

DECEMBER, 2009

THE BCGEU PENSION PLAN BOARD OF TRUSTEES is reporting results to October 31, 2009. Please let us know if there are topics you would like to see included in future issues of the Pension Plan News. You may mail, fax or email your request to the Pension Plan administrator. The contact information is below.

Economic Commentary

Since March, the plan has seen seven consecutive months of excellent positive returns. In the market exuberance, the October numbers showed some modest weakness. For the period March through to the end of October, the Plan gained in excess of 22%. But the hangover left from poor returns in 2007 and 2008 leaves a large hole in which to dig out of.

Commentators are mixed on the future of markets. However it is clear that despite the temptations to rush to safety (cash investments) when the markets were at their lowest ebb, that would have proven to be a foolish and risky exercise. The Plan trustees do not feel that timing the market is a successful or prudent strategy.

Your Plan has stayed with its diversified investment philosophy that balances asset mix. It has greatly benefited from the recent equity market rallies in Canada and the U.S. (Please turn over for market return and asset mix details).

Investment Proposal being considered by the Trustees

The negative investment performance experience of 2008 has left many plan sponsors and individuals to reflect on the most appropriate investment strategy for members as they approach retirement age. Retirement age is of course a fluid concept in most people's minds. It may range from age 55 to 71. The Plan Trustees have been reviewing this question and various options for a number of months. The Trustees are particularly concerned about those members who are most likely on the brink of retirement, that is age 60 with a normal retirement age of 65.

Trustees are reviewing a plan that would direct a portion of all member accounts (over age 60) towards a more conservative portfolio. It is envisioned that the plan would have a gradual reduction of assets in equities for members between age 60 and 65, similar to the previous immunization fund design. This change would take place in 2011, subject to approval from the provincial regulator and further administrative clarifications. Additional information on this change will be communicated to members in 2010 and member input will be sought.

Pension Plan Performance

At Oct. 31, 2009, the annual return for the Plan was 9.50%. The Oct. 31, 2009 unit value is 406.61. To illustrate the return you have earned in the Plan, you may find it interesting that the unit value at commencement of the Plan in March 1989 was 100. Following are the one, three, five, ten, fifteen and twenty year annualized rates of return at October 31, 2009.

BCGEU Pension Plan Board of Trustees

Judi Filion (Chair)

Jim Manson

Paul Martin

Kelly McDonald

Peter Mehling

Mike Nuyens

Stephanie Seaman

Rory Smith

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4911 Canada Way, Burnaby, B.C., V5G 3W3 Telephone: 604-291-9111 Facsimile: 604-294-5092

The BCGEU Pension Plan is sponsored and controlled by members of the B.C. Government and Service Employees' Union. It is a fully trusted plan, providing secure retirement benefits for participants. If you have any questions about the plan, contact your steward or BCGEU Area Office.

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Average Annualized Rate of Return (%)					
1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
9.5%	-3.57%	2.38%	3.92%	6.68%	7.06%

Main Fund

The assets of the main pension fund as at Oct. 31, 2009 were approximately \$116.0 million and are comprised of the following asset classes:

<i>Cash and short term notes</i>	4.15%	<i>Canadian Equities</i>	25.34%
<i>Real estate</i>	10.61%	<i>Global equities</i>	35.60%
<i>Bonds and mortgages</i>	24.30%		

Immunization Fund

The rate of return for the Immunization Fund was 1.44% for the 12-month period ending Oct. 31, 2009 with total assets of \$2.2 million. The Immunization Fund is comprised solely of short-term notes. The fund has been closed to new participants since January 2006.

Voluntary Contributions

Active plan members are permitted to make voluntary contributions to the Plan. The total limit for deductible contributions is 18% of annual earnings—subject to a maximum of \$22,000 for 2009—applicable to:

Employee Contributions + Employer Contributions + Voluntary Contributions

Some employers will deduct voluntary contributions from your pay. Voluntary contributions can also be sent by cheque to Aon Consulting, 900 Howe St., 5th Floor, Vancouver, BC V6Z 2M4, Attention: B. Whitear. **Make the cheque payable to "BCGEU Pension Plan"**. To get a tax deduction for the taxation year 2009, voluntary contributions must be received by Aon no later than Dec. 31, 2009.

Why make Voluntary Contributions?

Added savings will supplement your pension plan savings and government pensions, and enhance your retirement lifestyle. Your contributions are tax deductible. And you can take advantage of the fund's professional investment expertise and low management fees.

Important Reminders:

- If you move, please make sure you provide the Plan administrator and BCGEU with your change of address. If you know anyone that did not receive a statement, ask them to make sure that we have their current address.
- Check that your employer is remitting the correct percentage of employee and employer contributions as prescribed in the collective agreement.
- If you are retiring this year, you should be aware that annuities purchased through the Plan are purchased on a "net of commission" basis. This results in annuity payments which are higher compared to annuities purchased after funds have been transferred out of the Plan.

MORE INFORMATION

For more information about your Plan, please refer to the relevant section of your pension booklet before contacting the Union or the Plan Administrator.

Plan Administrator
Aon Consulting
Fax: 604-684-9902
Toll Free Phone:
1-800-818-9855 Ext 564
Contact Barbara Whitear
604-443-2564
barbara.whitear@aon.ca

BCGEU WEBSITE: www.bcgeu.ca
Select "Components>10-Operational>Pension News"

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