

Let's Modernize VESP! Your Action is Needed!



Read this letter.



Look for two VESP letters in August 2019.



Vote online from September 1 to 21, 2019.

Dear VESP member,

You are receiving this letter because you are a member of the Vancouver Employees' Savings Plan ("VESP"). VESP is part of your overall compensation package. At each pay period, you and your employer contribute part of your salary to VESP pursuant to your collective bargaining agreement or employment contract. Money in VESP is invested in a fund or funds that you have selected or a default fund if you have not made a choice among the available funds. The money in VESP is your money that can be withdrawn in accordance with the plan rules.

VESP is overseen by the Nominees, a committee consisting of four representatives from CUPE Local 15, two representatives from the City of Vancouver and two representatives from the Vancouver School Board. VESP was established in 1951 and the market has changed dramatically since then, but VESP has not kept up. The Nominees believe that most members would benefit from modernizing VESP and would like to give members more options. The Nominees are proposing a transition of VESP to a new modernized and expanded plan with iA Financial Group. This letter includes the main changes proposed by the Nominees to a new plan.

The Nominees will be seeking member approval on the modernization of VESP through an online vote. If you have an account balance in VESP as of August 15, 2019, you will be eligible to vote and you will be mailed two letters in late August 2019: (1) a voting package outlining what you will be voting on and (2) a letter with your personal identification number (PIN) for voting. **It is important that everyone votes so please vote online from September 1 to 21, 2019.**

Features of the Proposed New Plan

New Plan



Effective January 1, 2020, all employee and employer contributions would be directed to a new plan administered by iA Financial Group.

Anticipated Lower Fees



The anticipated total fees paid by the entire plan are expected to decrease. The total fees include the cost of administration, auditing, communication/education, consulting, custodial/trustee services, fund operations, insurance and investment management. The fees paid by each member will depend on the specific fund(s) selected.

More Plan Choice with Tax Free Savings



You would have access to three different types of plans in new VESP; a Tax-Free Savings Account (tax-free savings), a Registered Retirement Savings Plan (tax deferral plan) and a Non-Registered Plan (same as today). Currently, all contributions are being directed to a Non-Registered Account in old VESP which means you have to pay tax on any capital gains and dividends/income.

No Restrictions Imposed by VESP



There would be no minimum balance requirement in new VESP and no limits on the number of withdrawals that you can make in new VESP (unless restricted under the rules of a TFSA or RRSP). You would be able to access all of your savings at any time. Currently, there is a minimum balance requirement of \$500 and you can only make one withdrawal per calendar year.

More Investment Choice



The number of investment funds would increase from four to eight. These eight funds include three socially responsible investment (SRI) funds.

More Tools and Resources



You would have access to iA Financial Group's mobile application, online tools and resources, and a member website. In addition, your investments would be valued on a daily basis.

Voluntary Contributions



Lump sum voluntary contributions would be permitted to the Tax-Free Savings Account and/or Registered Retirement Savings Plan in new VESP.

Other Implications of the Transition

Triggering of Any Capital Gains or Losses



Your existing investments in old VESP would be liquidated in late December 2019 and any capital gains or losses on your investments would be triggered in the 2019 tax year. You would need to consult your tax advisor for tax advice.

Reserve Account



Under VESP there is a current minimum balance requirement of \$500. In order to facilitate an orderly plan wind-up of old VESP, this amount will be reduced by half to \$250 of your account balance which would remain in old VESP. You would receive this account balance back, minus expenses and any liabilities, after the wind-up of old VESP.

Out of the Market



After the liquidation in late December 2019, your money in old VESP would be invested in short term investments. None of the assets in old VESP would be invested in the stock market or the bond market after the liquidation date until your money is transferred to you as follows:

- If you are an **active/current member** of VESP, your existing account balance in old VESP (minus \$250) would be transferred to a Non-Registered Account in new VESP at iA **after you re-enroll in the plan**. Your account balance at iA would be invested according to investment instructions you provided to iA during the re-enrollment process.
- If you are an **inactive/terminated member** of VESP, you would be sent a cheque for your existing account balance in old VESP (minus \$250) in January 2020 if BenFlex has a valid mailing address on record.

Re-enrollment



If you are an active/current member, you would need to re-enroll with iA, otherwise your existing account balance would stay in old VESP until you re-enroll. The employers would assist with the re-enrollment.

If you have any questions, George & Bell Consulting is assisting VESP with the proposed transition process and can provide further information. Please contact George & Bell at vesp@georgeandbell.com or 604-260-6502. BenFlex, the current administrator of VESP, will be directing any questions to George & Bell.

Your vote counts so please vote from September 1 to 21, 2019. More details will follow in your voting package in August so please watch out for it!

Yours truly,

Warren Williams
Chair, Nominees of VESP