

SUMMARY PLAN DESCRIPTION



Success
WITH
Security **IAM**
MULTI-EMPLOYER
PENSION PLAN



PLAN DE PENSION
MULTI-EMPLOYEUR
DE L'**AIM** Succès
AVEC
Sécurité



I.A.M. Multi-Employer Pension Plan (Canada)

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The Segal Company, Ltd.

Dear Participant:

We are pleased to provide you with this Summary Plan Description for the I.A.M. Multi-Employer Pension Plan (Canada) (the “Plan” or the “Fund”). This booklet will give you an understanding of:

- how you become a Plan participant,
- what your benefits are, and
- how your benefits are calculated.

It’s important that you understand how the Plan works. That’s why we urge you to read this booklet carefully. It’s also good to share it with your family so that they are aware of your Pension benefit as well as any survivor benefit to which they may become entitled. We also suggest that you keep this booklet handy for future reference.

The Plan is governed by its official Plan document. This booklet describes the benefits available through the Plan as of February 1, 2022. However, it is only a summary of the Plan’s provisions and benefits. If there is any conflict between this booklet and the official Plan document, the official Plan document applies. In addition, the Plan document may be amended from time to time.

To administer the Plan, the Fund Office requires certain personal information about you, such as your date of birth and Social Insurance Number. You will also be asked to provide other information, including details about your Spouse or beneficiary, so benefits may be paid to the appropriate individual in the event of your death. The Fund Office also keeps track of your contributions, if required under the Collective Agreement, and your employer’s contributions on your behalf. On occasion, the Fund Office may need to share some of your personal information with the actuaries and other Pension professionals hired by the Board. The Fund Office will take all reasonable steps to protect the privacy of your personal information. By participating in this Plan, you are consenting to the Plan’s collection, use and disclosure of this personal information as required for the administration of the Plan.

If you have any questions or require additional information regarding your Pension Plan, contact the Fund Office.

Sincerely,
The Board of Trustees

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About Your Pension Plan

The I.A.M. Multi-Employer Pension Plan (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 “Union”).

The Plan is managed by a Board of Trustees. The Union appoints one-half of the members of the Board of Trustees. The Trustees are responsible for the overall operation of the Plan. They serve without compensation.

The Plan is financed 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 Office of the Superintendent of Financial Institutions.

The explanatory material that follows is intended to provide a summary of the Plan in plain language. It is not intended to either change or interpret the Plan as adopted by the Board of Trustees. Only the Board of Trustees, acting in accordance with a duly adopted resolution of the Board, is authorized to interpret the Plan. No Employer or Union representative is authorized to interpret the Plan, 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, including the right to improve or reduce benefits (subject to the approval of the Superintendent of Financial Institutions where applicable).

Definitions

In this booklet, “you” refers to you as an eligible participant of the Plan. As you read through this booklet, use the list below as a reference to help you understand the meaning of important words and phrases.

Commuted value: The current lump sum value of the monthly benefit you have earned in the Plan.

Contribution date: Your contribution date is the date a contributing employer first makes contributions to the Plan on your behalf. Your employer’s contribution date is the date the employer was first required to make contributions to the Plan on behalf of any employees.

Contribution rate: Your Lodge’s Collective Agreement with any contributing employer for whom you work establishes a contribution rate. This is the fixed \$ amount or the percentage of Pensionable earnings the employer, and the employee where applicable, must contribute to the Plan. There may be more than one rate during the term of the contract, and the rate may change from contract to contract through negotiations between the employer and the Union, subject to the Plan rules.

Covered employment: Employment with a contributing employer for which contributions are made.

Employee: You are an “employee” if you are employed by a contributing employer who is obligated to contribute to the Fund on your behalf in accordance with a Collective Agreement or other agreement with the Trustees.

Employer or contributing employer: An employer who makes contributions to the Plan on your behalf in accordance with a Collective Agreement or other agreement with the Trustees.

Normal retirement age: Age 65.

Pension adjustment (Pa): An adjustment to your Registered Retirement Savings Plan (RRSP) contribution room due to your participation in the Plan; the PA equals the “value” the Canada Revenue Agency has deemed that you accrued by participating in the Plan during a calendar year.

Spouse: For the purposes of this Plan, a “Spouse” is generally a person of the same or opposite sex who, as of the relevant time, is legally married to you or who has been living with you in a common-law relationship for a continuous period of at least one year. The precise definition of a Spouse is determined by federal Pension law. For more details, contact the Fund Office.

Participation and Contributions

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.

Once you become a Plan Participant, you start earning Pension benefits based on contributions made by your employer on your behalf and, where applicable, by you. These Pension benefits are protected in accordance with the Plan rules even if you stop working for a contributing employer.

Note: Your Pension benefits may be affected by special rules if your employer terminates participation in the Plan. This is explained in the “Other Information” section (see page 16). For more details, contact the Fund Office.

When do I become a Plan Participant?

You become a participant in the Plan on the date that contributions are first required to be made by your employer, provided that such contributions are subsequently made to the Plan.

Am I required to make employee contributions?

If a Collective Agreement or other agreement with the Trustees that applies to your employer requires employee contributions, you will be required to make regular contributions at the rate stipulated in that agreement. These required contributions are deducted from your pay throughout the year and remitted to the Fund by your employer.

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.

Are my contributions tax-deductible?

Yes, you can claim your member contributions (not your employer's contributions) remitted on your behalf by your employer as a deduction on your income tax return.

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 three types of Pensions:

- Normal Pension
- Early retirement Pension and
- Deferred Pension.

When do i become eligible to receive a Pension?

normal Pension

You are eligible for a normal Pension when you reach the normal retirement age, which is age 65.

If you continue to work in covered employment, you can continue to participate in the Plan after your normal retirement age. In any event, your participation must stop and your Pension must start no later than the end of the calendar year in which you reach age 71.

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. Early retirement benefits are reduced on account of retirement prior to age 65.

Deferred Pension

You may receive a Deferred Pension payable when you retire if you:

- terminate participation in the Plan, and
- are not eligible for or do not apply 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. Early retirement benefits are reduced on account of retirement prior to age 65.

How much Pension will I receive?

normal Pension

The amount of your Pension is based on a percentage of the total contributions made by you (where required) and by your employer on your behalf.

This benefit accrual rate varies for different contributing employer groups. The accrual rate is based on an actuarial study conducted when an employer joins the Plan.

When you join the Plan, you will be provided with the benefit accrual rate that applies to your employer.

Example:

At retirement at age 65, the contributions made by Paul and by his employer on his behalf add up to \$50,000. The benefit accrual rate that applies to his employer is 0.75% of total contributions:

$0.75\% \text{ of } \$50,000 = \375 per month

Note: Different contributing employer groups have different benefit accrual rates.

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 0.5% 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 \$375 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:

$\$375.00 \times 18\% = \67.50 (amount of early retirement pension reduction)

$\$375.00 - \$67.50 = \$307.50$ (normal pension minus early retirement pension adjustment)

Paul will receive an Early Retirement Pension of \$308.00 per month.

Note: If the monthly pension benefit amount is not a whole dollar amount, it is rounded up to the next higher dollar.

Deferred Pension

If you are eligible for a Deferred Pension, your monthly Pension calculation depends on whether your Pension Payments begin before or after you have attained your normal retirement age.

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.

Payment of Pensions

Standard Forms of Payment

If You Do Not Have a Spouse — Lifetime Pension

If you do not have a Spouse when you retire, your normal, early retirement or Deferred Pension will be paid monthly for your lifetime and will cease on your death.

If You Have a Spouse — 60% Joint and Survivor Benefit

If you have a Spouse when you retire, by law, your normal, early or Deferred Pension must be paid as a 60% joint and survivor benefit. This means you will receive an actuarially reduced monthly benefit for life. When you die, your Spouse will receive 60% of that reduced amount for the rest of his or her life. The benefit reduction reflects the fact that retirement benefits will be paid over two lifetimes – yours and your Spouse’s – instead of just over your own lifetime.

You and your Spouse may waive the joint and survivor benefit by submitting a Spousal Waiver Form to the Trustees. This form must be signed by you, your Spouse and a witness and filed with the Trustees before your benefit begins. Please contact the Fund Office for more information.

Once you file a valid Spousal Waiver Form, you may receive the standard form for participants who do not have a Spouse or select one of the optional forms of payment listed below.

Note: Only a person who is your Spouse when your Pension Payments start is entitled to a survivor Pension under the Plan. If you enter into a spousal arrangement after your Pension Payments start, the person who became your Spouse after your Pension Payments started will not be entitled to a survivor Pension under the Plan.

Optional Forms of Payment

If you (and your Spouse, if applicable) have waived the standard form of payment, you may elect one of the following optional forms at the time you file your Pension application. Once payment of an optional form begins, it cannot be changed.

60 Certain Payments (5-year minimum)

This option provides you with an actuarially reduced monthly Pension for life, with a minimum of 60 monthly Payments. If you die after retiring but before receiving 60 Payments, your beneficiary will continue to receive benefit Payments until the balance of the 60 Payments have been made. If you die after receiving 60 Payments, benefit Payments do not continue to anyone else.

120 Certain Payments (10-year minimum)

This option provides you with an actuarially reduced monthly Pension for life, with a minimum of 120 monthly Payments. If you die after retiring but before receiving 120 Payments, your beneficiary will continue to receive benefit Payments until the balance of the 120 Payments have been made. If you die after receiving 120 Payments, benefit Payments do not continue to anyone else.

180 Certain Payments (15-year minimum)

This option provides you with an actuarially reduced monthly Pension for life, with a minimum of 180 monthly Payments. If you die after retiring but before receiving 180 Payments, your beneficiary will continue to receive benefit Payments until the balance of the 180 Payments have been made. If you die after receiving 180 Payments, benefit Payments do not continue to anyone else.

Note: If you elect either the 60, 120 or 180 Certain Payments option, your benefit will be actuarially reduced to pay for the minimum number of Payments. The amount of the reduction depends on your age when Payments begin and the length of the minimum period.

What happens if I return to work after I retire?

If you return to work for a contributing employer after you retire and before the end of the calendar year in which you attain age 71, your Pension benefit will be suspended for each month you are employed. While you are working, you earn additional Pension benefits based on contributions received through to the end of the calendar year in which you reach age 71, at which point your Pension must commence. When you retire again, your Pension will be recalculated based on your age, these additional contributions, and the number of months during which you have already received benefit Payments.

When will my Pension Benefit begin?

The earliest effective date of a Pension shall be subject to the timely filing of the Pension application and the fulfillment of all other eligibility requirements under the Plan.

How is my Pension Benefit paid?

You will receive your Pension in the form of equal monthly Payments. However, if the commuted value of your Pension is less than 20% of the yearly maximum Pensionable earnings (YMPE) on which your Canada/ Quebec Pension Plan contributions are based, the Trustees may pay you the commuted value of your Pension in a single cash payment, subject to appropriate tax withholding, in lieu of the monthly payment. (In 2022, 20% of the YMPE is \$12,980.)

Death Benefits Before You Retire

How is my Spouse protected if I die before I retire?

The Plan provides financial protection for your surviving Spouse if you die before you retire. Your Spouse will receive for his/her lifetime, a monthly pre-retirement survivor Pension that has a lump sum value equal to the commuted value of your benefit accrued to the date of your death (including any excess contributions calculated under the minimum benefit rule). Your Spouse may elect the portability option (see page 13) instead of this survivor Pension.

What happens if I do not have a Surviving Spouse?

If you do not have an eligible Spouse when you die, the commuted value of your benefit at the date of your death (including any excess contributions calculated under the minimum benefit rule) will be paid to your beneficiary, or if you have not designated a beneficiary, to your estate.

Naming a Beneficiary

To name a beneficiary, you must complete a beneficiary form approved by the Trustees. You can obtain a copy of this form by contacting the Fund Office.

The Spouse's pre-retirement survivor Pension or post-retirement joint and survivor Pension are payable to your eligible surviving Spouse unless a valid Spousal Waiver Form is in effect (see page 9). If you do not have a Spouse, any death benefit will be paid to your beneficiary. If you do not name a beneficiary or your named beneficiary dies before you, the benefit will be paid to your estate. If you name a beneficiary, the Plan can pay the benefit directly to your beneficiary.

You can name anyone you want as a beneficiary. If you name a minor as a beneficiary, please be advised that legal rules restrict the Plan from making Payments directly to a minor.

Note: If you name a minor as a beneficiary, you may wish to consider appointing a trustee under a trust agreement to look after the child's benefits. The Plan or Fund Office cannot provide you with advice on this matter. A lawyer can advise you on the legal and tax implications. If you do appoint a trustee under a trust agreement, be sure to provide information about these arrangements on your beneficiary form.

Termination of Participation

When do I stop participating in the Plan?

Your Plan participation terminates at the earliest of the following dates:

- the end of a period of 24 consecutive months during which no contributions were made to the Plan on your behalf,
- your date of commencing Pension benefit Payments, or
- your date of death before retirement.

What happens to my Pension Benefit?

When you terminate participation, you will be entitled to a Deferred Pension as explained on pages 6 and 8.

If you are under age 55 when you terminate participation, instead of a Deferred Pension, you may elect the portability option described below.

Portability option

This option allows you to transfer the commuted value of your Pension to:

- a locked-in registered retirement savings plan or a locked-in retirement account,
- another Pension plan, if that plan accepts such a transfer, or
- a financial institution for the purchase of an immediate or Deferred annuity.

All transfers under the portability option are subject to the requirements of applicable law including the Income Tax Act (Canada).

If you choose the portability option, you will not be entitled to any further benefits for your participation before the transfer. If you later return to covered employment, you will be treated as a new employee.

When you terminate your participation in the Plan, the Plan rules as they existed on the date you terminated your employment with your last contributing employer will be used to determine your benefit.

Different options apply to participants or former participants who are no longer considered to be residents of Canada for income tax purposes. For more details, contact the Fund Office.

Applications

How do I apply for a Pension?

You must apply for a Pension in writing at least one month before you plan to retire. Pension application forms are available from the Fund Office. You will be asked to provide proof of age and marital status. You may be required to supply certain other information required to determine your entitlement.

If, when you terminate employment, die before retirement, or retire, the Pension payable to you or your surviving Spouse or common-law partner is considered “small” according to Pension law, it will be commuted and paid to you or your survivor in cash or as a transfer to an RRSP. A Pension is considered “small” if the commuted value of the Pension benefit is less than 20% of the yearly maximum Pensionable earnings (YMPE) on which your Canada/Quebec Pension Plan contributions are based. (In 2022, 20% of the YMPE is \$12,980.)

How does my Spouse or Beneficiary apply for a Survivor Pension or Death Benefit?

Your Spouse or beneficiary should contact the Fund Office in writing as soon as possible after your death and submit a copy of your death certificate. He or she will be notified by the Fund Office if additional information is needed.

Other Information

Can I assign my Pension Benefit?

No. The Plan prohibits the assignment, sale, transfer, attachment, or garnishment of your Pension benefit to anyone or anything else, except as specifically required by applicable law (e.g., in the case of a legal decree on marriage breakdown). Also, it cannot be used as security for a loan or mortgage.

Can I receive more than one Pension from the Plan?

No. Under this Plan, you are entitled to receive only one type of Pension.

If you, as a Pensioner, are the surviving Spouse or beneficiary of a deceased Pensioner, then you may collect both Pensions at the same time.

Will the Benefit provided under this Plan affect my Government Benefits in any way?

The benefit provided under this Plan is in addition to any Canada/Quebec Pension Plan or Old Age Security benefits for which you may be eligible. The receipt of a Pension benefit from this Plan may affect your eligibility for income tested benefits, such as the federal Guaranteed Income Supplement or other provincial income tested benefits.

Are my Pension Benefits taxable?

Pension benefits received from the Plan are taxable as income when received. The amount of tax depends on your total taxable income from all sources.

Will the benefit provided under this Plan affect my RRSP contribution room?

Yes. The Canada Revenue Agency (CRA) uses a Pension adjustment (PA) to adjust your available RRSP contribution room. The PA is the “value” the CRA has deemed that you accrued by participating in the Plan. Your RRSP contribution room in a given year is reduced by the amount of your PA for the prior year.

The T4 slip you receive after the end of each calendar year shows the PA along with your employment income for tax purposes. Your RRSP contribution room is shown on the Notice of Assessment you receive after you file your income tax return.

What if I get a Divorce, Annulment, or Separation?

If you get a divorce, annulment or separation, the treatment of your Pension will be subject to the applicable provincial/federal Pension and provincial family laws.

If your ex-Spouse is entitled to any portion of your benefit, the benefit to which you, your current Spouse or beneficiary is entitled will be adjusted accordingly.

What happens if I get a Terminal Illness?

If you become terminally ill and a qualified medical doctor certifies that you are likely to live less than 2 years due to illness or physical disability, you may be able to apply for the value of your Pension to be paid in a single cash payment instead of a monthly Pension.

To qualify, you must complete an application form and supply written certification from a qualified medical doctor. If you have an eligible Spouse, you must also submit the written agreement of your Spouse. When the Fund Office receives your application, your Plan participation terminates.

How will I know what my Benefits are under this Plan?

The Fund Office will send you a statement within 6 months after the end of that year. The statement will show the contributions and benefits accumulated for you under the Plan, as well as your Plan status.

Note: To ensure that your records are accurate and up-to-date, advise the Fund Office of any changes in your marital status and mailing address.

What happens if my Employer stops participating in the Plan?

If you are currently working for or have worked for an employer who stops participating in the Plan for any reason, the benefit Payments to you and others who had accrued benefits while working for this employer may be reduced. Any reduction will be determined at the time the employer stops participating. Your participation in the Plan does not end when your employer stops participating. Instead, it will end on the earliest of the dates described on page 13.

