

TOWBOAT SEAMEN RETIREMENT PLAN

PENSION BOOKLET

- Questions and Answers
- Illustrations

January 2008

MISSION STATEMENT

The Trustees of the **Towboat Seamen Retirement Plan** shall use all their individual and combined skills to provide a high quality, financially secure pension plan in a reasonably cost efficient manner.

The Plan shall be managed in accordance with proper principles of management in a prudent and fully transparent way, taking into account the operation and administration of similar plans.

TOWBOAT SEAMEN RETIREMENT PLAN

REFERENCE BOOKLET

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NOTICE: *This booklet describes the Plan in a simple and easy to read manner. It does not purport to be the full text of the Plan. If there is any omission in this booklet or a conflict between this booklet and the wording in the Plan text and trust agreement, the Plan Text and trust agreement will govern.*

PART I
QUESTIONS AND ANSWERS

ABOUT THE PLAN

The Towboat Seamen Retirement Plan came into effect June 1, 1973. It is recognized as a Defined Contribution Plan and is "Federally Registered" and is registered with the Office of the Superintendent of Financial Institutions Canada.

This Plan is a Jointly Trusteed Board, meaning there are representatives from both union and management.

Your Board of Trustees:

- Terry Engler (Chair) Local 400, Marine Section International Longshore & Warehouse Union
- David Crockett, Seafarers' International Union
- Brian Siemens, Seaspan International Ltd.
- Brian Sims, Council of Marine Carriers

ELIGIBILITY

Who is eligible for membership in the Plan?

All employees who are represented by either the International Longshore and Warehouse Union Local 400 or the Seafarers' International Union of Canada, and who are employed by a signatory employer.

You will be eligible for membership on the first day of the month following completion of three months of service.

CONTRIBUTIONS

How much does my employer contribute to the Plan?

Your employer contributes fixed percentage of your basic monthly wage, as set out in your Collective Agreement.

Am I required to contribute to the current Plan?

No.

May I make additional contributions to the Plan?

Yes, providing you are an active member in the Plan, the Plan will accept voluntary contributions from you. You will need to make sure that contributions to all your registered plans do not exceed the CRA annual limit, presently set at 18% of your total taxable income to the maximum limits allowed. You will be issued a tax receipt for these additional contributions.

Additional voluntary contributions may be made through your Employer by way of payroll deduction or through the Plan Administrator. These voluntary contributions are not locked into the Plan.

Do my contributions earn interest?

Yes. Interest is credited to your accounts at a rate equal to the rate the fund earns, less the costs of running the Plan.

VESTING

What does "Vested" mean?

A "Vested Member" is entitled to the benefits in the Plan. All employees will become vested after they have

completed three months of continuous service with the Employer, and who are members of one of the Unions.

TERMINATION FROM THE PLAN

What does "Terminated" mean?

Termination of employment will be deemed to have occurred if the Participant does not work for any Employer signatory under the Towboat Seamen Retirement Plan for a period of at least 6 consecutive months)

Termination of employment will also be deemed to occur when no contributions have been made in respect of that Participant by any of the Participating Employers for a period of twenty-four consecutive months.

What if I am terminated and am now re-employed by a contributing employer?

If you have left your contributions in the Plan, then new contributions will be added to your account and your status will change from Terminated Vested to Active Vested.

If you have taken your money out of the Plan, you will be treated as a new employee and will have to participate in the Plan for 3 months to become a vested member in the Plan.

SERVICE

There are two kinds of service under the Plan:

- **past service** is the period of time that you worked prior to June 1, 1973. In order to be eligible for past service you must have worked continuously for the same employer from June 1, 1973 to March 1, 1989.

In 2007 these benefits have been commuted to contribution dollars and the total value has been recorded in your Employer contribution account.

- **current service** is all service after June 1, 1973 for which contributions have been made to the Plan on your behalf.

RETIREMENT

When can I retire on pension?

You can retire at any time after your 55th birthday, assuming you have retired from active employment. You must retire from the Plan before the end of the year in which you turn 71.

What if I retire and am later re-hired by a contributing employer?

You will be treated as a new member of the Plan.

RETIREMENT INCOME

How much pension will I receive?

Retirement benefits are based upon the total contributions made to the Plan on your behalf and the total amount of interest earned on those contributions. This total amount will be used to buy you a pension, in the form of an annuity, which will provide you with retirement income.

What if I don't want to receive an annuity?

You will be given a number of options when you retire, including the annuity. If you do not wish an annuity to be purchased on your behalf, you will be able to transfer your

money into a locked-in RRSP, or use it to buy a Life Income Fund (LIF). Your money will be “locked-in”.

What does “locked-in” mean?

Locked-in money is money that can only be used to buy you retirement income. It will never be available to you in cash.

All employer contributions are locked-in money. Voluntary contributions are not.

Are any pension contributions not “locked-in”?

If total contributions with interest are less than 4% of the CPP earnings ceiling (e.g. less than \$1,748 in 2007) then these funds may be paid out in a lump sum. You must pay income tax on any cash payment you receive from the Plan.

What is a Life Income Fund?

A Life Income Fund is an investment instrument used to hold and pay out pension funds upon retirement. LIFs allow you to convert your retirement savings into retirement income. A LIF is created by transferring your locked-in pension assets from the pension plan (starting not earlier than age 55 or later than December 31 of the year you reach age 71).

FORMS OF PENSION

How long does my pension continue?

If you purchase a pension (also called an annuity) at retirement, it will provide you with payments for your lifetime. After your death, depending on the form of pension you choose, your spouse may also be provided with income, either equal in size to the payment you received or at a lesser level, for the remainder of your spouse’s lifetime.

What if I choose a LIF?

Revenue Canada has established a minimum and a maximum annual withdrawal amount for LIF’s. You can

choose any level of income between the two.

Are there any special rules that I need to be aware of?

If you have a Spouse, you must, by law, receive your pension in a form that will provide them with at least 60% of the pension that was in payment to you during your retirement. Your Spouse can choose to waive his or her right to this mandatory form, and allow you to choose some other form of income.

Under existing legislation, Spouse is defined as:

- A. a person who, at the relevant time, was married to the Member or who is a party to a void marriage with the Member
- B. if there is no person to whom paragraph "A" applies, a person who is cohabiting with the Member in a conjugal relationship, at the relevant time, having so cohabited with the Member for at least 1 year (i.e.: common-law partner).

**TERMINATION OF EMPLOYMENT
BEFORE RETIREMENT**

What happens to my pension funds if I stop working for a contributing employer?

You have a choice. You may

- (a) leave your contributions in the Plan and receive a pension at age 55 or transfer at any time prior to the end of the calendar year in which you reach age 71 (a "deferred pension"), or
- (b) transfer the accumulated value of your contributions to a locked-in RRSP or, under certain statutory conditions, to another pension plan or to purchase a deferred life annuity or a Life Income Fund.

How long do I have to wait to access my pension funds?

You will be deemed to be terminated from the Plan when you have not worked for a contributing employer for 6 months.

What happens to my voluntary contributions?

As long as they remain in the Plan, they will continue to accrue interest. If you wish to withdraw from your voluntary account, you may do so at any time. Should you withdraw from your voluntary account more than once, you will incur an administration fee on each subsequent withdrawal.

DISABILITY BEFORE RETIREMENT

What happens to my pension should I become disabled?

The Pension Plan allows for disability benefits to the vested members in the Plan.

Should you become totally and permanently disabled (certified by a physician) you can elect to retire immediately by way of an annuity or Life Income Fund, which will provide you with pension income for life.

Shortened Life Expectancy

To qualify for the Shortened Life Expectancy option, a physician must certify that a member has a mental or physical condition that is likely to considerably shorten his or her life expectancy (1-2 years).

Please contact the Administrator for further information on this option.

DEATH BEFORE RETIREMENT

What is the death benefit if I die before retirement?

The death benefit is equal to the sum of

- (a) the contributions you have made plus your employer(s) contributions, with interest, and
- (b) any voluntary contributions you may have contributed to the Plan, with interest.

If you have a spouse and she or he has not filed a spousal waiver, your spouse may elect to transfer the sum of (a) and (b) to a locked-in RRSP or, under certain statutory conditions, to another pension plan or use it to purchase a deferred life annuity or Life Income Fund. He or she can also use it to buy an annuity to provide lifetime retirement income. The voluntary contributions are not subject to locking-in regulations, and so can be transferred to a regular RRSP, or taken in cash.

If you do not have a spouse, or if your spouse has filed a spousal waiver, your beneficiary (or your estate) will receive the total sum of your account with interest to date of pay-out. This money will be taxable.

DIVISION OF BENEFITS
ON MARRIAGE BREAKDOWN

What happens to my benefits if my marriage breaks down?

Where required by the B.C. Family Relations Act, your benefit will be divided between you and your former spouse and your account balances will be adjusted accordingly.

There is an Administration Fee incurred for processing the division of pension.

AMENDMENT OR TERMINATION
OF THE PLAN

Can the Plan be changed or terminated?

Yes, the Trustees could cause the Plan to be terminated. However, it is their intention that the Plan be maintained indefinitely.

What happens if the Plan is terminated?

In the unlikely event of Plan termination, you would be entitled to the total of all contributions you and your employer(s) have made to the Plan, with interest.

Do I have any protection from future amendments?

Yes, amendments cannot cause the value of benefits accrued to the date of amendment to be reduced.

Can a Participating Employer ever get a refund of pension fund money?

Only if they have over-contributed to the Plan.

OPERATION OF THE PLAN

How is the Plan run?

The Trustees (see next question) interpret the Plan, appoint and provide certain guidelines to the Plan Administrator, Custodian, Investment Manager and Consultant, as well as oversee the running of the Plan.

The Plan Administrator (currently D.A. Townley & Associates Ltd.) administers the Plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The Custodian of assets (currently RBC-Dexia Investor Services) holds the pension fund assets and invests them following instructions from the Investment Manager. All contributions are made to the Custodian, and all pensions and benefits are paid by the Custodian.

The Investment Manager (currently Leith Wheeler Investment Counsel) makes investment decisions within guidelines and objectives set by the Trustees.

The Consultant (currently D.A. Townley & Associates Ltd.) provides direction and advice to the Trustees.

The Plan is subject to the rules for registration under the Income Tax Act (federal) and the Pension Benefits Standards Act of Canada (also federal) and is subject to change when those rules change.

How is the Board of Trustees set up?

Each of the two Unions provide a Trustee. The Council of Marine Carriers appoints two Trustees.

MORE INFORMATION

How can I learn more about the Plan?

In addition to this written explanation, Plan members are entitled to read the complete Plan text and the trust agreement. These documents are on file at the Plan Administrator's office.

If you have any questions or require clarification of any pension matter, contact the Administrator, at (604) 299-7482 or (800) 663-1356 by phone, or e-mail the Plan at drhein@datownely.com.

If you wish to contact the Trustees, you can write them, care of the Plan Administrator's office or the Union office.

Are benefits taxable?

Yes, benefits are included in your income for income tax purposes when they are paid (except for lump sums transferred directly to another registered pension plan or RRSP).

Each year a "pension adjustment" (PA) under this Plan is calculated by your Employer for income tax purposes. **The PA will use up part or possibly all of your RRSP contribution room.** The PA each year is equal to the total of all contributions made to the Plan in your name. It is reported on your T4 slip provided by your Employer. Voluntary contributions remitted directly to the Plan Administrator will be reported on a separate T4 issued by the Plan Administrator.

EXERCISING YOUR RIGHTS

How do I exercise my rights?

The following rights under the Plan can be exercised at appropriate times:

- to join
- to elect optional forms of benefit
- to commence benefits
- to obtain information.

In each case, you should contact the Plan Administrator, D.A. Townley & Associates Ltd., at (604) 299-7482 or toll free 1-800-663-1356. In most cases, you will be provided with the appropriate forms to complete. You must complete the forms and return them to the Administrator to initiate action.

To ensure that your request is processed in a timely manner, the Administrator recommends that you submit your request within the appropriate time frame:

Situation	Maximum time frame
New hire joins the Plan Complete a member record card	3 months following hire
Retirement	At least 60 days prior to your retirement date
Elect optional form of pension	At least 60 days prior to election
Termination benefits election (withdrawal from the Plan)	Within 90 days after you have terminated employment for 6 months

PART II

ILLUSTRATIONS

OPTIONAL FORMS OF PENSIONS

Note:

These illustrations are based on an assumption of 4% interest, using the 94UP2015 (unisex 100% male) mortality table. These assumptions will be adjusted from time to time to reflect updated demographic and economic projections.

	<u>No 1</u>	<u>No 2</u>	<u>No 3</u>
1. Retirement age	55	60	65
2. Total annual pension Payable (life only)	\$10,000	\$10,000	\$10,000
3. Life, guaranteed 5 years	\$9,975	\$9,950	\$9,890
4. Life, guaranteed 10 years	\$9,890	\$9,770	\$9,565
5. Life, guaranteed 15 years	\$9,725	\$9,472	\$9,070
6. Joint and Survivor, paying 100% to the survivor	\$8,425	\$8,110	\$7,765
7. Joint and Survivor, paying 75% to the survivor	\$8,770	\$8,510	\$8,225
8. Joint and Survivor, paying 60% to the survivor	\$8,990	\$8,770	\$8,530
9. Joint and Survivor, paying 50% to the survivor	\$9,145	\$8,955	\$8,745

ADMINISTRATOR

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