



Western Metal Industry Pension Fund

From the Board of Trustees
Western Metal Industry Pension Fund

Recent Plan Changes

The purpose of recent plan changes is to help restore funding to adequate levels in two ways – through benefit reductions and increased employer contributions. This combined approach promotes shared responsibility between employees and employers.

Changes made to the plan in August 2009 reduced prospective benefits for participants, with a lower benefit accrual rate, less generous early retirement benefits, reduced pre-retirement death benefits, and the elimination of unreduced disability benefits for those not already disabled.

Early the following year, contributions for employers increased. Starting with hours worked in April 2010, a 5% surcharge had to be paid by employers who were still in their pre-rehabilitation plan collective bargaining agreements. Beginning with January 2011 hours, the surcharge increased to 10%. For example, if base contributions were \$1.00, they increased to \$1.05, then to \$1.10.

The surcharges remain in place until the bargaining parties agree to adopt either the preferred schedule or the default schedule of the rehabilitation plan. Adoption of a schedule must be done within 180 days of the expiration of the pre-rehabilitation plan collective bargaining agreement.

This chart shows a side-by-side comparison of the schedules under the rehabilitation plan. So far, bargaining parties for all employers who have chosen between the two schedules have chosen the preferred schedule.

If bargaining parties adopt the ...

	Preferred Schedule	Default Schedule
Reductions in Benefits for Participants	<p>Reduced early retirement factors apply to entire benefit (not just on and after August 1, 2009)</p> <p>Changes to the available forms of payment</p>	No further changes (beyond those made in 2009)
Increased Employer Contributions	<p>A 16% charge for funding-only contributions replaces the surcharge.</p> <p>This percentage increases to 32% after 12 months, to 48% after a further 12 months, and so on until it levels out at 176% in the eleventh year of the rehabilitation plan schedule.</p> <p>Example: If base contributions were \$1.00, they would increase year-by-year to \$1.16, \$1.32, \$1.48, etc. and then cap out at \$2.76.</p>	<p>Example: If base contributions were \$1.00, total contributions would increase immediately and stay at \$3.54.</p>

The trustees review the progress of the rehabilitation plan annually. Adjustments to the plan are possible in the future.

How the Trustees are Monitoring the Plan

The Trustees are continuing to monitor the plan's investments and engage experienced, objective investment consultants. We are making use of all the available tools to help the plan reach its investment objectives and return as soon as possible to adequate funding levels.

The plan Trustees have always and will continue to follow prudent steps to manage the plan responsibly by:

- Investing for the long term by diversifying assets across a broad array of investment classes
- Acting prudently and with professional advice
- Doing their best to look ahead and prevent problems down the road.

What's Next

We will continue to keep you apprised of any status changes and provide you with information about the plan.

Western Metal Industry Pension Fund

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