

Appendix B

Example of Active Participant's Accrual of SIP Benefits

Last updated April 2024

Background. The example in this Appendix B is intended to demonstrate how SIP Benefits are accrued under the Pension Fund. If Mike, the hypothetical participant, accrued Legacy Benefits prior to April 1, 2020, his Legacy Benefits will not be affected in any way by his accrual of SIP Benefits.

The SIP Benefits that Mike accrues on and after April 1, 2020, are in addition to any Legacy Benefits he accrued prior to April 1, 2020.

Assume Mike earns Pension Credits by working in Covered Employment and his Employer contributes \$11.65 per hour to the Pension Fund on his behalf.¹

YEAR 1

April 1, 2020 – March 31, 2021

In Year 1, Mike works 2,000 hours in Covered Employment and earned 1.1 Pension Credits.

SIP Accrual	=	\$200.9392 ((15.68 x \$11.65) multiplied by 1.1 (Pension Credits))
SIP Investment Return	=	Not applicable for Year 1 because SIP Unit Value set at \$10.0000
SIP Unit Value	=	Set at \$10.0000 for Year 1
SIP Units Accrued in Year 1	=	20.0939 (\$200.9392 (SIP Accrual) divided by \$10.0000 (SIP Unit Value))

In Year 1, Mike has accrued 20.0939 SIP Units each with a SIP Unit Value of \$10.0000. The first adjustment to the SIP Unit Value based on how well the Pension Fund's investments have performed (i.e., the SIP Investment Return (defined in [Section 15\(GG\)](#)) will not occur until April 1, 2022.

Although the *value* of the SIP Units Mike has accrued in Year 1 will change on April 1, 2022, the *number* of SIP Units Mike earned in Year 1, and will earn each subsequent year, are his accrued benefit and will not change.

[EXAMPLE CONTINUES ON FOLLOWING PAGE]

¹ The example provided in this Appendix B is for illustrative purposes only.

YEAR 2

April 1, 2021 – March 31, 2022

In Year 2, Mike worked 1,580 hours in Covered Employment and earned 0.8 Pension Credits.

SIP Accrual	=	\$146.1376 ((15.68 x \$11.65) multiplied by 0.8 (Pension Credits))
SIP Investment Return	=	Not applicable for Year 2 because SIP Unit Value set at \$10.0000
SIP Unit Value	=	Set at \$10.0000 for Year 2
SIP Units Accrued in Year 2	=	14.6138 (\$146.1376 (SIP Accrual) divided by \$10.0000 (SIP Unit Value))

In Year 2, Mike has accrued an additional 14.6138 SIP Units for a total of 34.7077 SIP Units (14.6138 (accrued in Year 2) + 20.0939 (accrued Year 1)). Again, the SIP Unit Value remains at \$10.0000 for Year 2, but the SIP Unit Value will be adjusted in Year 3 (Plan Year beginning April 1, 2022) based on the SIP Investment Return for the Reference Fiscal Year ending April 30, 2021. The purpose of this delay between when the Reference Fiscal Year ends and the date of the adjustment to the SIP Unit Value is to allow for the determination of the SIP Investment Return using the audited financials of the Pension Fund.

Note. If Mike retired on April 1, 2022, the monthly payment amount for his SIP Benefits would be based on the SIP Unit Value as of his retirement date using the SIP Investment Return for the Reference Fiscal Year ending April 30, 2021.

YEAR 3

April 1, 2022 – March 31, 2023

In Year 3, Mike worked 2,460 hours in Covered Employment and earned 1.3 Pension Credits.

SIP Accrual	=	\$237.4736 ((15.68 x \$11.65) multiplied by 1.3 (Pension Credits))
SIP Investment Return	=	24.10% (for Reference Fiscal Year ending April 30, 2021)
SIP Unit Value	=	\$10.65 (\$10.0000 x 1.065) ((1 + 24.10%) divided by (1 + 4.50%), capped at 1.0650 ²)
SIP Units Accrued in Year 3	=	22.2980 (\$237.4736 (SIP Accrual) divided by \$10.6500 (SIP Unit Value))

In Year 3, Mike has accrued an additional 22.2980 SIP Units for a total of 57.0057 SIP Units (22.2980 (accrued in Year 3) + 34.7077 (accrued through Year 2)). Here, the SIP Unit Value has increased by 6.50% to \$10.6500 because the SIP Investment Return exceeded the Hurdle Rate of 4.50%.

² The quotient of (1 + 24.10%) divided by (1 + 4.50%) is rounded to the fourth decimal place to 1.1876 (and then capped at 1.0650) before it is multiplied by the SIP Unit Value for the prior Plan Year (\$10.0000).

Note. The SIP Unit Value is only increased by 6.5% (1.065) because that is the cap on the annual percentage increase to the SIP Unit Value under the Fund. See Subsection 3(C)(2)(d) ("Limitations on the Annual Adjustment to SIP Unit Value") for additional information.

YEAR 4

April 1, 2023 – March 31, 2024

In Year 4, Mike worked 1,850 hours in Covered Employment and earned 1.0 Pension Credits.

SIP Accrual	=	\$182.6720 ((15.68 x \$11.65) multiplied by 1.0 (Pension Credits))
SIP Investment Return	=	-9.60% (for Reference Fiscal Year ending April 30, 2022)
SIP Unit Value	=	\$9.2133 (\$10.65 x ((1 – 9.60%) divided by (1 + 4.50%))
SIP Units Accrued in Year 4	=	19.8270 (\$182.672 (SIP Accrual) divided by \$9.2133 (SIP Unit Value))

In Year 4, Mike has accrued an additional 19.8270 SIP Units for a total of 76.8327 SIP Units (19.8270 (accrued in Year 4) + 57.0057 (accrued through Year 3)). Here, the SIP Unit Value has decreased by 13.49% to \$9.2133 because the SIP Investment Return was less than the Hurdle Rate of 4.50%.

YEAR 5

April 1, 2024 – March 31, 2025

In Year 5, Mike worked 1,740 hours in Covered Employment and earned 0.9 Pension Credits.

SIP Accrual	=	\$164.4048 ((15.68 x \$11.65) multiplied by 0.9 (Pension Credits))
Assumed SIP Investment Return	=	4.76% (for Reference Fiscal Year ending April 30, 2023)
SIP Unit Value	=	\$9.2363 (\$9.2133 x ((1 + 4.76%) divided by (1 + 4.50%))
SIP Units Accrued in Year 4	=	17.7999 (\$164.4048 (SIP Accrual) divided by \$9.2363 (SIP Unit Value))

In Year 5, Mike has accrued an additional 17.7999 SIP Units for a total of 94.6326 SIP Units (17.7999 (accrued in Year 5) + 76.8327 (accrued through Year 4)). Here, the SIP Unit Value increased by 0.25% because the SIP Investment Return was more than the Hurdle Rate of 4.50%.