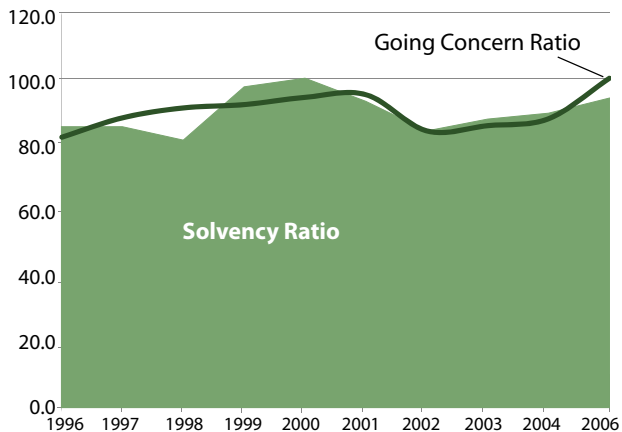


## MINIMUM FUNDING STANDARDS

The most recent actuarial valuation report filed with the Superintendent of Pensions show that the Plan has a solvency deficiency at December 31, 2006. The solvency ratio at that time was 94%, indicating that the Plan does not have sufficient assets to cover all the benefits that had been promised as of that date. On a going concern basis the Plan was fully funded. Based on the most recent actuarial 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.

### SOLVENCY & GOING CONCERN RATIOS (10 YEARS)



## CURRENT CONTRIBUTION RATES

Employee contribution levels increased on July 1, 2008 from \$1.375 to \$1.625 per hour; while employer contribution rates remained at \$2.675 per hour.

## PLAN AMENDMENT

Effective January 1, 2009 the Trustees amended the Plan to allow eligible Plan Members, who take a maternity/parental leave of absence, the option of waiving contributions to the Plan during the leave period. By waiving the requirement to pay, the Plan Member is also absolving the employer for their portion of the total hourly contribution. The waiver must be signed prior to the beginning of the leave.

## 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 when you choose to retire.

## INFORMATION CHANGE?

If you move or change banks please be sure to contact the Plan Office.

Phone: 604-433-5862  
Toll Free: 1-800-913-0022  
Collect: 604-433-6310  
Fax: 604-433-0518  
Email: [pension@iwafibp.ca](mailto:pension@iwafibp.ca)

## IWA - FOREST INDUSTRY PENSION PLAN

SUITE 150 - 2955 VIRTUAL WAY  
VANCOUVER, BC V5M 4X6

## SUMMARY ANNUAL REPORT 2008



## TO ALL PLAN MEMBERS:

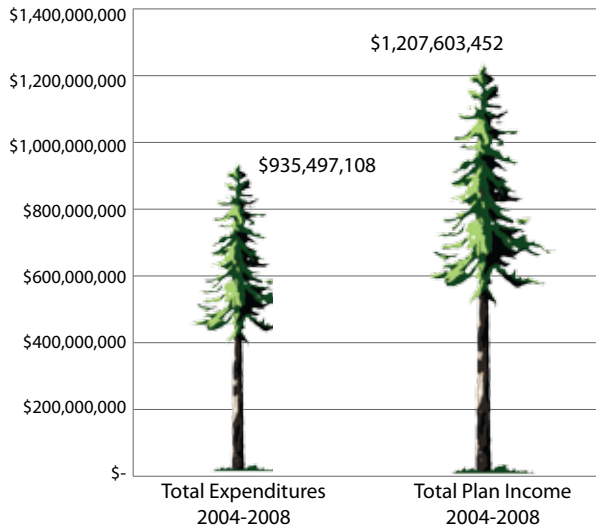
This is a summary of key financial and other information related to the IWA - Forest Industry Pension Plan for the year ended December 31, 2008.

## BASIC FINANCIAL STATEMENT

Benefits under the Plan are provided from the Plan's assets held in trust. In 2008, the Plan received employer and employee contributions of \$89,533,920 and had an investment loss of \$580,017,239.

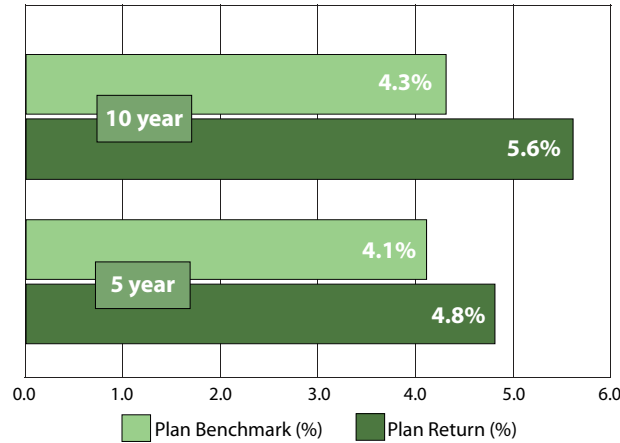
The Plan had total expenditures of \$208,991,807 which includes benefits paid to participants and beneficiaries of \$198,291,734 and non-investment expenses of \$4,223,952. A total of 73,718 persons were participants or beneficiaries of the Plan at the end of the Plan year, although not all of these persons had yet earned the right to receive a benefit.

### FINANCIAL SUMMARY (2004 - 2008)



The value of the Fund decreased by \$699,475,126 during 2008. As a result, the net assets available to pay benefits at December 31, 2008 equalled \$2,513,229,733, compared to \$3,212,704,859 at December 31, 2007. This is the amount available to continue paying pensions to current pensioners and to provide future benefits for participants not yet retired.

## RATES OF RETURN VS BENCHMARKS (ANNUALIZED)



## INVESTMENTS

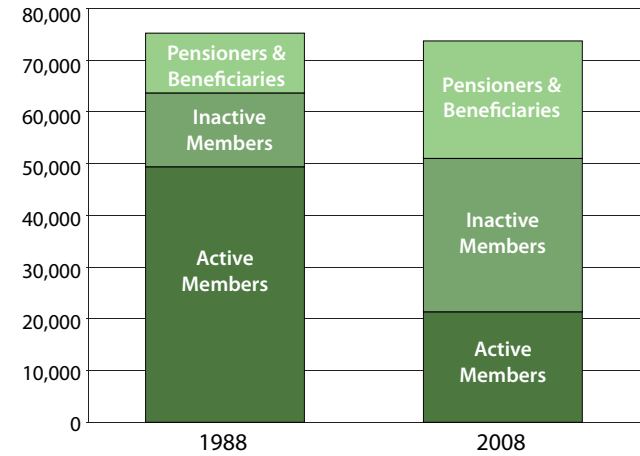
Like most major institutional investors, the Plan experienced an investment loss in 2008 as the global financial crisis led to a sharp decline in global equity and credit markets. The Plan's investment portfolio lost 18.4% compared to a 17.4% loss for our weighted benchmark.

While substantial, our loss for 2008 compares favorably to the 30% to 40% loss registered by global equity markets. It is important to remember that long-term investment is what counts most for pension plans. The ten-year annualized rate of return was 5.6%, compared to the ten-year annualized benchmark of 4.3%, a value added for this period of 1.3%.

## MEMBERSHIP

Active membership levels have shown a gradual decline over the last twenty years, decreasing by more than 50%. This decline can be attributed to a number of factors including greater global competition, the rapid pace of technological change and automation within the forest industry. The number of pensioners has more than doubled in this same period, making investment returns more important to the Plan's financial obligations than contributions.

## PLAN MEMBERSHIP (5 YEARS)



## PENSIONS BY TYPE

Many of our 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.

### PENSION TYPES (2008)

