

PENSION

facts

PULP & PAPER INDUSTRY PENSION PLAN

Pension Plan Improvements

It's important that all Plan Participants ensure their contact information with the Plan Administrator remains current.

The Plan's adopted investment policy of investing the majority of the pension fund in a portfolio of fixed income assets such as high quality bonds, mortgages and other cash yielding assets has worked well and protected the Plan's financial position in a time of volatile interest rates, other market volatility, and market shocks similar to what was experienced in 2020 and 2021 due to the COVID-19 pandemic and geopolitical upheaval. The portfolio was designed to ensure that pension benefits will be paid with a high degree of certainty. In this regard, the decision to grant benefit improvements goes beyond short-term financial considerations. The Trustees believe in the importance of making conservative decisions to ensure the Plan can continue to meet its benefit payment obligations.

Every year, the actuary of the Plan performs a valuation of the Plan's liabilities and estimates its financial position before the Trustees consider and approve any benefit improvements. Last year, benefit improvements were granted as of January 1, 2022 for active participants and for those in receipt of a pension. Moreover, the flat benefit rate for service prior to 1997 increased to \$67.18 per month per year of service for all active participants as of January 1, 2022 or participants who retired from active status on January 1, 2022.

Upon review of the last valuation, the Plan continues to be in a stable financial position as a

result of strong contributions and sound investment strategies. To that end, the Trustees have approved three benefit improvements to the Plan that will be effective January 1, 2023. Similar to last year, the improvements are an Earnings update, an increase of the flat benefit rate for service prior to 1997 and a Pensioner increase. These improvements are further described below.

Earnings Update

Effective January 1, 2023, the Trustees have approved an update to the earnings used to calculate your pension for *service after 1996*. At the end of 2022, the Plan Administrator will perform a test to determine which of the following calculations results in a higher pension value for you. The calculation resulting in the highest benefit will be your accrued benefit to December 31, 2022. If this test produces a smaller benefit, no change will be made to your December 31, 2022 accrued benefit. *Only active participants as of January 1, 2023 or participants who retired from active service on January 1, 2023 will receive this earnings update.*

Your January 1, 2023 annual statement will include the earnings update calculations. Annual statements will be distributed to you by June 29, 2023, at which time it will also be available on the MyRetirement Web Portal. The online projection tool will reflect the earnings update as well.

(Continued on reverse side)

Earnings Update Calculation

Your monthly pension value as of December 31, 2022 will be the greatest of:

Your benefit earned as at December 31, 2021 plus 1.55% of your 2022 earnings divided by 12

or

1.55% of your total earnings for all the years after 1996 divided by 12 plus your benefit earned as at December 31, 2022 with respect to service prior to 1997

or

1.55% of your average annualized earnings for the last five Plan years ending December 31, 2022 (2018-2022) times your Updated Credited Service to the end of December 31, 2022 divided by 12 plus your benefit earned as at December 31, 2022 with respect to service prior to 1997.

Updated Credited Service Calculation

Your updated credited service at the end of 2022 will be calculated as follows:

Your total hours since January 1, 1997 or your Plan entry date (if later than January 1, 1997) ÷

1700

to a maximum of the number of years that you were participating in the Plan after this date (the maximum is 26 years as of December 31, 2022)

Flat Benefit Rate Increase

The Trustees have approved an increase of the flat benefit rate for service prior to 1997 to \$68.86 per month per year of service (from \$67.18 per month per year of service) for all *active participants as of January 1, 2023 or participants who retired from active status on January 1, 2023*. The updated rate takes into account all wage increases historically granted by the Industry.

Pensioner Increase

Due to the Plan's good financial position, pensioners will benefit from post-retirement ad hoc pension increases effective January 1, 2023.

Based on the Plan's Funding & Benefit Policy, which provides the Board of Trustees guidance when making benefit improvement decisions, and the past practice of providing an increase based on a portion of inflationary increases over the year, the trustees have approved an increase of 3.45%.

The Trustees have also approved an additional one-time increase of 2.00% after review of the Plan's financial position and current economic conditions.

As a result, pensioners who retired **prior to 2022** will receive an increase of 5.45% of their pension effective January 1, 2023. Pensioners who retired in 2022 will receive a prorated increase. A separate confirmation letter will be sent to each pensioner.

Update on Financial Position

There continues to be uncertainty and volatility in all markets which may lead to you wondering about the security of your pension. Pension plans are faced with a number of issues which may impact the future financing of the Plan.

As a reminder to all Plan participants, the Plan is defined as a Negotiated Cost Defined Benefit Plan under provincial legislation and therefore does not guarantee that under all circumstances benefits will continue to be fully supported by the Plan's assets. This lack of guarantee is one of the driving reasons behind the Trustees' conservative approach to the Plan's investments as well as the design of the benefit structure. The Trustees are, however, confident that the current assets in the Plan are more than sufficient to cover current pensions in pay and the accrued pensions of all active and terminated vested participants.

(Continued on Next Page)

The majority of the Plan's assets are invested in high quality bonds and mortgages in the Canadian market, thus ensuring that the Plan's assets continue to perform in line with expectations. Pension plans continue to face issues such as longer life expectancies, market volatility, and inflationary pressures in the economy. These issues increase the cost of providing pension benefits and may, in the longer term, affect the Plan's ability to provide future benefit improvements.

The Trustees will continue to closely monitor the Plan's investments, the financial position of the Plan and the cost of providing pension benefits. Next year, the actuary of the Plan will once again perform a valuation of the Plan's liabilities and estimate the financial position of the Plan before the Trustees are able to consider any future benefit improvements.

Your Retirement Application

If you are planning for your retirement and have a retirement date set in your mind, then it is not too early to start taking steps in your application process!

In order to avoid any delay in the processing of your retirement and your first payment, please ensure to inform the Plan if you have a former spouse. You will be required to provide any related documents before the pension application can be processed.

To ensure that your first pension payment is made on time, please complete and submit your pension application form to the Plan Administrator or your employer **120 days** (4 months) prior to your retirement date in order to receive your retirement package. You can download a Pension Application form from the MyRetirement Web Portal under the section My Plans/Forms (or your Human Resources office).

Please follow the instructions included in your retirement package and return all required documents by the requested deadline (in the situation final documents are received after the deadline, retroactive payments will not be made). Any paperwork and forms received less than 30 days prior to your retirement date may result in an unfortunate late commencement of pension payments.

Early Retirement Subsidy and Trustee Consent

Each quarter, the Board of Trustees formally approves whether to grant consent to more favorable early retirement reduction factors for members electing to retire from the Plan early (before age 65). The decision to grant consent is ultimately dependent on the financial position of the Plan and remains in place until the next Board of Trustees meeting. If there is Trustee consent, the reduction factor applied to pension benefits at age 60 is 0% and at age 55 is 18%. Please refer to the Plan description available on the Web Portal for the reduction factors at each retirement age with Trustee Consent.

Full Pensioner Audit Review

Every other year, the Plan conducts a full Pensioner Audit review, which requires that all retired participants, limited members, surviving spouses and beneficiaries who receive a monthly pension payment read and sign, with a witness, the Audit Letter. The purpose of the Audit Letter is to:

- confirm that pensions are being paid as they should;
- confirm that the contact information on file is correct.

(Continued on Next Page)

This audit review process is done as a part of the pension plan governance policies to ensure that payments are made appropriately. If Northern Trust does not receive a prompt response to the Audit Letter, the pension payment will be temporarily suspended until Northern Trust receives a witnessed Audit Letter.

If you receive an audit letter, we encourage you to sign and return the letter. For additional information, please contact the Plan Administrator at the toll-free number below.

About My Retirement Web Portal

Address:

<https://pulpandpaperpension.hroffice.com/>

Please visit My Retirement Web Portal prior to contacting your Pulp and Paper Plan Administrator.

The landing page of the portal is available to all participants (no log in required) and includes links to:

- Plan Description
- Newsletters
- Forms

If you are an active participant, you may log in the portal to access:

- Your personal annual statement
- The projection tool (using today's number)

How to log in (active participants only)

To log into My Retirement Web Portal, you will need an eleven-digit unique identifier and your password. Your unique identifier is made up of:

- The first three letters of your last name
- The first letter of your first name
- Your year and month of birth in YYMM format
- The last 3 digits of your social insurance number.

Questions?

It is important that all Plan Participants ensure their contact information with the Plan Administrator remains current. Please contact the Plan Administrator to review your contact information.

While you may visit the office, we encourage you to use the many online services available on the portal. Should you want to meet with a team member, it is strongly suggested to make an appointment to ensure a team member is available to welcome you and answer your questions. To make an appointment, please contact the Plan Administrator.

If you need additional information or have questions on the information available on the My Retirement Web Portal, contact your Pulp and Paper Pension Plan Administrator:

Toll-free: 1-888-384-7555

Email: pulp@lifeworks.com

For example, if your name is **John Smith**, your date of birth is **March 17, 1960** and your SIN is **123-456-789**, then your Unique Identifier will be **SMIJ6003789**.

The first time you log in, your password will be your birthday in **YYYYMMDD** format, followed by the **last three digits of your SIN**. Using the above example, your initial password would be **19600317789**.

After entering this information, the site will ask you to change your password and select three challenge questions.

After your first visit, all you need to do is input your unique identifier and password. If you forget your password, you can answer your challenge questions and your initial password will be restored (i.e. **YYYYMMDD** and last three digits of your social insurance number).