

Air Canada Pension Plans



Understanding your Pension

Presented by Christopher Hiscock

Monday, November 12th, 2012

- Introduction
- Plan Details & Options
- CPP and OAS
- Post Retirement Benefits
- Retirement application & process

Seminar Topics

➤ **Questions at any time**

- About the Air Canada Plans
- Definitions & Plan Rules
- Pension Options
- Calculations
- Annual Pension Statement
- Survivor Benefits
- Post-retirement Benefits
- Government Benefits

About Our Pension Plans

- Defined Benefit Pension Plans
- Federally Regulated (OSFI)
- Pension Benefits Standards Act
- Income Tax Act
- Pension Text and Collective Agreement
- All 4 documents define the rules and administration of our plans
- Pension Committees monitor Pension Plan administration

Ex-CAIL Pension Committee

- Chairman – Christopher Hiscock
 - YVR Member – Demetri Ghinis
 - YYZ Member – Karnail Brar
 - Retiree Member – Ed Wainwright
 - DL 140 GC – Boyd Richardson (both CAIL & AC)
 - 3 Company Members
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- Meet with the company twice per year.
 - Advocate for members with problems / issues
 - Review financial reports and performance
 - Hold a 4 to 3 vote on the committee and must approve all changes to the Text.

Air Canada Pension Committee

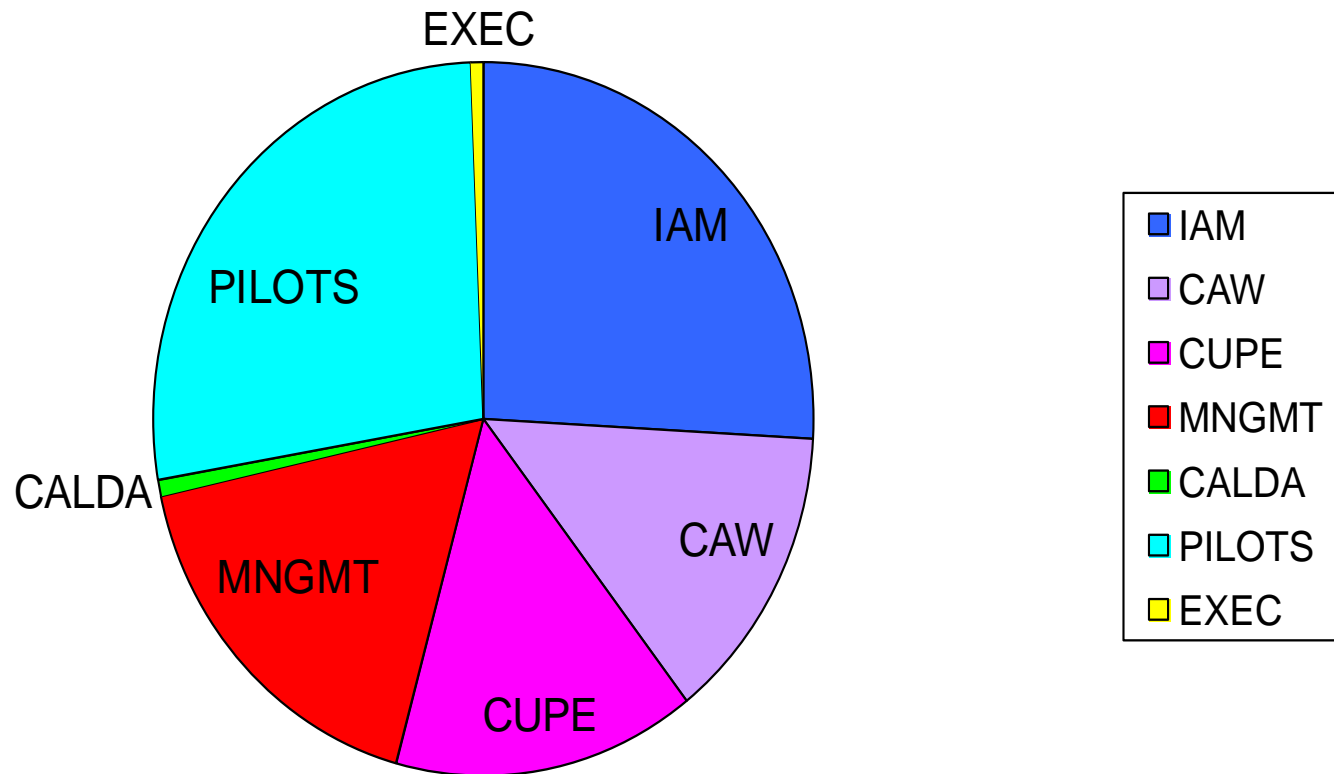
- YEG Member – Grant Hornsby
 - YWG Member – Tony Rupps
 - YYZ Member – Steve O'Hara
 - YUL Member – Yvon Tasse
 - YHZ Observer – Peter McCarthy
 - YVR Observer – Kevin Cox
 - 4 Company members
-
- Meet quarterly
 - Advocate for members with problems / issues
 - Review financial reports and performance
 - Approve payment of all pensions

Air Canada Pension Plans

- AC sponsors 10 Pension Plans
- AC **M**aster **T**rust **F**und holds the assets of all the Pension Plans. Investments are actively managed.
- \$13.305B (12/31/2011) an increase of \$713M from \$12.592B(12/31/2010)
- Assets are held in trust (CIBC Mellon) and are not available to the Company or creditors
- Solely for the payment of member benefits and administration costs of the plans
- IAM members are in two different plans - AC Main Plan & IAM ex-CAIL Plan
- IAM members own approx. 24% of all assets (\$3B)

AIR CANADA MASTER TRUST

\$13.31 B (11-12-31)



Creation of a Single IAM&AW Plan

- ❑ Effective January 1, 2014
- ❑ All Clerical, Finance and TMOS members will be placed in a single IAM&AW pension plan
- ❑ All Plan assets remain in the Master Trust Fund
- ❑ Single Pension Committee → 6 members (YHZ / YUL / YYZ / YWG / YYC-YEG / YVR) plus a Retiree member.
- ❑ Better separation of assets and liabilities from other unions and management pension plans
- ❑ More autonomy and control than under the current structure

IAM&AW MEPP for New Hires

- ❑ Applicable to all IAM&AW members hired after the date of ratification of their 2012 collective agreement
- ❑ Not applicable to any current IAM&AW members
- ❑ Targeted Defined Benefit Pension plan.
- ❑ Payable from age 65. Actuarially reduced for early retirement any time after age 55
- ❑ Contribution rates of 6% employee & company
- ❑ Pension is based on a formula → months of service X benefit rate per month
- ❑ J&S50% or J&S60% survivor pensions payable

IAM&AW MEPP for New Hires - 2

- ❑ Air Canada has no responsibility for solvency funding. Funding shortfalls are addressed through adjustment of targeted benefits if required
- ❑ IAM&AW Trustees and appointed actuaries
- ❑ All assets professionally invested and managed
- ❑ Federally regulated under OSFI and the PBSA
- ❑ Multi-employer pension plans lessen the risk of single employer funding or insolvency
- ❑ Open to all IAM&AW federally regulated employers
- ❑ Currently Air Canada, Garda (CATSA screeners) & A.J. Walters

Terms and Rules we will explain

- Service – Allowable, Qualifying, Pensionable
- Pensionable Earnings
- YMPE
- Normal Retirement
- Early Retirement
- Disability Pension
- Survivor Benefits
- Higher to 65 Option
- Termination Benefits

Service

- Air Canada service from date of hire.
- CAIL service from date of Pension Plan membership
- Previous Air Canada service.
- Company approved leave for Military Service.
- Pre-employment Military Service.
- Maternity / Paternity Leave
- Periods of interrupted service, e.g., elected political office or full-time union representative
- Approved lay-off or Furlough avoidance leaves. (SVLOA)

Service – cont'd

- Time on GDIP / WCB
 - No contributions required
 - Higher benefit (2% on all earnings for all full months)
 - Notional earnings if you retire from GDIP / WCB
- **Qualifying** service (accounts for service in multiple plans to determine options)
- **Allowable** service (AC -determines money)
- **Pensionable** service (CAIL -determines money)
- Cannot exceed 35 years – PBSA & ITA



Annual Pensionable Earnings

- All normal salary and wages shown on your payroll
- Option to exclude overtime earnings
- **Average Annual Compensation (AC)** is calculated using your best 36 consecutive months earnings at anytime in your career
- **Final Average Earnings (CAIL)** is calculated using your best 3 consecutive calendar years or last 36 months of Continuous service
- Cap at \$82,000 (\$71,000 for CAIL service)
- The 36 month period used is now shown on your detailed report on the Calculator.

YMPE

- YMPE = **Y**early **M**aximum **P**ensionable **E**arnings.
- Set annually by Revenue Canada
- Used to determine benefit and contribution levels in all AC pension plans
- Used to determine your contributions to the Canada / Quebec pension plans.
- Average Annual YMPE is used with AAC / FAE as part of the pension benefit formulas.
- The YMPE used is shown along with your AAC / FAE at the end of your detailed report on the Calculator.

YMPE: 2002 - 2012

- 2012 - \$50,100
- 2011 - \$48,300
- 2010 - \$47,200
- 2009 - \$ 46,300
- 2008 - \$ 44,900
- 2007 - \$ 43,700
- 2006 - \$ 42,100
- 2005 - \$ 41,100
- 2004 - \$40,500
- 2003 - \$ 39,900
- 2002 - \$ 39,100
- 1990 - \$ 28,900



Normal Retirement

- The first day of the month next following your 65th birthday.
- No reductions shall apply regardless of service
- ❑ Air Canada has eliminated mandatory retirement at age 65.

Early Retirement

➤ 25 years of Qualifying Service

OR

➤ 80 Points of Age + Qualifying Service

➤ There are 2 Early Retirement reductions possible. They will apply whichever is the greater

1) Prior to attaining age 55

2) Prior to attaining age 60 or 80 points or 30 years service in the pension plan

Disability Retirement

- Eligible after 15 years qualifying service (10 years former CAIL)
- Payable as if age 65 (no penalties)
- CPP / QPP disability benefits also available
- Survivor benefit payable to spouse
- Application and instructions are on the Aeronet (HR Connex)
- Member to initiate the process and submit detailed medical reports of disability.
- Independent 3rd party medical evaluation determines eligibility if Company Chief Medical Officer disagrees with your doctor.

Terminations

- If you have not met the retirement “*milestones*” of 25 years of qualifying service or 80 points or age 65 there are several pension options.
- Options for refunds, transfers, deferred unreduced pensions or “pension without benefits”
- Being eligible for an immediate pension does not qualify you as a “retiree”
- The applicable options are dependant upon your age and qualifying service at your date of termination



Termination Options

- >10 years prior to an unreduced pension (<70 points) = options for either a commuted value transfer (lump sum) or a deferred unreduced pension.
- Commuted Value Transfer option prior to age 45 (AC) or 50 (CAIL). Max age 55 (if <70 points).
- Combinations of age & service ≥ 70 points = options for either an immediate reduced pension or a deferred unreduced pension
- There are some differences between the plans
- See handout for detailed explanations



Pension Options – Survivor Benefits

- Choice of J&S50% or J&S60% survivor benefit
- Only your spouse can waive the right to receive the J&S60% benefit
- Calculations are based on the J&S50% survivor benefit option (Normal Form)
- There is a pension reduction (1%) if you receive the J&S60 % survivor benefit option
- Your pension option choice is irrevocable after your date of retirement



Pension Options - Higher to 65

- Available for Retirements prior to Age 65 with ≥ 25 years of qualifying service or 80 points.
- Provides a higher pension until age 65 and a lower pension after age 65.
- The maximum increase is capped at the full 2% per year of allowable / pensionable service.
- Does not affect Government Pension Plans
- Not tied to when you take your CPP or OAS
- Will affect the pension of the surviving spouse

Plan Rules

- AC plan amended July, 1999 to reflect new benefit (all service) and contribution rates
- CAIL plan amended December 1, 2001 to mirror provisions of AC plan for all future service
- (New CAIL text was agreed to in August 2008)
- Pension contributions increased from:
4.5% to 5.25% on earnings up to YMPE
- Pension benefit increased from 1.4% to 1.75% on earnings up to the YMPE
- Max cap on earnings increased to \$82,000

Plan Rules

- Normal Retirement is at age 65
- Early Retirement is available after attaining 25 years of Qualifying Service **OR** 80 points (age + qualifying service)
- Earliest Unreduced Retirement is at age 55
- Benefit Formula uses the best 36 months (AC) or 3 calendar years (CAIL) of consecutive service (including overtime – unless opted out)
- Maximum Pension Benefit = 35 years in a pension plan and 2% per year of allowable / pensionable service (Income Tax Act)

Benefit Formula

- **Pension(\$\$\$\$)** = **Service** x **Earnings** x **% Factors**
- **Service** is calculated in whole months
- **Service** is allowable (AC) and pensionable (CAIL)
- **Earnings** = **AAC** (AC service) or **FAE** (CAIL service)
- **% Factors** = 1.4% (CAIL service) and 1.75% (AC service) below the YMPE and 2% on all service above the YMPE & full months on GDIP / WCB

Benefit Formula % Factors

AC % Factors

- 1.75 % for Earnings up to YMPE
- 2.0 % for Earnings in excess of YMPE
- 2.0 % for full months of Disability / WCB

Ex-CAIL % Factors

- 1.4% for Earnings up to YMPE (before 2001/12/01)
- 1.75% for Earnings up to YMPE (after 2001/12/01)
- 2.0% for Earnings above YMPE
- 2.0% for full months of Disability /WCB

Early Retirement Reductions

- If you have attained 25 years of qualifying service or 80 points of age + qualifying service
 - 1) Prior to age 55 Reduction ratio factor =
$$\frac{\text{Allowable Service (at time of retirement)}}{\text{Allowable Service} + \text{months to age 55 (*60 CAIL)}}$$
 - 2) Prior to age 60 or 80 points or 30 years qualifying service Reduction factor =
1/4% per month prior to the attainment of the earliest of these dates.
- If both apply they will apply whichever factor is the greater reduction



Termination Reductions

- Prior to attaining 25 years qualifying service or 80 points if you opt to take an early reduced payment of your pension.
- May be taken any time <10 years prior to your unreduced pension date.
 - 1) <80 points = actuarially reduced from age 65
 - 2) >80 points = actuarially reduced from your AC Pensionable Age or Deferred Pension Date.
- Minimum reduction is ¼% per month from the earliest of age 60 or 80 points or 30 years of qualifying service



New Early Retirement Reduction

- ❑ As agreed to in the 2012 Pension MOA
- ❑ Effective January 1st, 2014
- ❑ Applicable to all retirements and terminations prior to attaining **both** age 55 **and** 80 points.
- ❑ Replaces existing reduction factors.
- ❑ Is an actuarial reduction calculated solely on age at retirement / termination less than age 65.
- ❑ Actuarial Reduction is approximately 6% per year compounded
- ❑ Actuarial Reduction also factors the interest rate at the date of retirement / termination compounded

APPROXIMATE ACTUARIAL REDUCTIONS**

$$64 = 6.0\%$$

$$63 = 11.64\%$$

$$62 = 16.94\%$$

$$61 = 21.93\%$$

$$60 = 26.61\%$$

$$59 = 31.01\%$$

$$58 = 35.16\%$$

$$57 = 39.05\%$$

$$56 = 42.70\%$$

$$55 = 46.14\%$$

$$54 = 49.37\%$$

$$53 = 52.41\%$$

$$52 = 55.26\%$$

$$51 = 57.95\%$$

$$50 = 60.47\%$$

$$49 = 62.84\%$$

$$48 = 65.07\%$$

$$47 = 67.17\%$$

$$46 = 69.14\%$$

$$45 = 70.99\%$$

** simple 6% compounded. Interest rate not included

Pension Estimates

- ❑ Estimates can be done on the Aéornet portal
- ❑ Follow the steps:
 - 1) Sign in to AC Aéronet
 - 2) Select HR Connex from the tool bar at the top of the page
 - 3) Select (*Retirement*) My DB Pension
 - 4) From the Pensions tab select Project Retirement Income to do any calculations.
 - 5) Input your requested age or date and select Redisplay Projection.

Pension Estimates (cont'd)

- 5) Select Pension Forms of Payment and Calculation Details to see your detailed pension options and dollar values.
- ❑ You can run different retirement dates. Your pension amounts and options will be displayed as applicable. These different scenarios can be saved for later viewing.
 - ❑ We encourage all pension plan members to keep this step by step guide and to use it to access your pension plan details and familiarize yourself with your greatest benefit after your wages
 - ❑ The more information and knowledge each of us have, the more prepared you will be to make decisions about your pension.

Annual Pension Statement

- The employee personal pension statement is issued to all employees in June of each year. It is prepared as of December 31st of the previous year.
- This statement provides you with a very reliable snapshot estimate of your pension calculations.
- Air Canada will only provide individual pension calculations after you have submitted your request to retire.

Your Personal Pension Statement

Personal Data

The benefits you have accrued as of December 31, 2011, in the Pension Plan are based on the following data from the Company's records

- Your date of birth: January 1st, 1978
- Your date of hire: September 1st, 1998
- Your date of membership: September 1st, 1998
- Your estimated average annual compensation:
 - under CAIL type provisions \$54,321
 - under AC type provisions \$54,321
- Your qualifying service: 12.34 years
- Your allowable service 12.34 years

Your Personal Pension Statement

- The Company records show that your months of allowable service are broken down as follows:

IAMAW Plan

- CAIL – type service	3.25 years
- AC – type service	9.09 years

- Your employee contributions are summarized as follows:

Accumulated Contributions

• Amounts with interest as of December 31, 2010	\$123,456
• Contributions made in 2011	\$4,321
• Interest credited in 2011 at 1.82%** (**5 year Canadian Bank deposit interest rate)	\$1,234
• Amounts with interest as of December 31, 2011	\$129,011

Your Personal Pension Statement

Accumulated Pension

- As of December 31, 2011, you have accumulated a monthly pension payable, without reduction, at Normal Retirement as follows:

	Normal Retirement date	Accumulated Pension
IAMAW plan	February 1 st , 2043	\$1,111

Projected Pension

- The following table indicates your **estimated** Air Canada monthly pension payable from specific Retirement Dates, assuming you continue to work full time after December 31, 2011:

	Date	Age	Allowable	Pension
Retirement with 80 points	2027/12/01	49	29.33	\$2,222
<u>Retirement without reduction</u>	<u>2033/02/01</u>	<u>55</u>	<u>34.42</u>	<u>\$3,333</u>
Normal retirement	2043/02/01	65	35.00	\$4,444

- However, a reduced pension of \$1,234 could be paid as early as **December 1st, 2022** → **Note:** this is the date that you attain 70 points

Survivor Pensions

- Options for J&S50% or 60% survivor benefit
- Your pension is reduced 1% for the 60% option
- Irrevocable option selection at time of retirement
- Payable for the lifetime of the spouse

	Pension (50% Option)	Survivor Pension (50%)	Pension (60% Option)	Survivor Pension (60%)
Level Lifetime	\$2,515.02	\$1,257.51	\$2,491.38	\$1,494.83
Higher to 65 (Age<65)	\$2,778.93	\$1,389.47	\$2,752.81	\$1,651.69
Higher to 65 (Age >65)	\$2,113.62	\$1,056.81	\$2,093.75	\$1,256.25

Changes to the Normal Form Pension

- ❑ Effective January 1, 2014
- ❑ Normal Form pension will change from J&S50% to a Guaranteed 10 year (G10) option for all members
- ❑ The Normal Form pension is used to value the liabilities of the pension plan
- ❑ The G10 option pays 100% of the member's pension to the beneficiary or estate for 10 years from the date of retirement in the event of the member's death
- ❑ The \$\$ value of the new G10 = the current J&S50%
- ❑ All pension options must be actuarially equivalent to the normal form option

Changes to the Normal Form Pension -2

- ❑ Married members still have the option for a J&S50% or a J&S60% pension in addition to the G10 option
- ❑ The J&S50% and J&S60% pensions will be reduced by 3% from their current values
- ❑ Only the spouse at the date of retirement will be recognized for a survivor pension
- ❑ A new actuarially increased G5 option will also be available for single members
- ❑ This change in the Normal Form pension will be null and void conditional upon Air Canada obtaining Special Funding Regulations from OSFI

Consent Provision

- ❑ Air Canada agrees they will not deny consent for an unreduced pension payable from age 55 and 80 points for the life of the collective agreement
- ❑ The consent will be contained in the collective agreement
- ❑ This consent is for all members who attain age 55 and 80 points during the life of the collective agreement.
- ❑ The consent provision will be renewed with each successive collective agreement.
- ❑ The Consent provision is for actuarial purposes and is included all Air Canada pension plans

Criteria for “Retiree” Status

✓ 25 years Continuous service

OR

✓ 80 points age plus continuous service

OR

✓ Age 65 with at least 10 years continuous service

✓ Continuous service = Company service

✓ Company service is continuous from your last permanent date of hire at either CAIL or AC

✓ **Includes** all periods of layoff, strike, LOA, GDIP / WCB

Benefits of “Retiree” Status

- ✓ Lifetime Air Canada Travel Privileges
- ✓ Eligibility for OAL travel and Industry retiree discounts
- ✓ Post Retirement Health and Insurance Benefits
- ✓ Qualify for IAMAW retirement gift and retiree status.
- ✓ Qualify to yell at kids to get off your lawn and to drive for miles with your left turn signal on

Post-retirement Benefits – Insurance

- ✓ Basic Life Insurance
 - \$10,000, Company paid
 - 15 years AC service or benefit pro-rated
- ✓ Optional Life insurance
 - 50% of active to age 60
 - 25% of active to 65
- ✓ Supplemental Life insurance
 - max \$50,000
 - terminates at age 70
- ✓ Voluntary AD&D

Post-retirement Benefits – Health

✓ **Basic Health Plan**

- Company paid
- \$7,500 Lifetime coverage (\$5500 in 2012)
- 15 years AC service or benefit pro-rated (11/15th 2012)

✓ **Voluntary Supplementary Health Plan**

- Claimsecure
- Company/Retiree shared cost
- \$50,000 Lifetime coverage + \$2000 annual reinstatement.
- Dental = \$800 / year + \$550 for crowns/bridges/dentures
- Excludes eyeglasses/contacts

✓ **Blue Cross**

- Retiree paid (ex-CAIL)
- \$25,000 (?) Lifetime coverage

2012 VSHP Monthly Premiums

New Monthly Premiums effective May 1, 2012*						
Province s	Under 65			65 or Over		
	Single	2 persons	3 persons or more	Single	2 persons	3 persons or more
Québec	\$41.51	\$82.53	\$103.27	\$48.94	\$95.34	\$119.79
Ontario	\$76.10	\$151.61	\$189.64	\$60.57	\$122.32	\$152.61
Alberta	\$55.42	\$110.40	\$138.11	\$48.05	\$94.22	\$118.24
B.C., Man & Sask.	\$40.17	\$80.04	\$100.12	\$63.94	\$128.99	\$160.96
Atlantic	\$66.65	\$132.56	\$165.90	\$127.46	\$248.30	\$312.04

* Excluding Provincial taxes

2011 Pacific Blue Cross Premiums

British Columbia

Coverage	New Monthly Rate (Effective January 1, 2011)
Single	\$ 72.88
Family	\$ 145.76

Quebec

Coverage	New Monthly Rate (Effective January 1, 2011)
Single	\$ 97.42
Family	\$194.84

All other provinces

Coverage	New Monthly Rate (Effective January 1, 2011)
Single	\$ 70.60
Family	\$141.20

Retiree Benefit Information

■ AC Aéronet → HR Connex

→ Policies & Information (tab)

→ 1 My Benefits → ... → Retiree Benefits → 3 choices

→ Retiree Group Health Plans → 6 choices

Active Employee Benefit Information

→ 1 My Benefits → Health Care Plans

→ Health Care Plans →

→ Supplemental Health Care Plan → 9 choices

Benefit Coverage upon Retirement

- ✓ You are covered on your existing Claimsecure and Manulife plans for the first 30 days after your retirement date. Submit all outstanding claims.
- ✓ On day 31 you will transition to your newly selected plan that you probably haven't selected yet.
- ✓ Coverage is seamless.
- ✓ Keep all receipts for any expenses incurred between day 31 and the date you get confirmation of coverage with your new plan.
- ✓ Submit these receipts after your new coverage is established.

Canada Pension Plan (CPP)

- ❖ The Canada Pension Plan (CPP) provides contributors and their families with retirement, disability, survivor, death and children's benefits.
 - The retirement pension is a monthly payment available to CPP contributors normally payable at 65 years of age.
 - The disability benefit is a monthly benefit available to qualified CPP contributors and their dependent children.
 - Survivor benefits are paid to a deceased contributor's estate, surviving spouse or common-law partner and dependent children.
Benefits include:
 - The death benefit – a one-time payment to, or on behalf of, the estate of a deceased Canada Pension Plan contributor;
 - The survivor's pension – a monthly pension paid to the surviving spouse or common-law partner of a deceased contributor;
 - The children's benefit – a monthly benefit for dependent children of a deceased contributor

CPP - Rules

- ❖ Contributions from age 18 to 65 (47 years)
- ❖ 15% General Low Earnings Drop out (7 years)
- ❖ Can be taken anytime between age 60 and 70
- ❖ Reduced 0.6% per month if taken below age 65
- ❖ Increased 0.7% per month if taken above age 65
- ❖ Work cessation test – at least 2 months of decreased income (waived as of January 1, 2012)
- ❖ Max annual total CPP in 2012 is \$11,840.04

CPP - Benefits

Type of Benefit	Maximum (2012)
Disability Benefit	\$1,185.50
Retirement Pension (at 65/60)	\$986.67/\$676.86
Survivor Benefits (Age <65)	\$543.82(max)
Survivor Benefits (Age >65)	\$592.00 (max)
Child of disabled contributor	\$224.62
Survivor / Retirement (age 65)	\$986.67
Survivor / Disability	\$1185.50
Death Benefit (lump sum)	\$2,500.00

CPP – Phased Changes

- ❖ Increase General Low Earnings dropout from 15% to 16% in 2012 and 17% in 2014 (7 years to 8 years)
- ❖ Elimination of Work Cessation Test – may receive CPP while working. Starting January 1, 2012
- ❖ Improved Pension Coverage – Working Beneficiaries must continue to contribute to age 65 but it will increase your CPP; contributions after age 65 are optional and will increase a maximum CPP benefit by 1/40th per year starting January 1, 2012
- ❖ Change to Early and Late Take-up Rates→
 - 1) CPP commenced before age 65 = 0.6% increased from 0.5% starting January 1, 2012
 - 2) CPP commenced after age 65 = 0.7% increased from 0.5% starting January 1, 2011

Old Age Security (OAS)

- ❖ The OAS pension is available to most Canadians starting at the age of 65. Net income above \$69,562 results in reduction of benefits and is completely clawed back at \$112,966 for 2012.
- ❖ OAS provides additional benefits to eligible low-income seniors:
 - Guaranteed Income Supplement (GIS) – for OAS pensioners with total income below \$16,516
 - Allowance – for 60 to 64 year-old spouses or common-law partners of pensioners who receive GIS
 - Allowance for the survivor – for 60 to 64 year-old widowed spouses or common-law partners

OAS - continued

Type of Benefit	Recipient	Maximum(2012)
OAS	All	\$544.98
GIS (<\$16,512)	Single	\$738.96
GIS (<\$21,840)	Spouse of pensioner	\$489.98
GIS (<\$39,600)	Spouse of non-pensioner	\$738.96
GIS (<\$39,600)	Spouse of recipient	\$489.98
Allowance	All	\$1,034.96
Allowance for survivor	All	\$1,158.69

Changes to OAS / GIS

- ❖ Effective April 1, 2023 eligibility age increases from 65 to 67 for everyone born after March 31, 1958.
- ❖ Age for Allowance and Survivor Allowance will increase from current age 60 – 64 to age 62 – 66.
- ❖ 6 year phase in period – eligibility age increases in 1 month increments for each 2 month period
- ❖ People born in April – May 1958 will be eligible at age 65 years 1 month. People born in June – July 1958 will be eligible at 65 years 2 months and so on.
- ❖ Everyone born on or after April 1, 1962 will be eligible at age 67.

Changes to OAS / GIS (cont'd)

- ❖ Effective July 1, 2013 OAS can be deferred up to 5 years and actuarially increased.
- ❖ The 2012 OAS is \$6,481. A one year deferral will = \$6,948. A five year deferral will = \$8,814
- ❖ The GIS is also deferred with an OAS deferral but it is not actuarially increased.
- ❖ Automatic application enrolment will be phased in between 2013 and 2016 eliminating the need to apply.

How and When Do I apply?

- ❖ For CPP apply 6 months prior to your requested date.
- ❖ CPP Disability – Service standard is for 75% of decisions to be made within 120 days (48 hours for terminal illness).
- ❖ For OAS/GIS apply 6 months prior to your 65th birthday (until the automatic enrolment is fully implemented in 2016)
- ❖ Phone 1-800-277-9914 or apply online at www.servicecanada.ca

Example of Combined Air Canada & Government Pensions

OPTION	AC PENSION	PLUS CPP @ AGE 60 (\$676.86)	PLUS OAS @ AGE 65 (\$544.98)	CPP & OAS @ AGE 65 (\$1,531.65)
LEVEL LIFE	\$2,515.02	\$3,191.88	\$3,736.12	\$4,046.67
HIGHER TO 65	\$2,778.93	\$3,455.79	\$3,335.46 (\$2113.62)	\$3,645.29 (\$2113.62)

Net To Net Comparison

	WORKING	RETIRED
GROSS INCOME	\$65,000	\$37,428
INCOME TAX	-\$16,500	-\$6,200
PENSION CONTRIBUTIONS	-\$3,537.75	\$0
CPP CONTRIBUTIONS	-\$2,306.70	\$0
EMPLOYMENT INSURANCE	-\$839.97	\$0
UNION DUES	-\$907	\$0
POST RETIREMENT BENEFITS	N/A	-\$994
NET INCOME	\$40,908.58	\$30,234
	\$3409.05 /MONTH	\$2,520 /MONTH

Retirement Application Process

- ❖ Via telephone at 1-855-855-0785
- ❖ Has moved online at the AC Aeronet
- ❖ HR Connex > (Retirement) My DB Pension > Pension (tab) > Retire now.
- ❖ Notify your manager and they must complete the online e86 (Notice of Separation) to ensure the processing of your final pay
- ❖ You are owed your first cheque on the 1st day of the month you retire. You will not get it.
- ❖ You will get a combined cheque for your first 2 months pension about 6 weeks after you retire.
- ❖ Your final pay cheque from Air Canada takes about 30 days. (Time Bank, vacation owed, final wages – a total of all monies owed and owing)

Retirement Process – cont'd

- ❖ Expect and plan to receive no income for up to 6 weeks after you retire. You will get all monies owed in 2 cheques – your final pay and first pension
- ❖ First 3 or 4 cheques will be estimates (J&S 50%)
- ❖ You will receive your benefit selection package at the same time as your pension package (**maybe)
- ❖ The Company withholds \$150 per month until you submit your benefits selection form.
- ❖ They will pay you all withheld and owing funds when all of the selection forms are completed and returned.
- ❖ Last and the most important step of all - sit back and watch the money roll into your bank account on the 1st day of each and every month after that.

The Past 3 Hours of Your Life

- ❑ Current and new Pension plans + new MEPP plan
- ❑ Definitions & Plan Rules
- ❑ Pension Options + Changes to early retirement reduction factors
- ❑ Benefit formulas and calculations
- ❑ Annual Pension Statement & Pension Projector
- ❑ Survivor Benefits + changes to the normal form pension
- ❑ Post-retirement Benefits
- ❑ Government Benefits + changes
- ❑ Application processes

Summary

- ❖ Plan your retirement carefully
- ❖ **Seek independent financial advice**
- ❖ Choose the options and benefits that are best for you and your family
- ❖ Make sure that you fully understand all of your options and benefits before making your choice
- ❖ Think carefully about your decisions → **once made they are irrevocable.**
- ❖ Enjoy your retirement – **you have earned it!!**

Where to Get More Information

- ❖ Pension Committee – president@iam764.ca
- ❖ Local 764 website - www.iam764.ca
- ❖ Annual Pension Statement - every June
- ❖ AC Aéronet - <http://acaeronet.aircanada.ca>
- ❖ Govt. of Canada - www.servicecanada.gc.ca
- ❖ Provincial Govt. - www.gov.bc.ca
- ❖ Canadian Association of Retired Persons (CARP)
www.carp.ca

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Office Hours

Effective January 2011

Office Assistant

Next General Meeting - Wednesday - Nov 14/2012

Time: 5 PM Where: 7980 - River Road, Richmond

Job Opening - Mega Crane -27-Oct-

Employer is looking for Aveos Licensed Aircraft Maintenance Engineer (Mechanical) to train into this position please forward resumes to Ken and do not contact employer directly.
[readmore...](#)

More 764

- [AC/Aveos Transition](#)
- [Pensions](#)
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- [Employee Asist. Program](#)
- [Great West Life Forms](#)
- [AC Collective Agreement](#)

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Pension Seminar

Pension Seminar

- YVR - THURSDAY, NOVEMBER 1ST, 2012 AIR CANADA / AVEOS PENSION SEMINAR SIGN-IN SHEET
- CHANGES TO THE IAMAW NORMAL FORM PENSION Effective January 1st, 2014
- IAMAW PENSION MOA CONSENT PROVISION
- Q & A DOCUMENT FOR ALL IAM&AW AIR CANADA CLERICAL, FINANCE & TMOS MEMBERS CONCERNING THE JUNE 2012 PICHER AWARD PENSION MOA PLUS THE OCTOBER 2012 AIR CANADA RETIREMENT ADMINISTRATION & POLICY CHANGES
- Termination and Retirement Benefit Grid-IAMAW - AC
- Termination and Retirement Benefit Grid-IAMAW CAIL
- Air Canada Pension Plans Slides - Power Point File- 01 Nov2012
- Air Canada Pension Plans Slides - PDF File (two slides per page) - 01 Nov2012
- Pension or Lump Sum - 5 questions you need to ask (globe and Mail).

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Thank You

*For your time
and attendance*