



telecommunication workers pension plan

2015 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 $1.75\% \times \text{Average Earnings} \times \text{years of Credited Service}$. 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.

In 2015 the Plan Document was reviewed and amended for housekeeping purposes. The amendments include the removal of obsolete language, updating language to current practices to ensure compliancy with the Federal legislation and the improvement of the overall ease of reading of the document. These amendments did not change any benefits currently provided by the Plan. The Pension booklet has also been updated to reflect these changes and all Members of the Plan will be sent one. Both the Plan Document and the booklet will be available on the Plan’s website.

AUDITED FINANCIAL STATEMENT

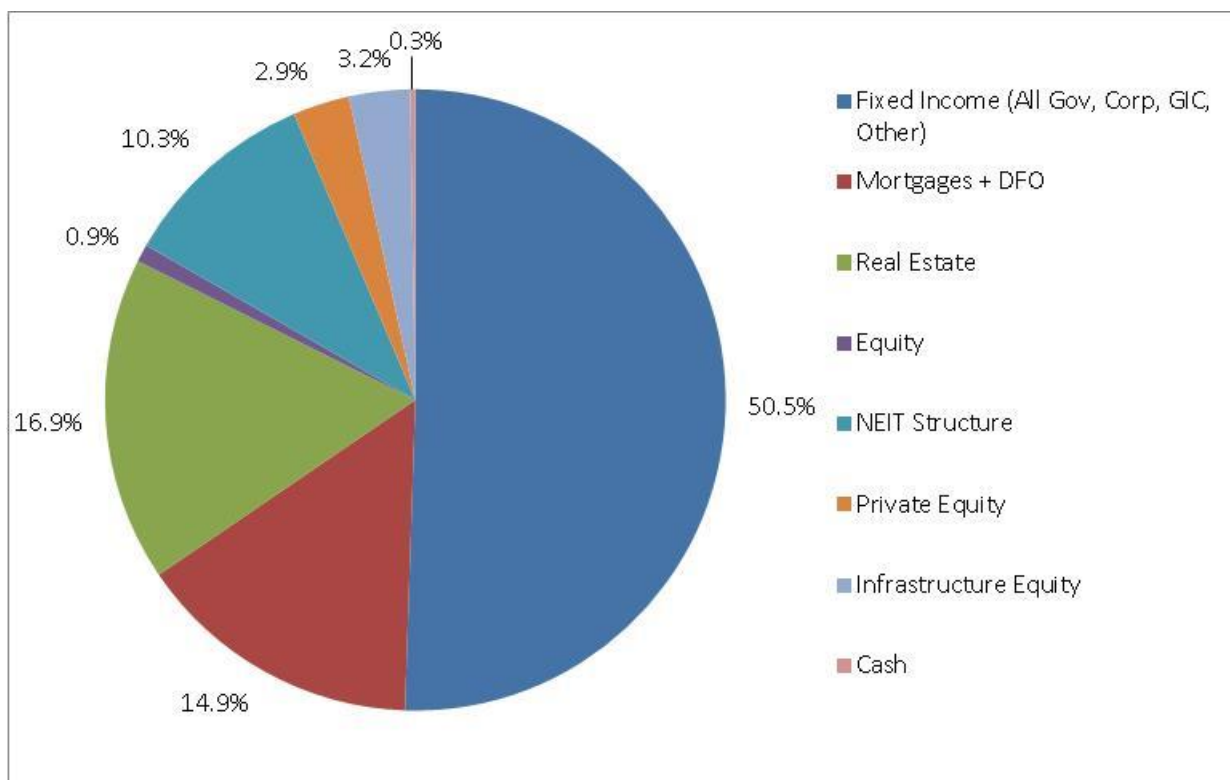
The following is a summary of net assets available for benefits at December 31, 2014. The complete Audited Financial Report is available for viewing at the Pension Administration office.

	2014	2013
<i>(All amounts in this table are in thousands of dollars.)</i>		
Increase in Assets		
Investment Income	\$ 79,373	\$ 66,127
Current Period Change in Market Value of Investments	632,554	-404,646
Contributions		
Employers	29,078	36,036
Employees	13,511	13,671
Total Contributions	42,589	49,707
Total Increase in Assets	754,516	-288,812
Decrease in Assets		
Plan Benefits		
Retirements	183,892	177,504
Deaths	1,796	1,748
Terminations	719	669
Return of employees' voluntary contributions	117	285
Total Plan Benefits	186,524	180,206
Administrative Expenditures	2,746	2,565
Investment Management Fees	1,953	1,926
Total Decrease in Assets	4,699	184,697
Increase in Net Assets	563,293	-473,509
Net Assets Available for Benefits, Beginning of Year	3,665,435	4,138,944
Net Assets Available for Benefits, End of Year	\$ 4,228,728	\$ 3,665,435

ASSET ALLOCATION AT SEPTEMBER 30, 2015

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	16.9%
Fixed Income	
▪ Bonds	50.5%
▪ Mortgage Fund One	4.8%
▪ Mortgage Fund Two	7.1%
▪ Debenture Fund One	0.9%
▪ Individual Canadian Mortgages	2.2%
Equities (public markets)	0.9%
NEIT IV – Bond Overlay Structure	
▪ Hedge Fund of Funds and Balanced Fund	8.5%
▪ Cash and other	1.8%
Infrastructure Equity (Concert, Fengate and Northleaf)	3.2%
Northleaf Global Private Equity	2.9%
Cash (including notes of less than one year)	0.3%
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 fund of funds, infrastructure and equities (both public and private). The Plan's direct exposure to equities is very small at less than 4% of the total portfolio. There is some indirect exposure through the Plan's investment in hedge fund of funds.

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, 2015

The Actuarial Valuation results as of January 1, 2015 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 \$692 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 \$80 million at January 1, 2014 (102% funded) to a surplus of \$ 57 million at January 1, 2015 (101% 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, 2015 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, 2015

	Males	Females	Total
Active Participants	2417	1609	4026
Average Age of Active Participants	44.1	43.5	43.9
Disabled Participants	111	184	295
Retired Participants	4223	3496	7719
Survivors (Spouse of Deceased Participant)	91	534	625
Beneficiary (non-spouse of Deceased Participant)	4	5	9
Term-vested Participants *	617	1380	1997
Transferred to Management	375	312	687

*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

Stephen Lewis

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.