



telecommunication workers pension plan

2014 REPORT TO MEMBERS

THE PENSION PLAN

The Telecommunication Workers Pension Plan (TWPP) is a type of Defined Benefit Plan, referred to as a negotiated cost, target benefit plan. The TWPP is a career average earnings plan that specifies the formula for determination of benefit entitlements and members are provided a “defined” amount of pension. The defined amount of pension provided by the TWPP is based on a formula of 1.75% of gross earnings. On an annual basis, the Trustees, at their discretion and taking into consideration the Plan’s financial performance, approve Annual Earnings updates to average earnings in the previous 3-years. The formula for the “update” is 1.75% x Average Earnings x years of Credited Service. The member’s pension entitlement is based on the greater of the amounts before and after the update.

Currently, the Employer contribution rate is 10% of gross earnings and the Employees’ contribution rates range from 3% to 6% of gross earnings, depending on the age of the member. The benefits provided by the TWPP are determined by the Trustees based on the contributions and cost of benefits, which is determined on an actuarial basis as the total amount of money required to provide the given level of benefits for all members of the plan.

AUDITED FINANCIAL STATEMENT

The following is a summary of net assets available for benefits at December 31, 2013. The complete Audited Financial Report is available for viewing at the Pension Administration office.

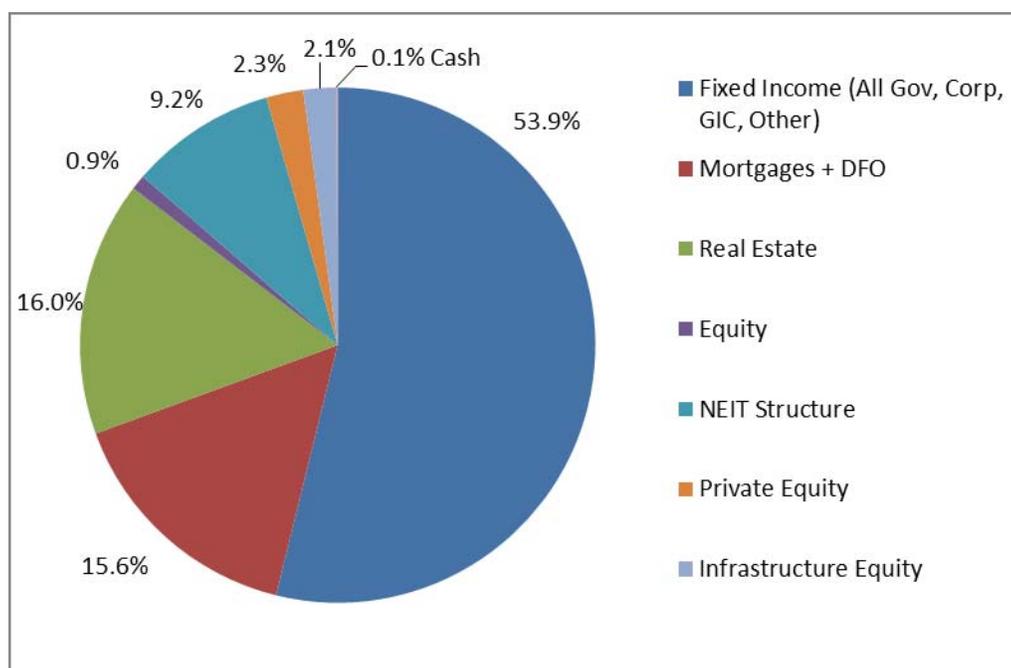
<i>(All amounts in this table are in thousands of dollars.)</i>	2013	2012
Increase in Assets		
Investment Income	\$ 66,127	\$ 126,629
Current Period Change in Market Value of Investments	-404,646	75,110
Contributions		
Employers	36,036	38,648
Employees	13,671	13,358
Total Contributions	49,707	52,006
Total Increase in Assets	-288,812	253,745

Decrease in Assets		
Plan Benefits		
Retirements	177,504	171,686
Deaths	1,748	2,055
Terminations	669	1,512
Return of employees' voluntary contributions	285	95
Total Plan Benefits	180,206	175,348
Administrative Expenditures	2,565	2,389
Investment Management Fees	1,926	2,144
Total Decrease in Assets	184,697	179,881
Increase in Net Assets	-473,509	73,864
Net Assets Available for Benefits, Beginning of Year	4,138,944	4,065,080
Net Assets Available for Benefits, End of Year	\$ 3,665,435	\$ 4,138,944

ASSET ALLOCATION AT SEPTEMBER 30, 2014

The following table is a breakdown of the current asset allocations within each asset class (total may not add due to rounding).

	Percentage of Total
Real Estate	16.0%
Fixed Income	
▪ Bonds	53.9%
▪ Mortgage Fund One	4.9%
▪ Mortgage Fund Two	7.4%
▪ Debenture Fund One	1.0%
▪ Individual Canadian Mortgages	2.3%
Equities (public markets)	0.9%
NEIT IV – Bond Overlay Structure	
▪ Hedge Funds and Balanced Fund	7.3%
▪ Cash and other	1.8%
Infrastructure Equity (Concert, Fengate and Northleaf)	2.1%
Northleaf Global Private Equity	2.3%
Cash (including notes of less than one year)	0.1%
Total Asset	100.0%



The TWPP adopted an investment strategy that matches the assets and liabilities of the Plan in terms of duration (price sensitivity due to changes in interest rates) and cash flows. Consequently, the Plan's investments are in assets that have continued to provide excellent protection for the benefits promised by the Plan. Most of the Plan's assets are in fixed income investments, such as Canadian and Provincial Government bonds, high quality corporate bonds and mortgages. The Plan also has investments in income producing real estate, such as Concert Properties, hedge funds, infrastructure and equities (both public and private). The Plan's exposure to equities is very small at less than 3% of the total portfolio.

The Plan's investment strategy is designed to ensure that the Plan's benefits can be provided with a high degree of certainty. Annual actuarial valuations and asset/liability modeling analyses are performed to determine if adjustments to the investment strategy are required. In between annual reviews, the Plan's professional advisors monitor the performance of the assets, and provide regular updates to the Board of Trustees. This ensures that the Plan continues to meet its goals and provides the level of pension benefits reported to the Plan members annually.

ACTUARIAL VALUATION RESULTS AT JANUARY 1, 2014

The Actuarial Valuation results as of January 1, 2014 show that the Plan continues to be soundly funded. The Plan is well positioned to provide the benefits accrued to date and those expected to accrue in the future.

The assets at the valuation date exceeded the liabilities for benefits accrued to date by about \$475 million. On a total target plan basis (which includes both benefits earned to date plus future benefits, including annual earnings updates for active members until they retire), the Plan's position has decreased from a surplus of \$86 million at January 1, 2013 (102% funded) to a surplus of \$80 million at January 1, 2014 (102% funded).

The excess is based on various assumptions and forecasts, which by their nature are forward looking and may prove to be inaccurate. Plan members should

be mindful not to place undue reliance on such statements as a number of factors could cause the excess to vary significantly. In addition while this excess is substantial, it is needed to help provide for:

- (i) the benefits that will accrue in the future to active members; and
- (ii) the annual update of benefits for active members, so that members retiring and leaving the Plan receive a benefit based on earnings immediately before retirement or leaving the Plan.

Any remaining excess will be used to provide a contingency reserve for unanticipated events, such as investments performing worse than expected, and for other Plan improvements as may be determined by the Trustees. These might include benefit increases for retired members.

A complete copy of the most recent formal Actuarial Report as at January 1, 2014 can be found on the TWPP website at www.twplans.com.

STATISTICAL INFORMATION

The following statistics are based on membership data as of January 1, 2014

	Males	Females	Total
Active Participants	2451	1600	4051
Average Age of Active Participants	44.1	43.4	43.8
Disabled Participants	117	199	316
Retired Participants	4183	3366	7549
Survivors (Spouse of Deceased Participant)	85	501	586
Beneficiary (non-spouse of Deceased Participant)	6	6	12
Term-vested Participants *	624	1477	2101
Transferred to Management	341	302	643

*Term-vested participant is a terminated member who elected to remain as a participant of the Plan and retire at a later date.

THE TRUSTEES

The current Trustees of the Plan are:

Company Trustees

Rob Gardner

Sandy Innes

Garnet Andrews

Michel Belec

Union Trustees

Chris Stephens

Carol Nagy

Colin Brehaut

Lee Riggs

The Trustees are responsible for the overall operation of the Plan. Some of the key responsibilities include:

- adoption of the Plan’s Investment Policy and funding strategies;
- design of the Plan benefits and adoption of improvements;
- adoption of the Plan Document and amendments;
- operation of the Plan in accordance with the terms of the Trust Agreement and adoption of amendments to the Trust Agreement;
- review of the actuarial reports and fund performance;
- appointment and review of Plan advisors, consultants and service providers;
- review and approve communications with the members; and
- review and approval benefit payments.

WHO TO CONTACT FOR INFORMATION

If you have any questions about your retirement benefits or need to change any information concerning your pension payment, please contact any of the following staff members who would be pleased to help you.

	Contact Name	Phone Number	Email address
Active Members with Surname from A to K	Grace Jones	604-412-2409	grace.jones@twplans.com
Active Members with Surname from L to Z	Anne Tamboline	604-412-2414	anne.tamboline@twplans.com
Retired Members - Payments	Christina Littlejohn	604-412-2408	christina.littlejohn@twplans.com
Plan Administrator	Debbie Ellis	604-412-2444	debbie.ellis@twplans.com

If you would like more information regarding your benefits with the TW Pension Plan please log onto our website at www.twplans.com where you will find booklets, important notices, forms to download, etc.