

JUNE 2008 – LL764 PENSION COMMITTEE REPORT

Section 12 of the Pension Plan Text deals with the division (split) and distribution of your pension benefits in cases of divorce, annulment, separation or breakdown of common-law relationship. Air Canada also has an Administration Policy that provides information on the available options and recommendations on the wording to be used in the court order or agreement for your pension division. It is available on the Aeronet in "My HR", "My Pension", "Information & Tools", "Defined Benefit", "Forms"..

In the last few months we have seen several members retire who had ended spousal relationships prior to the merger in 2001. They had registered their pension benefit division agreements with CAIL under the terms of the Pension Plan at that time. Unfortunately, the agreements were not specific enough for Air Canada to proceed with the split of the pension benefits. The issue is that the Separation Agreements or Court Orders are worded in such a way that they remain subject to interpretation as to exactly which dates, method of calculation or method of payment should be used to calculate the asset split between you and your ex-spouse.

Air Canada, as the administrator of the Plan, does not want to be responsible for deciding how these agreements should be interpreted. They have correctly taken the position that the pension benefit division should be jointly determined by the spouses and their respective legal councils and not by the Company trying to interpret what the parties had actually agreed to.

We would ask that any members who are unfortunate enough to have suffered dissolution of their marriage while employed with Air Canada or any of the predecessor airlines to please ensure that your pension benefit agreements have been registered with Air Canada. Most importantly, please ensure that it complies with the requirements of the Air Canada Administration Policy or that it is written in such a way that Air Canada can apply the court order or agreement without having to make any interpretation. This being said, the Administration Policy offers suggested wording in the appendices should a new separation agreement be required.

As with most things, any errors or ambiguities in your agreement become harder to fix as more time passes. This is especially true with these types of agreements and circumstances. Furthermore, we understand that it is also difficult for you and your ex-spouse to get together and agree upon the intent of the wording in your agreement and therefore once again suggest that you refer to the Administration Policy for the sufficient wording when drafting a new separation agreement should it be required.

Anyone who is not certain if their pension benefit division has been properly registered with Air Canada should contact the Company in a timely manner. If you have not previously registered your agreement with Air Canada, call Employee Services (Mercer) at 1-877-645-5000 and tell them that you would like to register your pension benefit division agreement. If you have previously registered your agreement and are unsure as to its status, tell them you would like confirmation that your agreement conforms to the policy guidelines and that it will pose no problems when you retire.

Email is the most effective way to reach me. I may be contacted at pres764@telus.net with any questions or concerns that you may have.

Respectfully Submitted,
Christopher Hiscock
Chairman, LL 764 Pension Committee