

IAM LABOUR-MANAGEMENT PENSION FUND (CANADA)



Summary Plan Description

January, 2003

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I.A.M. Labour-Management Pension Fund (Canada)

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The Segal Company, Ltd.

MISSION STATEMENT

The I.A.M. Labour-Management Pension Fund (Canada) is dedicated to preserving, enhancing and delivering pension benefits for its membership and providing information for retirement planning and decision-making.

Summary Plan Description

Dear Participant:

We are pleased to provide you with this Summary Plan Description for the IAM Labour-Management Pension Fund (Canada). This document 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.

The information provided describes the benefits available through the Plan. However, it is only a summary of the Plan's provisions. If there is any conflict between this summary and the Rules and Regulations, the Rules and Regulations apply.

If you have any questions or require additional information regarding your Pension Plan, contact your union representative or servicing representative. You may also send written questions to the Fund Office.

Sincerely,

The Board of Trustees

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About your pension plan

IAM Labour-Management Pension Fund (Canada) was established as a result of 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 investment income. Employer contributions are deposited in a trust fund held by a trust company. The Trustees have hired professional money managers to invest the Plan's assets.

This summary plan description is based on the Rules and Regulations of the IAM Labour-Management Pension Fund (Canada) as amended and restated by the Board of Trustees. The Plan described in this booklet is effective January 1, 2003. It applies to all employees of contributing employers and participants of the Plan on or after January 1, 2003.

Unless specially stated otherwise, benefit entitlement of former employees who retired, terminated or died before January 1, 2003 will be governed by the Plan in effect at the time of retirement, termination or death.

The explanatory material which follows is not intended to either change or interpret the Plan as adopted by the Board of Trustees. However, the Trustees may, from time to time, change, amend or revise the Plan.

Definitions

As you read through this document, 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 a future monthly benefit.

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

Contribution Date — The date a contributing employer first makes contributions to the Plan on your behalf.

Contribution Rate — Your Lodge’s Collective Agreement with any contributing employer for whom you work establishes a contribution rate — the amount the employer must contribute to the Plan for every employee. This amount is expressed in a unit (“per hour,” “per day,” “per week”). 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.

Covered Employment — Employment with a contributing employer for which contributions are made and future service is granted.

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.

Spouse — For the purposes of this Plan, a “spouse” is generally a person of the same or opposite sex who is legally married to you or who has been living with you in a common-law relationship for a period of time. However, the precise definition of a spouse varies depending upon the Province in which you live. If you need a precise definition, contact the Fund Manager.

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
- 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 you become a plan participant?

You become a participant in the Plan after you complete one year of future service credit. For more information on future service credit, see page 4.

If you are an employee of a new contributing employer, your employment with that employer immediately before that employer's contribution date will count towards satisfying the one-year service requirement for participation. For example, if you have been employed for at least 12 calendar months immediately before your employer's contribution date, you will become a participant on your employer's contribution date.

How does your working time count?

The amount of time you work counts in two separate and equally important ways, for:

- earning pension credits; and
- becoming vested in the Plan.

Your pension credits help determine when you are eligible for a pension and how much your monthly pension will be. Pension credit is the sum of your future service credit and any past service credit for which you may qualify.

Becoming vested means you have a right to receive a pension benefit from the Plan which cannot be taken away from you.

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Future Service Credit

You receive future service credit each calendar year based on the number of hours for which contributions were made on your behalf. You are credited with one month of future service credit for every 150 hours in a calendar year for which contributions are made to the Fund. You can earn future service credit through the calendar year in which you reach age 69.

Your total hours in a calendar year are converted into months of future service credit using the following table:

Hours Worked in Calendar Year for which Contributions Are Made	Months of Future Service Credit
Less than 150 hours	.0
150-299	.1
300-449	.2
450-599	.3
600-749	.4
750-899	.5
900-1,049	.6
1,050-1,199	.7
1,200-1,349	.8
1,350-1,499	.9
1,500-1,649	1.0
1,650-1,799	1.1
1,800-1,949	1.2
1,950-2,099	1.3
2,100-2,249	1.4
2,250-2,399	1.5
2,400-2,549	1.6

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Example: Bill's employer began making contributions to the Fund on his behalf on February 1, 1993. He worked 1,560 hours in 1993, 1994, 1995 and 1996, 850 hours in 1997, 1998 and 1999, and 1,965 hours in 2000. According to the above table, Bill will receive 10 months of future service credit for each year he worked 1,560 hours after his contribution date. He will receive 5 months of future service credit for each year he worked 850 hours after his contribution date. He will also receive 13 months of future service credit for 2000. That means Bill earned a total of 68 months of future service credit.

Past Service Credit

Past service credit relates to the time an employee worked for an employer immediately before that employer was required to make contributions to the Fund. When an employer joins the Plan, an actuarial study of the age and service of the employees then working for the employer is done. This is to determine if the employer's contributions, after paying for the cost of future service credit, will cover the cost of past service credit. If the actuarial study shows that past service credit could be granted, an employee's eligibility to receive the credit is subject to the completion of two years of vesting service and other terms of the Plan.

If you are eligible, your years of past service credit will be shown on the annual benefit statement that you receive from the Fund Office. If you need more information on how past service credits are granted, please contact the Fund Office.

What is vesting service?

Vesting means entitlement. If you are vested, it means you have earned the right to a pension when you retire. You cannot lose this right, even if you stop working for a contributing employer.

Vesting service is used to determine your vested status. You receive one year of vesting service for each year you are a participant in the Plan.

When are you vested?

You may become vested under any one of the following rules, whichever is applicable:

- you have earned two years of vesting service; or
- you reach age 65 while you are a participant of the Plan.

Example: Steve began working for a contributing employer on December 1, 1996. He became a participant in the Plan on January 1, 1998 after earning a year of future service credit. Steve remained a participant in the Plan for all of 1998 and 1999, earning two years of vesting service. On January 1, 2000, Steve became vested.

If you are an employee of a new contributing employer, your employment with that employer immediately before that employer's contribution date will count towards vesting of benefits based on the future service credit that you earned after your employer joined the Plan. If you were employed for the 36-month period immediately before your employer's contribution date, you will be vested in the benefits based on your future service credit. If you have more than 12 months but less than 36 months of employment immediately before your employer's contribution date, you will be vested in the benefits based on your future service credit when your months of employment before your employer's contribution date and your months of participation in the Plan totaled 36.

Note: Your rights as a vested participant may be affected by special rules if your employer decides to withdraw from the Plan. For more information, contact the Fund Office.

What types of pensions are available?

The Plan offers four types of pensions:

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

Normal Pension

You are eligible for a normal pension if you:

- reach normal retirement age; and
- are vested.

“Normal retirement age” is age 65 or, if later, your age when you complete one year of future service credit to become a participant.

Early Retirement Pension

You are eligible for an early retirement pension if you are:

- at least age 55 but not yet 65; and
- are vested.

Deferred Pension

If you:

- terminate participation in the Plan;
- are vested; and
- are not eligible for a normal pension or an early retirement pension,

you may receive a deferred pension when you retire. This benefit usually starts at age 65. However, you may elect to start receiving a reduced benefit at any time after age 55.

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Disability Pension

You may receive a disability pension if you:

- become permanently and totally disabled while you are a participant;
- have at least 10 years of pension credit, at least one of which is future service credit; 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 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 doctor that the Trustees select, and may be re-examined at periodic intervals as the Trustees see fit.

How much will your pension be?

Normal Pension

The amount of your pension is your future service benefit plus any past service benefit that you may be eligible to receive.

Future Service Benefit

Your future service benefit is based on:

- your years of future service credit; and
- your employer's contribution rate for each of those years.

Table A shows the monthly normal pension benefit you will earn for each year (12 months) of future service credit at each contribution rate starting at \$.10 per hour. If you did not earn a full year (12 months) of future service credit at one rate, you will receive a pro-rated amount based on the months of future service credit you earned.

Table A applies to years of future service credit earned after June 30, 1975. Benefit values for future service credit earned before July 1, 1975 are based on a different schedule. If you need information on this schedule, contact the Fund Office.

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Table A

Contribution Rate			Monthly Pension Accrued Per 12 Months of Future Service Credit
Per Hour	Per Day*	Per Week*	
\$.10	\$.80	\$4.00	\$5.00
.20	1.60	8.00	10.00
.30	2.40	12.00	15.00
.40	3.20	16.00	20.00
.50	4.00	20.00	25.00
.60	4.80	24.00	30.00
.70	5.60	28.00	35.00
.80	6.40	32.00	40.00
.90	7.20	36.00	45.00
1.00	8.00	40.00	50.00
1.10	8.80	44.00	55.00
1.20	9.60	48.00	60.00
1.30	10.40	52.00	65.00
1.40	11.20	56.00	70.00
1.50	12.00	60.00	75.00
1.60	12.80	64.00	80.00
1.70	13.60	68.00	85.00
1.80	14.40	72.00	90.00
1.90	15.20	76.00	95.00
2.00	16.00	80.00	100.00
2.10	16.80	84.00	105.00
2.20	17.60	88.00	110.00
2.30	18.40	92.00	115.00
2.40	19.20	96.00	120.00
2.50	20.00	100.00	125.00
2.60	20.80	104.00	130.00
2.70	21.60	108.00	135.00
2.80	22.40	112.00	140.00
2.90	23.20	116.00	145.00
3.00	24.00	120.00	150.00
3.10	24.80	124.00	155.00
3.20	25.60	128.00	160.00
3.30	26.40	132.00	165.00
3.40	27.20	136.00	175.00
3.50	28.00	140.00	175.00
3.60	28.80	144.00	180.00
3.70	29.60	148.00	185.00
3.80	30.40	152.00	190.00
3.90	31.20	156.00	195.00
4.00	32.00	160.00	200.00

* Based on an 8-hour day and a 40-hour week.

Past Service Benefit

If you qualify for past service credit, you will receive past service benefit which is based on the years of past service credit you qualify for and the contribution rate in effect on your first employer's contribution date. If you need more information on this benefit, please contact the Fund Office.

Example: Paul has earned 20 years of future service credit at various contribution rates. His future service benefit is based on the benefit values shown in Table A. He also qualifies for 5 years of past service credit earned at \$0.70 per hour contribution rate, which provides him with a pension of \$21 per month for each year of past service. Paul's monthly normal pension is calculated as follows:

Contribution Rate Per Hour	Monthly Benefit For Each Year of Service	Multiplied by Years of Service	Monthly Benefit
\$.70	\$ 21.00	5 years (past service)	\$ 105.00
.70	35.00	3 years (future service)	105.00
.90	45.00	1 year (future service)	45.00
1.10	55.00	3 years (future service)	165.00
1.20	60.00	4 years (future service)	240.00
1.30	65.00	3 years (future service)	195.00
1.40	70.00	3 years (future service)	210.00
1.50	75.00	2 years (future service)	150.00
1.70	85.00	1 year (future service)	85.00
Total monthly pension at age 65			\$1,300.00

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Early Retirement Pension

Your early retirement pension benefit is first calculated the same way as your normal pension. Then, your monthly normal pension amount is reduced because you retire before age 65. The reduction is .5% for every month that you are younger than age 65.

Example: Let's assume Paul in the previous example is age 62 and wants to receive an early retirement pension. Since Paul is 36 months (three years) younger than age 65, his normal pension of \$1,300 per month will be reduced by 18% (.5% x 36 months). The amount of his early retirement pension reduction is calculated as follows:

$\$1,300 \times 18\% = \234 (amount of early retirement pension reduction)

To determine Paul's early retirement monthly benefit, reduce his normal pension amount by the amount of early retirement pension reduction as follows:

$\$1,300 - \$234 = \$1,066$

Paul will receive an Early Retirement Pension of \$1,066 per month.

Deferred Pension

If you are eligible for a deferred pension, your monthly pension calculation depends on how old you are when you retire.

Age 65 or older — If your deferred pension begins on or after age 65, your benefit is calculated like a normal pension.

Before age 65 — If your deferred pension begins before you reach age 65, 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 the years of pension credit earned 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 at the start of your disability.

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 55 on that date.

What happens on termination of participation?

You terminate Plan participation at the end of a 12-month period during which there were no contributions made to the Plan for you.

If you are vested when you terminate participation, you will be entitled to a deferred pension as explained on pages 7 and 12.

If you are under age 55 when you terminate participation, instead of a deferred pension, you may elect the portability option.

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;
- the pension plan of a new employer, if that plan permits such a transfer; or
- purchase an immediate or deferred annuity.

If you choose the portability option, you will not be entitled to any further benefits in respect to your participation before the transfer. If you later return to covered employment, you will be treated as a new employee and must earn at least 12 months of future service credit to become a participant again.

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

How is your benefit paid?

Standard forms of payment

If you do not have a spouse – your normal, early retirement or deferred pension will be paid monthly for your lifetime with a guarantee of 60 months. This means that if you die before receiving 60 payments, your

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beneficiary will receive the benefit until the balance of the 60 guaranteed payments has been made.

A disability pension is paid for your lifetime only.

If you have a spouse – when you retire, by law, your normal, early, deferred or disability pension must be paid as a 60% joint and survivor benefit. This means you will receive a 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.

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 your spouse and a witness and filed with the Trustees before your benefit begins.

Once you file a Spousal Waiver Form, you may receive the standard form for single people or select one of the optional forms of payment listed below if you retire on a normal, deferred, or early retirement pension.

Optional forms of payment

If you 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.

120 Certain Payments (10-Year Guarantee) — Normal, Early Retirement, and Deferred Pensions Only. This option provides you with a monthly pension for life, with 120 payments guaranteed. If you die before receiving 120 payments, your beneficiary will continue to receive benefits until the balance of the 120 payments have been made. If you die after receiving 120 payments, benefits do not continue to anyone else.

180 Certain Payments (15-Year Guarantee) — Normal, Early Retirement, and Deferred Pensions Only. This option provides you with a monthly pension for life, with 180 payments guaranteed. If you die before receiving 180 payments, your beneficiary will continue to receive benefits until the balance of the 180 payments have been made. If you die after receiving 180 payments, benefits do not continue to anyone else.

If you elect either the 120 Certain Payments or 180 Certain Payments option, your benefit will be reduced to pay for the guarantee. The amount of the reduction depends on your age when payments begin.

Level Income Option — Early Retirement and Deferred Pensions Only

Choosing the Level Income Option means you'll receive a higher monthly benefit from the Plan from the date you retire until age 65, when your Old Age Security (OAS) Pension is payable from the Federal Government. Once you begin receiving OAS Pension payments, your Plan benefit will be reduced. Your reduced Plan benefit and your OAS Pension benefit will be approximately equal to the pension you were receiving before you became eligible for benefits under the Old Age Security Act.

The adjustment made to your Early Retirement Pension or Deferred Pension is based on your age and assumes you will receive the maximum amount of OAS Pension.

Upon your death, your beneficiary is entitled to the excess amount, if any, of the 60 monthly payments you would have received had you not elected this option, minus the amount already paid to you as of your date of death. The benefit will be paid to your beneficiary in a monthly amount that is equal to the monthly early retirement pension to which you would have been entitled if you had not elected the Level Income Option.

Note: The benefits payable from this Plan are independent of benefits provided under the Old Age Security Act. If you elect this option and you do not qualify for or do not apply for the OAS Pension or the OAS Pension is changed, reduced, or cancelled, the Fund and the Trustees are **not** responsible for the payment of the OAS Pension

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How is your spouse protected if you die before you retire?

The Plan provides financial protection for your surviving spouse if you are vested and die before you retire. Your spouse will receive a monthly pre-retirement survivor pension equal to the commuted value of your benefit accrued to the date of your death. Instead of this annuity, your spouse may elect the portability option (see page 13) or, where provincial legislation permits, a lump sum payment.

If you do not have an eligible spouse, the commuted value of your benefit at the date of your death will be paid to your beneficiary, or to your estate.

What happens if you return to work after you retire?

If you return to work for a contributing employer after you retire, your pension benefit will be suspended for each month you are employed. You earn additional pension credit through the end of the calendar year in which you reach age 69. When you retire again, your pension will be recalculated based on your age, these additional credits, and the number of months during which you've already received a benefit.

How do you 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 marriage as well as a list of all the employers for whom you have worked (see page 20).

An application for a disability pension should be filed within 60 days of the date of your disability. You are urged to file your application within the 60-day period. Failure to do so will affect the start date of your disability pension.

How does your 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.

When will your pension benefit begin?

Your pension benefit will begin the first of the month after your completed application has been received by the Fund Office, providing you meet all the eligibility requirements.

A disability pension will start the month after six months of disability, providing your application has been filed within 60 days of the date of your disability. If your application is received more than 60 days after your date of disability, your pension will start the month after six months of disability, or the fourth month following receipt of your application by the Fund Office, whichever is later.

How is your pension benefit paid?

You will receive your pension in the form of equal monthly payments. However, if your pension is less than two percent of the yearly maximum pensionable earnings on which your Canada/Quebec Pension Plan contributions are based, the Trustees will pay you a single cash payment.

Can you assign your pension benefit?

No. The Plan prohibits the assignment, sale, transfer, attachment or garnishment of your pension benefit to anyone or anything else. Also, it cannot be used as security for a loan or mortgage.

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Can you receive more than one pension from the plan?

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

The only exception to this rule is a disability pensioner who recovers and returns to work. If this occurs, he or she *may* be eligible to receive another type of pension from the Plan.

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 benefits provided under this plan affect your Canada or Quebec Pension Plan benefits in any way?

No. The benefits provided under this Plan are in addition to any CPP/QPP benefits for which you may be eligible.

What if you get a divorce, annulment or separation?

If you get a divorce, annulment or separation, the allocation of your pension benefit will be subject to the applicable provincial pension and 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.

How will you know what your benefits are under this plan?

If you have earned at least one month of pension credit in a year, the Fund Office will send you a statement within 6 months after the end of that year. The statement will show the benefits accumulated for you under the Plan as well as your Plan status.

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 your employer stops participating in the plan?

If you stop working for an employer who stops participating in the Plan for any reason and this employer had contributed for less than fifteen years, the benefit payments to you and others who had accrued benefits while working for that employer may be reduced. This will be determined at the time the employer stops participating.

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Employment history form

Use this form to keep a record of your past and future employment. You will need to provide this information when you file your pension application.

Name of Employer	Job Classification			
Address	From		To	
	Day	Month	Day	Month

Name of Employer	Job Classification			
Address	From		To	
	Day	Month	Day	Month

Name of Employer	Job Classification			
Address	From		To	
	Day	Month	Day	Month

Name of Employer	Job Classification			
Address	From		To	
	Day	Month	Day	Month

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Name of Employer	Job Classification	
Address	From	To
	Day Month	Day Month

Name of Employer	Job Classification	
Address	From	To
	Day Month	Day Month

Name of Employer	Job Classification	
Address	From	To
	Day Month	Day Month

Name of Employer	Job Classification	
Address	From	To
	Day Month	Day Month

Name of Employer	Job Classification	
Address	From	To
	Day Month	Day Month

