



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 ACTIVE AND RETIRED MEMBERS

VOLUNTARY RETIREE BENEFIT BUYOUT PROGRAM

Dear Brothers and Sisters:

Air Canada is asking eligible retirees whether they will give up their life insurance and health benefits, both of which were guaranteed for life, for a one time cash payment for life insurance, and a health care spending account of \$450 yearly for the retiree, and another \$450 for eligible dependents for a total maximum of \$900 for health benefits. The decision whether to take the Voluntary Buyout Program is a personal one, and we cannot make a recommendation about what to do. However, we suggest that our members consider the following when making the decision:

1. Tax Consequences

The life insurance lump sum cash settlement is taxable, and it may have an impact on your taxable income in the year you get it. The Canada Revenue Agency (the "CRA") will require Air Canada to hold back some of the money to account for the tax you might have to pay on it, so you will not get the full amount in your pocket. You should also consider whether this will put you into a higher tax bracket for the year, or have an impact on your eligibility to receive means tested government benefits, like OAS or GIS. The Health Care Spending Account should have no impact on your tax affairs.

2. Availability of Alternate Coverage

You should consider whether alternate coverage will be available to you. Some members may have available coverage from a spouse at low or no cost. Others may have to look to purchase a comparable insurance policy at market rates. For those of you over age 69, you may have difficulty securing coverage due to age limits for certain policies. We suggest you begin looking into this before you make your decision.

3. Cost of Alternate Coverage

It is likely that buying life insurance as an individual on the market may be more expensive than you anticipate. Again, begin looking into this now.

4. Sufficiency of the Health Care Spending Account

A Health Care Spending Account will limit all claims made to a maximum of \$450 per individual. For those members who do not use over \$450 a year in health claims, this may be enough. All members should review their past use, and think about anticipated needs.

Before you make any decision:

1. Take a look at your past use patterns;
2. Take a look at what provincial and federal benefits you might be eligible for; and
3. Review the market and see whether coverage is available to you, and at what cost.

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AIR CANADA
VOLUNTARY RETIREE BENEFIT BUYOUT PROGRAM
September 12, 2018

It is important for all retirees and survivors to understand that this is a **VOLUNTARY** buyout offer. Anyone who wishes to continue to remain covered by their existing Air Canada post-retirement health and life insurance benefits should simply disregard this offer.

If you do not wish to exchange your existing post-retirement health and life insurance benefits for this one-time taxable cash payment offer, then do not reply and securely dispose of the mailing to ensure that you protect your privacy.

In Solidarity,



Christopher Hiscock
Chairman,
Air Canada IAMAW Pension Committee

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