



telecommunication workers pension plan

**2018 YEAR END
REPORT TO MEMBERS**

THE PENSION PLAN

The Telecommunication Workers Pension Plan (TWPP) is a type of Defined Benefit Plan, which is administered, in most (if not all) respects, like a negotiated contribution plan. The TWPP is a career average earnings plan that specifies the formula for determination of benefit entitlements and therefore provides members with 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.

The Board of Trustees approved an earnings update to January 1, 2019 and a 0.7% pension increase for all members who retired prior to January 1, 2018. The pension increase will be effective April 1, 2019. The benefit improvements have been approved based on the principle guidelines for all Plan funding decisions as documented in the current Funding Policy.

AUDITED FINANCIAL STATEMENT

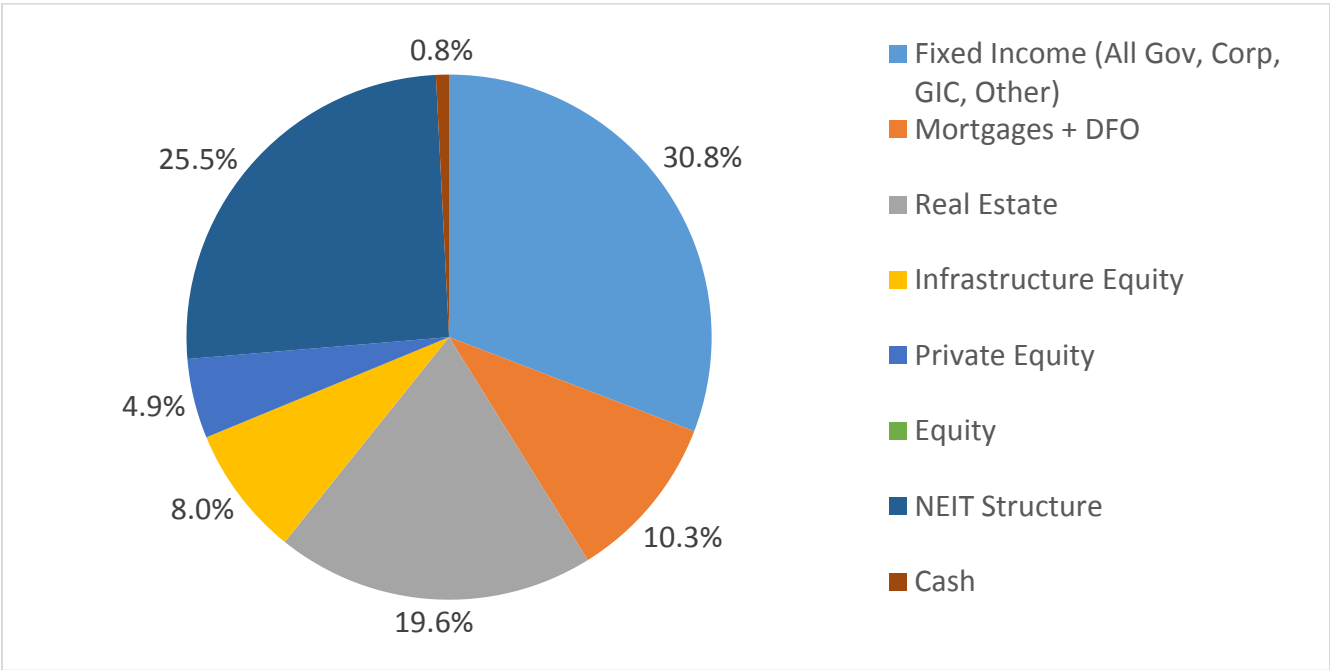
The following is a summary of net assets available for benefits at December 31, 2017. The complete Audited Financial Report is available for viewing at the Pension Administration office.

	2017	2016
<i>(All amounts in this table are in thousands of dollars.)</i>		
Increase in Assets		
Investment Income	\$ 71,203	\$ 68,203
Increase in Fair Value of Investments	381,619	89,888
Contributions		
Employers	24,124	72,201
Employees	12,151	13,832
Total Contributions	36,275	86,033
Total Increase in Assets	489,097	244,124
Decrease in Assets		
Plan Benefits		
Retirements	200,516	199,319
Deaths	1,501	2,837
Terminations	1,575	1,065
Return of employees' voluntary contributions	204	491
Total Plan Benefits	203,796	203,712
Administrative Expenditures	2,664	2,856
Investment Management Fees	1,919	2,031
Total Expenses	4,583	4,887
Total Decrease in Assets	208,379	208,599
Increase in Net Assets	280,718	35,525
Net Assets Available for Benefits, Beginning of Year	4,392,632	4,357,107
Net Assets Available for Benefits, End of Year	\$ 4,673,350	\$ 4,392,632

ASSET ALLOCATION AT DECEMBER 31, 2018

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	19.6%
Infrastructure	8.0%
Fixed Income	
▪ Bonds	30.8%
▪ Mortgage Fund Two	6.4%
▪ Debenture Fund One	0.8%
▪ Individual Canadian Mortgages	3.2%
Canadian Public Market Equities	0.0%
NEIT IV – Bond Overlay Structure	
▪ Hedge Funds	2.6%
▪ PRisM Balanced Fund	5.3%
▪ Commercial Mortgage Fund	1.4%
▪ Mortgage Fund One	4.9%
▪ Specialty Lending Funds	4.7%
▪ Dividend Equity Funds	1.1%
▪ Cash and other	5.6%
Private Equity	4.9%
Cash (including notes of less than one year)	0.8%
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, private credit funds and equities (both public and private). The Plan's direct exposure to equities is small at approximately 7% 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, 2018

The Actuarial Valuation results as of January 1, 2018 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 \$1,012 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 increased from a surplus of \$344 million at January 1, 2017 (107% funded) to a surplus of \$532 million at January 1, 2018 (111% 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 formal Actuarial Report based on the actuarial valuation of the Plan as at January 1, 2018 was required to be filed with the regulators by June 30, 2018. A complete copy of the Actuarial Report is available on the TWPP website at www.twplans.com.

STATISTICAL INFORMATION

The following statistics are based on membership data as of January 1, 2018

	Total
Active Participants	3,518
Average Age of Active Participants	42.7
Disabled Participants	272
Retired Participants**	8,389
Survivors** (Spouse of Deceased Participant)	744
Beneficiary (non-spouse of Deceased Participant)	7
Term-vested Participants *	1,881
Transferred to Management	714

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

**Includes duplicate records due to voluntary account balances being converted to benefits.

THE TRUSTEES

The current Trustees of the Plan are:

Company Trustees

Stephen Lewis

Andras Vagvolgyi

Gopi Chande

Wade Domries

Union Trustees

Chris Stephens

Michael Phillips

Czar Loquia

Isabelle Miller

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 of 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	Jennifer Bucholtz	604-412-2444	jennifer.bucholtz@twplans.com

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