



Pile Drivers, Divers, Bridge, Dock & Wharf Builders Pension Plan

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December 16, 2024

Dear Member:

Re: Pension Plan Improvements effective January 1, 2025

The Pile Drivers, Divers, Bridge, Dock and Wharf Builders Pension Plan is managed by a group of elected Trustees who meet regularly to oversee the operations and financial status of the Plan, consistent with applicable legislation and the terms of the collective agreement. The Trustees met in September 2024 and are pleased to announce the following benefit improvements **effective January 1, 2025**.

Details of Improvements

After consulting with their professional advisors and reviewing the Plan's Benefits Policy, the Trustees decided on:

- a 20% increase to all pensions that are in payment as of December 31, 2024;
- a 20% increase to benefits earned for all service up to December 31, 2024 for all members, including former members, who have not started their pension nor received any lump sum payments;
- starting January 1, 2025, the benefit accrual rate, applicable to active members, will increase to:
 - a **"Core" accrual rate of 8 cents per hour earned**, and
 - an **"Additional Temporary" accrual rate of 4 cents per hour earned**. This rate will apply to hours worked during 2025 and *might* apply during 2026 and 2027 (see following pages for more information on expiry conditions).

This means that an active member's total accrual rate during 2025 (and possibly 2026 and 2027) will increase to 12 cents per hour earned, which is 50% higher than the accrual rate that would have applied during 2025 before the increase. For example, if a member works 1,500 hours in 2025, the monthly pension they earn in 2025 will be \$180 (instead of \$120).

Please note that the Additional Temporary accrual rate (of 4 cents per hour earned) is just that - *temporary*. It will be reviewed regularly by the Trustees and could decrease (for example, from 4 cents to 0 cents per hour earned) at any time in the future based on the Plan's financial conditions.

Plan’s Financial Condition - December 31, 2023 Actuarial Valuation Report

At least once every three years, the Trustees must file an *actuarial valuation report* with the BC Financial Services Authority (the provincial pension regulator). The most recent report was completed and filed as of December 31, 2023 and reflects changes to legislation with respect to the amount of margin (or “PfAD¹”) required. These reports must be prepared every three years but can be prepared earlier (for example, it has only been two years since the previous valuation as at December 31, 2021).

When a valuation report is completed, the Trustees are able to analyze the financial position of the Plan and assess whether they can make changes to the benefits that have already been earned and that will be earned in the future.

The Trustees have been carefully monitoring the Plan’s financial condition and worked with their actuary to ensure that the Plan is sustainable for the long term. They looked at the Plan’s funding under several different economic scenarios to make sure that the fund can withstand certain events, such as reported hours falling below what is typically expected, without negatively impacting the ability to deliver the pensions that members have earned. A summary of the most recent valuation is provided below (after incorporating the benefit increases described above):

Actuarial Valuation	December 31, 2023
Assets	\$ 172,940,000
Liabilities	\$ 132,123,000
Actuarial Excess (Shortfall)	\$ 40,817,000
Going Concern Funded Ratio	130.9%
PfAD %	17%
PfAD \$	\$ 22,461,000
Excess (Shortfall)	\$ 18,356,000

After years of the Trustees and professionals in the B.C. pension industry lobbying the government for changes with respect to the required PfAD, changes came into effect that lowered this amount significantly. This allowed the Trustees to access more of the fund for benefit improvements. The Trustees consulted with their professional advisors and followed the Plan’s Benefits Policy while deciding on the changes noted above. Supporting documents were filed with the BC Financial Services Authority.

¹ PfAD is the “Provision for Adverse Deviation”; in other words, a margin or buffer or “rainy day fund”.

When does the Additional Temporary accrual rate expire?

The Additional Temporary accrual rate will be reviewed at the time of the next actuarial valuation report and will expire no later than one year after the date of that report.

While actuarial valuation reports are required once every three years, the Trustees may decide to file an earlier valuation. This means the Additional Temporary accrual rate could expire as early as December 31, 2025 or as late as December 31, 2027.

Will the Additional Temporary accrual rate be renewed in the future?

When the next actuarial valuation report is completed and filed with the pension regulator, the level of the Additional Temporary accrual rate for future hours will be set based on what the Plan can afford. It may stay the same or it could be higher or lower than the amount noted above. The Additional Temporary accrual rate may even be reduced to \$0.

"Target Benefit" Plan

As a reminder, the pension benefits provided by the Plan are not a "promise", but rather a "target". Under a target benefit plan, there may be circumstances where pensions must be decreased (not just the Additional Temporary benefit). The Trustees manage the Plan prudently to reduce the chance of pension decreases, but these remain a possibility, particularly if investments perform poorly or interest rates decline significantly. But as is the case with the benefit increase described in this newsletter, if the experience is favourable, there may be opportunities to increase benefits. The Trustees will continue to monitor and manage the financial health of your Plan to maintain an appropriate balance between benefit security and a sustainable level of benefits over the long term.

I have some questions – where do I go?

Please contact the Plan Office at 604-299-7482 or toll free at 1-800-663-1356.

Sincerely,

Board of Trustees
c/o D.A. Townley (a subsidiary of Pacific Blue Cross)
Administrators for the Trustees