NOTICE TO MEMBERS
REGARDING UPCOMING PENSION PLAN AMENDMENTS

1) Interest Rate For Partial Years

Currently the interest rate credited to a plan member's account at December 31st of each year is the investment return for the year adjusted for members who had transferred their account out of the pension fund during the year (the "**fund rate of return**").

Plan members who transfer their account out of the pension fund during the year in accordance with Section 7 (Retirement), Section 9 (Death Benefits) or Section 10 (Termination Benefits) are credited with the greater of the fund rate of return or 0.5% per month since the end of the previous plan year to the end of the month prior to the month of transfer (the "**pegged rate of return**").

The historical rationale for the pegged rate of return was to benefit members who were retiring in a year with a low fund rate of return by crediting the pegged rate of return which would be higher than the fund rate of return in the year. The most notable poor investment years in the last 10 years were:

2007: 1.45%   2008: minus 13.60%   2011: 0.23%   2015: 2.04%

The aggregate amount of interest for members transferring out their account in poor investment years at the pegged rate of return (being over and above the fund rate of return in that year) is funded by all active and deferred members as they receive a lower interest rate on their account for those years. For example, the fund rate of return for 2008 had to be adjusted downward by approximately 1% to account for the additional interest paid to members who decided to withdraw their accounts in 2008 and receive the pegged rate of return.

The pegged rate of return assists a select few members yet it is funded by all active and deferred plan members by a reduced interest rate credited to their accounts. Furthermore it is unfortunately out of step with the current interest rate environment and the increasingly volatile markets that all pension plans now face.

Therefore the Pension Trustees have unanimously determined it to be prudent to amend the plan to remove the pegged rate of return.

Accordingly the plan will be amended to remove the pegged rate of return. However in order to give members ample notice this amendment will not be effective until January 1, 2018. For greater clarity, the 2017 plan year will be the last year the pegged rate of return will apply to withdrawal of pension accounts.

2) Members Age 65 and Over Continuing Employment

Under Section 7.3 (Retirement) the plan states that upon reaching the normal retirement age (age 65), a member may commence a pension or have it transferred while continuing to work (the "Continuing Employment Option"). The Continuing Employment Option is solely based upon a member's age and does not allow other members, specifically those of early retirement age (age 50 to 65), the same option.

The Pension Trustees have received a legal opinion that the Continuing Employment Option may contravene the *Human Rights Code* (as age discrimination). Accordingly the Pension Trustees have been advised to amend the plan to remove the potential age discrimination.

The Pension Trustees had 2 options:

- Allow the age 50+ members to also have the Continuing Employment Option; or
- Eliminate the Continuing Employment Option entirely.

The Pension Trustees have determined that there would be significant probable adverse effects to the plan if the 50+ members were allowed the Continuing Employment Option, including:

- 50% of total plan members are at least age 50 and could choose to remove their money from the plan prior to retirement;
- The age 50+ member's accounts represent 75% of the plan's total assets, so significant withdrawals would result in a considerably smaller pension fund; and
- There are significant adverse effects to a smaller pension fund.

Furthermore, the Trustees believe that this does not serve the fundamental purpose of the pension plan, being to provide a pension upon retirement.

Accordingly the Pension Trustees have decided they could not amend the plan to extend the Continuing Employment Option to the age 50+ members due to the likely adverse effects on the plan. However the Pension Trustees still felt it was important to address the potentially discriminatory aspect of the current provision.

Therefore the Pension Trustees unanimously agreed to amend the plan to remove the Continuing Employment Option. Again in order to give members ample notice this amendment will also not be effective until January 1, 2018

Members who reach age 65 prior to January 1, 2018 will continue to have access to the Continuing Employment Option while Members who reach age 65 on or after January 1, 2018 will no longer have this option.

The best interests of all plan members have been paramount when the Pension Trustees decided to implement these plan amendments.

If there are any questions with respect to this notice please contact the pension plan administrator Eckler Ltd. at:
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