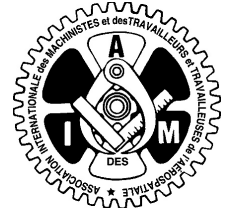


# DISTRICT 140

ASSOCIATION INTERNATIONALE DES MACHINISTES ET DES TRAVAILLEURS ET TRAVAILLEUSES DE L'AÉROSPATIALE  
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS



## INFORMATION UPDATE

**June 15, 2012**

### **Aveos Pension - Update no. 2**

District Lodge 140 and the IAMAW legal counsel have been notified that the Office of the Superintendent of Financial Institutions Canada (OSFI) has ordered a windup of the Aveos pension plan. For those of you who do not know, OSFI is the primary regulator and supervisor of all federally regulated pension plans. It falls under the jurisdiction of the Minister of Finance.

Section 29 of the *Pension Benefits Standards Act (PBSA)* defines the conditions and process for the termination and windup of a pension plan. OSFI will order the windup to be conducted in accordance with this section of the Act by the plan Administrator.

We have been told that this windup will take place in two parts. There will be a windup of the pensionable time and service from August 1, 2011, to the date of windup, which was expected to be on or about March 20, 2012. The windup of the Aveos plan and termination of employment will result in all Aveos members being provided with their termination options from the Air Canada pension plans. These options will be based upon your pensionable time and service accrued in any of the Air Canada pension plans up to July 31, 2011.

These two processes will be separate from each other and the combination of your pensionable service accrued in both plans will not be allowed. The calculation of both pension benefits owed will be done independent from each other and paid out separately.

OSFI will be issuing a letter to all affected Aveos pension plan members that will detail the windup process and timeline for the windup of both portions of your pension benefit. Unfortunately, those details have not been communicated to the IAMAW at this time. As soon as they are available, they will be posted on the DL 140 website.

When a pension plan is wound up, each member of the plan is afforded the exact same pension options and benefits that they would have been entitled to receive under the rules of the pension as if they had terminated from the pension plan on the ordered windup date. The options and owed benefits are based upon your age, pensionable service and final average earnings as described in the pension plan text. The major portion of the pension benefit for most Aveos employees will have been accrued in the Air Canada pension plans prior to the July 14, 2011 transition date.

The pension benefit associated with your pensionable service at Aveos from August 1, 2011 to March 2012 will be very modest. I refer you to the December 2011 LL 764 Pension Committee report which can be found online at [www.iam764.ca](http://www.iam764.ca) by selecting the “Pensions” link on the top right-hand side of the home page. The second half of that report details the applicable rules governing “small pensions” in the pension plan text and the PBSA.

Your pension benefit accrued and owed from the Air Canada pension plans will be based upon your age and pensionable service as at July 31, 2011. You should expect to receive paperwork from the Administrator that will detail your pension options and dollar values associated with each of those options as if you had left Air Canada voluntarily on that date. Any members who have met a pension milestone will be entitled to receive an immediate pension benefit.

The major question that cannot be answered at this time is the solvency funding ratio at the date of windup. An actuarial valuation will have to be done of the plan’s assets and liabilities as at the date of windup. No such valuation had been done prior to Aveos’s insolvency filing. OSFI will also have to clarify the solvency funding situation in the Air Canada pension plan as at July 31, 2011, specifically for those members who were employed in the CMC and EMC divisions of Aveos.

All future updates and details will be communicated to all of our members as soon as we have them. Thank you for your patience while your union is working to get you access to your pension benefit and conclude this process for all our members.

Respectfully,



Christopher Hiscock, President  
Canadian Airways Lodge 764

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