



# CARPENTERS' WELFARE BENEFIT FUND

# NEWS

## *Carpenters' & Millwrights' Health & Welfare Benefit Trust Fund of Saskatchewan*

We are pleased to provide the Annual Report, which outlines the activities of the Fund during the year ended July 31, 2019.

Throughout the year under review, benefit claims in the amount of \$2,226,197 were paid on behalf of eligible Carpenters, Millwrights and their dependents.

An audit has been performed on the records of the Fund and Financial Statements are available for examination at the Fund Office.

Sincerely,

**Board of Trustees**

### Statement of Financial Position as at July 31, 2019

Assets	
Cash	\$418,379
Investments	8,479,274
Contributions Receivable	225,206
Prepaid Expenses	36,749
Interest Receivable	636
Restricted Cash	278,298
Premium Rebate Receivable	213,982
<b>Total Assets:</b>	<b>\$9,652,524</b>

Liabilities & Fund Equity	
Accounts Payable	\$47,132
Hour Bank Liability	1,591,000
Health Spending Liability	92,900
<b>Total Liabilities</b>	<b>\$1,731,032</b>
Economic Reserve	1,267,000
Unrestricted	6,654,492
<b>Fund Equity at End of Year</b>	<b>\$7,921,492</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$9,652,524</b>

### Statement of Operations & Fund Balance for the Year Ended July 31, 2019

Income	
Contributions	\$2,160,300
Interest	324,336
Current Period change in Market Value of Investments	199,314
<b>Total Assets:</b>	<b>\$2,683,950</b>

Expenses	
Premiums for Plan Benefits	\$2,246,844
Health Spending Account	94,539
Reciprocal Transfers	14,254
Administration	202,968
All Other Fund Expenses	137,922
<b>Total Expenses</b>	<b>\$2,696,527</b>
<b>Net Operating Reduction</b>	<b>(12,577)</b>
Increase in Hour Bank Liability	(210,000)
Premium Rebate (Surplus)	184,375
Change in Health Spending Reserve	(92,900)
<b>Excess of Disbursements over Income</b>	<b>(\$131,102)</b>

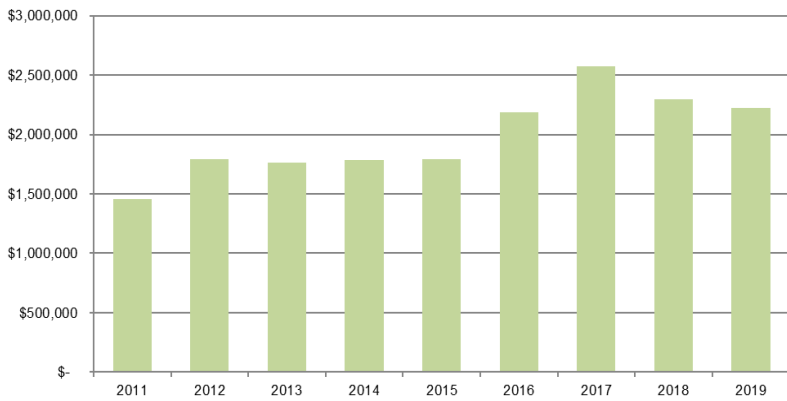
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**Note:** A summary of the Fund's Statement of Financial Position and Statement of Financial Fund Balance are as set out herein. In addition, an audit of the Financial Statements of the Fund is obtained each year from Donnelly & Co. LLP, Chartered Accountants. A copy of the audited Financial Statements can be made available for examination at the Fund Office, during business hours.

# Distribution of Benefits

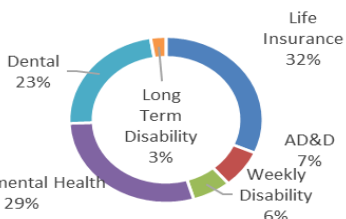
## How the Fund's Benefits Were Distributed as at July 31, 2019



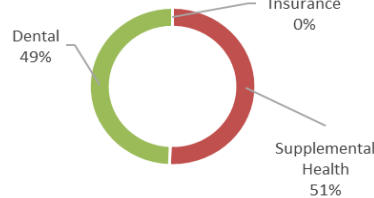
Benefit: Members	
Life Insurance	\$500,000
Accidental Death & Dismemberment (AD&D)	116,667
Weekly Disability	102,548
Supplementary Health	458,872
Emergency Travel Assistance (E.T.A.)	205
Dental Care	366,579
Long Term Disability	40,700

Benefit: Dependents	
Life Insurance	\$0
Supplementary Health	323,594
Emergency Travel Assistance (E.T.A.)	1,159
Dental Care	315,872
<b>Total Benefits Paid</b>	<b>\$2,226,197</b>

Member



Dependent



## Benefit Plan Improvements for 2020

### Dental Benefit

Effective January 1, 2020, the Dental Fee Guide is being updated from the current 2017 to 2019.

### Health Spending Account (H.S.A.)

As of January 1, 2020, the Board of Trustees announce an additional \$500 H.S.A. deposit would be established for all members who had at least 9 months of benefits coverage during the 2019 calendar year. If you did not work at least 100 hours for a participating employer in 9 of the 12 months during the 2019 calendar year, you may still be eligible for the H.S.A. deposit if you were covered because you had the required number of hours in your hour bank account or because you made self-payments after your hour bank was depleted. This credit may be used to reimburse health-related expenses not covered by the Benefit Plan provided you continue to be eligible for Benefit coverage (including coverage maintained through the use of bank hours or by making self-payments).

Generally, any expense that would be considered deductible on your income tax return would be eligible for reimbursement from the H.S.A. These could include charges such as co-payment amounts (e.g., any portion of a dentist's bill not covered by the Benefit Plan), orthodontia for adults, vision care expenses that exceed the Benefit Plan's maximum, and many other expenses. Many members have been utilizing the additional benefit for their medical expenses.

You should note that any unused balance from the \$500 H.S.A. deposit remaining from the 2019 calendar year can be carried forward one additional year until December 31, 2020. However, if you lose eligibility for coverage by this Plan for any reason prior to December 31, 2019, any remaining balance remaining in your H.S.A. at the time will be permanently forfeited. In accordance with restrictions imposed by the Income Tax Act, any unused balance from 2019 as of December 31, 2020 cannot be carried forward further and would be forfeited at that time. You now have the rest of this year to use any remaining balances from 2019 and 24 months over which you can use the H.S.A. from January 1, 2020 to cover up to \$500 of eligible expenses.

Access to the reimbursement form can be found on the FAS website at [www.fasadmin.com](http://www.fasadmin.com)

# THE DIFFERENCE BETWEEN A DEFINED BENEFIT PLAN AND AN RRSP

Members often contact FAS to ask for the 'value' of their pension – assuming the pension they will receive from the Carpenters' Pension Fund of Saskatchewan can be compared to the balance in an RRSP account. The phrase 'comparing apples to oranges' comes to mind – a defined benefit plan like the Carpenters' Pension Fund of Saskatchewan is very different from a defined contribution arrangement like an RRSP. The following is a comparison of the two types of plans:

## Defined Benefit – Carpenters' Plan

1. Your employer remits contributions to the Fund on your behalf in accordance with a collective bargaining (or similar) agreement. The Fund pools all contributions together and provides benefits to all participants from the pool.
2. The Carpenters' Plan, like all defined benefit pension plans, provides its participants with a benefit that is defined by a formula. As you approach retirement, the formula means you are able to predict your retirement income with a high degree of certainty. In fact, if you are no longer actively working, you can precisely determine your pension income for any given retirement date which makes retirement planning easier.
3. Some additional effort is required on your part to understand all of the features of the Plan. If you do not fully understand how the Plan operates, you may understandably feel uncomfortable, and may not appreciate the benefits provided to you by the plan.
4. The Plan shelters participants from investment risk except in extreme cases. In other words, the benefit you will receive does not depend on the investment results of the Fund. In cases of extremely poor investment experience, the Plan formula may be altered to partially offset the Plan's investment losses. Conversely, after periods of extremely positive investment experience, the Plan formula may be enhanced to distribute the investment gains (which has been the case consistently over the last ten years).
5. All Funds are invested by professional money managers on behalf of the participants. The size of the Fund (approximately \$195 million) provides significant buying power and reduces total Plan fees and expenses to about 0.4% of the Fund per year.
6. In addition to providing lifetime retirement benefits, the Plan also provides pre-retirement and disability benefits.

## Defined Contribution - RRSP

1. An RRSP is a retirement savings vehicle which acts like a personal savings account. Your contribution, and the investment earning on those contributions, accumulate in your account until you retire.
2. The benefits paid from an RRSP are less predictable as they are subject to the daily investment market gains and losses. Upon retirement, the account balance can be used to purchase an annuity from an insurance company (based on the annuity prices for that day) or they can be transferred to another retirement saving vehicle that permits partial withdrawals of the account over time. Until an annuity is actually purchased, it is difficult to accurately predict your future retirement income.
3. You will most likely find this design easier to understand as it appears and operates like a savings account. Additional effort is required to properly choose and monitor investment vehicles. Individuals today are much more comfortable with this responsibility than in the past.
4. You directly bear all of the investment risk, gaining in time of superior performance and losing in times of poor performance. In cases where your retirement date is beyond your control (such as disability or layoff), there is the additional risk of retiring immediately following a period of poor investment performance which happened in 2001, 2002 and 2008.
5. You must select your own investment strategy and provider. For individuals investing through mutual funds, the average annual fee can easily be as high as or higher than 2.5% of the account balance. By pooling assets in a group RRSP, a lower fee around 1.0% per annum could potentially be obtained. In other words, to have your account grow by 7.0%, the mutual fund will need to return 9.5% if the annual fee was 2.5%.
6. Benefits can also be provided on pre-retirement death or disability, but the cost of these benefits cannot exceed the value of the account balance at the time of the event.

## Which Approach is Best?

There is not one approach that will be best for all individuals at all times. For most individuals, the key determinant will be the level of pension income paid at the end of the day. What is known is that the Carpenters' Plan should pay out more in benefits *in total*, than would be paid out of a group or individual RRSP arrangement. As nobody can predict what the investment returns will be annually over the next 30 years (or for just one year for that matter), it is impossible to predict with certainty whether the Carpenters' plan or an RRSP would produce a higher pension for any one individual. RRSPs will certainly provide better pension in some cases. However, due to the size advantage of the pension plan, its long-term investment perspective, and the resulting lower expense levels, we know that the pension plan will likely have more money to spend on benefits in total.

**CARPENTERS' AND MILLWRIGHTS'  
HEALTH & WELFARE BENEFIT TRUST  
FUND OF SASKATCHEWAN**

EMPLOYER APPOINTED TRUSTEES

Dana Paidel, Co-Chairman  
Trevor Drost

UNION APPOINTED TRUSTEES

Robin Mullock, Chairman  
Jeff Austman  
Mike Kuzyk

**CARPENTERS' PENSION FUND OF  
SASKATCHEWAN**

EMPLOYER APPOINTED TRUSTEES

Wayne Hydamaka, Co-Chairman  
Trevor Drost  
Dana Paidel

UNION APPOINTED TRUSTEES

Kelvin Goebel, Chairman  
Mike Kuzyk  
Robin Mullock

**FUND PROFESSIONALS**

CONSULTANT & ACTUARY

The Segal Company Ltd.

LEGAL COUNSEL

DLA Piper LLP

AUDITOR

Donnelly & Co. LLP

ADMINISTRATOR (FUND OFFICE)

Funds Administrative Service Inc.

**WE ARE LOOKING FOR ...**

Over the years some members of the Carpenters' Pension Fund of Saskatchewan have forgotten to keep the Fund Office updated with their current address and they *may be entitled to a pension. If you know of any of these people, ask them to contact FAS Inc. as soon as possible.*

✉ *Goohs, Charlotte*

**We'd Love to Hear from You!**

Please let us know what you think about the Newsletter or any related issues. Write to us at:

**The Editor**  
Carpenters' Benefit Fund News  
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Edmonton, AB T5J 1L3

You may also contact us by email at [info@fasadmin.com](mailto:info@fasadmin.com)  
or by telephone at 1-800-770-2998.  
We appreciate your suggestions and feedback.

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