N.D.T. INDUSTRY PENSION PLAN

REFERENCE BOOKLET

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NOTICE:
This booklet describes the Plan in a simple and easy to read manner. It does not purport to be the full text of the Plan. 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 govern.

PART I

QUESTIONS AND ANSWERS

INTRODUCTION

Collective Agreements between the Quality Control Council of Canada and the Non Destructive Testing Companies signatory to the NDT Management Association specify that an hourly contribution must be paid to the Pension Plan.

A Pension Plan has been established and registered with Canada Customs and Revenue Agency. The Pension Plan is administered by a Board of Trustees that draws members from both the Quality Control Council of Canada and the NDT Management Association. The day-to-day administration of the Plan is carried out by D.A.Townley & Associates Ltd.

This booklet has been prepared by the Trustees and contains, in the first section, details of the benefits provided by the Plan. It is meant to answer many questions you may have about the Plan. The second section gives illustrations of possible pensions available and a short synopsis of the Plan's locking-in rules.

Each year you will receive a statement of benefits accumulated to date under the Plan. With it, you can verify that all contributions have been made properly by your employer. You must inform the Plan Administrator if there are any discrepancies or errors in your statement of benefits.

The Board of Trustees

Management Trustees	**Union Trustees**
D.A. Belanger	D. Harris
B. Munro	K. Jones
G. Sieben	S. O'Ryan
J. McDonald	E. Power

PLAN HISTORY AND OBJECTIVE

When was the Plan established?

The Plan went into effect on May 1, 1983. The Plan was most recently amended in November 2000.

What is the objective of the Plan?

The Plan is designed to provide monthly income for life to Plan Members who retire under the Plan. Additionally, benefits are payable if you leave the Plan, become disabled or die prior to retirement.

ELIGIBILITY

Who is eligible for membership in the Plan?

Each person who is working under the terms of the Collective Agreement between the Quality Control Council of Canada and the Non Destructive Testing Management Association shall automatically participate in the Plan. An enrolment card must be completed by each Plan Member and submitted to the Plan Administrator.

If I am eligible, do I HAVE to join?

Yes.

What if I previously contributed to the NDT Industry Pension Plan, then terminated from the Plan and am now re-employed by another contributing employer?

If you were vested and you have taken your money out of the Plan or if you were not vested at the time of your termination, you will be treated as a new employee for purposes of the eligibility rule and for vesting of benefits.

If, at the time of your previous termination, you were vested and you chose not to take your money out of the Plan, you will be treated as a continuing member, and will not need to re-vest.

PLAN MEMBERSHIP AND SERVICE

How do I accrue service in the Plan?

You will be credited with a Year of Plan Membership (also called a Year of Credited Service) for each year in which you work at least 350 hours.

How do I become vested in the Plan?

After December 31, 1998, a Member becomes vested in the Plan upon completion of two Years of Plan Membership. Prior to that date, the vested rules were based on your province of employment. The Plan Administrator can give you a full explanation of those rules.

All benefits described in this booklet are available to vested Plan members. Members who terminated from the Plan prior to becoming vested lose all entitlement to benefits.

Once you become vested, you will remain vested unless you withdraw your entitlement from the Plan.

CONTRIBUTIONS

How much does my employer contribute to the Plan?

Your employer contributes a fixed hourly rate for each eligible hour you work, as set out in the Collective Agreements.

Am I required to contribute to the Plan?

No.

May I make additional contributions to the Plan?

No. The Plan will not accept voluntary contributions from you.

Do my contributions earn interest?

Yes. Interest is credited to your accounts at a rate equal to the rate the fund earns, less the costs of running the Plan.

Are contributions deductible?

Contributions are deductible. 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.

RETIREMENT

When can I retire on pension?

You can retire at any time after your 55th birthday, assuming you have retired from active employment. You must retire from the Plan before the end of the year in which you turn 69.

What if I become disabled?

If you become totally and permanently disabled as defined in the Plan rules, you can retire from the Plan. Your disability retirement date may be the first day of any month before your 65th birthday and after the date your disability is found to be total and permanent.

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

You will be treated as if you were a new member of the Plan.

RETIREMENT INCOME

How much pension will I receive?

Retirement benefits are based upon the total contributions your Employer(s) makes to the Plan and the total amount of interest earned on those contributions. This total amount will be used to buy you a pension, in the form of an annuity, which will provide you with retirement income.

Examples of retirement income are given in Part II of this booklet.

What if I don't want to receive an annuity?

You will be given a number of options when you retire, including the annuity. If you do not wish an annuity to be purchased on your behalf, you will be able to transfer your money into a locked-in RRSP or non-locked-in RRSP, depending on the locked-in status of the money. Also, you can use it to buy a Retirement Income Fund (RIF), Life Income Fund (LIF) or an LRIF. The RIF, LIF and LRIF can all be used to provide you with retirement income.

What does "locked-in" mean?

Locked-in money is money that can only be used to buy you retirement income. It will never be available to you in cash.

Are any pensions not "locked-in"?

Total contributions with interest less than a certain percentage of the CPP earnings ceiling ($39,100 in 2002) will be paid out in a lump sum. The percentage depends on the rules in effect in your province of employment. You must pay withholding and income taxes on any cash payment you receive from the Plan.

What is a Life Income Fund?

It is a locked-in registered retirement income fund (RRIF) contract from which you must receive payments each year (starting not earlier than age 55 nor later than December 31 of the year you turn 69). The LIF must be converted to a life annuity not later than December 31 of the year you turn 80. The LRIF is a similar vehicle that does not require annuitization at age 80. Some provinces do not allow money to be transferred to the LRIF.

FORMS OF PENSION

How long does my pension continue?

If you purchase a pension (also called an annuity) at retirement, it will provide you with payments until you die. After your death, depending on the form of pension you choose, your spouse may also be provided with income, either equal in size to the payment you received or at a lesser level, depending on what you decide.

What if I choose a LIF or LRIF?

Canada Customs and Revenue Agency has established a minimum and a maximum annual withdrawal amount for LIF's. You can choose any level of income between the two.

Are there any special rules that I need to be aware of?

If you have a Spouse, you must, by law, receive your pension in a form that will provide her with a minimum amount of the pension that was in payment to you during your retirement. If you were employed in Manitoba at the time of your retirement, that minimum amount is 2/3rds. For all other provinces and territories, the minimum is 60%. Your Spouse can choose to waive his or her right to this mandatory form, and allow you to choose some other form of income.

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

What happens to my pension if I stop working for a contributing employer?

You have a choice. You may

(a) leave your contributions in the Plan and receive a pension or transfer at any time prior to the end of the calendar year in which you turn 69 (a "deferred pension"), or

(b) transfer the accumulated value of your contributions to a locked-in RRSP or, under certain statutory conditions, to another pension plan or to purchase a deferred life annuity or a LIF or LRIF.

How long do I have to wait to access my pension?

You will be automatically deemed to be terminated from the Plan when you have worked less than 350 hours in two Plan years.

DEATH BEFORE RETIREMENT

What is the death benefit if I 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 RRSP or, under certain statutory conditions, to another pension plan or use it to purchase a deferred life annuity, LIF or LRIF. He or she can also use it to buy an annuity to provide lifetime retirement income.

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 in their hands.

DIVISION OF BENEFITS ON MARRIAGE BREAKDOWN

What happens to my benefits if my marriage breaks down?

Where required by the applicable family law legislation in your province of employment, your benefit will be divided between you and your former spouse and your account balance will be reduced. You and your former spouse 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 with respect to your pension assets.

AMENDMENT OR TERMINATION OF THE PLAN

Can the Plan be changed or terminated?

Yes, the Trustees could cause the Plan to be terminated. However, it is their intention that the Plan be maintained indefinitely.

Do I have any protection from future amendments?

Yes, amendments cannot cause the value of benefits accrued to the date of amendment to be reduced.

What happens if the Plan is terminated?

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.

Can a Participating Employer ever get a refund of pension fund money?

Only if they have over-contributed to the Plan.

OPERATION OF THE PLAN

How is the Plan run?

The *Trustees* (see next question) interpret the Plan, provide certain guidelines to the Plan administrator, custodian, investment manager and consultant, and oversee the running of the Plan.

The *Plan Administrator* (currently D.A. Townley and Associates) administers the Plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The *Custodian of assets* (currently Royal Trust) holds the pension fund assets and invests them following instructions from the investment manager. All contributions are made to the custodian, and all pensions and benefits are paid by the custodian.

The *Investment Manager* (currently Brinson Canada) makes investment decisions within guidelines and objectives set by the Trustees.

The *Consultant* (currently D.A. Townley and Associates) provides direction and advice to the Trustees.

The *Plan* is subject to the rules for registration under the Income Tax Act (federal) and the Alberta Employment Pensions Plan Act and is subject to change from time to time when those rules change.

How is the Board of Trustees set up?

The Board is a jointly Trusteed Board, meaning it has representatives from both management and union. Four Trustees from both sides sit on the Board, which meets semi-annually.

MORE INFORMATION

Are benefits taxable?

Benefits are included in your income for income tax purposes when they are paid (except for lump sums transferred directly to another registered pension plan or RRSP).

How can I learn more about the Plan?

In addition to this written explanation, Plan members are entitled to read the complete Plan text and the trust agreement. These documents are on file at the Plan Administrator's office.

If you have any questions or require clarification of any pension matter, contact the administrator, at (604) 299-7482 or (800) 663-1356 by phone, or e-mail the administrator at drhein@datownley.com.

If you wish to contact the Trustees, you can write them, care of the Plan Administrator's office.

Can I assign or borrow against my pension?

Benefits under the Plan may not be assigned in any way, except in cases where the benefits are split upon divorce. Your pension is fully protected against all creditors except Canada Customs and Revenue Agency.

What other sources of retirement income are available to me?

Old Age Security (OAS) is available at age 65 to every senior in Canada. OAS will provide you with about $5,200 a year (in 2001). There is a Canadian residency requirement for this benefit, but you will receive it no matter your level of income. If in total you make above $57,000 (in 2002) the benefit will be adjusted downward.

Since you have been working and contributing to the Canada Pension Plan (CPP), you will also receive a CPP benefit. The amount of pension available depends on how much and for how long you contribute to the CPP. If you worked or were self-employed in most years between the ages of 18 and 65 and earn at least the average Canadian Wage each (about $39,100 in 2002), at age 65 you will receive a CPP retirement pension of about $9,500 annually. You can take CPP as early as age 60, with a 6% per year reduction from age 65 (e.g. a 30% reduction at age 60)

Both OAS and CPP are fully indexed to the cost of living.

CPP also provides disability and survivor benefits. Your Spouse will also be entitled to OAS and may be eligible for CPP as well. Both these benefits are administered by Human Resources Development Canada. Further information is available from them on their website at www.hrdc-drhc.gc.ca/isp or toll free at 1-877-454-4051.

What else should I know?

It is your responsibility to make application to the Trustees to receive benefits when you are entitled to them. If the Trustees receive no application, they will attempt to contact the person eligible to receive the payment. If they are unable to do so, your benefit may be forfeited.

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 card recently, please complete the necessary enrolment card and send it to the Plan Administrator. The card is available through the Plan Administrator’s office.

EXERCISING YOUR RIGHTS

How do I exercise my rights?

The following rights under the Plan can be exercised at appropriate times:

- to join
- to elect benefit options
- to commence benefits
- to obtain information.

In each case, you should contact the Plan Administrator, D.A. Townley & Associates, at (604) 299-7482 or (800) 663-1356. In most cases, you will be provided with the appropriate forms to complete. You must complete the forms and return them to the Administrator to initiate action. In the following cases, there are suggested guidelines for exercising your options:

Situation	**Guideline**
New hire joins Plan	3 months following hire.
Retirement	At least 60 days notice.
Elect optional form of pension	Elect 60 days prior to election.
Termination benefits	At least 30 days notice. election

PART II

ILLUSTRATIONS

ILLUSTRATIONS OF APPROXIMATE ANNUAL PENSION BENEFITS IN 2002 DOLLARS

	No 1	No 2	No 3
1. Retirement age	55	60	65
2. Total Contributions	$120,000	$150,000	$200,000
4. Pension provided from total Contributions	$8,700	$11,600	$16,900
5. Canada Pension Plan pension at 65 (maximum)	$9,500	$9,500	$9,500
6. Old Age Security pension at 65	$5,300	$5,300	$5,300
7. Total pension at 65 = line 4+ line 5 +line6	$23,500	$26,400	$31,700
8. Total pension as a percentage of earnings (assuming earnings of $40,000 per annum):			
- at retirement	**22%**	**29%**	**79%**
- at 65	**59%**	**66%**	**79%**

Notes:

1. Contributions are translated into pensions using a 6% interest assumption, assuming mortality consistent with the GAM83 table and a joint and survivor pension paying 60% upon member death to a spouse 3 years younger. This is the mandatory form of pension in most provinces. The mandatory form can be waived by your spouse.
2. Strictly speaking, lines 4, 5 and 6 of columns 1 and 2 cannot be added together like this as each is indexed to a different economic index. However, this gives a useful approximation, for illustrative purposes.

OPTIONAL FORMS OF PENSIONS

	No 1	No 2	No 3
1. Retirement age	55	60	65
2. Total annual pension Payable (life only)	$10,000	$10,000	$10,000
3. Life, guaranteed 5 years	$9,950	$9,910	$9,820
4. Life, guaranteed 10 years	$9,800	$9,650	$9,350
5. Life, guaranteed 15 years	$9,560	$9,260	$8,700
6. Joint and Survivor, paying 100% to the survivor	$8,870	$8,280	$7,500
7. Joint and Survivor, paying 75% to the survivor	$9,120	$8,660	$8,000
8. Joint and Survivor, paying 60% to the survivor	$9,290	$8,890	$8,330
9. Joint and Survivor, paying 50% to the survivor	$9,400	$9,060	$8,570

Note:

These illustrations are based on an assumption of 6% interest, using the GAM83 mortality table. The spouse is assumed to be 3 years younger than the member. These assumptions will be adjusted from time to time to reflect updated demographic and economic projections.

LOCKING IN RULES

The Plan's locking in rules have been adopted directly from the applicable provincial regulations. They require that any money contributed to a pension fund to be paid out as retirement income only. Large lump sum cash withdrawals will not be allowed by any financial institution holding this money.

The rule that applies is the one in place on your date of termination of employment (presumed to be the date of last contribution).

A year of Plan Membership is credited for any year in which you are credited with 350 or more hours of covered employment.

Your money will be locked-in if you meet the criteria set out below. The criterion that applies will be the one in place in the province in which you were last employed.

Alberta:

Prior to January 1, 2000: 5 or more years of Plan Membership

After December 31, 1999: 2 or more years of Plan Membership

British Columbia:

After December 31, 1992 but before January 1, 1998: 5 or more years of Plan Membership in the Plan

After to December 31, 1997: 2 years of Plan Membership

Manitoba or **New Brunswick:**

2 or more years of Plan Membership

Newfoundland:

Prior to January 1997: attained age 45 and completed 10 years of Plan Membership

After January 1, 1997: more than 2 years of Plan Membership

Nova Scotia:

Prior January 1988: attained age 45 and completed 10 years of Plan Membership

After January 1, 1988: 2 or more years of Plan Membership

Ontario, the **Northwest Territories**, the **Yukon** or **Nunuvit**:

Prior January 1987: attained age 45 and completed 10 years of Plan Membership

After January 1, 1987: 2 or more Years of Plan Membership

Prince Edward Island:

2 or more years of Plan Membership

Quebec:

2 or more years of Plan Membership

Saskatchewan:

Prior January 1, 1994: the sum of attained age and years of Plan Membership exceeded 45 and at least one year of Plan Membership

After December 31, 1993: more than 2 years of Plan Membership.