become payable.
- The return on a RRIF is dependent on interest rates or investment returns depending on which flavour you choose.
- RIFFs are subject to fees and deductions like RRSPs. You are required to withdraw a minimum each month but may draw more, up to a set maximum limit. All withdrawals are subject to taxation. Fees are dependant on the institution chosen.
- Retirees can outlive their RRIF money and be reduced to poverty.



"I GUESS RETIREMENT IS OK,
BUT WHAT I MISS MOST IS GOOFING
OFF ON COMPANY TIME."

Membership Option

Lodge 692 Machinists Pension Plan

- Each member has a dollar account in their name which is used to calculate his / her pension at retirement.
- For members of the 692 Pension Plan, upon retirement, a monthly pension is paid, avoiding the need for a fee-based Register Retirement Income Fund (RRIF).
- Your money will be paid as long as you and your spouse is alive. There is no danger you will run out of savings during your retirement; a calamity which does happen to those who must convert their RRSP money into a RRIF at retirement.
- After you and your spouse pass if there is any funds left they are paid to your estate or beneficiary.



Lodge 692 Machinists Pension Plan (*con't*)

- The Plan uses a professional money managers, Leith Wheeler, Concert Properties and IFM under consultation of George & Bell. We have enjoyed average annual returns of 8.22% over the last 36 years.
- The assets of the plan have grown since 1988 from about \$10,000,000 to over \$312,465,000 today.
- The plan is on sound financial footing and can continue to serve Machinists as long as the need is there.
- The 692 Machinists Pension Plan was created in British Columbia by and for members of Local Lodge 692.

***In 2011, the Plan was opened up
to all District Lodge 250 Machinists
in Local Lodges 11, 456, 550, 692, 1857 and 2711.***



Machinists Pension Plan (LL692) Returns

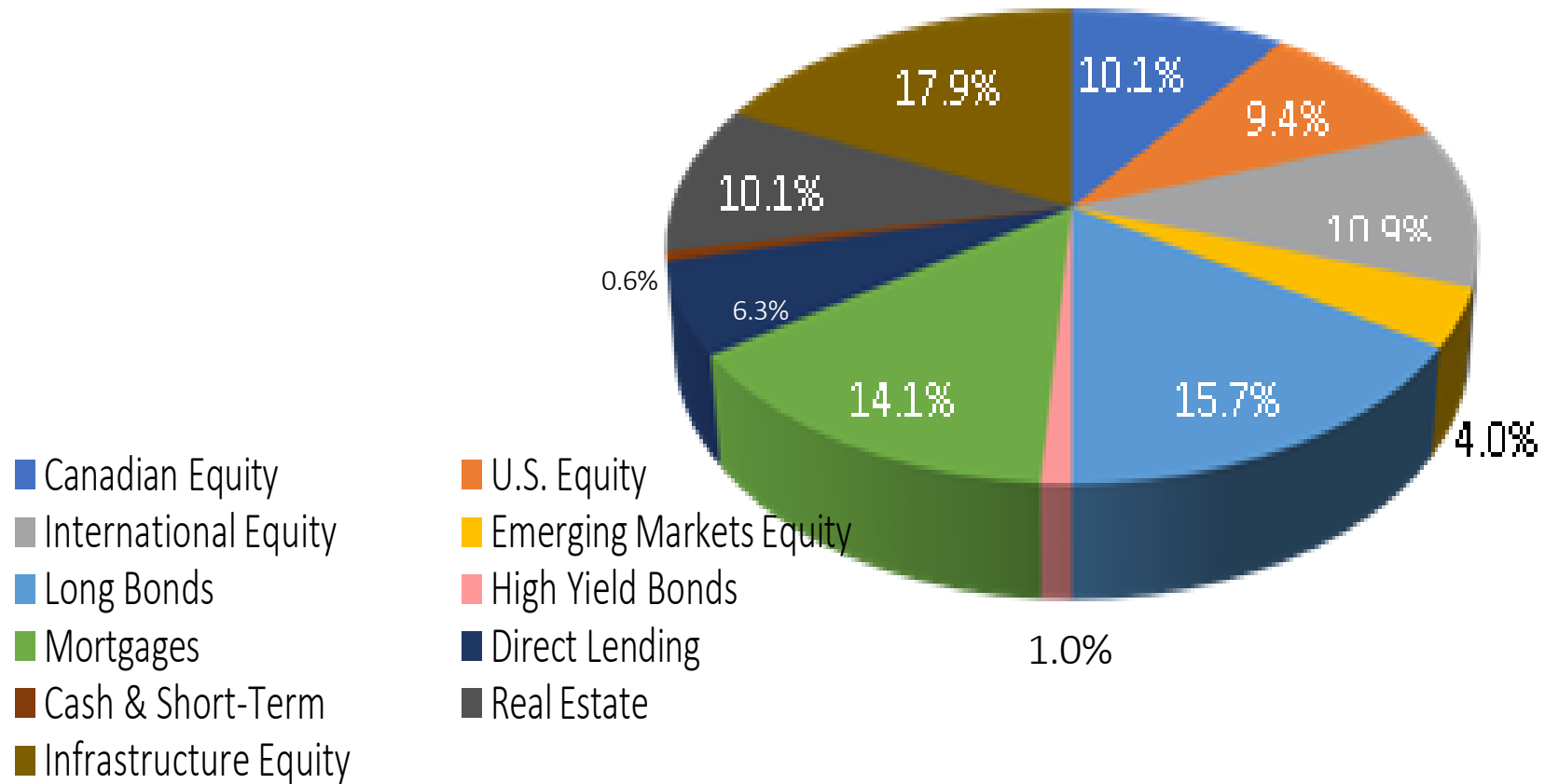
1988	10.00%	1998	6.50%	2008	-16.00%	2018	-0.20%
1989	11.50%	1999	3.50%	2009	16.00%	2019	13.77%
1990	-2.90%	2000	10.25%	2010	10.75%	2020	6.25%
1991	19.50%	2001	4.50%	2011	0.75%	2021	8.40%
1992	8.50%	2002	2.00%	2012	9.45%	2022	-2.2%
1993	25.00%	2003	13.75%	2013	16.70%	2023	11%
1994	0.00%	2004	12.75%	2014	9.60%	2024	9.9%
1995	13.20%	2005	10.25%	2015	1.53%	2025	
1996	15.75%	2006	14.25%	2016	11.00%	2026	
1997	17.00%	2007	0.50%	2017	12.1	2027	

Average Yearly Return For 36 Years: Over 8.22%
These returns are net of fees.

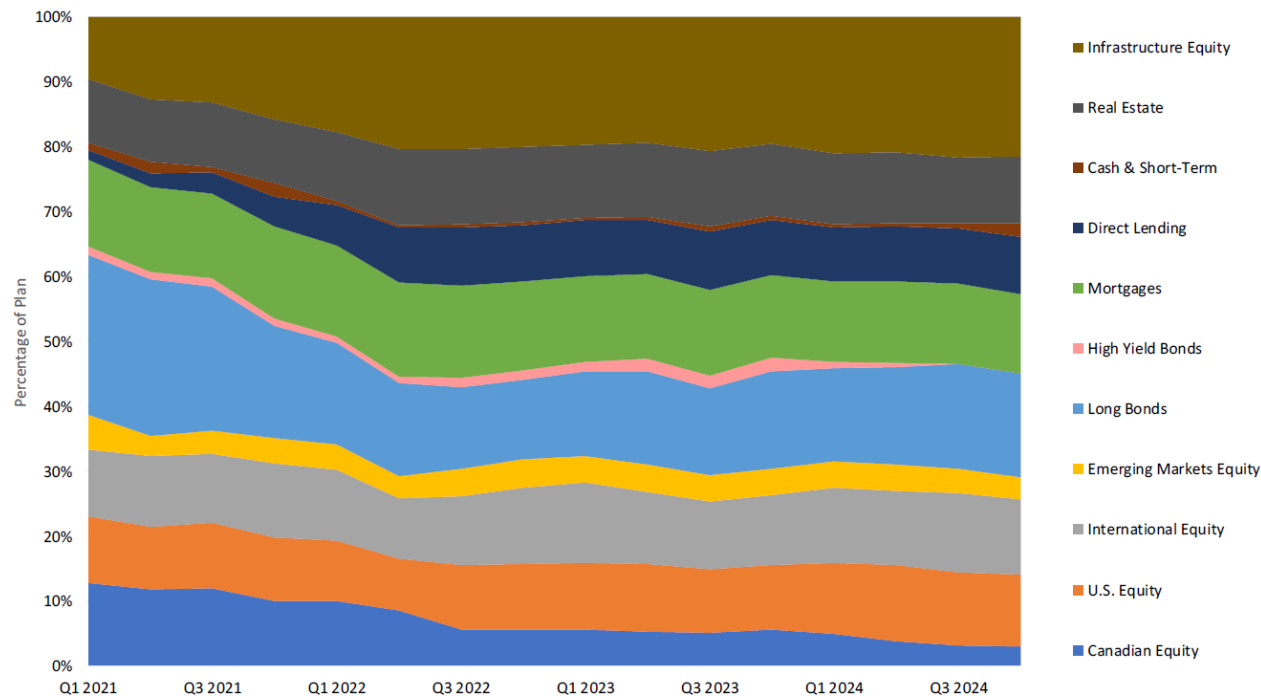


Machinists Pension Plan

The 692 Plan is a diversified fund



Total Fund Asset Mix Over Time



Note:

- The allocation to emerging markets equities is estimated based on the emerging markets exposure in the Sprucegrove All Country World ex-US pooled fund since July 1, 2021.

692 Pension Payment Options

- *How do I get access to my money?*
- Prior to retirement, contact the Pension Administrator (Convyta), who will walk you through your various options
- *What about before I retire?*
 - You cannot access your Pension Account unless you retire or cease to be a Member of the Pension Plan except for voluntary contributions.
 - Voluntary contributions are always accessible, even if still a Member. There is no cost for the first early withdrawal but subsequent early withdrawals are subject to a fee of \$75 + tax

692 Pension Payment Options (*con't*)

- To access Collective Agreement mandated Employer and Employee you must either:
 - Retire
 - or-
 - Cease to be an active Member of the Pension Plan because you no longer are employed under a Collective Agreement which includes the 692 Pension Plan.

You will remain an inactive Member of the Plan until retirement unless you choose to leave.



692 Pension Payment Options (*con't*)

- If your age is less than 55 years old and you are no longer an active Member of the Pension Plan, you may close (cash out) your Pension Account and will receive the larger of:
 - your Pension Account
 - or-
 - the commuted value of your Pension Account

692 Pension Payment Options (*con't*)

- At 55, you will be entitled to receive a monthly Pension, unless the account balance is less than \$15,686.00 not including voluntary contributions (20% YMPE 71,300.00) 2025 . If so, you may close the Pension Account and take the lump sum.

692 Pension Payment Options (*con't*)

- The amount of Pension you receive per month is calculated from:
 - The total in your Savings Account
 - The age of you and your spouse
 - The survivor benefit chosen by a married Member
 - The guaranteed payment option selected
 - The current interest rate of the Pension Plan

692 Pension Payment Options (*con't*)

- The Normal Form Monthly Pension for Retirees 65 years old:
 - Married with the default 60% Survivor Pension
 - Single with a 5 year of guaranteed payments
- For every month before your 65th birthday, the Pension is reduced by $\frac{1}{2}\%$ less or 6% per year.
- Retiring on your 63rd birthday will reduce your monthly payment by $24 \text{ months} \times 0.5\% = 12\%$.
- The reduction is made as an early Pension will be paid for longer compared to a standard retirement at 65 years old.
- There is no reduction of the member's account balance.
- There are no deferred pensions.



692 Pension Payment Options (*con't*)

- Unless the Spouse signs a Release Waiver, Canadian Pension Law dictates a surviving Spouse will receive a 60% pension.
 - A pension will be higher with no Survivor benefit.
 - If you opt for a 100% Survivor Pension, the monthly amount will be reduced. Other options include 50% or 75% Survivor Pensions.

692 Pension Payment Options (*con't*)

- **Single Pensioners** can opt for a guarantee of 60, 120 or 180 months or waive the guarantee entirely. Monthly payments will be adjusted accordingly. Should the Pensioner die before the end of the guarantee, their estate will receive the remaining payments.
- **Married Pensioners** can choose to include a guarantee. If the Pensioner dies during the guarantee period, their survivor will receive full payment to the end of the guarantee and then receive the survivor benefit.
- Benefits are paid until you and your spouse pass, if there is any funds left they are paid to your estate or beneficiaries.



692 Pension Payment Options (*con't*)

These are examples of how Survivor Benefits affect monthly payments for a Single Pensioner:

Option	Monthly Pension	% of Default Pension
0 months guarantee	\$2,922	101%
60 months guarantee	\$2,882 (Default Pension)	100%
120 months guarantee	\$2,776	96%
180 months guarantee	\$2,632	91%

These are for illustration only. When you retire, the Pension Administrator will present your personal options for monthly payments.

692 Pension Payment Options (*con't*)

These are examples of how
Survivor Benefits affect monthly payments
for a Married Pensioner:

Option	Monthly Pension	% of Default Pension
No survivor benefit	\$2,922	117%
50% survivor benefit	\$2,562	102%
60% survivor benefit	\$2,501 (Default Pension)	100%
75% survivor benefit	\$2,414	96%
100% survivor benefit	\$2,281	91%

These are for illustration only. When you retire, the Pension Administrator will present your personal options for monthly payments.



692 Pension Plan (*con't*)

- Voluntary contributions are allowed for any active Member either:
 - As a Registered Plan to Pension Plan transfer
 - ❖ RRSP ➔ 692 Pension Plan
 - ❖ Other Registered Pension Plan ➔ 692 Pension Plan

(These transfers attract no tax)
 - Additional lump or monthly contributions through payroll

(These contributions will not be taxed up to your contribution limit)

What Annuities Are Paying

CANNEX Financial Exchanges Limited							
Annuities: Single life male, 10 year guarantee							
Financial Institution	Age in Years						
	55	60	65	69	70	75	80
BMO insurance	423.78	468.67	529.48	590.50	607.68	697.58	781.78
Canada Life	419.84	484.39	527.15	574.77	600.00	674.35	757.07
Desjardins Fin. Security	420.25	467.01	526.60	583.55	598.95	666.12	748.31
Empire Life	437.29	476.78	525.15	570.81	583.51	657.05	756.29
Equitable Life	439.14	480.49	515.78	552.75	563.54	631.00	682.62
Great-West Life	419.84	484.39	527.15	574.77	600.00	674.35	757.07
London Life	419.84	484.39	527.15	574.77	600.00	674.35	757.07
Manulife Investments	407.46	437.58	479.43	525.75	541.24	615.34	707.88
RBC Life Insurance	409.58	453.40	516.98	573.54	588.36	673.98	762.02
Standard Life	413.27	454.83	508.46	560.36	574.48	634.74	710.42
Sun Life Assurance Co	413.53	466.11	541.13	600.22	617.11	688.19	766.82

Conversion/Annuitization Comparison

Valuation Date	Annual Pension From Canadian Life Insurer	Conversion PfAD In Effect	Annual Pension From Conversion	Difference in Annual Pension (\$)	Difference in Annual Pension (%)
December 31, 2010	\$17,900	n/a	\$23,000	\$5,100	28%
December 31, 2011	\$17,300	n/a	\$22,900	\$5,600	32%
October 1, 2013	\$18,600	n/a	\$22,800	\$4,200	23%
January 1, 2014	\$18,600	n/a	\$20,800	\$2,200	12%
January 1, 2015	\$16,400	n/a	\$20,700	\$4,300	26%
January 1, 2016	\$15,800	n/a	\$20,600	\$4,800	30%
October 1, 2016	\$15,200	17.2%	\$17,600	\$2,400	16%
January 1, 2017	\$15,900	17.2%	\$17,700	\$1,800	11%
January 1, 2018	\$15,700	17.2%	\$17,700	\$2,000	13%
October 1, 2018	\$16,200	17.7%	\$17,300	\$1,100	7%
January 1, 2019	\$16,000	17.7%	\$17,300	\$1,300	8%
January 1, 2020	\$15,600	17.7%	\$17,300	\$1,700	11%
January 1, 2021	\$14,800	17.7%	\$17,200	\$2,400	16%
October 1, 2021	\$15,800	17.7%	\$16,800	\$1,000	6%
January 1, 2022	\$15,300	17.7%	\$16,700	\$1,400	9%
January 1, 2023	\$18,800	17.7%	\$16,700	(\$2,100)	(11%)
October 1, 2023	\$20,000	0.0%	\$20,500	\$500	2%
January 1, 2024	\$18,100	0.0%	\$20,500	\$2,400	13%
January 1, 2025	\$18,400	0.0%	\$20,500	\$2,100	11%

¹ PfAD for Pension Conversion purposes frozen at the existing 17.7%

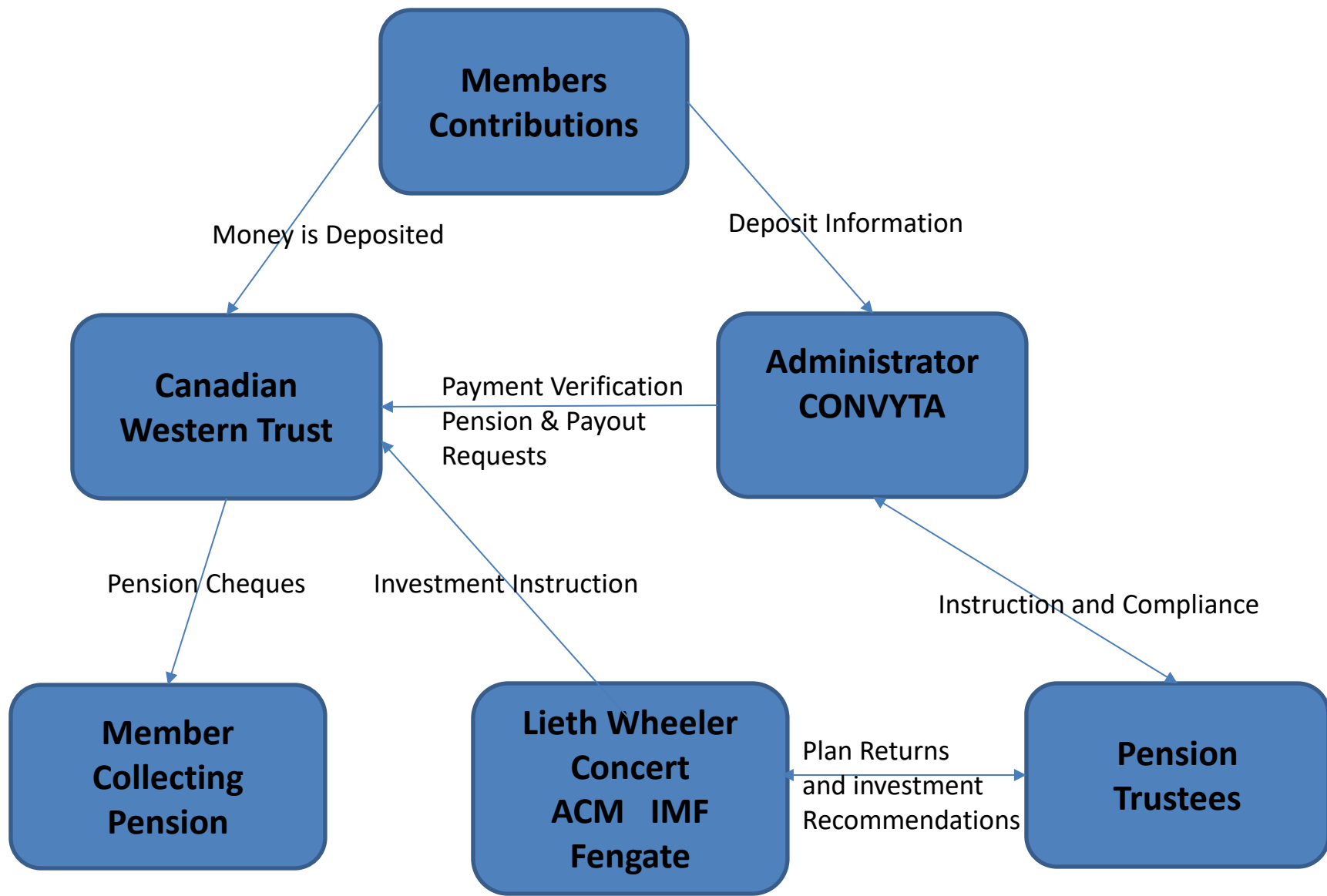
2025 income based off \$100,000 for ease of calculation.

- The following examples are based on a Sunlife LIF and the 692 Plan, every financial institution will have similar products.
- If you base the same \$100,000 with either plan individuals can easily multiply their estimated retirement by multiplying the following #s
 - Eg. With \$500,000 the value can be multiplied by 5.
- Upon retirement or when close to retirement, members should shop around to look for the best options available.



2025 monthly pension within the 692 pension, this income is based off \$100,000 for ease of calculation. Eg. \$400,000, multiply the following # by 4 gives a rough calculation of your monthly payment/benefit.

Member's Age at Retirement	Monthly Pension (Lifetime Pension, Guaranteed for 5 Years)	Monthly Pension¹ (Joint and 60% Survivor)
55	\$577	\$533
56	\$585	\$539
57	\$593	\$545
58	\$602	\$551
59	\$611	\$557
60	\$621	\$564
61	\$632	\$572
62	\$643	\$580
63	\$655	\$586
64	\$668	\$598
65	\$682	\$608



The Hidden Advantage of a Register Pension Plan

If your employer goes bankrupt,
any contributions mandated by the Collective
Agreement to a Registered Pension Plan have
Super-Priority in receivership.

The Receiver must make good on Pension
contributions before anyone else is paid
...even the Banks!



Happy Dreams!



How Target Plans Help

