

**NDT Benefits**

Career — Health — Security



**NDT INDUSTRY  
PENSION PLAN**

Updated January 2020

[www.ndtbenefits.org](http://www.ndtbenefits.org)

## **MISSION STATEMENT**

The Trustees of the N.D.T. Industry Pension Plan shall use all their individual and combined skills to achieve the best rate of return, within acceptable risk tolerances, according to the Plan's established investment policy in a reasonable, cost effective manner, while meeting the requirements of all governing legislation. The Trustees shall act in a transparent manner in the best interests of and reporting to all beneficiaries.

## CONTENTS

Overview .....	3
Your responsibilities .....	3
Employer responsibilities .....	4
How does the Plan work? .....	4
Investments .....	5
Expenses .....	6
Eligibility .....	6
Contributions .....	6
Locked-in benefits .....	7
Life events .....	7
Where do I find unbiased financial advice? .....	7
Retirement .....	8
Annuity .....	8
Protection for your spouse .....	8
Life Income Fund (LIF) .....	9
Locked-in Retirement Account (LIRA) .....	10
Termination of plan membership .....	10
Death benefits .....	11
Marriage breakdown .....	13
Disability .....	13
More information .....	13



## OVERVIEW

The N.D.T. Industry Pension Plan (called “the plan” in this booklet) was created by the Quality Control Council of Canada (QCCC) and Nondestructive Testing Management Association (NDTMA) on May 1, 1983. Your pension benefit grows larger every hour you work for an employer who signed a collective agreement that requires contributions to this plan. Over 100 companies have signed collective agreements with the QCCC, that include a requirement to contribute to this pension plan. As a result, this is a collectively-bargained multi-employer defined contribution pension plan.

## YOUR RESPONSIBILITIES

Your pension may form an important part of your retirement strategy. We encourage you to take the time to read this booklet and develop an understanding of your pension plan.

- Once you join the Plan, you are responsible for ensuring your information is up-to-date. Important pension information will be sent to you from time to time; please ensure your current address, telephone number, beneficiary and e-mail address are on file. Email the plan administrator, D.A. Townley, at [pensions2@datownley.com](mailto:pensions2@datownley.com) or call 1-800-663-1356 to update your contact information.
- Complete an Application for Enrolment and Beneficiary Form.
- Inform the plan administrator of any change in your name, beneficiary designation, and spouse or common-law partner.
- Once you choose a beneficiary, please provide your beneficiary with the contact information of the plan administrator.
- Each year you will receive a statement of your benefits under the Plan. You should review this statement to verify that your employer has made contributions that are correct based on your hours of work. Also, confirm your beneficiary, date of birth and address are correct. Your annual statements are important financial documents; please keep them each year.

## EMPLOYER RESPONSIBILITIES

Once participating employers sign collective agreements that require contributions be made to the Plan, they must send contributions, as per the collective agreements, to the Plan via the administrator. Participating employers also must supply information about hours worked and any other member data required for calculation of pension benefits.

## HOW DOES THE PLAN WORK?

Your employers contribute to the Plan for each hour you work. While each member's benefit is tracked separately, all contributions are held in one trust fund that is administered by a board of eight Trustees. Four Trustees are appointed by the QCCC and four Trustees are appointed by the NDTMA.

Contributions are invested in a diverse mix of assets chosen by professional investment managers. The investment earnings are tax-free, and benefits are not taxed until you withdraw your benefit as income. You are eligible to withdraw those contributions and investment gains only when you reach age 55, become disabled, die, or have terminated member status in the Plan. Expenses are shared and are far lower than for individual RRSPs, largely because you pay lower investment management fees.

Plan operations are complex. The Trustees have hired several service providers to advise them and to handle many aspects of running the Plan as follows:

- **Plan Administrator:** Day-to day operations are handled by D.A. Townley who keeps records of service and contributions, answers member questions, and calculates pension benefits under the Plan. They also serve as a point of contact for the Trustees. Please forward any requests or concerns you would like to share with the Trustees via the administrator.
- **Custodian:** The custodian holds the pension fund assets and follows instructions from the investment managers regarding investments. The custodian also provides financial statements, much like your bank statements, which list all withdrawals and deposits and types of investments held. All contributions are made to the custodian and all pension benefits are paid by the custodian.

- **Investment Consultant:** The investment consultant reviews the goals of the Trustees and studies the optimal mix of assets that would reduce risk while maintaining reasonable returns. The investment consultant also monitors the investment managers and conducts searches for new managers when the Trustees decide that would be prudent.
- **Investment Managers:** The investment managers make investment decisions within guidelines and objectives set by the Trustees.
- **Pension Consultant:** The pension consultant provides direction and advice to the Trustees and prepares member communications.
- **Auditor:** The auditor audits the financial statements of the Plan.

## INVESTMENTS

Contributions received by the plan administrator are deposited to a trust fund held by the plan custodian. The money is invested by professional investment managers appointed by the Trustees. The Trustees are required to develop a Statement of Investment Policies and Procedures for the trust fund that guides investment activities. These guidelines establish a rate of return performance target for each manager and the percentage of the total fund that may be invested in the different asset classes, including Canadian and global stocks and bonds. While the investment managers choose investments for the Plan, they must always operate within the guidelines and constraints set out in this policy.

For details on the types of investments, returns, and the investment managers, see the annual plan newsletter that accompanies your statement each May or June. (If you do not receive annual statements, contact D.A. Townley to ensure your current address is on file.) You may also see the investment policy or investment performance reports by contacting the administrator.

The Trustees regularly review the results achieved by the investment managers and may make changes in the investment strategy from time to time. In addition, the Trustees conduct periodic asset allocation reviews to determine the optimal mix and type of investments, and proportion of pension fund assets to invest in each, to obtain the best returns given the Trustees' goals and risk tolerance.

## **EXPENSES**

There are certain operational expenses associated with the Plan. These include fees paid out of the Plan to the plan administrator, custodian, investment managers, consultants and auditor as well as other regulatory fees and expenses. Details of plan expenses can be found in the Plan's annual audited financial statements, which are summarized in your annual newsletter.

## **ELIGIBILITY**

If you are working under the terms of the Collective Agreement between the QCCC and the NDTMA you will automatically participate in the Plan, once you have worked 500 hours. An enrolment form must be completed by each plan member and submitted to the plan administrator.

## **CONTRIBUTIONS**

Your employer contributes a fixed hourly rate, which varies by region, for each eligible hour you work, as set out in the Collective Agreements. Please refer to these Collective Agreements to determine the rate applicable to you.

### **May I contribute to the Plan?**

No. Under the current plan rules, member contributions are not permitted.

### **Do contributions earn interest?**

Yes. Investment returns are credited to your account at a rate equal to the rate the fund earns, less the costs of running the Plan. Please note that the investment returns credited may be positive or negative.

Investment returns are credited annually. In accordance with the *Alberta Employment Pension Plans Act*, when calculating the interest to be credited to your member account at each year-end, a full year's net rate of return is applied to your member account balance at the previous year-end and a half-year's rate of return is credited to contributions remitted in the current year.

If you withdraw your funds during the year, as opposed to the year-end, the plan administrator will apply an interim rate of return for the current year. The interim rate is based on the net rate of return between the previous plan year-end and the last day of the month before the benefit payment.



### **Are contributions tax deductible?**

Members do not contribute and receive no tax deduction.

Each year a "pension adjustment" (PA) under this plan is calculated for income tax purposes. The PA will use up part of your RRSP contribution room. The PA each year is equal to the total of all contributions made to the Plan in your name. It is reported on your T4 slip provided by your employer.

## **LOCKED-IN BENEFITS**

In Canada, benefits in pension plans are locked-in. Your pension benefit may only be used to buy you retirement income. This means that even once you terminate membership or turn 55, you may not withdraw your benefit in cash. You may transfer your benefit only to another account from which limited withdrawals may be made, or buy guaranteed life-time income with an annuity.

There are some limited exceptions to the locking-in requirements. These vary from province to province. Examples of some of the types of exceptions that may be available include:

- the value of your benefit is below a prescribed amount (for most provinces, this is \$11,740 in 2020);
- severe financial hardship;
- you have lived outside of Canada for at least 24 months
- shortened life expectancy; and
- partial unlocking if your balance is transferred to certain types of accounts and you last worked in Ontario or Alberta.

You must pay withholding and income taxes on any cash payment you receive from the Plan.

## **LIFE EVENTS**

### **Where do I find unbiased financial advice?**

The Trustees recommend you seek independent, unbiased professional advice for financial planning. The Financial Advisors Association of Canada has a list of advisors near you. See their website: <https://myadvocis.ca/>

## Retirement

Your retirement benefit is the total of contributions your employers make to the Plan and the interest (positive and negative) earned on those contributions. Once you are 55, you may choose to transfer this out of the Plan to:

- buy an **annuity**, which will provide you with guaranteed retirement income;
- buy a **Life Income Fund (LIF)** that provides variable income; or
- save it for later in a **Locked-in Retirement Account (LIRA)**.

The following provides further information on these options:

### Annuity

An annuity is a retirement vehicle that provides monthly income guaranteed by the insurance company providing the annuity. The monthly amount will be set when you purchase the annuity. It will depend on current interest rates, your age, your spouse's age (if applicable), the total amount of money in your accounts and the form of payment that you choose.

#### How long does my annuity continue?

This depends on the form of annuity that you purchase. If you purchase a **life annuity** at retirement, it will provide you with monthly payments until your death.

You can also choose a **life annuity with a guarantee period**. Payments can be guaranteed for 5, 10 or 15 years. If you die before the end of the guarantee period, payments will continue to be made to your beneficiary until the period has expired. If you live longer than the guarantee period, you will continue to receive payments until you die.

Another option is a **joint and survivor annuity**. Under this type of annuity, you will receive a monthly income for your life and when you die, payments will continue to your spouse at a specified level for the remainder of his or her lifetime. You can choose the level of income that your spouse will receive, either equal in size to the payment you received or at a lesser level.

### Protection for your spouse

If you have a spouse, you must, by law, receive your retirement benefit in the form of a **joint and 60%**

**survivor annuity.** This type of annuity will provide you with a monthly income for life. Should you die before your spouse, your spouse will then receive monthly payments for the remainder of his or her life, equal to 60% of the amount that was being paid to you during your retirement. Your spouse can choose to waive his or her right to this mandatory form, and allow you to choose some other form of income. The Trustees strongly suggest that your spouse obtain independent legal advice before completing any waiver.

If you wish to choose a LIF, LIRA or Locked-in RRSP, your spouse must also complete the waiver form.

### **Life Income Fund (LIF)**

A life income fund, or LIF, is a locked-in registered retirement income fund contract from which you must receive payments each year (not starting earlier than age 50 nor later than December 31 of the year you turn 72). By purchasing a LIF, you have some flexibility in the amount of income you receive in any given year, but legislation sets both an annual minimum and a maximum range for the payments you can receive. The intention is that there should be sufficient money in the fund to provide income for your lifetime.

The financial institution holding your LIF will advise you of the permitted range of withdrawal amounts at the beginning of each year. You then may choose the level of income that you wish to withdraw for the year from in that range. Factors that affect the range of permitted withdrawal amounts include your age and the balance of your account at the time the amounts are being calculated.

Unlike annuities, LIFs do not offer a guaranteed monthly payment. With a LIF, you choose how much you withdraw each year but if investment returns are low and your withdrawals are higher in early years than supported by investment gains, you may have reduced income in later years.

#### **How are the funds invested?**

You may hire someone to select investments, or you may choose the investments. The funds are invested in accordance with your direction and subject to Canadian income tax rules for investments. The interest on a LIF accumulates tax-free until funds are paid out.

### **When can I access my money in a LIF?**

A LIF cannot be cashed out in one lump sum. It must be used to provide retirement income for your lifetime. However, some provinces allow you to unlock up to a specified percentage of your benefit at the time of transferring your benefit from the Plan to a LIF. You can contact the plan administrator for further details.

### **Locked-in Retirement Account (LIRA)**

A LIRA is a type of Registered Retirement Savings Plan where the funds are subject to the locking-in rules of applicable pension legislation. If you wish to withdraw income from the LIRA you will need to convert the funds into an income stream by purchasing an annuity or transferring the money to buy a LIF.

### **When can I receive my retirement benefit?**

You may withdraw your locked-in retirement benefit any time after you turn 55. You must withdraw your benefit from the Plan before the end of the year in which you turn 71, and must start taking income from that balance in the following year.

### **What if I retire and I am later re-hired by a contributing employer?**

Provided you are under age 71, you will be treated as if you were a new member of the Plan. For the year in which you turn 72 and onward, the Plan is not permitted to accept contributions made on your behalf.

## **TERMINATION OF PLAN MEMBERSHIP**

Your membership status in the Plan will change from “active” to “terminated” if you have a break in service. The definition of break in service varies, depending on the province in which you are employed.

**Members employed in Alberta or BC:** you will be deemed to have a break in service if during two consecutive years, you work a total of less than 350 hours for a participating employer.

For details of all other provincial termination rules, please contact the plan administrator.

Having terminated vested plan status, means you may transfer your benefit from the Plan. You may also leave your benefit in the Plan until you decide to withdraw it, any time before December 31 of the year

you turn 71. Since July 1, 2012, all members become vested as soon as they join the Plan, which means they have earned a benefit in the Plan. If you terminated membership in the Plan before July 2012, please contact the plan administrator to determine if you have a benefit in this plan.

### **What happens to my member account balance if I stop working for any participating employers?**

You have a choice. Once your membership status changes to terminated vested, you may:

- a) Leave your contributions in the Plan, to remain invested until you decide to withdraw it. You must withdraw your benefit by the end of the year in which you reach age 71; **or**
- b) If you qualify to terminate plan membership as described above, you may transfer the accumulated value of your contributions to a locked-in retirement vehicle. See the section of this booklet on locked-in benefits for more details.

If you choose to leave your benefit in the Plan, net investment returns will be credited to your balance annually until you retire or transfer out your funds. **Be sure to notify the plan administrator of any address changes** so that they may keep you informed and send you annual statements that show the amount of your benefit.

## **DEATH BENEFITS**

If you die before retirement, the death benefit is equal to the sum of the contributions your employer(s) has contributed on your behalf, with interest.

**If you have a spouse and she or he has not filed a spousal waiver**, your spouse may elect to transfer the death benefit to a locked-in retirement account, to another pension plan, or to a life income fund. He or she can also use it to buy an annuity to provide guaranteed lifetime retirement income.

### **Definition of spouse**

The definition of spouse that applies to you depends on the pension laws for the province in which you worked most recently.

If you last worked in Alberta, your spouse is:

- (a) the person you married, provided you have not been living separate and apart from that person

for three or more consecutive years; or

- (b) if there is no person to whom part (a) applies, a person who, immediately preceding the relevant time, had lived with you in a conjugal relationship for a continuous period of at least three years; or of some permanence, if there is a child of the relationship by birth or adoption.

If you last worked in Ontario, spouse means either of two persons who,

- a) are married to each other, or
- b) are not married to each other and are living together in a conjugal relationship continuously for a period of not less than three years, or in a relationship of some permanence, if they are parents of a child as set out in section 4 of the *Children's Law Reform Act*.

Please contact the plan administrator for the rules for your province if you work elsewhere.

**If you do not have a spouse, or if your spouse has filed a spousal waiver,** your beneficiary (or your estate) will receive the death benefit. This money will be taxable unless they have sufficient RRSP room and transfer it into their RRSP.

When you name someone as your beneficiary please advise him or her and give them the information on how to contact the plan administrator. **When you change your beneficiary, please advise the plan administrator.** If you have not completed and filed a beneficiary form recently, please complete the Plan's beneficiary form and send it to the plan administrator. The form is available on the Plan website at <http://ndtbenefits.org/pension-plan/>

**What is the death benefit if I die after retirement?**

The benefit payable depends on the form of retirement option that you chose at the time of your retirement. For example, if you elected a life annuity with a guaranteed period, and you die before the expiry of the guaranteed period, then your beneficiary will receive the monthly pension until the end of the guaranteed period. If you chose a life income fund (LIF), the balance in the LIF will be paid to your surviving spouse, or where there is no spouse, to your nominated beneficiary.

## MARRIAGE BREAKDOWN

You and your former spouse may reach an agreement to share your pension benefit. If there is no written agreement or court order, the plan administrator is required to follow provincial property law to divide your pension. You will be required to pay an administrative fee.

Should you suffer a breakdown of your marriage, talk to your legal advisor and ask for advice regarding your pension assets.

## DISABILITY

If you become totally and permanently disabled as defined in the plan rules, you can transfer your benefit from the plan.

## MORE INFORMATION

### Plan website

For further information about your plan and an electronic copy of this booklet, please visit: <http://www.ndtbenefits.org>

### Annual statement

The Trustees will send you a pension statement every year, **provided that you keep your address up to date with the plan administrator.** You will also receive a statement if your membership status changes to terminated. If you have any questions or require clarification of any pension matter, contact the plan administrator, at 1-800-663-1356 or e-mail [pensions2@datownley.com](mailto:pensions2@datownley.com)

### Other documents:

You and your spouse are also entitled to review certain plan documents including:

- Annual Information Returns;
- Audited Financial Statements;
- Plan Text and amendments;
- Governance policies;
- Plan Summary (this booklet);
- Statement of Investment Policies and Procedures;
- Trust Agreement and amendments;

- Data and method used to calculate your benefit; and
- Collective agreement provisions relating to your pension.

Personal information about other plan members is, of course, not available.

### **Can an employer ever get a refund of pension fund money?**

Employers receive contributions only if they have over-contributed to the Plan or otherwise made contributions in error.

### **Privacy policy**

The Trustees have developed security procedures to safeguard and protect personal information against loss, theft, unauthorized disclosure, copying and unauthorized use or modification. To view the Plan's Privacy Policy, contact the plan administrator.

### **Plan changes**

The Trustees are permitted to change the Plan, although no assets of the Plan may be diverted to purposes other than for the benefit of plan members, their eligible spouses, and other beneficiaries. You will be notified of any significant changes that are made. The Plan may be terminated if there is no longer any collective agreement in force that calls for contributions to the Plan. In the unlikely event of plan termination, you would be entitled to the total of all contributions your employer(s) have made to the Plan, with interest.

### **Other retirement income**

This pension plan is one of several sources of retirement income. You may have other savings. You may qualify for Canada Pension Plan (CPP) and Old Age Security payments. The average payment from the Canada Pension Plan in October 2019 was \$672.87/month. The maximum monthly CPP for 2020 is \$1,175.83, but most retirees receive less than the maximum since they did not contribute the maximum amount in years where their earnings were lower. Pension payments from the CPP increase each year based on the amount of increase in the cost of living, which protects retirees in times of high inflation. The income from CPP and OAS is taxable.

The standard age for beginning to receive your Canada Pension Plan retirement pension is the month after your 65th birthday. However, you can take a reduced pension as early as age 60 or begin receiving



an increased pension after age 65. Once you reach age 70, there is no financial advantage in delaying as the payments do not increase after age 70. An individual who starts receiving their retirement pension at age 70 will receive 42% more per year than if they had taken it at 65. For more information, call Service Canada at 1-800-277-9914 or see: [http://www.esdc.gc.ca/en/cpp/benefit\\_amount.page](http://www.esdc.gc.ca/en/cpp/benefit_amount.page)

Starting in 2019, contributions to the CPP will gradually increase and members will earn larger pensions from the CPP. See the impact for you of the CPP enhancement by entering your age and earnings on this website: [www.cppenhancement.ca](http://www.cppenhancement.ca)

In addition to the Canada Pension Plan, those who have lived in Canada for at least 10 years may receive Old Age Security (OAS) payments from age 65. For January to March 2020, the maximum OAS payment is \$613.53/month. If you earn more than \$75,910 while retired, you will be required to repay some of your OAS. You may defer your OAS Pension by up to 60 months in exchange for a higher monthly amount.

### **Important Notice**

The N.D.T. Industry Pension Plan is registered and administered in accordance with the *Income Tax Act* (Registration No.: 461061) and the *Alberta Employment Pension Plans Act* (Registration No.: 43310). If there is any omission in this booklet or a conflict between this booklet and the wording in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement will prevail. This booklet reflects a summary of the rules that were in place in December 2016. To learn more about how the Plan has been amended since, and which benefits apply to you, please contact the plan administrator at the address on the back cover.

**MORE QUESTIONS? CONTACT US.**

**D.A. Townley**

E-mail: [pensions2@datownley.com](mailto:pensions2@datownley.com)

Toll- Free: 1-800-663-1356

Telephone: (604) 299-7482

Facsimile: 604-299-8136

4250 Canada Way

Burnaby, B.C. V5G 4W6





# **D.A. Townley**

---

E-mail: [pensions2@datownley.com](mailto:pensions2@datownley.com)

Toll- Free: 1-800-663-1356

Telephone: (604) 299-7482

Facsimile: 604-299-8136

4250 Canada Way

Burnaby, B.C. V5G 4W6