MSPP RRMS
MULTI-SECTOR PENSION PLAN — RÉGIME DE RETRAITE MULTI-SECTEUR

Notice of Amendments to the Multi-Sector Pension Plan

To all Participants, Former Participants, and Pensioners of the Multi-Sector Pension Plan and their Bargaining Agents

October 23, 2014

The Board of Trustees of the Multi-Sector Pension Plan (the "MSPP" or the "Plan") has recently adopted a number of amendments to the Plan. An application to register these amendments has been submitted to the Ontario Superintendent of Financial Services (the "Superintendent"). This notice explains the changes to the MSPP made through these recent amendments and invites you to submit comments on them to the Superintendent and to us, the Board of Trustees of the Plan.

The Amendments to the Plan

The recent amendments to the Plan are as follows:

- **Past Service**

Past Service is a Participant's period of employment with a Contributing Employer before that Contributing Employer was required by a collective agreement to contribute to the Plan. Participants can receive Past Service Benefits for Past Service.

Effective January 1, 2012, the Plan's definition of Past Service has been amended to clarify that a Participant may only earn Past Service on the basis of prior employment with their current Contributing Employer.

- **Termination of Participation of an Contributing Employer**

Effective January 1, 2014, the Plan rules that apply if a Contributing Employer terminates its participation in the Plan have been amended.

As amended, if a Contributing Employer terminates its participation in the MSPP at any time, the Trustees may terminate or alter the benefits of Employees, Former Participants, and Pensioners who were employed by that Contributing Employer. The Trustees may only do so if the Contributions attributable to that Contributing Employer and the Employees, Former Participants, and Pensioners who were employed by that Contributing Employer, plus interest, less benefit payments already paid, is less than the lump sum value of the accrued pension benefits for the Employees, Former Participants and Pensioners for covered employment with that terminated Contributing Employer.

Previously, the Trustees could only terminate or adjust benefits for Employees, Former Participants, and Pensioners, as described in the previous paragraph, if a Contributing Employer terminated its participation in the MSPP within 180 months of the day it was first required to contribute to the Plan.

The amended rules also confirm that an Employee, Former Participant, or Pensioner may not receive an amount that exceeds the value of their accrued benefits.

- **Consequences of a Contributing Employer Entering into an Affiliation Agreement**

An Affiliation Agreement is an agreement requiring contributions to the Plan for non-unionized employees.

Effective June 20, 2014, the Plan rules that apply if a Contributing Employer who is bound by a collective agreement requiring contributions to the Plan subsequently enters into an Affiliation Agreement have been amended to clarify that the Contributing Employer will be considered to be two separate Contributing Employers - one for employees covered by the Collective Agreement and a second employer for employees covered by the Affiliation Agreement - for all purposes under the Plan.

- **Breaks in Service**

If you stop working for a Contributing Employer, your participation in the Plan will continue until you incur a Break in Service. Effective January 1, 2015, the Plan rules concerning when a Participant will incur a Break in Service have been amended.

Under the amended rules, a Participant may elect to incur a Break in Service if no Contributions are paid or are required to be paid to the Plan on his behalf and if no Self-Payments are being made to the Plan on his behalf for 24 consecutive months. If a Participant elects to incur a Break in Service following the expiry of the applicable 24 consecutive month period, the Break in Service will be effective on the date his written election is filed with the Trustees. Previously, a Participant could elect to incur a Break in Service if no Contributions were paid or required to be paid to the Plan on his behalf and if no Self-Payments were being made on his behalf for as few as sixty (60) days.

The Plan rules for Breaks in Service vary by jurisdiction. As required by law for Participants in certain jurisdictions (Alberta, British Columbia, Manitoba, Saskatchewan, and Federal), a Break in Service occurs automatically in certain circumstances. The rules providing for an automatic Break in Service in certain circumstances for Participants in jurisdictions where this is required have not been changed.

Please contact the Plan administrator for detailed information concerning the Break in Service rules.

- **Portability Option Paid Based on the Plan's Solvency Funded Status**

The Plan's Portability Option allows Participants who are under age 55 and who incur a Break in Service to elect to transfer the lump sum value of their Plan benefits out of the Plan to another pension plan, to a prescribed locked-in retirement savings arrangement, or for the purchase of an annuity.

Effective January 1, 2015, the Plan's rules for Ontario Participants who elect to incur a Break in Service and who elect to transfer the lump sum value of their Plan benefits out of the Plan under the Portability Option have been revised. Under these revised rules for an Ontario Participant, the lump sum value of his Plan benefits available for transfer from the Plan under the Portability Option will be reduced to reflect the degree, if any, to which the Plan is not fully funded on a solvency basis. The Plan's transfer ratio last calculated before the Participant incurred a Break in Service will be used to determine the Plan's solvency funded status. The Plan's transfer ratio is calculated on a quarterly basis. The Plan's transfer ratio is currently 57.6%.

An Ontario Participant is not required to incur a Break in Service or to elect a Portability Option. If a Participant does not elect a Portability Option, his Plan benefits will remain unchanged.

Reducing the lump sum value of Plan benefits available for transfer out of the Plan for those who elect a Portability Option ensures balanced treatment between Participants who elect a Portability Option and those whose Plan benefits remain in the Plan. This is because it ensures that those who elect a Portability Option bear their fair share of the inherent risk that applies to plans such as the Plan – a multi-employer pension plan – where the only sources of revenue are the negotiated contributions and investment returns earned by the Plan.

At this time, this change will only apply in respect of Ontario Participants effective January 1, 2015. The Trustees are seeking regulatory approval to apply this change to Participants in all provinces and in the Federal jurisdiction. If this regulatory approval is received, this change will be implemented outside of Ontario on an effective date to be established by subsequent amendment to the Plan.

Comments on the Amendments

If you have any comments about the Plan amendments described in this notice, you may submit them to the Board of Trustees of the Plan and to the Superintendent as follows:

Board of Trustees of the Plan
MSPP Fund Office
105 Commerce Valley Drive West, Suite 310
Thornhill ON L3T 7W3
Phone: 905-747-5151
Toll free: **[1-800-287-4816 X 241]**
Email: clientservices@mspp.ca

Ontario Superintendent of Financial Services
5160 Yonge St.
P.O. Box 85
Toronto ON M2N 6L9

Telephone: 416-250-7250
Toll free: 1-800-668-0128

Registration of the Amendments

The amendments described in this notice have been submitted to the Superintendent for registration. He may register them forty-five (45) days after this notice is distributed.

Sincerely,
Board of Trustees of the Multi-Sector Pension Plan

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