



# SUMMARY ANNUAL REPORT 2006

## TO ALL PLAN MEMBERS:

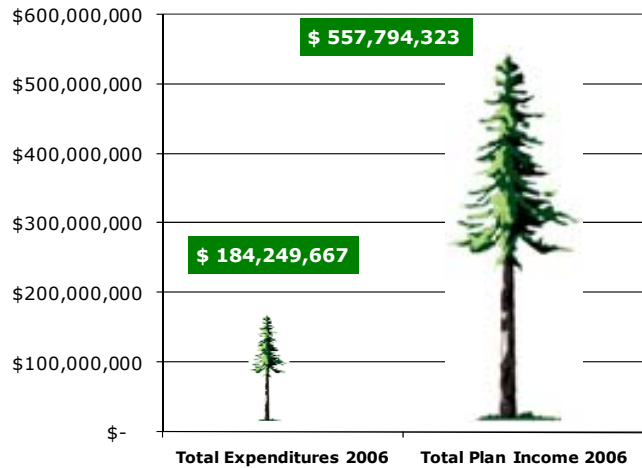
This is a summary of key financial and other information related to the IWA – Forest Industry Pension Plan for the year ended December 31, 2006.

## BASIC FINANCIAL STATEMENT

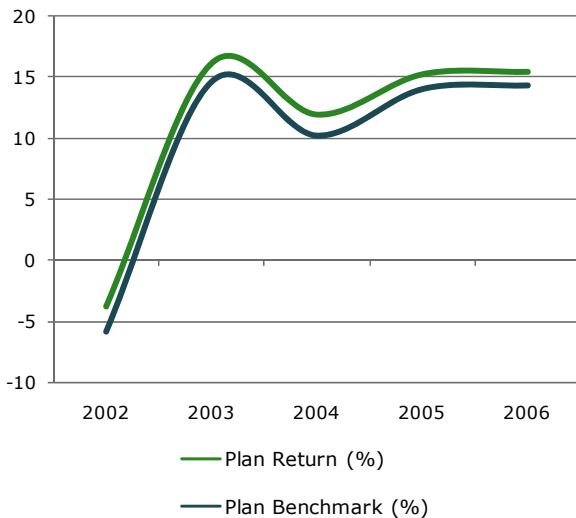
Benefits under the Plan are provided from the Plan's assets held in trust. In 2006, the Plan had a total income of \$557,794,323, which included employer and employee contributions of \$130,132,033 and investment income of \$427,662,290.

The Plan had total expenditures of \$184,249,667, which included benefits paid to participants and beneficiaries of \$172,125,970, and administrative expenses of \$12,123,697. A total of 76,991 persons were participants or beneficiaries of the Plan at the end of the Plan year, although not all of these persons had yet earned the right to receive a benefit.

## 2006 FINANCIAL SUMMARY



## RETURN VS. BENCHMARK (5 YEARS)



The value of the Fund increased by \$373,544,656 during 2006. As a result, the net assets available to pay benefits at December 31, 2006 were \$3,174,254,465, compared to \$2,800,709,809 at December 31, 2005. This is the amount available to continue paying pensions to current pensioners and to provide future benefits for participants not yet retired.

## INVESTMENTS

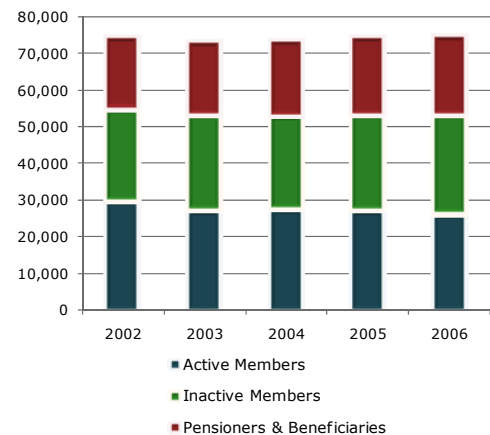
In 2006, the Plan's annual return was 15.4%, marking the seventh year in a row where returns exceeded the benchmark. The ten-year annualized rate of return is 9.4%, compared to the ten-year annualized benchmark of 8.6%, a value added for this period of 0.8%. The market value of the Fund grew from \$2.80 billion at year-end 2005 to \$3.17 billion at December 31, 2006.

## MEMBERSHIP 2006

Active membership levels, although relatively stable in recent years, have shown a gradual decline over the last 20 years, decreasing by more than 40%. This decline can be attributed to a number of factors including greater global competition, the rapid pace of technological change, automation within the forest industry and trade disputes.

The number of pensioners however, has more than doubled in this same period, making investment returns more important to Plan obligations than contributions.

## PLAN MEMBERSHIP (5 YEARS)

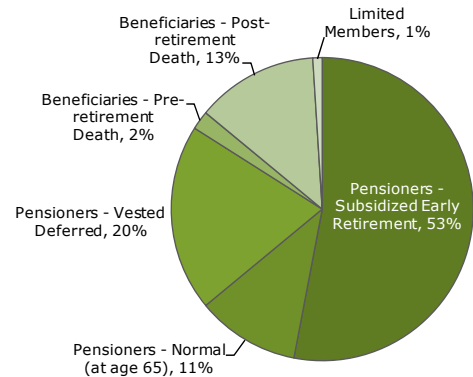


## PENSIONS BY TYPE

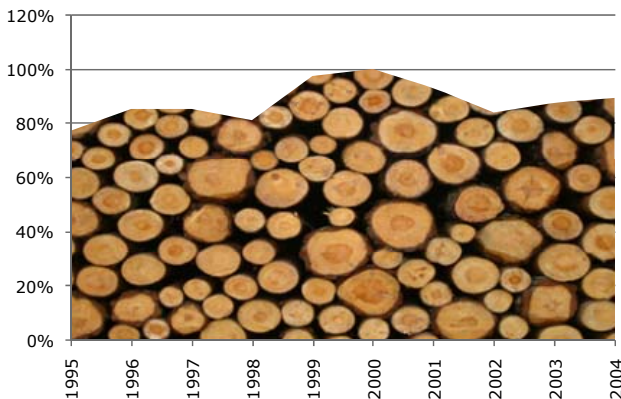
Many of our Active Members are choosing to retire earlier than the Normal Retirement Age (65) to take advantage of the Subsidized Early Retirement Reduction Rates. This benefit allows Active Members to retire prior to age 65 without having their pension actuarially reduced for their age.

Beneficiaries (both PRE and POST retirement) make up 15% of our pensions in payment.

## PENSIONS BY TYPE (2006)



## SOLVENCY RATIO (10 YEARS)



## MINIMUM FUNDING STANDARDS

The most recent actuarial valuation report filed with the Superintendent of Pensions shows that the Plan had a solvency deficiency at December 31, 2004. The solvency ratio at that time was 89.4%, indicating that the Plan did not have sufficient assets to cover all the benefits that had been promised as of that date. Based on this valuation, the contributions required under the collective agreements are sufficient to make the Plan solvent in accordance with the B.C. Pension Benefits Standards Act and associated Regulations.

## SUMMARY OF MATERIAL MODIFICATIONS TO THE PENSION PLAN

For the majority of Plan Members employee contribution levels decreased on July 1, 2006 from \$1.175 to \$1.125 per hour and employer contribution levels decreased on July 1, 2006 from \$2.975 to \$2.675. This contribution level provides members with a \$60 benefit rate for future service.

## TO ALL PARTICIPANTS WHO ARE AGE ELIGIBLE TO RETIRE

Vested Plan Members who wish to retire from the industry are eligible to receive an actuarially reduced pension benefit as early as age 55. If a member has attained age 65, they are eligible to receive their full pension benefit. A benefit does not begin automatically. Members must apply for and receive a pension application from the Plan Office. After retirement, members cannot work more than 19 hours per week in covered employment or their benefits will be suspended. The law requires that members retire no later than December 1<sup>st</sup> of the year they attain age 69.

## DIRECT DEPOSIT

More than 90% of our pensioners have their benefit electronically deposited into their bank account to ensure they have their money on time. This is a free service. Please ask the Plan Office about direct EFT deposit.

## YOUR RIGHTS TO ADDITIONAL INFORMATION

Rights to benefits under the Plan are set forth in the Summary Plan Description. Copies of the Plan description can be accessed on our web site at [www.iwafibp.ca](http://www.iwafibp.ca) or, members can contact the Plan Office at Suite 150, 2955 Virtual Way, Vancouver BC V5M 4X6. Information about the assets of the Plan and the funding strategy established by the Board of Trustees can also be found on our web site. For a more complete review of the Plan at year-end, please see our Annual Report also available for download on our site. Under the B.C. Pension Benefits Standards Act, any person entitled to a benefit from the Plan, or his/her spouse, beneficiary or agent, has a right to examine the Plan documents once in any 12-month period after making a written request.