

## NOVEMBER 2010 – LL764 PENSION COMMITTEE REPORT

In a continuation of last month's report I will continue working my way through the alphabet of pension language and terms. Here are three more to help cure your insomnia.

*"Average Annual Compensation"* - is similar to but slightly different than *"Final Average Earnings"*. *AAC* applies to allowable service since the transition date (December 2001) and *F AE* applies to allowable service prior to transition under the CAIL rules. The difference is simply this; *AAC* is your average monthly compensation in **any 36 successive months** of allowable service times 12. *F AE* is the average of either your **last 36 consecutive months** prior to the date you cease to be an employee (retire, quit or die) or **any 3 consecutive calendar years** of allowable service, whichever is greater. If you have reached a full 35 years in the pension plan you cease to make contributions or accumulate any more service as you have reached the maximum. However your *AAC* and *F AE* are calculated from any period during your entire employment including any time you work after you have 35 years in the plan. Therefore, you still have the ability to increase your *AAC* and *F AE* and possibly your pension after you have reached the full 35 years of service. Your *AAC* and *F AE* are one of two ways in which you have the ability to affect the amount of your pension benefit. The other one is the amount of allowable service you accumulate.

*"Beneficiary"* – means any person or persons last designated by you to receive any benefit payable under the Plan in the event of your death. Beneficiary is not the same as Spouse. Your beneficiary can be anyone, not only your spouse. This is a very important distinction. The benefits payable to your beneficiary and your spouse are completely different. Your spouse is entitled to receive a survivor's pension equal to 60% of your pension amount that will be payable until their death. A beneficiary is only entitled to receive the minimum amount payable under the terms of the Plan. That is your contributions plus interest (C+I) where the interest has been calculated at the 5 year Canadian Bank Rate during your years of contribution. If you die prior to receiving any pension benefit then your beneficiary will receive the full amount of your C+I. If you die after retirement but before you have received a benefit amount equal to your C+I, then your beneficiary will be entitled to receive the difference. If you die after having received a benefit amount equal to or greater than your C+I then your beneficiary is not entitled to anything. Your spouse and your beneficiary can be different people. They do not have to be the same person. Quite a few employees find out that they still have one or both of their parents listed as their beneficiary long after they have been married simply because they did not change their beneficiary information with the Company. It is important to ensure that you have the beneficiary information on file that you wish to have. The document you signed when you named your beneficiary is a legally binding agreement that the Company must abide by. If you wish to change beneficiaries, then you must submit by mail a new (revised) beneficiary card. Faxes and emails are not accepted because the original signed document must be kept on file. You can print a change of beneficiary form from the Aeronet Portal under the My Work>All Forms tabs. The CAIL Plan form is ACF850B.

*"Commutated Value"* – is commonly referred to as the "lump sum" amount of your pension benefit. This is an actuarial equivalent amount (see last month's report) of money that equals the total dollar value of your

pension benefit. It is calculated using the actuarial assumptions and methods which are prescribed in the *Pension Benefits Standards Act* and the *Income Tax Act*. Your sex (male or female) cannot be used in determining this amount. This is to ensure you are not advantaged or disadvantaged in the calculation of this value.

I may be contacted at [pres764@telus.net](mailto:pres764@telus.net) with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock

Chairman, LL 764 Pension Committee