

BOILERMAKERS' NATIONAL BENEFIT PLANS (CANADA)

NEWSLETTER

Benefit Plan Administration Office
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Pension Plan Registration Number 0366708

PENSION PLAN ANNOUNCES CHANGES TO BENEFITS EFFECTIVE JANUARY 1, 2005

During the last several months, the Board of Trustees has kept you abreast of the Pension Plan Benefit changes that the Pension Plan was forced to make in order to stay in compliance with regulatory funding and solvency rules.

We are now in a position to advise you that the Trustees have received the approval of the Pension Plan's regulator, the Financial Services Commission of Ontario, for the following Benefit changes which will be in effect January 1, 2005:

- *The monthly Pay Back Factor is reduced from 3.0% to 1.5% of Contributions, commencing with Contributions for the January 2005 Work Month.*
- *If the Pension Contribution Rate in your Collective Agreement increases above the rate in the Collective Agreement that covered work until December 31, 2003 the "new money" (ie the amount that is higher than the Rate in the Collective Agreement covering work until December 31, 2003) will earn a monthly Pay Back Factor of 2.5%.*
- *Effective with retirement dates on/after January 1, 2005 the Normal Form of Pension changes from Life, Guaranteed Ten Years (120 monthly payments) to Life, Guaranteed Five Years (60 monthly payments). Members who are retiring will still be able to elect any other option provided by the Pension Plan, including a Life Guaranteed 10 Year Pension. All options will be offered with the necessary actuarial adjustment based on the Normal Form of Pension of Life, Guaranteed Five Years.*
- *Effective with deaths that take place on/after January 1, 2005 the Spouses of deceased non-retired Members will be eligible to receive the commuted value of the deceased Member's Pension. Spousal benefits for pre-retirement deaths which take place before January 1, 2005 include an option to receive a Life Pension equal to 66 2/3% of the Member's Pension. This option will be discontinued for any pre-retirement death on/after January 1,*

PENSION PLAN CHANGES EFFECTIVE MARCH 1, 2005

Unreduced 90 Formula Pension

- *Effective with retirement applications received by the Benefit Plan Administration Office on, or after, March 2, 2005 and/or for all retirement dates on/after March 2, 2005, an unreduced 90 Formula Pension will require attainment of "90" plus a minimum of 35 years of Union service and a minimum age of 53.*

If the Member requesting a 90 Formula Pension has not achieved 35 years of Union service, a combination of age and service in the Union equal to "90" and an age of at least 60 will be necessary for an unreduced 90 Formula Pension.

Reduced 90 Formula Pension

- *Effective with retirement applications received by the Benefit Plan Administration Office on/after March 2, 2005 for retirement dates on/after March 2, 2005, the Pension Plan is introducing a special provision for a reduced 90 Formula Pension. This reduced Pension is available only to Members who have achieved a combination of age and Union Service equal to "90" but who have not met the new requirement of 35 years of Union Service or age 60. This special provision will establish a reduction of Pension of 6% per year (1/2% per month) multiplied by the number of years that the Member fails to meet the new requirements for an unreduced 90 Formula Pension.*

Filing your Retirement Application for a 90 Formula Pension:

- *If you wish to have your retirement pension calculated using the current 90 Formula benefit provisions your retirement application must be for a retirement date on/before March 1, 2005. This application must be received by the Benefit Plan Administration Office **no later than March 1, 2005**. All applications received by the Benefit Plan Administration Office on/after March 2, 2005 will be subject to the new 90 Formula rules.*

If, by March 1, 2005, you were not eligible for an unreduced 90 Formula Pension using the current rules your Pension will be calculated using the rules which are effective March 1, 2005.

No exceptions will be permitted to the retirement application filing deadline. Applications received by the Benefit Plan Administration Office on, or after, March 2, 2005 will be assessed using the new rules.

The changes to the Pension Plan's Benefits that are described above will be reflected in the Pension Plan's Amendment Number 18.

You may make comments about these changes to the Benefit Plan Administration Office, or to the Superintendent of Pensions, with respect to this Amendment if you wish.

The address of the Benefit Plan Administration Office is:

45 McIntosh Drive
Markham, Ontario
L3R 8C7

The address of the Superintendent of Pensions is:

5160 Yonge Street, 4th Floor
Box 85
North York, Ontario
M2N 6L9.

Any comments must be received within 45 days of the date this Newsletter is mailed.

We are committed to keeping you informed about the Pension Plan and invite you to ask questions.

We ask that you direct your questions to the Benefit Plan Administration Office. You will be given comprehensive answers to any questions.

Boilermakers' National Benefit Plans (Canada)

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or by Fax 905-946-2535

THE OUTLOOK FOR THE FUTURE OF THE PENSION PLAN'S BENEFITS

The Pension Plan's Trustees expect to be able to earn the Pension Plan's rate of return requirement of 7.0% over any normal economic cycle. Our 7.0% interest rate assumption was developed after much consultation with, and is supported by, the Plan's professional investment managers with whom the Trustees continue to meet and monitor regularly.

A recent history of the Pension Plan's returns is as follows:

Year	Rate of Return
1994	5.90%
1995	16.20%
1996	12.04%
1997	13.80%
1998	16.04%
1999	10.48%
2000	4.00%
2001	-2.19%
2002	-6.30%
2003	15.49%
Average Return 10 Years Ended December 31, 2003	8.55%
January to September 2004 inclusive	4.41%

Members and beneficiaries are reminded that, up to and including 1999, when the Plan's investments were enjoying excess earnings, the Trustees felt that it was appropriate to spend most of the resulting surpluses by making regular improvements to Pension benefits for the benefit of the Members and beneficiaries. We retained only moderate reserves which we had every reason to believe would be adequate. The details of these Pension benefit improvements have been regularly communicated to you in previous Newsletters and Pension Plan Annual Reports.

As you can see, during 2004, the Pension Plan continued to be under pressure to attain its 7% rate of return objective.

To the end of September, 2004, the Pension Plan's rate of return was 4.41%. The Trustees are mindful that they cannot overextend the risk structure of the Pension Plan's investments in order to achieve a 7.0% rate of return.

The Trustees are making some changes to the Pension Plan's investment structure in order to maximize returns while remaining cautious as to the risk that equity and bond markets could have negative returns again in the near future.