Canadian Merchant Service Guild

Eastern Branch Pension Plan

2020

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About the pension plan

In 1966, through negotiations with the Canadian Lake Carriers Association, a Canadian Merchant Service Guild voluntary pension plan was established. While the plan was established on a voluntary basis, the Canadian Merchant Service Guild was successful in obtaining employer contributions for those members who elected to participate.

Since that date, the Guild has been successful in negotiating the same plan with employers outside of the Lake Carriers Association. This has resulted in the plan being available to an expanded membership including a number of companies operating on the east coast. It is gratifying to see that the number of members who participate in the plan has grown over the years and have found it to be an excellent retirement planning device.

Since January 1, 1992, most agreements require that all new officers become members of the plan as a condition of employment. It is important to remember that a member of the Guild plan immediately doubles his/her contributions by virtue of the fact that, under collective agreement with the Guild, his/her employer is obligated to make the same contribution to the plan. These employer contributions are immediately vested and belong to the employee from the first day of plan membership.

Our plan is young but is maturing rapidly. The secret to a financially secure retirement is early and long-term planning. The younger the member is when he/she joins, the greater the pension will be at retirement. There are many areas where you will be required to make decisions that will eventually affect your benefits and those of your family. A careful study of this booklet will help you make the choices appropriate to meet your personal circumstances.

Mission statement for the plan

The mission statement for the plan is as follows:

“The long-term goal of the pension plan is to produce an asset base that would allow members to purchase a retirement income.”

Mission statement for the fund

The mission statement for the fund is as follows:

“The investment of the fund should be managed prudently with the objective of maximizing the returns while safeguarding the trust capital through adequate diversification of high quality investments with an acceptable degree of risk.”

Member website

The Canadian Merchant Service Guild Eastern Branch website was launched in November 2006.

Its intent is to meet our promise of providing you with additional information about the plan. We hope that you have had a chance to visit the website at **www.coughlin.ca/cmsge** and benefit from the information that is available to you online.

To improve the flow of information, the following information, which was available previously only on a yearly basis, is now available directly on the website:

- explanation of the pension plan;
- retirement dates;
- forms of pension available;
- benefits on termination of plan membership;
- death benefits;
- investment management approach and returns on investment;
- selecting the appropriate fund; and
- glossary of terms.

You can also access a number of our administrative forms by clicking the Pension plan/administration forms tab.

We hope that the website assists in providing you with up-to-date information about your plan.

Sincerely,

Coughlin & Associates Ltd., your plan administrator, and the trustees.

Definitions

“Act”: refers to the federal Pension Benefits Standards Act, 1985.

“Additional voluntary contributions”: a contribution to the pension fund by a member of the pension plan beyond any amount that the member is required to contribute, but does not include a contribution in relation to which the employer is required to make a concurrent additional contribution to the pension fund.

“Administrator”: the board of trustees or the person or persons that administer the pension plan, as appointed by the trustees.

“Annuity”: a contract that provides an income for a specified period of time such as a number of years or for life.

“Beneficiary”: means a person or the estate of a member, entitled to receive pre-retirement or post-retirement survivor benefits on the death of the member. Under the federal Pension Benefits Standards Act, 1985, a spouse or common-law partner at the time of death is automatically the beneficiary.

“Benefits”: the pension benefits provided by the plan.

“Canadian Merchant Service Guild”: an association incorporated by special act of the parliament of the Dominion of Canada assented to on June 6, 1919, hereinafter called the “Guild”.

“Cessation of membership” or **“termination in the plan”**: is defined as having ceased sailing for a shipping company under collective agreement with the Guild for a continuous period of at least 24 months. Nevertheless, a disabled member who qualifies for weekly indemnity or long-term disability benefits under the Canadian Merchant Service Guild Family Security Plan is considered active or employed during such period of time.

“Collective agreement”: an agreement in writing entered into between an employer or employer’s association and a bargaining agent containing provisions respecting terms and conditions of employment and related matters.

“Common-law partner”: in relation to an individual, means a person who is co-habiting with the individual in a conjugal relationship, having so co-habited for a period of at least one year.

“Continuous”: in relation to membership in a pension plan or to employment, means without regard to periods of temporary interruption of the membership or employment.

“Credited interest or investment earnings (losses)”: means interest or investment earnings (losses) credited at rates determined by the trustees at June 30th of each year, having regard to the actual net rates earned or lost by the fund on the basis of the interim financial statements; and at the end of each plan year, having regard to the actual net rates earned or lost by the fund on the basis of the audited financial statements.

To determine the rate of investment earnings to be credited on an interim basis for refunds, death benefits and retirement benefits payable during the plan year, the administrator will establish an interim rate based on the actual net rates earned or lost by the fund after applicable expenses and capital appreciation and depreciation, realized and unrealized. When information or data is unavailable to determine the present monthly net rate, the administrator will refer to the most recent month(s) of the fiscal period where information is available and project the year-to-date return or loss on a pro-rata basis to the end of the month prior to the settlement date.

“Deferred annuity”: an annuity, the payment of which is deferred until a member attains retirement age pursuant to the plan.

“Disabled”: mental or physical disability that, in the opinion of the board of trustees, renders a member unfit for employment with an employer as herein defined.

“Employee”: includes an officer.

“Employer”: means any participating employer who is party to the collective bargaining agreement or participation agreement established between the union and such employer(s) and who is required to contribute to the plan.

“Former member”: in relation to a pension plan, means a person who has either ceased membership in the plan or retired from the plan.

“Fund or trust fund”: means the fund established in accordance with the trust agreement from the contributions of each employing company and plan member and from the investment earnings arising therefrom, and from which all benefits and administrative costs arising under the plan are payable.

“Government pension legislation”: means the federal Pension Benefits Standards Act, 1985, the Income Tax Act, and any other similar provincial or federal legislation.

“Immediate pension benefit”: means a pension benefit that is to commence within one year of the member becoming entitled to it.

“Insurer”: means any corporation authorized to underwrite life insurance business in Canada.

“Life income fund”: means a life income fund that meets the requirements for a registered retirement income fund under the Income Tax Act.

“Locked-in”: a member with two years of plan membership may not receive his pension benefit in a lump sum cash settlement. On retirement, he must accept a monthly benefit as stipulated by the federal Pension Benefits Standards Act, 1985.

“Member”: a person who has consented to participate in the plan by completing an application form and/or who has authorized the employer to make contributions on his behalf and contributions have been made for a period of 90 days or more and has neither ceased membership in the plan nor retired.

“Multi-employer pension plan”: means a pension plan organized and administered for employees of two or more employers whose contributions to the pension plan are determined under an agreement between the participating employers or a collective agreement, statute or regulation, if the pension plan provides pension benefits that are determined by periods of employment with any or all of the participating employers, but does not include a pension plan where more than 95% of the plan members are employed by participating employers who are incorporated and are affiliates within the meaning of the Canada Business Corporations Act.

“Normal retirement date”: means the first day of the month coinciding with or next following the attainment of age 60.

“Participating employer”: means an employer who is required to contribute to the plan.

"Pension benefit": means a periodic amount to which a member or former member, or the spouse, common-law partner, survivor or designated beneficiary or estate or succession of a member or former member, is or may become entitled.

"Pensionable age": in relation to a member, means the earliest age at which a pension benefit, other than a benefit in respect of a disability, is payable to the member under the terms of the pension plan without the consent of the administrator and without reduction by reason of early retirement.

"Pensioner": means a person who receives a pension from the plan or from an insurance company.

"Plan": means the Canadian Merchant Service Guild Eastern Branch Pension Plan provided for in the trust agreement and in the various collective or participation agreements. The terms and provisions of the plan are outlined in this document and may be amended from time to time.

For the purpose of the Income Tax Act, the pension plan is recognized as a specified multi-employer pension plan (SMEPP) of the defined contribution or money purchase type.

"Plan year": means a calendar year, unless otherwise specified.

"Prescribed": means prescribed by regulation.

"Retire": a member of a pension plan shall be deemed to retire on commencing to receive an immediate pension benefit, whether or not the member's employment has terminated.

"Spouse": in relation to an individual, includes a person who is party to a void, or in Quebec null, marriage with the individual (also see "common-law partner").

"Superintendent": the Superintendent of Financial Institutions appointed pursuant to subsection 5 (1) of the Office of the Superintendent of Financial Institutions Act.

"Survivor": in relation to a member or former member, means:

1. if there is no person described in paragraph 2., the spouse of the member or former member at the time of the member's or former member's death; or
2. a person who was the common-law partner of the member or former member at the time of the member's or former member's death.

"Total and permanent disability": means suffering of a physical or mental impairment that prevents an individual from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience, that can reasonably be expected to last for the remainder of the individual's lifetime.

"Trust agreement": means the agreement that details the methods of receipt, investment and disbursement of funds of the plan and trust fund. It contains: provisions for investment powers of trustees; irrevocability and non-diversion of trust assets; payment of legal, trustee and other fees relative to the plan; exculpatory clauses pertaining to the liability of trustees; periodic reports to the employer or union by the trustees; records and accounts to be maintained by the trustees; conditions for removal, resignation or replacement of trustees; benefit payments under the plan; and the rights and duties of the trustees in case of amendment or termination of the plan.

"Trustees": means the board of trustees of the Canadian Merchant Service Guild Eastern Branch Pension Trust Fund and Plan.

"Union": means the Canadian Merchant Service Guild Eastern Branch.

“Vesting”: means a member’s right to receive a present or future pension benefit.

“Year’s maximum pensionable earnings (YMPE)”: the earnings on which Canada Pension Plan/Quebec Pension Plan contributions and benefits are calculated. The YMPE changes each year according to a formula using average wage levels. The YMPE is set annually by the Canada Revenue Agency (CRA) and is available on the CRA website at **www.cra-arc.gc.ca**. The YMPE for 2020 is $58,700.

Reference to the singular shall include the plural, wherever appropriate. Reference to the male or female gender will include the female or male gender respectively, unless the context requires otherwise.

Define the role of:

Administrator

The party appointed by the board of trustees responsible for the collection of contributions, payment of benefits and provision of other administrative services such as recordkeeping, trust accounting and communicating with plan members.

Auditor

The firm appointed by the trustees to conduct a systematic investigation of procedures or operations to determine conformity with prescribed criteria. The auditors certify the accuracy of the financial statements on an annual basis.

Consultant

The party appointed by the board of trustees responsible for advising on the general management of the fund, ensuring that the plan is in compliance with the government regulations, drafting of the plan's policies, reviewing and maintaining contracts and providing any other services required by the board.

Investment manager

A professional money manager appointed by the trustees to make the decisions relative to the asset mix and security selection of the fund's portfolio.

Trustee

The board of trustees makes significant policy decisions to direct the fund. The board does not "run" the fund in an operational sense. It delegates the day-to-day administration to a professional administrator.

An explanation of your pension plan

Foreword

This section is intended to be a factual, concise explanation of the major terms of your pension plan. Whether you are a new employee or one who has been a member of the plan for some time, you have an interest in the benefits that the plan provides and in the contributions that you and your employer make to fund these benefits.

There are many areas where you will be required to make decisions that will eventually affect your benefits and those of your family. A careful study of this booklet will help you make the choices appropriate to meet your personal circumstances.

The information contained in this booklet is correct and up to date as of September 1, 2020. Any future changes that may affect your benefits will be communicated to you.

This booklet is not a legal document. If there is any conflict between it and the formal text of the pension plan, then the wording of the formal text will apply.

Membership in the plan

If you are a member in good standing of the Canadian Merchant Service Guild Eastern Branch and employed by a company that is a signatory to a collective agreement or participation agreement with the Guild, you are required to participate in the plan.

Enrolment form

You must complete and sign an enrolment form and submit it to the plan administrator. Enrolment forms may be obtained from your employer, the Guild, the plan administrator, or the member website at **www.coughlin.ca/cmsge**.

To ensure accurate and efficient administration of your pension funds, all the information requested on the form must be provided. The enrolment form is also used to notify the administrator of a change of personal information including a change to your address, marital status and/or beneficiary designation.

Beneficiary

The enrolment form allows you to designate a beneficiary for your pension benefits. According to the federal Pension Benefits Standards Act, 1985, if you have a spouse or common-law partner, he/she will automatically be the beneficiary of your pension benefits. A spouse or common-law partner may continue to retain certain rights to your pension benefits despite a breakdown in your marriage or common-law relationship. If you do not have a spouse or common-law partner at the time of your death, your named beneficiary or estate will be entitled to a refund of your account balance.

A designation or change of beneficiary must always be provided in writing to the administrator. The request must be dated and signed and reference the Canadian Merchant Service Guild Eastern Branch Pension Plan.

Funding

Required member contributions

As outlined in the various collective and participation agreements between the Guild and the participating employers, you are required to contribute a percentage of your basic wages by payroll deduction. Contributions are remitted to the plan on a regular monthly basis.

Required employer contributions

As set out in the various collective and participation agreements, your employer(s) is/are required to contribute a percentage of your basic wages to the plan on a regular monthly basis. These contributions are immediately vested.

Additional (member) voluntary contributions (AVCs)

If you wish, you may make additional voluntary contributions (AVCs) to the plan. The total additional amount that you may contribute to this plan and/or any RRSP is determined by tax rules that became effective in 1990. If you plan to make AVCs, it is your responsibility to ensure that you are familiar with the applicable legislation. If you are not sure, consult a tax adviser. To qualify as pension plan contributions for a particular taxation year, contributions must be made before December 31st of that same year.

Employee contributions while on re-assignment, maternity leave, parental leave and compassionate care leave or while absent from work due to work-related illness or injury

As provided for under Part III of the Labour Code of Canada, an employee who takes or is required to take a leave of absence from employment for reasons of re-assignment, maternity leave, parental leave and compassionate care leave or a work-related illness or injury is entitled to the accumulation of pension benefits during the entire period of the leave, provided the employee pays the required contributions for the period of leave of absence, before taking leave or within a reasonable time thereafter. The employee may choose to notify the employer, before taking leave or within a reasonable time thereafter, of the employee's intention to discontinue contributions during that period.

Employee contributions while on sick leave

As provided for under Part III of the Labour Code of Canada, an employee who is absent from work due to illness or injury is entitled to the accumulation of pension benefits during the entire period of the leave, provided the employee pays the required contributions for the period of leave of absence, before taking leave or within a reasonable time thereafter, if the following conditions are met:

1. the employee has completed three consecutive months of continuous employment with the employer prior to the absence;
2. the period of absence does not exceed 12 weeks; and
3. the employee, if requested in writing by the employer within 15 days after his return to work, provides the employer with a certificate of a qualified medical practitioner certifying that the employee was incapable of working due to illness or injury for a specified period of time, and that the period of time coincides with the absence of the employee from work.

The employee may choose to notify the employer, before taking leave or within a reasonable time thereafter, of the employee's intention to discontinue contributions during that period.

Employer contributions

Each employing company that is a party to the collective agreement or participation agreement shall contribute into the pension fund with respect to all of its employees who are plan members a percentage of the basic pay of the plan members.

The contributions of the employing company shall be allocated to the pension plan account of the individual officer.

An employer who pays pension contributions shall continue to pay those contributions during an employee's absence due to re-assignment, maternity leave, paternal leave, compassionate care leave, sick leave or work-related illness or injury in at least the same proportion as if the employee were not absent, unless the employee does not pay the employee's contributions, if any, within a reasonable time.

In no event shall the contributions of the employing companies be less than 1% of the remuneration of the plan members.

In no event shall the contribution of the employing companies in respect of any one plan member exceed the amount that is deductible under the provisions of paragraph 20 (1)(q) and 8 (1)(m) of the Income Tax Act.

The employing company shall forward such contributions not less frequently than monthly to the plan administrator, together with such details as to the plan members with respect to whom these contributions are made, and in such form as may be required by the plan administrator for the efficient management of the plan.

Dollar limits on deductible contributions

Dollar limits apply on deductible contributions made to money purchase pension plans and RRSPs under the Income Tax Act. The combined (employee and employer) contribution limits are currently the lesser of the dollar limit shown below or 18% of your earnings:

Year	Money purchase limits	RRSP limits
2017	$26,230	$26,010
2018	$26,500	$26,230
2019	$27,230	$26,500
2020	$27,830	$27,230

Therefore, the maximum tax deduction for 2020 would be the lesser of $27,830 or 18% of earnings, less the employer contributions made to the pension plan in the previous year. Since 2010, the money purchase limit is adjusted by increases in the average wage.

Benefits

The amount of pension you receive at retirement is contingent on a number of factors including:

1. the total funds that have accumulated in your account at retirement;
2. if you choose a joint and last survivor annuity, the age at which you retire, as well as your spouse's or common-law partner's age;
3. the type of annuity or income you choose to receive;
4. the interest rates at the point of retirement. With every fluctuation of 1% in the interest rates, the purchasing power will fluctuate anywhere from eight to 12%, depending on the age at which you retire. For instance, at age 65, a shift from 6% to 5% in the annuity rate will result in 8.5% less retirement income. This means that if the interest rates increase by 1%, the monthly annuity that is purchased would be about 8.5% higher. Therefore, the time at which you retire is important.

This is illustrated in the following tables. The first table projects how one dollar contributed annually for a number of years would grow. The second illustrates the monthly pension that may be purchased.

To apply Table I to your particular circumstances, simply multiply the amounts shown by your estimated annual contributions.

Table I - Growth of one dollar

Years	4%	6%	8%	10%	12%
10	$12.49	$13.97	$15.64	$17.53	$19.65
15	$20.82	$24.67	$29.32	$34.95	$41.75
20	$30.97	$38.99	$49.42	$63.00	$80.70
25	$43.31	$58.16	$78.95	$108.18	$149.33
30	$58.33	$83.80	$122.35	$180.94	$270.29
35	$76.60	$118.12	$186.10	$298.13	$483.46
40	$98.83	$164.05	$279.78	$486.85	$859.14

Formula: annual contributions x factor

Estimated purchasing power

If you have an accumulation of $1,000, then based on interest assumptions ranging from 4% to 7% at retirement, you can expect to receive a monthly pension payable in the form of a joint and last survivor annuity, reducing to 60% with a five-year guarantee, of approximately the following amount.

Table II - Estimated purchasing power

Monthly pension assuming interest rate at retirement of:

Age	7.0%	6.0%	5.5%	5.0%	4.0%
50	$6.38	$5.72	$5.40	$5.08	$4.36
51	$6.42	$5.77	$5.45	$5.13	$4.42
52	$6.48	$5.83	$5.51	$5.19	$4.48
53	$6.53	$5.88	$5.57	$5.25	$4.54
54	$6.59	$5.95	$5.64	$5.32	$4.60
55	$6.66	$6.02	$5.71	$5.39	$4.67
56	$6.73	$6.09	$5.78	$5.46	$4.74
57	$6.80	$6.16	$5.85	$5.54	$4.82
58	$6.88	$6.25	$5.94	$5.63	$4.90
59	$6.96	$6.34	$6.03	$5.72	$4.99
60	$7.06	$6.43	$6.13	$5.82	$5.09
61	$7.15	$6.53	$6.23	$5.92	$5.19
62	$7.26	$6.64	$6.34	$6.03	$5.29
63	$7.37	$6.75	$6.45	$6.15	$5.41
64	$7.49	$6.88	$6.58	$6.28	$5.53
65	$7.62	$7.01	$6.71	$6.41	$5.66

Formula: account balance ÷ $1,000 x factor

Note:

The annuity values are estimates only.

Accumulation and retirement income

John Doe is 25 years old and plans on retiring at the age of 60 with a joint and last survivor annuity, reducing to 60% with a five-year guarantee. His annual contributions, including those of his employer, amount to $12,000. The fund averages an 8% return between now and retirement. The interest rate at retirement (purchasing power) is assumed to be 5%.

Q. How much would John Doe accumulate by the time he retires?

A. John Doe would accumulate approximately $2,233,200 over a 35-year period.

(Using table I)

$12,000 x 186.10 = $2,233,200

Q. How much of a monthly pension could he expect to receive?

A. His accumulated funds of $2,233,200 would purchase a monthly income of approximately $12,997.22.

(Using table II)

$2,233,200 ÷ 1,000 x $5.82 = $12,997.22 monthly

Q. How does this compare to his present annual income of $80,000?

A. Assuming his income increases at 3% annually, his monthly income at age 60 would be approximately $18,760. A pension of 69% of pre-retirement income could be achieved without increasing the annual contribution. Any increase in the annual contribution will improve the monthly pension.

Government programs

You may be eligible for benefits from the Canada/Quebec Pension Plan, the Old Age Security, Guaranteed Income Supplement, Allowance or the Allowance for the Survivor. At the provincial level, you may be eligible for the Guaranteed Annual Income Supplement.

As of September 2020, the maximum benefits available at age 65 were:

1. Canada Pension Plan (CPP) **or** Quebec Pension Plan (QPP); $1,175.83/month;
2. Old Age Security (OAS); $613.53/month.

Canada Pension Plan (CPP) retirement pension

The standard age to start the pension is 65. However, you can start receiving it as early as age 60 or as late as age 70.

If you start receiving your pension earlier, the monthly amount you will receive will be smaller. If you decide to start later, you will receive a larger monthly amount.

There is no benefit to wait after age 70 to start receiving the pension. The maximum monthly amount you can receive is reached when you turn 70.

If you apply after you turn 65, you can get retroactive payments of the CPP retirement pension for up to 11 months. The start date you choose to begin receiving your benefit will affect how much you will receive each month. There are no retroactive payments for a CPP retirement pension taken before age 65.

Your age affects your pension amount:

- If you start before age 65, payments will decrease by 0.6% each month (or by 7.2% per year), up to a maximum reduction of 36% if you start at age 60
- If you start after age 65, payments will increase by 0.7% each month (or by 8.4% per year), up to a maximum increase of 42% if you start at age 70 (or after).

Warning:

Your OAS payments will be “clawed back” if your annual net income exceeds $75,910. Each year, this level increases if the CPI increases by more than 3%. For every dollar your retirement income exceeds this amount, 15 cents of the OAS benefit is “clawed back”. At approximately $123,386 of net income, your OAS payment will be NIL. The claw back is calculated based on your income in the previous year and is implemented at the source. In the event of your death, the benefit ceases entirely.

Starting in April 2023, the age of eligibility for the OAS pension will gradually increase from 65 to 67 over six years, with full implementation by January 2029. This change will affect people born in 1958 and later.

Retirement dates

You should notify the administrator at least three months prior to the effective date of your retirement. The administrator will send the appropriate forms for completion and will outline your retirement options. Retirement options will be provided no more than once in any six-month interval.

To receive your pension benefits, you must complete the retirement application and declaration of marital status. You must also supply proof of age (a birth certificate, baptismal certificate or other acceptable evidence of age) and marriage certificate if the pension elected extends benefits to your spouse or common-law partner.

As per the collective agreement, employers have until the end of the month following the last month worked to remit contributions. Therefore, lay days and the final employer remittance may result in the first pension payment being delayed beyond your last day worked.

Individual financial services

The administrator has an individual financial consultant on staff who is available to assist you. There is no consultation fee. You may contact the administrator to arrange an appointment to discuss your retirement, financial planning, estate planning, investments, life insurance and other financial matters.

In order to allow sufficient time for a proper consultation and thorough planning, it is recommended that you arrange to discuss your pre-retirement planning and investment strategies at least three to five years prior to your anticipated retirement date.

You should also schedule a visit with your financial advisor six months prior to your effective date of retirement or when your financial, marital or employment situation changes.

Normal retirement date

The normal retirement date of the plan is the first day of the month coinciding with or following your 60th birthday.

Continued employment after age 60

You may continue to contribute to the plan if you continue to be employed under the terms of the collective agreement after age 60. At retirement, your pension will be calculated in the same way as if you were retiring at age 60. The latest date at which your pension must commence is the end of the year in which you attain age 71. (See *Postponed retirement date*).

Early retirement date

You may retire earlier than age 60. An earlier retirement may be taken as early as of the first day of any month coinciding with or following your attainment of age 50.

Early retirement will impact the amount of pension you will receive.

Postponed retirement date

You may postpone your retirement date beyond age 60. However, the Canada Revenue Agency requires that all pensions commence payment by the end of the calendar year in which you attain age 71. A member who defers application for retirement benefits beyond the normal retirement date of age 60 will be entitled to the purchasing power of his pension account balance.

In the event that you make application for your pension beyond the normal retirement date, your pension will not commence retroactively to your normal retirement date. Your pension will begin no earlier than the first of the month in which the necessary forms and supporting documents are completed and delivered to the administrator.

Returning to work after you begin receiving a pension

If you retire and begin drawing a pension or you transfer the assets to a locked-in registered retirement savings plan and subsequently return to work for a participating employer of the Canadian Merchant Service Guild Eastern Branch Pension Plan, a new account will be established in your name and you will be considered a new member of the plan. Contributions made on your behalf after your retirement will be immediately vested and subject to the terms applicable to transfer/portability options set out by the plan text for pre-retirement contributions. Once you retire permanently, you may apply to receive the additional benefits that may be purchased with your accumulated pension account balance.

Disability retirement date

If you are totally and permanently disabled because of sickness or injury you may elect to retire and draw a monthly pension at any time, provided you have the consent of the board of trustees. The administrator may also request that you provide evidence that a qualified medical doctor, licensed to practice under the laws of a province in Canada or of the place where you reside, has certified that a condition of total and permanent disability exists. You may also be required to furnish proof of acceptance for CPP or QPP disability benefits.

Interest credit policy at retirement

The funds are invested in the financial markets, which fluctuate daily. The value of your pension account balance will be calculated at retirement once the plan administrator has received all contributions leading up to your effective retirement date.

Interest, or net investment earnings, is credited to your account twice a year, once on June 30th and again on December 31st, based on the investment portfolio you have selected.

The administrator also maintains a unitization model, which is updated monthly with the net investment returns to calculate pension account balances at other points during the year. Currently, it takes one week from month-end to receive all the financial information from various sources necessary to calculate the net investment earnings of each investment portfolio. Therefore, the monthly interest rate is declared on the 10th of every month.

For example, November's net investment return is available, and therefore declared on December 10th. Members retiring on or after December 10th will be credited with net investment earnings or losses based on the most recent declared monthly unitization rate (November) pro-rated to the end of the month prior to the date of settlement. Members retiring before December 10th will be credited based on the same formula to the date of retirement, but with October's unitization rate.

Example:

For retirements on or before June 30th

Account balance at December 31st of previous year: **$100,000**

Contributions received in the current year: **$2,500**

Interest rate:

- On prior year's ending balance = **7.0%** (February's net investment returns extrapolated to June 30th)
- On current year's contributions = **3.5%** (half the interest rate, which assumes an even flow of contributions)

Retirement date: March 16th (**74** days from January 1st)

Number of days between January 1st and June 30th: **181**

Sample formula

$$\{(\$100{,}000 \times 7.0\%) + (\$2{,}500 \times 3.5\%)\} \times \frac{74}{181} = \$2{,}897.65$$

Principal		Current year contributions		Interest		Total
($100,000.00	+	$2,500.00	+	$2,897.65)	=	$105,397.65

For retirements on or after July 1st

Account balance at June 30th of current year: **$250,000**

Contributions received after June 30th in the current year: **$3,300**

Retirement date: October 10th (**101** days from July 1st)

Number of days between July 1st and December 31st: **184**

Interest rate:

- On prior year's ending balance = **4.0%** (August's net investment returns extrapolated to December 31st)
- On current year's contributions = **2.0%** (half the interest rate, which assumes an even flow of contributions)

Sample formula

$$\{(\$250{,}000 \times 4\%) + (\$3{,}300 \times 2\%)\} \times \frac{101}{184} = \$5{,}525.36$$

Principal		Current year contributions		Interest		Total
($250,000.00	+	$3,300.00	+	$5,525.36)	=	$258,825.36

Forms of pension

How your pension will be paid

Federal pension legislation has a direct effect on how your pension is paid to you. If you have a spouse or common-law partner at the time of your retirement, you must choose a form of pension that will continue to be paid to him/her in the event that you die first. This is called the *mandatory form of pension* (see exceptions in Section B).

If you do not have a spouse or common-law partner, your pension may be paid to you as a single life annuity as described later in this section.

Annuity

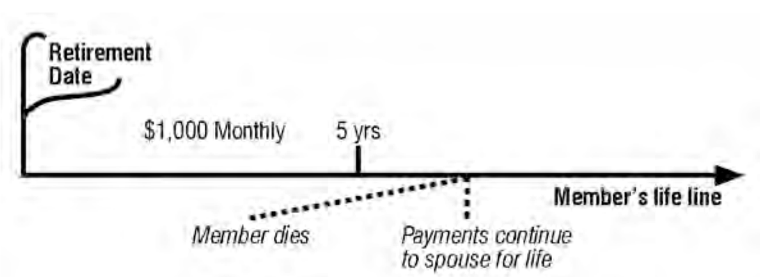
A contract in which an insurance company unconditionally undertakes a legal obligation to provide specific pension benefits to specific individuals in return for a fixed consideration of premium (i.e. your account balance). An annuity contract is irrevocable and involves the transfer of significant risk from the member to the insurance company. The annuity pays a stream of monthly payments to you in the form of pension you choose at the time of your retirement.

A. Normal form of pension

Monthly pension benefits will be payable commencing on your retirement date. The pension consists of a joint and last survivor annuity non-reducing on the death of the member and features a guarantee period of five years.

Under this form of payment, you will receive a monthly income as long as you live. Should you predecease your spouse or common-law partner, the payments will continue to him/her at the full amount for life. When both you and your spouse or common-law partner are deceased, payments cease, if the five year guarantee has passed.

In the event that both you and your spouse or common-law partner die within the five-year guarantee period, the payments will continue to the designated beneficiary or estate of the person who died last, until the end of the guarantee period.



B. Mandatory form of pension

The federal Pension Benefits Standards Act, 1985, requires that members with a spouse or common-law partner receive a pension in a form that will continue at a chosen percentage for the spouse's or common-law partner's lifetime on the member's death.

The law requires that, if you have a spouse or common-law partner, you must take a pension that will reduce to an amount not less than 60% of the amount of the pension benefit that would have been payable had the death not occurred. If you wish, you can provide a pension income greater than 60% to your spouse or common-law partner (payments of up to 100% are possible), but you cannot provide less than 60%.

The only exceptions to this rule are:

1. if you do not have a spouse or common-law partner; or
2. your spouse or common-law partner agrees to waive his or her rights to a survivor pension. This can only be done by your spouse or common-law partner completing a special spousal waiver form at the time of your retirement that is available from the plan administrator. Please refer to the *Other details about your plan* section for more information.

Definition of spouse

For the purposes of the plan, a *spouse* means a person to whom you are legally married, or if you are not legally married, a *common-law partner* means a person who has co-habitated with you in a conjugal relationship for at least one year.

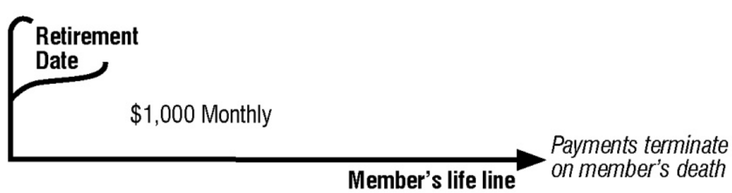
C. Other optional forms of pension

In cases where the mandatory form of pension does not apply, the plan provides for other optional forms of pension. These include either a life annuity, a life income fund (LIF) or restricted life income fund (RLIF):

Life annuities

1. Single life annuity with no guaranteed period

Under this form of payment, you will receive a monthly income for as long as you live. The monthly income will cease upon your death. No death benefits are payable to a spouse or common-law partner, beneficiary or estate. This arrangement may suit you if you are single and have no dependants to support.

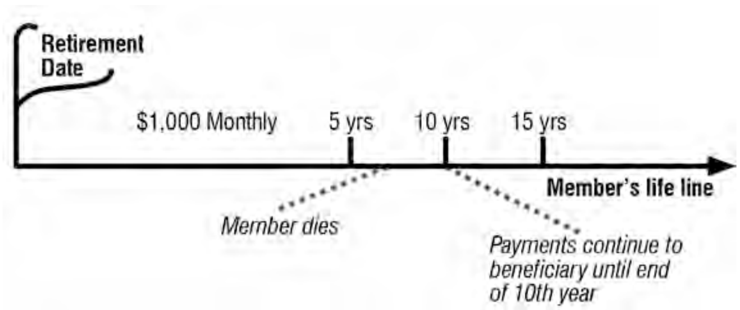


2. Single life annuity with a minimum guaranteed period

This form of pension pays a monthly income for as long as you live. Should you die before a specified number of payments have been made (usually 5, 10 or 15 years), the balance of the payments will continue to a named beneficiary or to your estate.

Since there is a guarantee that payments will be made for a specified period, the amount of pension income you will receive is less than the life annuity only option.

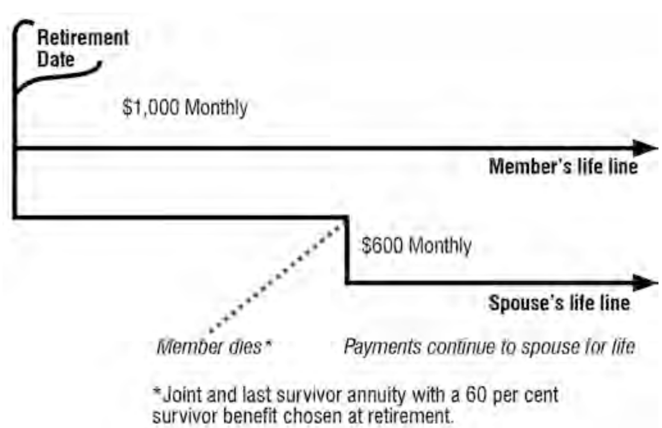
Example:
If you choose a life annuity with a 10-year guarantee, you will receive a monthly payment as long as you live, with the provision that if you were to die before receiving 120 monthly payments, your named beneficiary or estate will continue to receive the balance of your monthly payments until a total of 120 payments have been made. As an alternative to the continuation of monthly instalments, the present value of the remaining payments may be paid in a lump sum. Once this provision has been met, no further payment will be made.



3. Joint and last survivor annuity

Under this arrangement, you will receive a monthly income as long as you live. Should you predecease the joint annuitant (your spouse or common-law partner), payments will continue to your spouse or common-law partner at the chosen percentage for the spouse's or common-law partner's lifetime. When both you and your spouse or common-law partner are deceased, payments cease.

Your plan will offer a variety of survivor benefits. The most common are 60, 66 2/3, 75 or 100% of the amount payable immediately prior to your death.

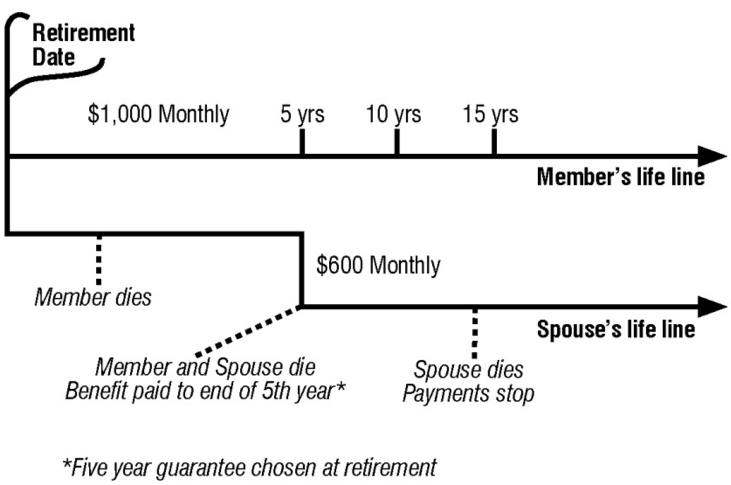


4. Joint and last survivor annuity with a guaranteed payment period

Under this form of payment, you will receive a monthly income as long as you live. Should you predecease your spouse or common-law partner, payments will continue to your spouse or common-law partner at the full amount until the end of the chosen guarantee period, at which time, they will reduce based on the level of survivor benefit chosen and continue for the spouse's or common-law partner's lifetime. When both you and your spouse or common-law partner are deceased, payments cease, if the end of the guarantee has passed.

In the event that both you and your spouse or common-law partner die within the guarantee period, the payments will continue to the designated beneficiary or estate of the last person to die until the end of the chosen guarantee period.

As there is a provision for payments to continue to a joint survivor for life as well, the amount of pension income you will receive under Option 3 or 4 is less than the single life annuity with or without a guarantee period. This type of annuity can help married couples with their retirement planning.



Life income fund (LIF)

A LIF is an alternative to a life annuity. LIFs provide increased flexibility by enabling individuals to defer the purchase of an annuity.

While in the LIF, locked-in monies provide an adjustable flow of retirement income within a specified range of minimum or maximum withdrawals. At the same time, control over the balance of the locked-in capital and its investment is retained by the purchaser. Plus, investment earnings continue to accrue on a tax-deferred basis.

One advantage of the LIF is that you may time the purchase of the annuity. Your purchasing power can be greatly affected by the interest rates in effect on the date of purchase. A LIF offers the potential for you to wait for a peak in interest rates while still earning a retirement income.

At death, the survivor is automatically entitled to the balance in the LIF contract. The funds retain their locked-in status and may be used to purchase a life annuity, transferred to another LIF or transferred to a locked-in registered retirement savings plan (LIRRSP). If you do not have a spouse or common-law partner and die prior to purchasing an annuity, the remaining principal in the LIF is refunded to your named beneficiary or estate, less the applicable taxes.

What is the minimum withdrawal formula?

The minimum withdrawal formula is calculated by dividing the balance in the LIF at January 1st of each year by 90, less the planholder's age on the same date. This formula applies to age 70. Beginning at age 71, the factors are defined by the Canada Revenue Agency.

Minimum withdrawal formula:

$$\frac{\text{Amount in LIF at start of year}}{\text{90 - Planholder's age at start of year}} = \text{minimum dollar withdrawal in year}$$

What is the maximum withdrawal formula?

Regulations permit cash withdrawals up to the maximum during the initial fiscal year of a LIF, provided the planholder is 50 years of age and the transfer has not been made from another LIF. In the initial year, the maximum is pro-rated based on the number of months the fund has been in existence.

The interest rate used to calculate the maximum annual withdrawal may be determined by the following interest assumption:

1. the CANSIM V122487 rate in effect during the preceding month of November for the first 15 years; and
2. 6% for the years remaining to the end of the year in which the LIF owner attains 90 years of age.

The CANSIM V122487 rate for November 2019 was 1.57%. Therefore, the maximum limit applicable to income to be drawn from any federally regulated LIF during 2020 is determined according to the following interest assumption:

1. 1.57% for the first 15 years; and
2. 6% for the years remaining to the end of the year in which the LIF owner attains 90 years of age.

For the calendar year in which the contract or arrangement is first entered into, the percentage of the balance in the LIF must be multiplied by the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month.

The interest rate chosen will ultimately affect the balance in the fund that is available for the purchase of a life annuity. A lower interest rate results in a lower maximum annual withdrawal amount. As a consequence, the balance available to purchase an annuity may be higher.

It should be noted that this interest factor has no connection to the interest rate generated by the investments supporting the LIF. The investment options available in a LIF provide the potential for an increase or reduction in future income. As a result, the maximum amount available to be withdrawn will change every year.

Maximum withdrawal formula:

$$\frac{\text{Amount in LIF at start of year}}{\text{Present value of payments of \$1 per year to end at age 90}} = \text{maximum dollar withdrawal in year}$$

The following table shows the minimum and maximum percentage of the LIF balance at start of the year, which must be withdrawn annually.

The minimum withdrawal rates expressed as a percentage of the LIF balance (as per the table) are fixed. The dollar amount of the withdrawal must be calculated yearly based on this fixed percentage.

The maximum annual withdrawal at each age must be re-calculated on January 1st of each year. The dollar amount of the withdrawal must be calculated yearly based on the applicable percentage for that year.

Age at start of year	Minimum withdrawal as a percentage of LIF balance at start of year	Maximum withdrawal as a percentage of LIF balance at start of year
50	2.50%	4.13%
51	2.56%	4.16%
52	2.63%	4.20%
53	2.70%	4.24%
54	2.78%	4.28%
55	2.86%	4.33%
56	2.94%	4.38%
57	3.03%	4.43%
58	3.13%	4.49%
59	3.23%	4.55%
60*	3.33%	4.62%
61	3.45%	4.70%
62	3.57%	4.78%
63	3.70%	4.87%
64	3.85%	4.98%
65	4.00%	5.09%
66	4.17%	5.21%
67	4.35%	5.35%
68	4.55%	5.51%
69	4.76%	5.68%
70	5.00%	5.88%
71	5.28%	6.10%
72	5.40%	6.36%
73	5.53%	6.66%
74	5.67%	7.01%
75	5.82%	7.42%
76	5.98%	7.89%
77	6.17%	8.43%
78	6.36%	9.07%
79	6.58%	9.82%
80	6.82%	10.72%
81	7.08%	11.82%

Age at start of year	Minimum withdrawal as a percentage of LIF balance at start of year	Maximum withdrawal as a percentage of LIF balance at start of year
82	7.38%	13.19%
83	7.71%	14.96%
84	8.08%	17.32%
85	8.51%	20.63%
86	8.99%	25.59%
87	9.55%	33.85%
88	10.21%	50.39%
89	10.99%	100.00%
90	11.92%	100.00%
91	13.06%	100.00%
92	14.49%	100.00%
93	16.34%	100.00%
94	18.79%	100.00%
95	20.00%	100.00%

* For example, the minimum annual withdrawal at the start of the year for a person aged 60 whose LIF has a balance of $200,000 is: $200,000 x 3.33% = $6,660 (the minimum withdrawal for the fiscal year).

The CANSIM V122487 is the government of Canada marketable bonds average yield for maturities over 10 years. This is a monthly rate published by the Bank of Canada. This is the approved rate used in the calculation of the maximum withdrawal as a percentage of the LIF balance at the start of the year.

* For example, the maximum annual withdrawal for a person aged 60 whose LIF has a balance of $200,000 is as follows: $200,000 x 4.62% = $9,240.00 (the maximum withdrawal for the fiscal year).

What happens if the LIF planholder dies before a life annuity has been purchased?

If the planholder dies before a life annuity has been purchased, the planholder's spouse or common-law partner or, if there is no spouse or common-law partner, another named beneficiary or the estate, is entitled to receive a benefit equal to the balance in the fund.

A spouse or common-law partner who is not living separate and apart from the owner of the LIF at the owner's date of death will be entitled to receive a death benefit equal to the balance of the LIF. The balance of the LIF can either be used to acquire an immediate or deferred life annuity, be transferred to another LIF, or transferred to a locked-in registered retirement savings plan.

Restricted life income fund (RLIF)

Life income fund (LIF) contracts entered into after May 8, 2008 must include the option of permitting funds in a LIF to be transferred into a new type of locked-in retirement investment fund called a **restricted life income fund** (RLIF).

In the year that they turn 55, or in any subsequent year, individuals will be allowed, upon the creation of an RLIF, to transfer 50% of the RLIF's value into a tax-deferred plan with no maximum annual withdrawal limit (that is, either an RRSP or an RRIF), as long as this transfer happens within 60 days of the creation of the RLIF. After this point, the RLIF will be subject to the same limits upon maximum and minimum annual withdrawals, and to the same limits on extraordinary withdrawals, as a LIF.

Individuals will not be permitted to transfer the remaining funds in an RLIF back to a LIF, nor can these funds be transferred back to a locked-in RRSP. Should the holder of an RLIF wish to transfer the funds back to a locked-in savings vehicle (for example, because they do not want a steady stream of retirement income at that time), a new instrument called a **restricted locked-in savings plan** (RLSP) has been provided for, into which funds from an RLIF can be transferred.

Group life income fund (LIF)

In 2008, the board of trustees gave the mandate to their administrator, Coughlin & Associates Ltd., to create a product that would offer institutional investment portfolios with lower fees to retired members. As a result, the group LIF product was created in a three-way agreement between Coughlin & Associates Ltd., SEI Investments Canada and RBC Investor & Treasury Services.

The following summarizes the main features of the group LIF product:

- The group LIF account is invested outside of the CMSG Eastern Branch Pension Trust Fund in a separate trust fund.
- Assets are held by RBC Investor & Treasury Services.
- You have a choice of the following 10 asset allocation portfolios managed by SEI:

Money Market	Balanced 50/50
Income 100	Balanced 60/40
Income 20/80	Growth 70/30
Income 30/70	Growth 80/20
Income 40/60	Growth 100

- You are limited to make portfolio changes twice per calendar year, January 1st and July 1st.
- You determine the amount of income to be paid each year at the beginning of the year, subject to certain minimum and maximum withdrawal rules.
- At any time, you may purchase a life annuity with the balance of the money in the group LIF, but you are never required to purchase an annuity.
- If you are married, your spouse or common-law partner must be named as beneficiary of the balance of the group LIF on your death, unless the spouse or common-law partner waives the right on the prescribed form.
- The balance in the group LIF account is protected from attachment or seizure.

- The amount of the annual withdrawal from a group LIF account must not be less than the minimum withdrawal amount prescribed for a registered retirement income fund (RRIF) pursuant to the Income Tax Act.
- The minimum amount required by the Income Tax Act must be paid out under all circumstances. No withdrawal is required in the calendar year in which the group LIF account is established.
- The Income Tax Act permits you to use your age or the age of your spouse or common-law partner in determining the minimum withdrawal.
- The first year of the group LIF begins on the date the contract is opened and ends on December 31st of the same calendar year.
- All withdrawals from a group LIF account will be considered part of your income for the year and you will have to pay tax. The administrator is required to withhold applicable taxes when withdrawals are made.
- The annual management expense ratio (MER) will be 1% of assets and will be deducted from the LIF monthly.

Benefits on termination of plan membership

You are considered portable and entitled to receive a termination benefit after you have ceased sailing for a shipping company under collective agreement with the Canadian Merchant Service Guild Eastern Branch for a period of at least 24 consecutive months.

Termination before completion of two years of plan membership

If you have less than two years of membership at the time you leave the plan, you will be entitled to a refund of all your required and employer contributions and additional voluntary contributions together with the credited investment earnings (losses) to the date of your termination from the plan.

Termination after two years of plan membership

If you have more than two years of plan membership, you are not permitted to receive any refund of your required contributions in cash.

You have the choice of:

- transferring your accumulated member and employer contributions with investment earnings (losses) to a locked-in registered retirement savings plan (LIRRSP), an individual life income fund (LIF), an individual restricted life income fund (RLIF), or a group LIF with Coughlin & Associates Ltd./SEI;
- transferring them to another registered pension plan; or
- establishing a deferred annuity or life income fund in your name to receive a pension at age 60 or earlier based on your contributions and those of your employer.

Additional voluntary contributions may be refunded in cash or transferred to an RRSP at any time.

Once you have terminated your plan membership and advised the plan administrator, the plan administrator will provide you with a written statement within 30 days outlining the benefits to which you are entitled under the terms of the plan.

If you are in receipt of either short-term or long-term disability benefits from the Family Security Plan, you are deemed to be an active or employed member for the portability rules.

You must contact the administrator if you wish to exercise any of the portability options mentioned above.

Interest credit policy on termination

Please refer to the *Retirement dates* section of this booklet for the *Interest credit policy at retirement*. The same methodology applies.

Withdrawal fee

To offset the fund's administration costs, an administration charge for withdrawals or transfers will be levied on termination at the rate of $10 per $1,000 with a minimum of $50 and to a maximum of $300.

Small benefit

If your pension account balance is less than 20% of the year's maximum pensionable earnings (YMPE) for the calendar year in which you cease to be a member of the plan or die, you may withdraw your accumulated member and employer contributions with investment earnings (losses) in cash, less applicable taxes.

Death benefits

Benefits in the event of death prior to retirement

Amount of death benefit

The death benefit payable in the event of your death shall be the sum of your required member and employer contributions and any additional voluntary contributions credited with investment earnings (losses).

Death prior to retirement

If you die prior to retirement, your survivor is entitled to the benefits to which you would have been entitled on the day of death if you had terminated your membership in the plan on that day and had not died. Your surviving spouse or common-law partner may request an immediate pension benefit or a transfer as described in the *Benefits on termination of plan membership* section. If you die without leaving a survivor, the death benefit will be paid to your designated beneficiary, or if there is none, to your estate.

Surrender of death benefit

After your death, your spouse or common-law partner may surrender in writing the death benefit to which he/she is entitled under this section and designate a beneficiary who is a dependant of you or your spouse or common-law partner, as defined in subsection 8500 (1) of the Income Tax Act regulations.

Interest credit policy at death

Please refer to the *Retirement dates* section of this booklet, *Interest credit policy at retirement*. The same methodology applies.

Withdrawal fee

To offset the fund's administration costs, an administration charge for withdrawals or transfers will be levied at the rate of $10 per $1,000 with a minimum of $50 and to a maximum of $300.

Small benefit

If your pension account balance is less than 20% of the year's maximum pensionable earnings (YMPE) for the calendar year in which you cease to be a member of the plan or die, you may withdraw your accumulated member and employer contributions with investment earnings (losses) in cash, less applicable taxes.

Unlocking options

Pension unlocking

The following unlocking options apply to you if:

1. you were a member of a federally regulated private pension plan; and
2. your funds in the plan were vested; and
3. you left the employer sponsoring the plan and took your pension out of the plan and transferred the funds into:

    - a locked-in registered retirement savings plan (LIRRSP);
    - a locked-in life income fund (LIF); or
    - a restricted life income fund (RLIF).

All ages

Financial hardship: If you are experiencing financial difficulties because of low income, and/or high medical or disability-related costs relative to income.

Non-residency: If you cease to be a resident of Canada for at least two consecutive calendar years, and you are no longer employed by the employer from which the pension funds originated.

Shortened life expectancy: If you have a shortened life expectancy (as certified by a physician) due to physical or mental disability.

Age 55 and over

One-time 50% unlocking: In the calendar year you turn 55 or in any subsequent year, you are allowed to transfer 50% of your funds into a tax-deferred savings vehicle, from which you can then withdraw cash.

Small balance unlocking: In the calendar year you turn 55 or in any subsequent year, if your total locked-in holdings are below the minimum threshold ($29,350 in 2020) you are able to unlock the total value of your locked-in funds.

Investment management approach

In light of the demographics of the plan membership and the volatility of financial markets, a study was undertaken to examine the appropriateness of the fund's asset mix and the investment risk allocation. It was concluded that the membership would be better served if a more diversified investment approach were adopted based on three different risk profiles (i.e. conservative, moderate and aggressive).

As people approach retirement, their risk tolerance changes while their assets need to be sheltered from market volatility. To answer to these objectives, on June 1, 2000, members were offered the choice of three portfolios with different investment risk profiles, balanced income/conservative, balanced growth/moderate and long-term growth/aggressive portfolios. On January 1, 2003, a fourth portfolio, a Money Market Fund, was added. To begin, all members were automatically invested in the Balanced Growth Portfolio.

Members have an opportunity to switch from one portfolio to another twice per year. Please note that if you do not make an election by June 15th and December 15th of the year, your assets will remain in the same portfolio for another six months or until you make an alternate choice if later. Member election forms must be received by the plan administrator on or prior to June 15th and December 15th of each year to qualify for a change in portfolio on the July 1st or January 1st immediately following.

As part of the governance monitoring process, the fund has a statement of investment policies and procedures. In this policy are defined performance objectives for investment managers to achieve over a four-year period. On a quarterly basis, the board of trustees monitors the performance against the stated objectives.

Effective January 1, 2015, CI Investments was hired to replace SEI, offering four asset allocation funds (CI Money Market Fund, Portfolio Series Conservative Fund, Portfolio Series Balanced Fund and Portfolio Series Growth Fund). Members were given the opportunity to select a new fund, or simply allow the transfer from SEI to the equivalent offering at CI Investments. Effective July 1, 2015, the CI target risk funds were introduced. This allows members to select the target date fund to best match their expected retirement date. At the same time, beginning July 1, 2015, the new plan default fund applicable to all existing and new members who do not make an election is the target date fund closest to each member's 60th birthday.

About CI Multi-Asset Management

CI Multi-Asset Management is responsible for the construction and management of CI's managed solutions programs. Based in Toronto, the team oversees approximately $42 billion in assets invested in customized managed portfolio solutions.

Meeting your retirement goals with CI Portfolio Series funds

CI Multi-Asset Management understands the issues faced by group retirement plan members like yourself. Their goal is to help you achieve your retirement objectives and give you and your family the kind of future you deserve.

CI provides an array of portfolio options that make investing easy for you. The Portfolio Series is a family of four strategic asset allocation funds that provide diversified portfolios meeting a range of distinct investor profiles, from capital preservation to growth. The portfolios achieve their objectives by investing in an array of funds managed by different underlying portfolio management teams, providing diversification by asset class, investment style, region and economic sector.

The Portfolio Series funds follow a disciplined investment management methodology which includes consideration of asset allocation, portfolio structure, multiple specialist managers and overall portfolio management. This results in an investment program that makes sense in any financial climate.

Sophisticated, yet simple

The Portfolio Series funds have been designed to take into account different financial situations, retirement goals, tolerance for risk and levels of investment knowledge. Regardless of what your investment objectives are, the Portfolio Series funds will meet your needs.

Once you have selected a fund that matches your financial situation, you need only revisit your selection on a semi-annual basis or when a major life event occurs, such as marriage, buying a house, or having children. Altering your investment choice is only necessary when your investment objectives or tolerance for risk changes.

The funds deliver a sophisticated multi-manager, multi-style, multi-asset class structure without the confusion and complexity associated with creating one. The Portfolio Series is a sophisticated product that makes investing simple for you.

About Portfolio Series funds

The portfolios in the Portfolio Series have been carefully crafted by CI Multi-Asset Management based on research and recommendations from State Street Global Advisors - a world leader in asset allocation. This research goes beyond historical returns to embrace a forward-looking framework.

Portfolio Series offers the expertise of portfolio managers with proven track records, including Signature Global Asset Management, Cambridge Global Asset Management and Harbour Advisors. These managers, through the underlying funds, have the discretion and opportunities to add value using day-to-day tactical actions through stock selection and sector allocation.

This significant investment expertise is available to you with the simplicity and convenience of a single fund to purchase and track.

Portfolio construction and portfolio manager research

CI Multi-Asset Management uses asset mix research and recommendations from State Street Global Advisors and its Investment Solutions Group to help craft Portfolio Series' efficient strategic asset allocation portfolios.

State Street Global Advisors' Investment Solutions Group consists of over 70 investment professionals with multi-asset class experience managing global asset allocation assets. The team, supported by currency specialists and economists, analyzes each asset class from both a top-down perspective (economic variables, trends, historical relationships) and from a bottom-up perspective (fundamental variables).

Investment philosophy

CI Multi-Asset Management embraces the philosophy of active management and applies it to all aspects of its investment process. The term active management stretches beyond the practice of stock selection. The team views active management as a process that strives to identify and manage all the variables and factors that can influence an investor's total return.

Portfolio construction

Asset allocation must be applied intelligently to ensure that a portfolio generates sufficient returns for the level of risk it is taking. CI Multi-Asset Management believes it is crucial to have a clear understanding of valuations, fundamentals and correlations in order to construct and manage efficient portfolios. A portfolio that combines asset classes exhibiting negative or weak correlations with each other has greater opportunities for improving risk-adjusted returns. Using a multi-asset-class framework offers the best opportunities to benefit from imperfect correlations.

Monitoring portfolio managers and your retirement investments

You need not worry about replacing portfolio managers if their performance is not meeting your objectives. You also need not worry about your asset mix moving away from your target. (Your asset mix is the mix between stocks and bonds.)

CI believes this high level of attention is the only way to provide the risk control you require to ensure that your retirement savings stay on track and meet your objectives.

Selecting an appropriate fund

What is your investor profile?

There are many things to think about when developing an investment strategy.

How will the risk of inflation affect your retirement savings? How does market risk, (the possible loss of some or all of your money) relate to return?

Are you confident enough to be comfortable with uncertainty or will you be more likely to worry about ups and downs in investment returns over short periods?

These and many other questions about your investor personality need to be considered as you develop your investment program.

To begin with: What are your **investment objectives**? Are you primarily concerned with preserving your savings? Or, are you more inclined to see your savings grow substantially?

How about your **time horizon?** How many years do you have to invest before your anticipated retirement?

If you are just starting out, you have time on your side and you could tolerate short-term market fluctuations. This allows you to be more aggressive in your investment choices because you have time to ride out the ups and downs of the stock market. If you are closer to your retirement years, your comfort level with the inevitable ups and downs of the investments in your portfolio may be low. You may want to choose investments with lower risk and less growth potential.

Every individual has a unique situation and resources to build from. Consider your **risk tolerance** level. Knowing your risk tolerance helps you to develop an investment strategy for your personal investment style.

Remember: only **you** can decide what is appropriate for your own financial situation. The **"Investor Profile Questionnaire"** is only a guide. You may have individual circumstances beyond the scope of this questionnaire.

Investor profile questionnaire

Please take the time to complete the **"Investor Profile Questionnaire"** available on the member website at **www.coughlin.ca/cmsge**. Simply click on the investments tab in the pension plan section and select *Investor Profile*.

CANADIAN MERCHANT SERVICE GUILD
EASTERN BRANCH PENSION PLAN

COUGHLIN

- GOVERNANCE
- PENSION PLAN FEATURES
- ADMINISTRATION FORMS
- INVESTMENTS
  - Money Market Fund
  - Portfolio Series Conservative Fund
  - Portfolio Series Balanced Fund
  - Portfolio Series Growth Fund
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Investor Profile Questionnaire

This workbook is designed to help you become more knowledgeable about retirement issues as well as investment concepts and principles.

In this workbook you will:

- assess your personal risk tolerance;
- determine your investor profile; and
- learn about factors influencing your investment strategies.

Learning the basics presented in this workbook will help you make wiser choices and invest with greater confidence.

Let's begin.

Investor Profile Questionnaire
Sélection de vos fonds

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Other details about your plan

Calculation of investment earnings

The plan administrator will credit investment earnings or losses to your account at the net rate earned or lost by the invested funds, based on the audited financial statements.

To determine the interim return or loss on investment credited for refunds, death benefits and retirement benefits during the plan year, the administrator will determine the interim rate using the actual net rates earned or lost by the fund after allowing for applicable expenses and capital appreciation and depreciation, whether realized or unrealized. When information or data is unavailable to determine the present monthly net rate, the administrator will refer to the most recent month(s) of the fiscal period whereby information is available and project the year-to-date return or loss on a pro-rata basis to the end of the month prior to the settlement date. For an example, please refer to the *Interest credit policy on termination* in the *Benefits on termination of plan membership* section.

Investment policy and asset mix

The trustees are responsible for collecting the required contributions and for investing them for the good of the plan and its beneficiaries.

The written Statement of Investment Policies and Procedures (SIP&P) is a comprehensive document that defines the investment guidelines, performance objectives and monitoring benchmarks of the plan. It ensures that investment managers and the custodian stay within the limits established by the trustees in concert with their professional advisors.

Spousal waivers

Pension legislation protects the rights of your spouse or common-law partner. It is important for you to realize that your spouse or common-law partner is entitled to different types of pension benefits at different times during your membership in the plan.

There are basically three triggering events:

- legal separation or divorce;
- retirement; and
- death.

Three distinct waivers are required. On legal separation or divorce, your former spouse or common-law partner is entitled to a share of the assets accumulated during the relationship. On retirement, you must select a form of pension that will provide a survivor pension of at least 60% of the amount payable prior to your death. On death, your surviving spouse or common-law partner is entitled to 100% of the assets in your account, less any assets which were previously assigned to a former spouse or common-law partner.

Assignment and collateral

Under present pension legislation, you can neither use the value of this plan as collateral for a loan nor assign your pension to any company or person, unless the assignment arises from a marriage breakdown.

Pension income splitting

You and your spouse or common-law partner can elect to split your eligible pension income received in the year if you meet the following conditions:

1. you are married or in a common-law partnership with each other in the year and are not, because of a breakdown in your marriage or common-law partnership, living separate and apart from each other; and
2. you are both resident in Canada on December 31st of the year; and
3. you received pension income in the year that qualifies for the pension income amount.

Eligible pension income is generally the total of the following amounts received by the pensioner in the year (these amounts also qualify for the pension income amount):

1. the taxable part of life annuity payments from a superannuation or pension fund or plan; and
2. if they are received as a result of the death of a spouse or common-law partner, or if the pensioner is 65 years of age or older at the end of the year:

   - annuity and registered retirement income fund (including life income fund) payments; and
   - registered retirement savings plan (RRSP) annuity payments.

The following amounts received by the pensioner are not eligible for pension income splitting:

1. Old Age Security payments;
2. Canada Pension Plan, Quebec Pension Plan or Saskatchewan Pension Plan payments; and
3. amounts received under a retirement compensation arrangement.

Administration of the plan

The trustees of the plan represent the Guild and the employers equally. They are charged with the responsibility of ensuring that the plan conforms to all pension legislation in Canada. They are responsible for ensuring that the assets of the fund are invested for maximum growth, consistent with prudent investment policies. They are also responsible for seeing that all of the necessary records are kept to enable benefits to be calculated and paid in the event a member leaves the plan through termination, death or retirement.

The trustees meet regularly to review the investment managers' reports and deal with any new business.

If you have any questions concerning the plan or your pension benefit entitlements, contact the plan administrator or one of the trustees listed at the end of this booklet.

Annual pension statement and notice of plan amendments

Each year, the administrator will forward a pension statement to your home address. It will outline the amount in your pension account, your retirement dates, the name of your beneficiary, etc. It is important that the information on this statement be accurate. If this is not the case, the administrator should be notified immediately.

Once a plan amendment has been registered with the Office of the Superintendent of Financial Institutions (OSFI) and the Canada Revenue Agency (CRA), the administrator has 60 days to notify in writing all members who are affected by the amendment.

Termination or wind-up of the plan

The board of trustees expects to continue the plan indefinitely but reserves the right to amend, suspend or terminate the plan, either in whole or in part, at any time. Any change or modification in the plan will not affect the amount of pension benefits previously purchased from an insurer. No change or modification shall adversely affect the benefits that have accrued to members of the plan prior to the amendment date.

On the termination or winding-up of the whole pension plan, no part of the assets of the plan shall revert to the benefit of the employer or the union. Plan assets will be distributed to members and former members and their spouses, common-law partners, beneficiaries, estates or successions for all accrued or payable benefits in respect of membership up to the date of the termination or winding-up and, for that purpose, those benefits shall be treated as vested without regard to conditions as to age, period of membership in the plan or period of employment.

Change of address

It is important to inform the plan administrator and union of any address changes.

Your personal estate checklist

Important actions to take now

☐ 1. Draw up a will, if you have not already done so. Without a will, payments from your estate may be delayed and your intentions regarding the distribution of your estate may not be followed. Review your will and/or legal documents once a year for:

- ☐ changes in beneficiaries resulting from birth, death, marriage, etc.;
- ☐ changes in your financial situation resulting from maturity of children, illness, significant changes in assets, etc.;
- ☐ changes in federal or provincial tax, probate or property law that may affect your will; and
- ☐ changes in executors, trustees, and guardians for your children.

☐ 2. Review your insurance program to ensure it meets your present needs.

☐ 3. Verify the beneficiaries that you have named for your pension and insurance benefits. If you would like to change your beneficiaries, or name a beneficiary where you have none on record, complete a new beneficiary designation form available from the plan administrator. Pension beneficiary designations on file with the plan administrator supersede any designations made in a will.

☐ 4. Record your private financial matters as follows:

Location of important documents

Will

My will is located at:

My executor is:

My lawyer is:

Personal life insurance policies

Company

Beneficiary

Amount

Bank accounts

Bank

Branch

Account no.

Registered retirement savings plans

Company

Branch

Account no.

Safety deposit box

Bank

Branch

Box no.

Other important documents

Mortgage

Birth certificate

Marriage certificate

Passport

Rights to information

The outline of the pension plan that is illustrated in this booklet does not create or confer any contractual or other rights. The plan is subject to amendment and modification from time to time at the trustees' discretion as circumstances warrant. All rights and obligations with respect to the plan will be governed solely by the official documents governing the Canadian Merchant Service Guild Eastern Branch Pension Plan. On reasonable written notice, members, former members, members' spouses or common-law partners, beneficiaries or authorized representatives may review any documents relating to the plan at offices of either the Guild or the administrator.

Photocopies are available for a fee.

Available documents

- annual information returns;
- audited financial statements;
- collective agreements;
- custodian agreement;
- investment manager agreements;
- plan document;
- statement of investment policies and procedures; and
- trust agreement.

Please keep this booklet as a permanent record. We hope that you will find it helpful in understanding your interest in the plan.

Please advise the administrator of any errors or omissions.

Respecting your personal information

The administrator of your group pension plan is Coughlin & Associates Ltd. At Coughlin, we recognize and respect every individual's right to privacy. When personal information is provided to us, we establish a confidential file that is kept in the offices of Coughlin, or the offices of an organization authorized by Coughlin. We use the information to administer the group pension plan. We limit access to information in your file to Coughlin staff or persons authorized by Coughlin who require it to perform their duties, to persons to whom you have granted access, and to persons authorized by law.

Coughlin uses your Social Insurance Number for the purposes of government reporting, identification and administration of your pension plan. Coughlin may exchange your personal information with the following persons, organizations or parties: financial institutions; government agencies; insurance companies; employers or former employers; your local union, plan trustees, pension advisory committee members, actuaries and auditors. Coughlin may use the personal information on file to provide you with additional information regarding any benefits to which you are entitled.

You have the right to access or update any incorrect information by submitting a request in writing to:

The Privacy Officer
Coughlin & Associates Ltd.
P.O. Box 3517, Station C
OTTAWA, ON K1Y 4H5

Pension plan registration numbers

Office of the Superintendent of Financial Institutions (OSFI) - 55747

Canada Revenue Agency - 0510552

Board of trustees

Plan administrator

Mailing address:
Coughlin & Associates Ltd.
P.O. Box 3517, Station C
Ottawa, ON K1Y 4H5

Civic address:
466 Tremblay Road
Ottawa, ON K1G 3R1

Tel. (800) 668-9819
Fax (613) 231-2345

Auditor

Bouris, Wilson LLP

Investment manager

CI Multi-Asset Management

Custodian for CI

RBC Investor & Treasury Services

E & OE

Every effort has been made to ensure that this booklet is accurate and complete. Should error, omission or dispute occur, the terms of the plan document and trust agreement for the Canadian Merchant Service Guild, Eastern Branch Pension Plan will prevail.