



in concert

Helping you understand your pension plan

Fall Newsletter 09

AFM-EPW Fund Canada Musicians' Pension Fund

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in concert covers general pension issues and explains how your pension plan works.

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The market pendulum swings both ways

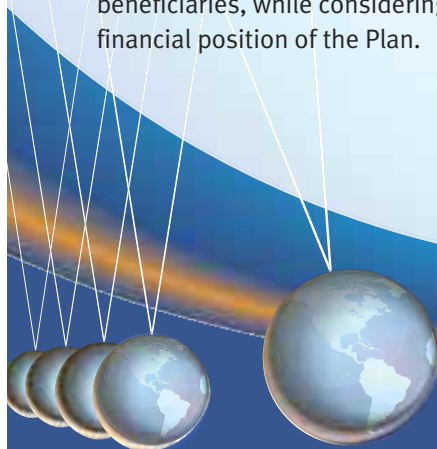
In the Winter 2008/2009 issue of *in concert*, we mentioned that our Trustees are closely monitoring the effect of market volatility on our Fund, with a view to the longer term. The good news is—the markets have recovered significantly this year! As history has proven, the pendulum continues to swing both ways. However, market recovery to date is not sufficient to undo the losses of the last quarter of 2008 and the first quarter of 2009.

Active plan management

Our pension plan has an excellent array of features and benefits. Though it's been a volatile year, the Fund's performance is in line with industry performance and the performance of similar plans. Your Trustees are committed to their mission—to provide the best possible benefits for members and their beneficiaries, while considering the financial position of the Plan.

As the Trustees continue to work through the effects of the recent market downturn, they will also be reviewing the Fund's benefit structure, using their mission for guidance. The Trustees have not made any decisions to change the plan. If they do, we will inform you of the changes.

If you have any questions or concerns, please direct them in writing to info@afmepw.com.



Remitting contributions

We would like to remind all leaders that contracts and accompanying pension contributions have to be filed with the local on a timely basis. The law requires that pension contributions be remitted to the Fund office within 30 days after the month of the engagement. The Fund also

has a Collection Control Policy (CCP) which takes into account these legal requirements and the Fund must adhere to the policy. As per the Fund's CCP, **all contributions for engagements taking place in 2009 should be received in the Fund office no later than March 1, 2010.**



Pensions in the spotlight

GOVERNMENTS HAVE AWAKENED TO THE FACT THAT PENSION legislation (in most provinces) has not been significantly updated for over 20 years. At long last, government changes are coming—changes that we believe will enhance and support the Musicians' Pension Fund and how we deliver your pension benefits.

Here's a summary of what's happening across the country.

BC and Alberta have conducted “a full and independent public review of the pension standards legislation”.

Nova Scotia's “Pension Review Panel” has consulted “with employers, employees and other stakeholders to find out what needs to be done to further protect pension plans in Nova Scotia”.

The **Federal** government has just announced changes to its legislation in the following areas:

- Enhance protections for plan members
- Reduce funding volatility for defined benefit plans
- Modernize the rules for investments made by pension funds, and
- Improve the framework for defined contribution plans and for negotiated contribution plans.

(Although the Federal government's pension standards legislation doesn't affect our plan, we're reporting on this

because “the Feds” have led pension reform in the past.)

The focus of **Ontario's** report, which was submitted to its Minister of Finance late last year, is “to strike the right balance—a fine balance—among safe pensions, affordable plans and fair rules”. **Ontario** has just announced that its reforms will come in two stages—the first in November, 2009 and the second in 2010. The Minister has indicated that the reforms will largely be based on recommendations made in the report prepared by the Ontario Expert Commission on Pensions.

Impact on our plan

We expect legislative changes for negotiated contribution multi-employer pension plans (which is what we are) to come in the near future. And we believe that these changes, which are much needed, will make the job of plan management and benefit delivery clearer and easier for us.

CHANGES TO CPP

The pension landscape is changing, and the Canada Pension Plan (CPP) is no exception. If you're working (whether or not you're taking CPP), you'll be affected. The changes, which will be phased in starting in 2011, have the most significant effect on those planning to retire early (i.e., before age 65).

For details, go to:

www.fin.gc.ca/no8/data/09-051_1-eng.asp

Your privacy

The protection of your personal information is important to us.

The Trustees of the Fund have a formal privacy policy which limits the use of your and your family's personal information to the duties required to administer the Fund in accordance to the Fund's Trust Agreement, legislative requirements and Trustees' fiduciary and other legal obligations.

The policy document outlines detailed guidelines around the consent, collection, use, disclosure, retention and disposal of your personal and health information.



Frequently asked questions

“ What happens if I die before I retire?

Assuming you are vested (see *For more information* at the end of this article), your spouse (or designated beneficiary if you have no spouse) will receive the commuted value of your pension benefit. A commuted value is the amount of money that would have to be invested today to pay for the pension benefit you have earned. It is based on many factors, including your age at death, current

interest rates, if you were age 55 or older at your death, if you were eligible for the Special Retirement Pension, etc.

If you have a spouse on your date of death, he/she can convert the commuted value into a lifetime pension, or transfer the commuted value to his/her personal RRSP. In some cases, the commuted value is locked in. This depends on your province of employment. Locking in generally means that the funds must be used to create lifetime income during retirement.

(Note that, in some provinces, you can *unlock* some or all of the funds at the time retirement income commences).

If you do not have a spouse when you die, then the commuted value is paid in cash (subject to taxation) to your beneficiary, or your estate if you have not appointed a designated beneficiary.

“ What happens if I stop working before I retire?

If you are a musician, your plan membership terminates on the last day of the month following 24 consecutive months for which no contributions are made on

2008 Financial Statement highlights

For a complete copy of the 2008 Audited Financial Statements, please visit www.afmepw.com/Audit%202008%20Final.pdf.

For the period from January 1, 2008 to December 31, 2008, the Fund experienced a decrease in assets overall. Starting at \$641,006,516, the Fund decreased to \$514,415,940 at year-end. There are a number of reasons for these results—one of them is the fact that the Fund paid out over \$21 million in benefits in 2008—a 17% increase in benefit payments when compared to 2007.

Readers are no doubt aware of the very significant reversal of fortune that investors experienced in 2008. This is the main reason for the decrease in Fund assets. Please keep in mind that our accountants record both realized and unrealized gains and losses in the financial statement. Of course, the real value of any particular asset we hold cannot be determined unless and until

it is sold, so unrealized gains and losses are just that—not real yet.

The good news is that, since the financial statements were prepared as of December 31, 2008, there has been some market recovery (although not enough to recover all of our unrealized losses during 2008).

Other more minor contributors to the 2008 results include a slight increase in administration expenses (from \$3.4 million to \$3.6 million), mainly due to increases in investment manager and custodian fees.

As we have often indicated to you, the Fund is invested with a long-term perspective in mind, and the Trustees regularly monitor progress against a number of different factors, including appropriate benchmarks for each investment category. This focus will be maintained as our Trustees consider the effect of the recent market downturn on the Fund's benefit structure.



Improved web site

We've been working to improve the design of our web site so that it's easier to use. Planned changes include improved navigation and the addition of practical pension calculation tools. These changes reflect our commitment to communicating with you clearly and responsibly.

your behalf. If you are not a musician (i.e.; you are a local officer or office staff member), your membership ends on the day you end your employment with an employer. Assuming you are vested (see *For more information* at the end of this article) when you terminate membership, you are entitled to a deferred pension based on contributions made to the plan on your behalf, payable monthly starting at age 65 (or any time after age 55, but at a reduced amount).

If you are under age 55, then instead of the deferred pension, you can elect to transfer the commuted value of your pension to your personal RRSP; however, the RRSP must

be locked in. (Please see the preceding question about death benefits for definitions of commuted value and locking in.) You may also elect to transfer your commuted value to your new employer's pension plan, if that plan permits such a transfer.

For more information

The FAQs we have included here are brief answers to some of your questions. For more detail, please consult the Summary Plan Description (SPD) at our website:

www.afmepw.com/SPD%20EN%202008.pdf

On page 2 of the SPD, you'll find a definition of vesting.



Help us build our email list

We're building an email list as we are planning future communications by email including *in concert*, updates and notices.

Not only would this be better for the environment, but it will save money and allow us to keep you better informed on a more timely basis.

Please take a minute now and send us your email address to:

info@afmepw.com

with the subject line:

in concert



in concert is published by the American Federation of Musicians' and Employers' Pension Welfare Fund (Canada). We're committed to helping you understand your pension plan and welcome your feedback at info@afmepw.com.

For back issues and more information on the **Musicians' Pension Fund** go to www.afmepw.com.

Disclaimer We make every effort to ensure the accuracy of information contained in this newsletter. In the event of any differences in interpretation between this newsletter and the official Rules and Regulations of the Plan, the official Rules and Regulations of the Plan will apply.

This publication is not intended to provide advice. The Trustees expect to maintain the Fund indefinitely. However, they reserve the right to change or cancel any or all benefits under the Fund for active or retired members and their survivors and dependents.