



# Canadian Airways Lodge No. 764

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

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## SEPTEMBER 2011 – LL764 PENSION COMMITTEE REPORT

All of you will have received your 2010 Annual pension Statements from Air Canada near the end of June. It is a snapshot look at your personal pension contributions and accrued benefit as at 31 December 2010. If you refer back to my September 2010 Pension report it will explain how to read your annual pension statement. You can find the report on the LL764 website [www.iam764.ca](http://www.iam764.ca) under the "Pensions" link on the home page.

Air Canada received the 2011 Actuarial Valuation on their pension plans at the end of June as well. These results were not publically released until August with their Q2 financial results. The valuation which is a snapshot as at 01 January 2011 shows that the solvency funding ratio of the ex-CAIL plan was 82.9% which is up from the 01 January 2010 solvency funding ratio of 77.7%.

While it is nice to see an upswing in the solvency funding it is important to keep in mind that this is a one day snapshot that is used to represent the value of the plan for the entire year from June to June. As you are all no doubt aware the equity markets and most importantly the government bond rates continue to be very volatile and constantly fluctuating in reaction to the uncertainty in the markets.

The countries within the Eurozone will exert a great deal of influence on bond rates over the near and medium term as they grapple with how to solve their financial problems, particularly in Greece, Ireland, Italy and Portugal. The American economy is always a great concern and influence upon all world finances and bond rates. The economic news flowing from our neighbours to the south has not been confidence inspiring for a long time now.

Worldwide DB pension plans make up more than one third of all investment capital. Our financial futures and retirement dreams are directly linked to all of these countries and markets. That is our money they are playing with. For all of our sakes they had better get it right.

On a third note, the IAM&AW has been holding negotiating meetings with Air Canada and a preliminary meeting with Aveos in late June and July with respect to our pensions. As I mentioned in my June report we tabled a pension proposal to Air Canada in April. We did not have a follow up meeting until the last week of June as they were busy with the CAW contract negotiations. We have had 3 more meetings in July and our initial meeting with Aveos in the last week of July.

We are far from an agreement but we are talking and nothing has been ruled off of the table to date. There is a great deal of work remaining to get a pension deal but we continue to work towards that goal. Previously scheduled vacations precluded any meetings in August but we are scheduled to meet again in September. When a deal is ultimately reached it will come back to the membership to be ratified as part of the CBA ratification process.

I obviously cannot disclose any details of our proposal other than to say that we are endeavouring to negotiate a deal that will be acceptable to all of our members while still providing Air Canada and Aveos with the solvency funding relief they need. We think that both of these goals can be met within the context of our pension proposal.

I may be contacted at [president@iam764.ca](mailto:president@iam764.ca) with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock  
Chairman, LL 764 Pension Committee