



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 IAMAW MEMBERS AIR CANADA

AIR CANADA IAMAW DEFINED BENEFIT PENSION PLAN OSFI RESTRICTIONS ON COMMUTED VALUE TRANSFER LIMITS

Dear Brothers and Sisters,

The Office of Superintendent of Financial Institutions (OSFI) has imposed limitations on all Commuted Value Transfers (lump sum payouts) on all Air Canada pension plans since 2003. These limitations have been modified several times over the last eleven (11) years, most notably in 2009 and again in 2012.

The *Pension Benefit Standards Act (PBSA)* mandates that when a member of a federally registered pension plan terminates from an underfunded pension plan they are only entitled to receive a portion of their pension as a commuted value (lump sum) equal to the funding ratio of the plan as at their date of termination. The member is entitled to receive the withheld balance of their pension benefit plus interest after 5 years from their date of termination or when the plan becomes fully funded, whichever comes first.

In 2009 and 2012, OSFI imposed restrictions upon CVT transfers out of the Air Canada pension plans that exceeded the solvency funding deficits of the plans at those dates. The 2012 transfer limit for both original Air Canada and ex-CAIL IAM&AW members was 63.9% of their total owed pension amount and the remaining 36.1% was withheld. The 2012 transfer limit continued in effect into 2014.

I committed to the many members who have contacted me about the expected payment dates of their CVT holdback amounts that I would issue a bulletin to the membership as soon as I had information about when our members could expect to receive the full value of all withheld CVT amounts. As most of our members know by now, Air Canada's actuarially audited pension plan financial results as at January 1st, 2014 showed that both IAM&AW pension plans were found to be in a fully funded position.

Therefore, as a result of those audited results being accepted by OSFI, I am very pleased to inform our members that Air Canada received notification from OSFI on September 30th, 2014 that effective October 1st, 2014 their 2012 restrictions on CVT payments is lifted and Air Canada is given consent to make all commuted value transfers on and after that date, as per the General Directives of the *PBSA*.

That means that all members who terminate from the pension plan on and after October 1st, 2014 will not be subject to any holdback on their commuted value transfer (lump sum) pension benefit and will receive 100% of the value of their pension amount upon termination.

I can further inform the membership that this consent to make transfers in accordance with the General Directives means that because the IAM&AW pension plans have been found to be fully funded as at January 1st, 2014, Air Canada can now pay all outstanding withheld pension deficiencies to all terminated members who have been subject to a withholding of a portion of their CVT amounts in accordance with the 2009 and 2012 OSFI imposed commuted value transfer restrictions.

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Because of the large number of owed pension deficiencies, Air Canada is immediately starting the process of full and final payment to all IAM&AW members so affected. This will be done in batches over the next two (2) months. All members who are owed a pension deficiency will be contacted by Aon Hewitt to verify their address and banking information prior to the transfer of the outstanding pension funds. Payment will be made after the member's information is verified to be correct.

If you are owed a pension deficiency relating to a withheld portion of your CVT and have not been contacted by Aon Hewitt on behalf of Air Canada by December 31st, 2014, then you should contact them in or after the first week of January 2015. They may be contacted at **1-855-855-0785, option 2** for pensions.

Respectfully Submitted,



Christopher Hiscock
Chairperson
Air Canada IAMAW Pension Committee



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