



BULLETIN

TRANSPORTATION DISTRICT 140 DISTRICT DES TRANSPORTS 140

*International Association of Machinists and Aerospace Workers
Association internationale des machinistes et des travailleurs et travailleuses de l'aérospatiale*

TO ALL MEMBERS OF THE IAMAW WORKING FOR AIR CANADA

Air Canada Pension Plan

Dear Sisters and Brothers:

In recent days, wild rumours about the Air Canada Pension Plan have been circulating. This Union has successfully fought to protect the pension benefits of its members and retirees. To state otherwise is simply wrong.

2009 FACTS

- In 2009, the IAMAW, along with all the Air Canada unions, entered into an agreement with Air Canada. This agreement provided for the Air Canada unions and Air Canada to approach the Federal Government for relief from the obligation of Air Canada to make payments to reduce the Air Canada pension plans' solvency deficiency for the period commencing on January 1, 2009, and ending on January 1, 2014.
- If Air Canada had not obtained this solvency relief, it would have filed for protection from its creditors.
- At that time, the collective agreement between Air Canada and the IAMAW had expired. In the absence of a collective agreement and given the dire economic circumstances of that time, there is a high probability that the Air Canada pension plans would have been wound up. If they had been wound up at that time, members would have lost 25 percent of their pension benefits.
- Under the terms of the agreement entered into by Air Canada and all its unions, Air Canada was required to continue to make current service contributions to its pension plans.
- Contrary to the rumours that have been circulating, **it is not true that only employees are continuing to make contributions. It is also not true to state that payments to retirees are depleting the pension plan.**
- The arrangement described above was ratified by the members in July of 2009. **To suggest that pension deals have been done in secret is false and must be intended to inflame the membership.**
- The Federal Government granted the relief that was asked for by the Air Canada unions and Air Canada. This relief will be in place until January 1, 2014. **It is simply false to suggest that the plans are about to be wound up or that they should be wound up.**

2012 FACTS

- As in 2009, all the Air Canada unions have been asked to make significant changes to their pension plan. To date, all the unions except ACPA, have had these reductions put in place. ACPA is in the midst of its arbitration process and is likely to have reductions imposed.
- **The changes for the IAMAW will not take effect until January 1, 2014. In other words, members will continue to have their rights and entitlements under the existing plan until that date.**

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- Effective January 1, 2014, there will be changes to the early retirement benefits offered under the pension plan. IAMAW members will continue to be able to retire on an unreduced pension at age 55 provided that they have at least 25 years of service.
- **Even after January 1, 2014, IAMAW members will continue to have pension benefits that are amongst the most generous available in the private sector.**
- As part of the arbitration process, the IAMAW has agreed to work with Air Canada to obtain solvency relief for a 10-year period commencing on January 1, 2014, and ending on January 1, 2024.
- During this 10-year period, Air Canada will continue to make current service contributions. Air Canada will also be required to make solvency payments during this period, which will be for a fixed amount.
- This arrangement is acceptable for several reasons. First, it will help to ensure that Air Canada will continue as a viable business. It will also help to ensure that the pension plan is maintained for employees and retirees. An insolvent airline is not in the interests of IAMAW members or retirees.
- There have been no “secret” meetings with Rovinescu. These matters were dealt with in the arbitration process and the decision has been posted on the District 140 and Local Lodge websites.
- None of the Air Canada defined-benefit pension plans are fully funded.
- Defined-benefit plans in Canada and around the world are experiencing funding problems. This is due to low interest rates and poor investment returns. We expect that other employers will be seeking relief from the Federal Government. We also expect that such relief will be given because the situation for all defined-benefit pension plans is extremely challenging. There is nothing unique about the Air Canada situation.

MOVING FORWARD

The IAMAW understands the importance of pension issues to its members. We have fought hard to protect the pension benefits of members working for Air Canada. We have succeeded because we have stood together. Spreading rumours based upon untruths and misperceptions will divide us. If this were to occur, then there is a very real chance that this could lead to the loss of our benefits.

In solidarity,



Chuck Atkinson
President and Directing General Chairperson

CA/mcb 

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