

## SEPTEMBER 2010 – LL764 PENSION COMMITTEE REPORT

The PBSA and Section 16.7 b) of the Plan Text require that every member of the pension plan receive an annual statement that must tell you, at a minimum, the pension benefit that you would be entitled to, the value of your accumulated contributions and the funded ratio of the Plan as at 31 December of that year,. These statements are sent out the following June.

The **first page** contains a self explanatory letter from Kevin Howlett, Senior VP Employee Relations. The Pension Department falls under his jurisdiction and as such it is his duty to ensure that you get your statement.

The top of **page 2** contains your **Personal data**. Make sure that it is accurate as it reflects the data that the company has on file for you as of that date. The sooner you correct any mistakes the better. The salary figures, qualifying service and accumulated contributions reflect the amount you have as at 31 December of that year. The interest rate quoted is the 5 year Canadian Bank rate as required by law. It does not reflect the actual investment income earned by your contributions in the Master Trust Fund. That has ranged anywhere from 10 – 15% in the last 4 years. The bottom of page 2 explains the assumptions that have been made in the pension projections contained on page 3 and their legal obligations under the PBSA and the Text.

**Page 3** is the page that most people are interested in. Your normal retirement date is the first day of the month following your 65<sup>th</sup> birthday. The **Accumulated pension** value shown reflects the pension you would receive on that date based upon your contributions to the end of that year. (I.e. as if you had quit the company and never worked another day). The **Projected pension** portion shows 3 dates and your respective age, years of service and estimated pension benefit on each of them. (The assumptions for these estimates are described in the box at the bottom of page 2). The first date is the first day of the month after which you reach 80 points age + service. This eliminates the penalty associated with retiring before that date. The second is the earliest date on which you can retire without any reduction penalty. That is the first day of the month after which you have both reached 80 points and age 55. The third date is your normal retirement date (age 65). The difference between this value and the one above in the accumulated pension section is that this estimate assumes that you continue working until age 65, which is why this figure should be considerably higher than the accumulated normal retirement pension value. The 2 statements on page 3 are explanations of plan rules with respect to disability and death before retirement. The disability statement says that while off on WCB or GDIP, you are not required to make any pension contributions but you are given full credit for that time as pensionable service.

**Page 4** explains the rules concerning the death of the retiree while in receipt of a pension. The second portion of page 4 is the company's requirement to inform you of the financial status of the Plan. It concisely explains the net effect of the Pension agreement signed by all 5 Unions in 2009. It also tells you that the plan was 75% funded with a solvency deficit of \$223.7M in the case of the ex-CAIL plan. It must be noted

that while the priority payout provisions listed are in the ex-CAIL Plan text, there is every likelihood that they would not stand up to a legal challenge. In fact the BC Financial Superintendant has notified provincially regulated plans to review any such language in their texts with an eye to changing it to a straight equal % as is the case for all AC Plans.

Email is the most effective way to reach me. 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