

# ***NAV CANADA PENSION PLAN***

***(Amended & Restated Effective September 1, 2016)***

**October 2019**

Revenue Canada Reg. No. 1027812  
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## **INTRODUCTION**

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The NAV CANADA Pension Plan (the "Plan") was established effective November 1, 1996 (the "Effective Date"). The Plan was established pursuant to an Agreement to Transfer between the Federal Government and NAV CANADA (the "Employer") to provide continuity of pension and other benefits to Employees who transferred from employment in the Public Service with the Civil Air Navigation Services of Canada to the Employer. The Employer made a commitment to provide pension and other benefits on an ongoing basis which are substantially the same as the pension and other benefits currently being provided to such employees as of October 31, 1996, including pension coverage which is substantially the same as that provided under the Federal *Public Service Superannuation Act* and Regulations ("the Prior Plan") and the *Special Retirement Arrangements Act* and Regulations.

Each individual transferring to employment with the Employer in accordance with the Agreement to Transfer had the option to make a one-time election to transfer assets and liabilities accrued on behalf of such individual from the Prior Plan to the Plan. If the Employee elected to transfer all (or a portion) of the assets and liabilities, benefits in respect of service transferred are payable from this Plan and shall be governed by the provisions of this Plan. If the Employee elected to leave assets and liabilities associated with service accrued prior to the Effective Date in the pension fund established under the Prior Plan, only that service accruing in the service of the Employer after the Effective Date shall be governed by the terms of this Plan.

Unless otherwise stated, the provisions of the Plan will apply to Members in the active employment of the Employer on or after the Effective Date in respect of service on and after the Effective Date and in respect of service transferred to the Plan in accordance with the Agreement to Transfer, subject to the Pension Benefits Standards Act and the Income Tax Act (Canada). Benefits payable to or in respect of Members by reason of death, termination of employment, disability or retirement which occurred prior to the Effective Date are governed by the terms and provisions of the Prior Plan.

The primary purpose of the Plan is to provide lifetime periodic payments to Members and other individuals entitled to a benefit under the Plan in respect of each Member's period of employment, up to retirement, termination or death.

The Plan was amended and restated effective January 1, 2009 to reflect housekeeping changes, incorporate all previous amendments to the Plan and to reflect the division of the Plan into two parts: Part A and Part B. Part A contains the contributory provisions of the Plan which have been in place since the Effective Date. Part B reflects the addition of a non-contributory option effective January 1, 2009. Specific classes of Members are designated as eligible to participate under Part B as provided by Section 2.6 and as listed in Schedule A.

The Plan was restated effective July 1, 2011 to incorporate housekeeping changes and to reflect amendments to the Pension Benefits Standards Act.

The Plan is further amended and restated effective September 1, 2016 to reflect various housekeeping changes and to consolidate prior amendments. This restatement also includes changes to the eligibility provisions and to reflect ad hoc pension adjustments that are effective after September 1, 2016. Benefits in respect of retirements, terminations, disabilities or deaths which occurred prior to September 1, 2016 shall be governed by the terms of the Plan as they existed at the time of such retirement, termination, death or disability unless expressly provided otherwise herein.

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# ARTICLE 1

## DEFINITIONS

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In this Plan, unless otherwise required or stipulated, words importing the masculine shall include the feminine and words importing the singular shall include the plural, and vice versa; and the following terms wherever used in this document shall for the purposes thereof, unless the context otherwise requires, have the meaning set forth below, despite any definitions that conflict therewith in any other document:

- 1.1 "**Act**" means the Pension Benefits Standards Act, 1985 and the regulations issued thereunder as amended from time to time.
- 1.2 "**Actuarial(Iy) Equivalent**" means having equal value based on the actuarial assumptions established from time to time, as recommended by the Actuary, and adopted by the Administrator.
- 1.3 "**Actuary**" means such actuary as the Employer may from time to time appoint for purposes of making actuarial valuations and estimates of the contributions required to be made by the Employer or of performing other services in connection with the Plan, and shall be an individual who is a Fellow of the Canadian Institute of Actuaries, or a firm of qualified actuaries at least one of whose members is a Fellow of the Canadian Institute of Actuaries.
- 1.4 "**Administrator**" means NAV CANADA which shall be responsible for the administration of the Plan.
- 1.5 "**Agreement to Transfer**" means the agreement between the Federal Government and the Employer dated April 1, 1996. Such agreement and the annexes and appendices attached thereto provide for, among other things, the establishment of this Plan and sets out the terms and conditions of the transfer of designated individuals who cease to be employed in the Public Service of the Federal Government by virtue of the Civil Air Navigation Services Commercialization Act (Canada) in order to become Employees.

The Memorandum of (Group) Transfer Agreement sets out the terms and conditions for the transfer of the Employees' pensions from the Prior Plan to this Plan and any future transfers back to the Prior Plan, only for those Employees who ceased to be employed in the Public Service the day prior to the Effective Date and who became Employees of the Employer on the Effective Date.

- 1.6 "**Air Traffic Controller**" means a Member who is or was licensed as an air traffic controller pursuant to regulations made under the *Aeronautics Act*.
- 1.7 "**Applicable Part**" means Part A in respect of a Member's participation under Part A and Part B in respect of a Member's participation under Part B.
- 1.8 "**Associated Membership Class**" means Members represented by
- (a) Air Traffic Specialists Association of Canada (ATSAC), Unifor Local 2245;
  - (b) Association of Canadian Financial Officers;
  - (c) Canadian Air Traffic Control Association (CATCA), Unifor Local 5454;
  - (d) Canadian Federal Pilots Association;
  - (e) International Brotherhood of Electrical Workers, Local 2228;
  - (f) Public Service Alliance of Canada (PSAC);
  - (g) The Professional Institute of the Public Service of Canada (PIPSC); or
  - (h) Unifor Local 1016.
- 1.9 "**Associated Service**" of a Member means:
- (a) the Member's Part A Pensionable Service on or before the Association Date if the Member is employed in an Associated Membership Class on the Association Date; and
  - (b) the Member's Part A Pensionable Service for any period after the Association Date during which the Member is employed in an Associated Membership Class.
- 1.10 "**Association Date**" means the applicable date determined from the table below:

| <b>Class of Members</b>  | <b>Association Date</b> |
|--|-------------------------|
| Air Traffic Specialists Association of Canada (ATSAC), Unifor Local 2245 | December 31, 2013       |
| Association of Canadian Financial Officers                               | December 31, 2013       |
| Canadian Air Traffic Control Association (CATCA), Unifor Local 5454      | December 31, 2013       |
| Canadian Federal Pilots Association                                      | December 31, 2013       |

|  |                    |
|--|--------------------|
| International Brotherhood of Electrical Workers, Local 2228        | December 31, 2013  |
| Public Service Alliance of Canada (PSAC)                           | November 30, 2014  |
| The Professional Institute of the Public Service of Canada (PIPSC) | September 30, 2014 |
| Unifor Local 1016  | December 31, 2013  |

- 1.11 "**Beneficiary**" means the last person or persons designated as such by a Member or Former Member, in the manner and form prescribed by the Administrator, to receive benefits under the Plan upon the death of the Member or Former Member, or the Member's or Former Member's estate if no valid Beneficiary designation is in effect.
- 1.12 "**Best Average Earnings**" shall be determined as the monthly average of a Member's highest aggregate Pensionable Earnings during any 72 consecutive months of Pensionable Service multiplied by 12, or if he has less than 72 months of Pensionable Service, the monthly average of his total monthly Pensionable Earnings for all Pensionable Service multiplied by 12, prior to the earliest of his actual date of retirement, death, disability, termination of employment or termination of the Plan.

For a Member who retires, terminates or dies on or after March 31, 2007 and whose terms of employment are governed by a collective agreement between CATCA and the Employer ("represented by CATCA") at any time after September 8, 2003, Best Average Earnings shall be determined as the monthly average of such Member's highest aggregate Pensionable Earnings during any 60 consecutive months of Pensionable Service multiplied by 12, or if he has less than 60 months of Pensionable Service, the monthly average of his total monthly Pensionable Earnings for all Pensionable Service multiplied by 12, prior to the earliest of his actual date of retirement, death, disability, termination of employment or termination of the Plan. This modified definition of Best Average Earnings shall only be used in determining the pension payable for the following periods of Pensionable Service:

- a) Pensionable Service prior to September 9, 2003, if the Member was represented by CATCA on September 9, 2003 and is a Member on March 31, 2007; plus
- b) Pensionable Service after September 8, 2003 during which the Member is represented by CATCA.

Notwithstanding the terms of the Plan in place when a Pensioner retired, if a Pensioner retired from active service with the Employer and started receiving a pension in accordance with Article A4 between March 31, 2005 and March 31, 2007, and if the Pensioner was represented by CATCA at any time after September

8, 2003 and prior to retirement, then the modified definition of Best Average Earnings described in the preceding paragraph shall apply to the calculation of the Pensioner's pension in respect of Pensionable Service described in sub-paragraphs (a) and (b), to the extent applicable, with effect for payments on or after April 1, 2007. The modified definition of Best Average Earnings described in the preceding paragraph does not apply to the calculation of any pension payable to a Former Member, unless that Former Member terminates on or after March 31, 2007.

For purposes of determining the benefits payable to a Member, in respect of periods of leave of absence, periods of service outside Canada, or periods of disability, "Best Average Earnings" shall be determined in accordance with the applicable section of Article A3 or Article B2, as applicable.

For the purposes of determining Best Average Earnings in respect of the benefits payable under Section A4.5, for a Member who is an Air Traffic Controller, Best Average Earnings shall be determined as at the date at which Part A Operational Service ceases, if such date is earlier than any of the dates indicated in the preceding paragraphs of this definition.

- 1.13 "**Board**" means the Board of Directors of NAV CANADA.
- 1.14 "**CATCA**" means the Canadian Air Traffic Control Association, Unifor Local 5454.
- 1.15 "**Collective Agreement**" means a collective bargaining agreement between the Employer and a union which represents a group of Employees.
- 1.16 "**Commuted Value**" means the actuarial present value of a pension, a deferred pension or a pension benefit determined by applying the "Recommendations for the Computation of Transfer Values from Registered Pension Plans" contained in the Standards of Practice issued by the Canadian Institute of Actuaries, as amended from time to time.
- 1.17 "**Consumer Price Index**" means the Consumer Price Index, as published by Statistics Canada under the authority of the Statistics Act.
- 1.18 "**Date of Cessation of Employment**" means, in respect of a Member, the day following the last day on which the Member receives Pensionable Earnings in respect of employment with the Employer.

Notwithstanding the foregoing, if the Member receives a benefit in respect of a previous period of employment which is based on Best Average Earnings which take into account Pensionable Earnings in respect of the most recent period of employment, as set out in Section 3.2, the Date of Cessation of Employment in respect of benefits under the previous period of employment shall be the day

following the last day on which the Member receives Pensionable Earnings in respect of the most recent period of employment with the Employer.

Notwithstanding the foregoing, if the Member is on a leave of absence without pay in accordance with Section A3.3 or B2.2, as applicable, the Date of Cessation of Employment is the day following the effective date that the Employer determines that the Member ceases to be employed.

Notwithstanding the foregoing, if the Member dies while still in the active service of the Employer or on a leave of absence without pay in accordance with Section A3.3 or B2.2, as applicable, the Date of Cessation of Employment is the day following the date of death.

- 1.19 "**Designated Employee**" means an individual whose name appears on the list established by the Minister of Transport (Canada) for the purposes of the Civil Air Navigation Services Commercialization Act and whose employment with the Public Service ceased on the day before the Effective Date and whose employment with the Employer commenced on the Effective Date.
- 1.20 "**Designated Executive**" means an executive Employee hired on a full-time basis who is designated by the Employer as an executive for the purposes of the Plan.
- 1.21 "**Early Retirement Date**" means any date prior to the Normal Retirement Date upon which a Member or Former Member elects to retire and commence receipt of pension payments in accordance with Section A4.2, A4.3, A6.2, B4.2, B4.3 or B6.2, as applicable.
- 1.22 "**Effective Date**" means November 1, 1996.
- 1.23 "**Eligible Child(ren)**" means, in relation to a Member, Former Member or Pensioner, a child (including a natural child, stepchild or adopted child) of such Member, Former Member or Pensioner who
- (a) is less than eighteen years of age; or
  - (b) is eighteen or more years of age but less than twenty-five years of age and is in full-time attendance at a school or university, having been in such attendance substantially without interruption since the Eligible Child reached eighteen years of age or the Pensioner, Member or Former Member died, whichever occurred later; provided such individual was financially dependent on the Pensioner, Member or

Former Member at the Pensioner, Member or Former Member's date of death.

- 1.24 "**Employee**" means a person employed by the Employer.



- 1.25 "**Employer**" means NAV CANADA.
- 1.26 "**Former Member**" means a former Employee who is no longer an active Member of the Plan, who remains entitled to benefits under the Plan, but who has not yet commenced to receive a pension.
- 1.27 "**Income Tax Rules**" means the provisions of the Income Tax Act (Canada) R.S.C. 1985, c.1 (5<sup>th</sup> Supp.) and the Regulations thereunder with respect to registered pension plans, as amended from time to time.
- 1.28 "**Interest**" means the rate of interest attributable to Member and Former Member contributions, based on the rates set out in CANSIM series V122515 as defined by, and credited in accordance with, the Act which, in any Plan Year, shall be based on the twelve consecutive month average ending on the last day of the Plan Year.

Where the rate of Interest for a Plan Year is required to be used but is not yet available, the rate in effect for the immediately preceding Plan Year shall be used. Notwithstanding the foregoing, where the rate of Interest for the first Plan Year is required to be used but is not yet available, the rate in effect for 1995 shall be used.

Notwithstanding the above, Interest for the years prior to the Effective Date means interest determined in accordance with the terms of the Prior Plan as in effect on the day prior to the Effective Date.

Unless otherwise required or specified, Interest shall be calculated and credited from the date of retirement, death or termination of employment to the end of the month immediately prior to the month of payment, in accordance with the Act.

- 1.29 "**Involuntary Cessation of Operational Service**" means, in respect of a Member who is an Air Traffic Controller, retirement on an Early Retirement Date if the retirement is for one of the following reasons:
- (a) The Member is unable to meet the medical requirements for validation of his air traffic control licence in accordance with the policies and procedures established by the Employer for these purposes.
  - (b) The Member is unable to maintain the required level of technical proficiency.
  - (c) The Member must be removed from Part A Operational Service for the preservation of the physical or mental health of the Member.
- 1.30 "**Member**" means an Employee who has joined the Plan in accordance with Article 2, and whose membership has not been terminated as a result of reaching his Date of Cessation of Employment.

- 1.31 "**Operational Eligibility Service**" means, in respect of a Member who is or was an Air Traffic Controller, the period as determined in accordance with Section 3.1(b).
- 1.32 "**Part A Benefits**" means benefits accrued under the terms of Part A of the Plan.
- 1.33 "**Part A Operational Service**" means, in respect of a Member, the period determined in accordance with Section A2.2.
- 1.34 "**Part B Benefits**" means benefits accrued under the terms of Part B of the Plan.
- 1.35 "**Pension Committee**" means the committee which has been established in accordance with Article 11.
- 1.36 "**Pension Fund**" means the funds, securities and other assets held by the Trustee and maintained to provide for the benefits of the Plan.
- 1.37 "**Pension Index**", with respect to any Plan Year, means the average of the Consumer Price Index for each month in the twelve month period ending on September 30 in the immediately preceding Plan Year.
- 1.38 "**Pensionable Earnings**" means:
- (a) For a Member employed on a full-time basis, the sum of basic salary and such allowances and extra pay which relate to the performance of the duties of the Member's given position received by the Member and determined by the Employer for purposes of the Plan during the Plan Year, plus allowances relating to the working conditions of the position in the form of shift differentials which vary depending on the Member's location of employment, provided such allowances and extra pay are permitted within the definition of compensation under the Income Tax Rules, and excluding any other allowances and extra pay which are not related to the performance of the duties of the Member's given position, such as overtime pay or any other type of pay relating to the working conditions of the position (other than the shift differentials described above).
  - (b) For a Member employed on a less than full-time basis, the annualized total of the earnings components set out under (a) above, as determined by the Employer for purposes of the Plan during the Plan Year as if the Member worked on a full-time basis, multiplied by the hours that would have been worked during the Plan Year had the Member been employed on a full-time basis divided by the total hours actually worked during the Plan Year.
  - (c) Effective January 1, 1997, for a Member who becomes a Designated Executive and transfers to the NAV CANADA Executive Pension Plan in

accordance with Section 2.8, Pensionable Earnings shall be determined as provided for under Section 2.8.

For purposes of determining the benefits payable to a Member, in respect of periods of leave of absence, periods of service outside Canada, or periods of disability, "Pensionable Earnings" shall be determined in accordance with the applicable section of Section A3.3 or B2.2, as applicable.

Where it is required for the determination of pension or other benefits, Pensionable Earnings for periods prior to the Effective Date shall be the pensionable earnings used for the same purpose under the Prior Plan.

- 1.39 "**Pensionable Eligibility Service**" means, in respect of a Member, the period determined in accordance with Section 3.1.
- 1.40 "**Pensionable Service**" means, in respect of a Member, the sum of Part A Pensionable Service and Part B Pensionable Service.
- 1.41 "**Pensioner**" means a Member or Former Member who has retired and is receiving a pension benefit under the Plan.
- 1.42 "**Plan**" means the pension plan set forth herein and as amended from time to time, which shall be known as the NAV CANADA Pension Plan.
- 1.43 "**Plan Membership**" means the period of membership in the Plan plus, the period of membership in the Prior Plan for a Designated Employee and, any period of participation in the NAV CANADA Executive Pension Plan if the Member participated in the Plan immediately prior to joining the NAV CANADA Executive Pension Plan.
- 1.44 "**Plan Year**" means the period January 1 to December 31.
- 1.45 "**Postponed Retirement Date**" means, for a Member who continues to be employed by the Employer beyond his Normal Retirement Date and who is not in receipt of a pension under the Plan, any day following the Normal Retirement Date on which the Member elects to retire as described in Section A4.4 or B4.4 as applicable, but, in any event, no later than the last day of the calendar year in which the Member attains age 71.
- 1.46 "**Predecessor Employer**" means the Federal Government of Canada.
- 1.47 "**Prior Plan**" means the Public Service Superannuation Act and the regulations thereunder, as in effect on the day before the Effective Date.

- 1.48 "**Public Service**" has the same meaning as subsection 2(1) of the Public Service Staff Relations Act, as it read on the Effective Date.
- 1.49 "**Reciprocal Transfer Agreement**" means any reciprocal transfer agreement that the Employer may enter into with any other organization for the purpose of setting out the pension benefits to employees who transfer between the Employer and the other organization.
- 1.50 "**Restatement Date**" means September 1, 2016.
- 1.51 "**Spouse**" means, in relation to a Pensioner, Member or Former Member:
- (a) if there is no person described in paragraph (b), a person who is married to the Pensioner, Member or Former Member or who is a party to a void marriage with the Pensioner, Member or Former Member; or
  - (b) a person who is cohabiting with the Pensioner, Member or Former Member in a conjugal relationship at the relevant time, having so cohabited with the Pensioner, Member or Former Member for at least one year.
- 1.52 "**Trust Agreement**" means the agreement made by and between the Employer and the Trustee for the custodianship and administration of the Pension Fund, as amended from time to time.
- 1.53 "**Trustee**" means the individual trustees or the trust company or companies, as are acceptable to the Ministry of National Revenue, appointed from time to time by the Employer to act as the trustee of the Pension Fund.
- 1.54 "**Year's Maximum Pensionable Earnings**" or "YMPE" means the Year's Maximum Pensionable Earnings as defined under the provisions of the Canada Pension Plan.

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## **ARTICLE 2**

### ***ELIGIBILITY AND MEMBERSHIP***

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#### **2.1 Existing Members**

Each Employee, including a Designated Employee, who was a Member immediately prior to the Restatement Date shall continue to be a Member as of the Restatement Date.

#### **2.2 Employees in Employment on or after the Restatement Date**

##### **(a) Full-time Employees other than Designated Executives**

An Employee, other than a Designated Executive, engaged in full-time employment and hired for a period of at least six consecutive months is required to join the Plan on his date of hire.

An Employee, other than a Designated Executive, engaged in full-time employment but not hired in accordance with the employment conditions set out in the preceding paragraph, who is hired for more than one consecutive period of employment, shall be required to join the Plan once he has been employed for a period of six months, or upon appointment to a term of employment which exceeds six months, if earlier.

##### **(b) Part-Time Employees other than Designated Executives**

An Employee, other than a Designated Executive, hired on a less than full-time basis, but who is hired to work at least 12 hours per week and who is hired for a period of at least six months or for an indeterminate period is required to join the Plan on his date of hire.

An Employee, other than a Designated Executive, who is hired on a less than full-time basis, but who is not hired in accordance with the employment conditions set out in the preceding paragraph, is eligible to join the Plan on the first day of the month coincident with or next following the date on which he completes 24 months of continuous employment provided that during each of the two calendar years immediately prior to being eligible to join the Plan, he has received earnings of at least thirty-five percent of the YMPE while employed by the Employer. After joining the Plan, a part-time Employee shall

not cease to be a Member solely on account of such Employee's earnings falling below thirty-five percent of the YMPE in a Plan Year.

In any event, should such Employee transfer from less than full-time employment to full-time employment, such Employee shall be required to join the Plan.

**(c) Designated Executive**

An Employee hired prior to January 1, 2019 as a Designated Executive is not permitted to join the Plan. A Member who becomes a Designated Executive prior to January 1, 2019 is not permitted to continue to accrue Pensionable Service under the Plan and Section 2.8 shall apply.

An Employee hired after December 31, 2018 as a Designated Executive is required to join the Plan on his date of hire. An Employee hired prior to January 1, 2019 who becomes a Designated Executive after December 31, 2018 shall continue to participate in the Plan.

**2.3 Becoming a Plan Member**

As soon as practicable after the Employee becomes a Member of the Plan, an application form must be completed by the Employee and returned to the Administrator.

As soon as conveniently possible after becoming a Member of the Plan, proof of age of the Member and Spouse, if applicable, shall be submitted to the Administrator. This proof is required before any pension benefit will be paid.

**2.4 Exemption from Participation**

An Employee who objects to becoming a Member of the Plan because of his religious beliefs may be exempted from joining the Plan by providing the Administrator with a signed declaration in a form satisfactory to the Administrator.

**2.5 Type of Participation**

A Member shall participate under either Part A or Part B.

**(a) Part A Participation**

A Member will accrue Part A Pensionable Service and Part A Operational Service if applicable in respect of the period of time when the Member is participating under Part A and shall contribute to the Plan as required under Article A3 while so participating.

**(b) Part B Participation**

A Member will accrue Part B Pensionable Service in respect of the period of time when the Member is participating under Part B.

A Member who has accrued both Part A Pensionable Service and/or Part A Operational Service and Part B Pensionable Service shall receive a benefit based on his participation in both Part A and Part B.

**2.6 Form of Participation**

A Member who is participating in the Plan on December 31, 2008 (or such later date as specified in Schedule A) may elect to participate under Part B with effect for service after the date specified in Schedule A and any such election shall be made in the form and within the time prescribed by the Administrator. A Member who fails to make an election within the time prescribed by the Administrator shall be deemed to have elected to continue participating under Part A. Notwithstanding the foregoing, a Member who has accrued 35 years of Pensionable Eligibility Service shall not be eligible to participate in Part B.

An Employee hired after December 31, 2008 (or such later date as specified in Schedule A) may elect to participate under Part A or Part B as specified in Schedule A, or alternatively such Employee may be required to participate under Part B, as specified in Schedule A.

A Member who is participating under Part A and who becomes a Designated Executive on or after January 1, 2019 shall transfer to, and begin participating under, Part B except where the terms of employment for such Designated Executive specifically provide for continued participation under Part A.

**2.7 Pensioners**

A Pensioner may, but is not required to, join the Plan on the first day of the month following resumption of employment after retirement. A Pensioner shall make his election in writing prior to resumption of employment. If a Pensioner elects to rejoin the Plan, his entitlements shall be governed by Section 3.2(b).

**2.8 Transfers to Executive Plan**

An Employee who is a Member of the Plan and who becomes a Designated Executive prior to January 1, 2019 shall transfer to the NAV CANADA Executive Pension Plan effective on the date of designation as an executive. Such transferred Employee shall begin to accumulate benefits under the NAV CANADA Executive Pension Plan from the effective date of his transfer. Benefits accumulated under this Plan, in accordance with the provisions of the Plan at the relevant time, immediately prior to the date of transfer, will remain payable from the Pension Fund.

On subsequent termination of employment, retirement, death or termination of the Plan, whichever first occurs, the transferred Employee shall be entitled to a benefit from the Plan determined in accordance with the terms of this Plan, but taking into account Pensionable Earnings determined as if the Employee were still a Member of the Plan during the period that the Employee accumulates benefits under the NAV CANADA Executive Pension Plan with the exception that extra pay related to bonuses under the executive bonus programs shall be limited to 50% of any such bonuses received.

For the purposes only of determining eligibility for any benefits under the Plan, Pensionable Eligibility Service shall be deemed to include service used for the purpose of determining eligibility for these same or similar pension benefits under the NAV CANADA Executive Pension Plan.



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## **ARTICLE 3**

### **CREDITING OF SERVICE**

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#### **3.1 Eligibility Service**

##### **(a) Pensionable Eligibility Service**

A Member's Pensionable Eligibility Service under the Plan, for the purpose of determining eligibility to receive certain benefits under the Plan, shall be equal to the sum of:

- (i) for Members who are Designated Employees and who were accruing benefits under the Prior Plan on the day before the Effective Date, such Member's period of pensionable service, as described and accrued under the Prior Plan, regardless of whether the Member elected a transfer of benefits from the Prior Plan as described in Section A2.3, plus any additional period of service under the Prior Plan that is not pensionable service, but which is used to determine eligibility to receive certain benefits under the Prior Plan, as determined at the Effective Date of the Plan; plus,
- (ii) the period of Part A Pensionable Service and Part B Pensionable Service accrued under this Plan after the Effective Date; plus,
- (iii) periods of employment with another employer that are credited to the Member as Pensionable Service in accordance with Section 3.6; plus,
- (iv) prior periods of service with the Employer that are reinstated to the Member as Pensionable Service in accordance with Section 3.3; plus
- (v) for Members who became members of the NAV CANADA Executive Pension Plan on or after January 1, 1997, the period of pensionable service, as described and accrued under the NAV CANADA Executive Pension Plan.

**(b) Operational Eligibility Service**

Operational Eligibility Service under the Plan for a Member who is an Air Traffic Controller, for the purpose of determining eligibility to receive certain benefits under the Plan, shall be equal to the sum of:

- (i) for Members who are Designated Employees and who were accruing benefits under the Prior Plan on the day before the Effective Date, such Member's period of operational service, as described and accrued under the Prior Plan, regardless of whether the Member elected a transfer of benefits from the Prior Plan as described in Section A2.3, plus any additional period of service under the Prior Plan that is not operational service, but which is used to determine operational eligibility to receive certain benefits under the Prior Plan, as determined at the Effective Date of the Plan; plus,
- (ii) the period of Part A Operational Service accrued under this Plan after the Effective Date; plus,
- (iii) the period of Part B Pensionable Service accrued under this Plan after December 31, 2008 during which the Member is either:
  - A. engaged in or undergoing training in the supervisory or non-supervisory duties requiring the possession of a current and medically valid Air Traffic Controller Licence; or
  - B. on loan to a union with which the Employer has entered into a Collective Agreement, provided that the Member was accruing operational service in accordance with Section A2.2(b)(ii)(1) immediately prior to the commencement of each such period of loan; plus,
- (iv) periods of prior service with another employer that are credited to the Member as Part A Operational Service in accordance with Section 3.6; plus,
- (v) for any Member, prior periods of service with the Employer that are reinstated to the Member as Part A Operational Service in accordance with Section 3.3.

## **3.2 Resumption of Employment**

### **(a) Resumption of Employment after Termination**

If a Former Member, other than a Pensioner, is re-employed, and re-enters the Plan in accordance with Section 2.2, such Member shall accrue benefits under Part A or Part B as applicable from the date he re-joins the Plan.

If, in respect of his previous period of employment, the Member had elected to transfer his entitlement in accordance with Section 7.4 or had elected to receive a refund of contributions in accordance with the provisions of Section A6.1 and/or B6.1 as they read prior to July 1, 2011, then the Member may be eligible to reinstate such former service in accordance with the terms of Section 3.3.

If, in respect of his previous period of employment, he had not elected to transfer his entitlement in accordance with Section 7.4 nor elected to receive a refund of contributions in accordance with the provisions of Section A6.1 and/or B6.1 as they read prior to July 1, 2011, then the Member shall remain entitled to the Pensionable Eligibility Service, Pensionable Service and Operational Eligibility Service and Part A Operational Service, if applicable, that he had at the date of his previous termination of employment.

When such Member subsequently terminates employment or retires, the Member's pension benefits shall be re-computed on the basis of the sum of the Pensionable Eligibility Service, Pensionable Service, Operational Eligibility Service and Part A Operational Service, if applicable, that he had as at the date of his previous termination and the Pensionable Eligibility Service, Pensionable Service, Operational Eligibility Service and Part A Operational Service, if applicable, which he accrued after his date of re-employment up to the date of his subsequent termination or retirement. For these purposes only, Best Average Earnings shall be determined ignoring the gap between the periods of employment and treating the prior and subsequent periods of employment as continuous.

Indexation on Part A Benefits payable in accordance with this Section 3.2(a) shall be as set out under Article A9, indexed from the Date of Cessation of Employment.

Notwithstanding the above, if the re-computed benefit payable pursuant to this Section 3.2(a) in respect of the previous period of employment is less than the benefit accrued to the previous termination date, plus indexation in accordance with Article A9 and any increase granted in accordance with Article B9, from the previous termination date to the subsequent Date of Cessation of Employment, the benefit payable in respect of the previous

period of employment shall be as determined under the terms of the Plan as in effect at the previous Date of Cessation of Employment, using Best Average Earnings as at the previous Date of Cessation of Employment except that both periods of employment shall be taken into account when determining eligibility to receive benefits.

**(b) Resumption of Employment after Retirement**

If a Pensioner is re-employed and enters the Plan in accordance with Section 2.2, such Member's monthly pension payments shall cease and the Member shall accrue benefits under Part A or Part B as applicable, from the date he re-joins the Plan. The Member shall remain entitled to the Pensionable Eligibility Service, Pensionable Service, Operational Eligibility Service and Part A Operational Service, if applicable, that he had at the date of his previous retirement.

When the Member subsequently retires, the Member's pension benefits shall be re-computed on the basis of the sum of the Pensionable Eligibility Service, Pensionable Service, Operational Eligibility Service and Part A Operational Service, if applicable, that he had as at the date of his previous retirement and the Pensionable Eligibility Service, Pensionable Service, Operational Eligibility Service and Part A Operational Service, if applicable, which he accrued after his date of re-employment up to the date of his subsequent retirement. For these purposes only, Best Average Earnings shall be determined as though there is no break between the periods of prior employment and re-employment.

Indexation on Part A Benefits payable in accordance with this Section 3.2(b) shall be as set out under Article A9, indexed from the subsequent Date of Cessation of Employment.

Notwithstanding the above, if the re-computed benefit payable in respect of the previous period of employment is less than the benefit accrued to the previous retirement date plus indexation in accordance with Article A9 and any increase granted in accordance with Article B9, from the previous termination date to the subsequent Date of Cessation of Employment, the benefit payable in respect of the previous period of employment shall be as determined under the terms of the Plan as in effect at the previous Date of Cessation of Employment, using Best Average Earnings as at the previous Date of Cessation of Employment, except that both periods of employment shall be taken into account when determining eligibility to receive benefits.

### **3.3 Reinstatement of Service for Rehired Employees**

If a former Employee is re-employed by the Employer and, if the former Employee elected a transfer in accordance with Section 7.4 or received a refund in accordance with the provisions of Section A6.1 and/or B6.1 as they read prior to July 1, 2011, then the Employee may elect to reinstate eligible past service under the Plan pursuant to this Section 3.3, as permitted and in accordance with the Income Tax Rules.

The service that is reinstated shall be Part A Pensionable Service (and Part A Operational Service, if applicable) if such service was previously recognized as Part A Pensionable Service (and Part A Operational Service, if applicable), and shall be Part B Pensionable Service if such service was previously recognized as Part B Pensionable Service. The maximum service that may be reinstated under the Plan shall be the service which was previously considered as Pensionable Service (and Part A Operational Service, if applicable) under the Plan and in respect of which assets were transferred from the Plan in accordance with the election made at the previous Date of Cessation of Employment.

The Employee may reinstate all or a fraction of the eligible former Pensionable Service (and Part A Operational Service, if applicable) by either remitting funds to the Pension Fund or transferring assets from another registered plan or a combination of the two, provided that all funds required to reinstate service for the period prior to January 1, 1992 must be paid by way of a transfer from another registered pension plan, registered retirement savings plan or deferred profit sharing plan.

The purchase price of the service to be reinstated shall equal a lump sum amount (the "Purchase Price") which is Actuarially Equivalent to the benefit that would arise under the Plan if all of such eligible former service is reinstated. If the total payment made in respect of the maximum service that may be reinstated is less than the Purchase Price, then a pro rata share of such maximum service shall be credited to the Employee under the Plan.

Pensionable service (and operational service, if applicable) under the Employee's former registered pension plan that is not credited as Pensionable Eligibility Service or Operational Eligibility Service under the terms of this Section 3.3 shall not be included in Pensionable Eligibility Service and Operational Eligibility Service for the purposes of determining eligibility to receive benefits under the Plan.

The additional Pensionable Service, Pensionable Eligibility Service and Operational Eligibility Service credited under this Section 3.3 shall not be credited to the Employee until the funds have been remitted to the Pension Fund and all approvals required by regulatory authorities have been received.

### **3.4 Maximum Total Pensionable Service**

Notwithstanding any other provision in the Plan, benefits payable to any individual under the Plan shall not be based on more than 35 years of Pensionable Service.

Pensionable Service for any period shall be counted as either Part A Pensionable Service or Part B Pensionable Service, but not both. If a Member's Pensionable Service exceeds 35 years then the Member's Part A Pensionable Service (not exceeding 35 years) shall first be used in calculating benefits payable under the Plan and the maximum period of the Member's Part B Pensionable Service that shall be used in calculating benefits payable under the Plan shall equal 35 years minus the Member's Part A Pensionable Service (not exceeding 35 years).

Part A Pensionable Service for any period shall be counted as either Part A Operational Service or Part A Pensionable Service that is not Part A Operational Service, but not both. If a Member's Part A Pensionable Service exceeds 35 years then the Member's Part A Operational Service (not exceeding 35 years) shall first be used in calculating benefits payable under the Plan and the maximum period of the Member's Part A Pensionable Service that is not Part A Operational Service that shall be used in calculating benefits payable under the Plan shall equal the Member's Part A Pensionable Service (not exceeding 35 years) minus the Member's Part A Operational Service (not exceeding 35 years).

In the case of a Member who is a Designated Employee, who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, such Member's Pensionable Service considered for purposes of the previous paragraphs of this Section shall not exceed 35 years, less any additional period of service under the Prior Plan that is not pensionable service, but which is used to determine eligibility to receive certain benefits under the Prior Plan, as determined at the Effective Date of the Plan.

In the case of a Member who is a Designated Employee who became a Member on the Effective Date but who did not elect to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, such Member's Pensionable Service considered for purposes of the previous paragraphs of this Section shall not exceed 35 years less the period of pensionable service as described and accrued under the Prior Plan, and less any additional period of service under the Prior Plan that is not pensionable service, but which is used to determine eligibility to receive certain benefits under the Prior Plan, as determined at the Effective Date of the Plan.

### **3.5 Tax Limitations on Pensionable Service for Unpaid Service**

Notwithstanding the other provisions of this Article 3 and the provisions of Sections A2.1, A2.2, A3.3, B2.1 and B2.2, a Member shall not count as Pensionable Service any period of leave of absence without pay, or any portion of such a period, that

begins after December 31, 1995 if the absence does not meet the conditions specified in this Section 3.5. During the leave of absence the Member shall be deemed to receive earnings ("prescribed earnings") equal to the difference between the amount the Member would have received but for the leave and the amount the Member actually received in respect of such period. A fraction (the "prescribed earnings fraction") shall be determined in respect of each period equal to the prescribed earnings for the period divided by the sum of the earnings that the Member actually received for the period plus the prescribed earnings for that period, and further multiplied by the length of the period expressed as a fraction of a year. A Member shall not accrue Pensionable Service in respect of the periods described above to the extent that:

- (a) the Member's cumulative prescribed earnings fraction in respect of periods other than:
  - (i) a period of disability as defined under the Income Tax Rules; or
  - (ii) a period when a Member is on a leave of absence pursuant to Section A3.3(g) or B2.2(g) and during which the Member qualifies as a "loaned employee" under the Income Tax Rules during that period;exceeds five; and
- (b) the Member's cumulative prescribed earnings fraction in respect of periods of parenting exceeds three.

### **3.6 Transfer from Other Registered Plan for Purchase of Eligible Past Service**

The Employer may permit a Member to transfer assets from another registered plan for the purpose of purchasing eligible past service under the Plan, as permitted and in accordance with the Income Tax Rules, provided that assets in respect of service for the period prior to January 1, 1992 must be paid by way of a transfer from another registered pension plan.

This Section 3.6 does not apply to service from the Prior Plan in the case of a Designated Employee nor does it apply in the case of a Member who wishes to transfer service in accordance with a Reciprocal Transfer Agreement.

The service that is purchased shall be Part A Pensionable Service (and Part A Operational Service, if applicable) if the Member is participating under Part A at the time of making the election to purchase the service, and shall be Part B Pensionable Service if the Member is participating under Part B at the time of making the election to purchase the service. The maximum service that may be purchased and credited under the Plan as Pensionable Service (and Part A Operational Service, if applicable) shall be the service which was considered as pensionable service (and operational service, if applicable) under the Member's former registered pension plan and in respect of which assets are transferred from the Member's former registered pension plan.

The purchase price of the service to be credited to the Member as either Part A Pensionable Service (and Part A Operational Service, if applicable) or Part B Pensionable Service, shall equal a lump sum amount (the “Purchase Price”) which is Actuarially Equivalent to the benefit that would arise from such additional Part A Pensionable Service or Part B Pensionable Service (and Part A Operational Service, (if applicable) if it is all credited to the Member. If the amount transferred to the Pension Fund equals the Purchase Price, then the maximum service shall be credited to the Member. The Pension Fund shall not accept any amount in excess of the Purchase Price.

If the asset transfer is less than the Purchase Price, then a pro rata share of such maximum service shall be credited to the Member under the Plan. In addition, if the amount transferred to the Pension Fund is less than the Purchase Price, then the Employer may permit the Member to remit additional funds to the Pension Fund to purchase all or a fraction of the remaining eligible pensionable service (and operational service, if applicable) under the Member’s former registered pension plan so that it shall be considered as Part A Pensionable Service (and Part A Operational Service, if applicable) or Part B Pensionable Service.

Pensionable service (and operational service, if applicable) under the Member’s former registered pension plan that is not credited as Pensionable Eligibility Service or Operational Eligibility Service under the terms of this Section 3.6 shall not be included in Pensionable Eligibility Service and Operational Eligibility Service for the purposes of determining eligibility to receive benefits under the Plan.

The additional Part A Pensionable Service, Part A Operational Service, Part B Pensionable Service, Pensionable Eligibility Service and Operational Eligibility Service credited under this Section 3.6 shall not be credited to the Member until the asset transfer has taken place and all approvals required by regulatory authorities have been received.

For the purposes of determining benefits payable under the Plan, and in particular, for determining Member contributions with Interest at the relevant time, that portion of the asset transfer which represents the Member’s required contributions with interest made to the prior registered pension plan, if any, shall be deemed to be Member contributions to the Plan, to be used to provide for pension or other benefits under the terms of the applicable sections of this Plan.



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## **ARTICLE 4**

### **CONTRIBUTIONS**

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#### **4.1 Member Contributions**

Contributions by a Member shall be governed by the terms of the Applicable Part.

#### **4.2 Employer Contributions**

The Employer shall pay to the Pension Fund such contributions as are required, based on the advice of the Actuary in whose opinion the contributions are required, together, where applicable, with the Members' required contributions, so that the Plan will have sufficient assets to provide Plan benefits, in accordance with the Act and the Income Tax Rules.

Notwithstanding the above, a certified actuarial surplus may be used to offset Employer contributions to the Plan, as permitted under Section 14.5, and subject to the Act and the Income Tax Rules.

#### **4.3 Remittance of Contributions**

Any Employer contributions shall be remitted to the Pension Fund within 30 days following the month for which such Employer contributions are payable.

Member contributions shall be remitted to the Pension Fund within 30 days following the month in which the contributions are deducted from the Member's Pensionable Earnings or otherwise received from the Member.

#### **4.4 Return of Contributions**

Any contributions made by a Member or by the Employer in respect of a Member may be returned to the Member or the Employer, as the case may be, when required to avoid revocation of the Plan registration, subject to the Act and the Income Tax Rules.

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## **ARTICLE 5**

### ***BENEFITS ON RETIREMENT, TERMINATION OR DEATH***

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#### **5.1 Amount of Lifetime Pension Benefit**

The amount of any lifetime retirement benefit or bridge benefit which may be payable to a Member under this Plan shall be determined pursuant to the provisions of the Applicable Part and the total amount of lifetime retirement benefit or bridge benefit shall be the sum of any such amount payable under Part A plus any such amount payable under Part B.

#### **5.2 Benefits on Retirement, Termination, Disability or Death**

The amount of any benefits which may be payable on the retirement, termination, disability or death of a Member shall be determined pursuant to the provisions of the Applicable Part and the total amount of any benefits shall be the sum of any such amount payable under Part A plus any such amount payable under Part B.

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## **ARTICLE 6**

### **MAXIMUM PENSION BENEFITS**

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#### **6.1 Maximum Lifetime Pension**

Notwithstanding the other provisions of the Plan, the annual lifetime pension payable to a Member under this Plan in the year of commencement (including any benefit payable to a Spouse or former Spouse of the Member pursuant to Section 13.1) in respect of Pensionable Service on and after December 15, 1994 shall not exceed the lesser of:

- (a) the defined benefit limit for the calendar year in which the pension commences; and
- (b) 2% of the Member's highest average indexed compensation,

multiplied by Pensionable Service on and after December 15, 1994. For purposes of this paragraph "defined benefit limit" and "highest average indexed compensation" shall have the meanings set out under Income Tax Act Rules.

However, where service prior to January 1, 1990 becomes Pensionable Service after June 7, 1990 (other than being credited in respect of a period of disability, a leave of absence or a period previously recognized under another registered pension plan), the phrase "defined benefit limit" in paragraph (a) shall be read as "two-thirds of the defined benefit limit".

#### **6.2 Maximum Early Lifetime Retirement Pension**

The maximum annual pension determined pursuant to Section 6.1 in respect of Pensionable Service which is not Part A Operational Service and which is accrued on and after December 15, 1994 shall be reduced by one-quarter of one percent for each complete month by which commencement of the pension precedes the earliest of:

- (a) the date the Member would attain 60 years of age,
- (b) the date the age and Pensionable Eligibility Service of the Member would equal 80, and

- (c) the date the Member would accrue 30 years of Pensionable Eligibility Service,

if the Member continued to participate in the Plan until that date.

The maximum annual pension determined pursuant to Section 6.1 in respect of Part A Operational Service on and after December 15, 1994 shall be reduced by one-quarter of one percent for each complete month by which commencement of the pension precedes the earliest of:

- (d) the date the Member would attain 55 years of age,
- (e) the date the age and Operational Eligibility Service of the Member would equal 75, and
- (f) the date the Member would accrue 25 years of Operational Eligibility Service,

if the Member continued to participate in the Plan until that date.

### **6.3 Maximum Bridge Benefit**

Notwithstanding the other provisions of the Plan, the amount of a Member's bridge benefit in the year of commencement and in respect of Pensionable Service on and after December 15, 1994 shall not exceed the total of the Member's annual Canada Pension Plan pension plus annual Old Age Security pension, as estimated by the Administrator to be payable as if the Member were age 65 at the Early Retirement Date, multiplied by Pensionable Service on and after December 15, 1994 and divided by total Pensionable Service, reduced by 0.25% for each month by which the Early Retirement Date precedes age 60 and further reduced by 10% for each year that Pensionable Eligibility Service is less than 10 years, prorated between full years.

### **6.4 Maximum Combined Lifetime Pension and Bridge**

Notwithstanding the other provisions of the Plan, any bridge benefit payable to a Member under the terms of the Plan in respect of Pensionable Service on and after December 15, 1994 when added to the annual lifetime pension payable to the Member under the terms of the Plan in respect of Pensionable Service on and after December 15, 1994 shall not, in the year of commencement, exceed the sum of:

- (a) the defined benefit limit for the year of commencement multiplied by the Member's Pensionable Service on and after December 15, 1994, and
- (b) 25% of the average of the YMPE for the year of commencement and the two immediately preceding years multiplied by a fraction the numerator of which

is the Member's Pensionable Service (not exceeding 35 years) on and after December 15, 1994 and the denominator of which is 35.

For the purposes of this Section the term "defined benefit limit" has the meaning given to that term under the Income Tax Rules.

## **6.5 Maximum Pension in Years following Commencement**

Notwithstanding the provisions of Article A4, B4, A9 and B9, the maximum lifetime pension, maximum bridge benefit and maximum of the annual lifetime pension plus annual bridge benefit payable under the Plan in respect of Pensionable Service on and after December 15, 1994 to a Member whose benefits are indexed pursuant to Article A9 or if any increase is granted for such benefits pursuant to Article B9, in any year following the year of commencement (including any benefit payable to a Spouse or former Spouse of the Member pursuant to Section 13.1) shall not exceed the amount determined under Section 6.1, 6.2, 6.3 or 6.4, as applicable, multiplied by the ratio of the Pension Index for the current year to the Pension Index for the year in which the Member's pension commenced.

The annual lifetime pension and associated bridge benefits payable under this Plan to a Member whose benefits are not indexed pursuant to Article A9 or B9 shall not increase after payment commences.

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## **ARTICLE 7**

### **PAYMENT OF PENSIONS**

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#### **7.1 Marriage after Pension Commencement**

If a Pensioner does not have a Spouse at the date his pension commences but a person qualifies as the Pensioner's Spouse as of a date after commencement of the pension payments, such Pensioner may make an election within the timeframes and in the manner prescribed by the Administrator to provide for a pension to continue to the Pensioner's surviving Spouse in the event of the death of the Pensioner prior to the death of the Spouse.

If such an election is made, a pension in a percentage elected by the Pensioner equal to either 30%, 40% or 50% of the pension that would have been payable to the Pensioner shall continue to the surviving Spouse upon the death of the Pensioner.

In order to provide for such spousal protection, the pension payable to the Pensioner shall be reduced on the first day of the second month following the date such an election is made. The amount of the reduction shall be determined such that the reduced pension payable to the Pensioner together with the spousal pension to be provided is Actuarially Equivalent to the pension payable immediately prior to the reduction.

If the Pensioner no longer has a Spouse, the pension payable to the Pensioner shall, in the manner prescribed by the Administrator, be increased to reflect that such spousal protection is no longer required. However, in no event will the pension payable to the Pensioner exceed the amount of pension that he was receiving at the date of retirement, plus, if applicable, indexation in accordance with Article A9 and any increase granted in accordance with Article B9.

#### **7.2 Commutation of Small Pension**

Where the Commuted Value of a Member's benefits under the Plan (including both Part A Pensionable Service and Part B Pensionable Service as applicable) is less than 20% of the YMPE for the year in which he terminates employment or dies or the Plan is wound up in part or in full, the Administrator shall direct that a lump sum amount equal to the greater of the Commuted Value of the benefits and the Member contributions, together with Interest, in lieu of any further payment or benefit, be paid to the Member or his Spouse, Eligible Child or Beneficiary, as

applicable. In lieu of a lump sum payment, the Member, or his Spouse, as applicable, may elect to transfer the amount on a non-locked-in basis to another pension plan, if that registered pension plan so permits, or to a registered retirement savings plan or to a registered retirement income fund, and in the case of a transfer on behalf of a Member subject to Section 7.5.

### **7.3 Shortened Life Expectancy**

Notwithstanding anything to the contrary in the Plan, where a Member suffers from a mental or physical condition that a physician has certified in writing is likely to shorten considerably the Member's life expectancy, and the Member's Spouse has waived, in writing, the form of pension under Section A5.4 and/or Section B5.2, as applicable, if such waiver is required in accordance with the Act, then, the Member may elect in lieu of his lifetime pension to receive his entitlement under the Plan in a single lump sum payment as agreed by the Member and the Administrator.

### **7.4 Portability on Termination of Employment**

Notwithstanding any other Plan provision, and subject to the Act, a Former Member who is entitled to a deferred Part A and/or Part B pension or has not yet attained age 50 and who is entitled to an immediate pension under the terms of Section A4.2(f), A4.2(g), A4.2(h), A4.2(k), A4.2(l), B4.2(b) or B4.2(c), as applicable, may elect, within the timeframes prescribed by the Administrator, on termination of employment, that an amount equal to the Commuted Value of his Part A Benefits and Part B Benefits payable from the Pension Fund, as determined in accordance with Section A4.2(f), A4.2(g), A4.2(h), A4.2(k), A4.2(l), A6.1, B4.2(b), B4.2(c) and/or B6.1, as applicable, be paid under one of the following options, subject to Section 7.5:

- (a) to the pension fund related to another registered pension plan, provided the administrator of the other registered pension plan agrees to accept the payment; or
- (b) to a registered retirement savings plan, or a life income fund, both as prescribed by the Act; or
- (c) to an insurance company for the purchase of a life annuity, as determined in accordance with the Act.

Notwithstanding the foregoing, if a Former Member elects a transfer under the preceding paragraph and has not completed 2 years of Pensionable Eligibility Service then the Former Member may elect:

- (i) to receive the Commuted Value in a single lump sum; or

- (ii) to transfer the Commuted Value to a registered retirement savings plan designated by the Former Member;

in lieu of a transfer to one of the locked-in vehicles described in (a), (b) and (c).

Notwithstanding the foregoing, if the Former Member does not elect portability under the terms of this Section 7.4 within the timeframes prescribed by the Administrator, the Administrator may, in its discretion, permit the Former Member to make a portability election under the terms of this Section 7.4 at any subsequent time provided the Former Member would have been eligible to elect portability had he terminated on the date that the portability election is to be made. Further, the Commuted Value of the benefit payable at that time shall be redetermined based on the Former Member's age as at the date the portability election is to be made.

Notwithstanding the foregoing, if the transfer would impair Plan solvency as prescribed under the Act, the transfer of all or part of the Commuted Value shall be made in accordance with the Act. Where only a portion of the Commuted Value is transferred, the outstanding amount shall be transferred, with Interest, in accordance with the Act, subject to Section 7.5.

Payment out of the Pension Fund of the total Commuted Value of benefits under this Section shall be in full satisfaction of all obligations of the Plan and the Pension Fund to such Former Member.

## **7.5 Transfer Limits—Member or Former Member**

Notwithstanding any other Plan provision, a Member or Former Member who is eligible to transfer the Commuted Value of his Part A Benefits and Part B Benefits to another vehicle or who has the right to a lump sum payment may transfer the full or partial Commuted Value of those benefits or the lump sum payment to a money purchase provision of another registered pension plan or to a registered retirement savings plan, both as defined under the Income Tax Act Rules, provided the amount being transferred does not exceed the amount permitted under the maximum transfer value provisions of the Income Tax Rules.

Any locked-in amount not transferable under this Section 7.5 shall be paid in a single cash payment.

Notwithstanding the foregoing, an amount payable in respect of an eligible Member or Former Member may be transferred without restriction if such amount is transferred to a defined benefit provision of another registered pension plan, where a defined benefit becomes provided to such individual under such other registered pension plan.



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## **ARTICLE 8**

### **FUNDING AND INVESTMENT**

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#### **8.1 Pension Fund**

All assets of the Plan shall be held in a Pension Fund under the terms of the Trust Agreement, and the benefits of the Plan shall be provided by such Pension Fund in accordance with the provisions of the Plan. The Plan and the assets accruing in the Pension Fund shall be subject to the tests and standards for solvency as set out in the Act.

Such Pension Fund and earnings derived thereon shall be used exclusively for the payment of the benefits provided by the Plan except where provided for in Section 4.2 and Section 14.5. However, notwithstanding anything to the contrary, the Administrator may pay from the Pension Fund any reasonable expenses associated with the administration and operation of the Plan and the Pension Fund.

The management of the Pension Fund shall be the exclusive prerogative of the Administrator, subject to the terms of this Article 8 and subject to the terms of any applicable laws.

Pension benefits shall normally be paid directly out of the Pension Fund, however, the Administrator may purchase an annuity, or annuities, from an insurance company in Canada to pay all or part of any benefits payable under the terms of the Plan. The purchase of such annuity shall constitute a full and final settlement of the rights of the Member or other person entitled to the particular benefit that was purchased and such purchase shall fully and forever discharge the Plan, the Pension Fund, the Employer, the Administrator, their employees, directors, officers and other representatives from any further obligations to the member or other person in respect of the benefit that was purchased.

The investment of the Pension Fund shall be limited to the securities and loans permitted under the Act and the Income Tax Rules.

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## **ARTICLE 9**

### **ADMINISTRATION AND PROCEDURES**

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#### **9.1 Administrator**

The Employer is the Administrator of the Plan and shall be responsible for the general administration of the Plan and shall perform all administrative functions not allocated to the Board, the Trustee or the Actuary. The Employer may elect to delegate the authority of any duties of Administrator of the Plan to any other person or persons.

Administrative duties shall include maintenance of records and reports, interpretation of the Plan provisions, calculation and payment of benefits, filing of documents with regulatory authorities and ensuring that the administration and operation of the Plan is in compliance with applicable legislation.

#### **9.2 Employer Records**

The records of the Employer wherever used for the purposes of the Plan shall be presumed to be conclusive of the facts contained therein unless the Administrator has actual notice that such facts as contained therein are incorrect.

#### **9.3 Purchase of Annuities**

The Administrator may in its discretion direct the Trustee to apply sufficient monies from the Pension Fund to the purchase of any pension or annuity in whole or in part from an insurance company in Canada at any time before or after a Member's or Former Member's retirement.

#### **9.4 Proof of Claim**

Any person receiving or claiming a pension or an annuity under the Plan shall at any and all times, on demand of the Administrator, furnish to the Administrator satisfactory evidence of his continuing right thereto.

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## **ARTICLE 10**

### **RIGHTS TO INFORMATION**

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#### **10.1 Explanation of Plan Provisions**

The Administrator shall provide a written description of the Plan to each Member and each Employee who is eligible to join the Plan, and to the Spouse of each such Member and Employee, at the time or times prescribed by the Act. Such description shall explain the terms and conditions of the Plan and amendments thereto as applicable to the Member or Employee, and shall outline the rights and duties of the Member or Employee with reference to the benefits available and the contributions payable under the Plan.

Within six months of notification from the Superintendent of Financial Institutions that the Plan with an amendment continues to comply with the Act, the Administrator shall provide an explanation of the amendment to each Member or eligible Employee and his Spouse affected by the amendment.

#### **10.2 Annual Statement**

Within six months of the fiscal year end of the Plan, the Administrator shall provide each Member and his Spouse with a written statement containing the information required by the Act including the value of accumulated Member Contributions, the annual amount of benefits accrued to date and the funded ratio of the Plan. Where required by the Act, the Administrator shall provide a written statement to Former Members and/or Pensioners and their Spouses containing the information required by the Act.

#### **10.3 Statement on Termination or Retirement**

Within 30 days of cessation of membership, retirement or full or partial termination of the Plan, the Administrator shall provide the Member and his Spouse, or, in the case of Plan termination, each affected Member and his Spouse with the appropriate written statement of the Member's pension benefits and other benefits payable as required by the Act.

#### **10.4 Statement on Death**

Within 30 days of the death of a Member, the Administrator shall provide the Member's Spouse or legal representative with the appropriate written statement of the Member's pension benefits and other benefits payable as required by the Act.

#### **10.5 Examination of Documents**

The Administrator shall permit each Member and his Spouse or their agent (authorized in writing) to examine such documents as are prescribed by the Act, at the Administrator's head office, or such other location as the Administrator and the Member, his Spouse or agent shall agree upon, once in each fiscal year of the Plan.

In lieu of the examination described above, any person entitled to make such an examination may request in writing copies of any of the documents contemplated and will receive such upon payment to the Administrator of a reasonable charge, as permitted by the Act.

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# **ARTICLE 11**

## **PENSION COMMITTEE**

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### **11.1 Pension Committee**

If a majority of Members so requests, the Employer shall form a Pension Committee. Such Pension Committee may carry out its duties as described in the Act and shall be entitled to have the Administrator provide such information as is necessary to fulfill those duties.

Once a Pension Committee has been established, it may not be dissolved by the Employer unless a majority of Members in each of the categories of Members which has representation on the Pension Committee agrees to such dissolution.

The Employer shall designate a member of the Pension Committee to be the chair of the Pension Committee. The Pension Committee shall appoint a secretary who may, or may not be, a member of the Pension Committee.

### **11.2 Purpose of the Pension Committee**

The purpose of the Pension Committee is:

- (a) to promote awareness and understanding of the Plan among the Members and Employees who may become Members; and
- (b) to review, at least once each Plan Year, the financial, actuarial and administrative aspects of the Plan; and
- (c) to carry out such other administrative duties and functions as are prescribed by the Act.

### **11.3 Pension Committee Membership**

The Pension Committee shall be composed of six (6) persons, as follows:

- (a) three (3) persons appointed from time to time by the Employer; and
- (b) two (2) active Members appointed by the union; and

- (c) one (1) Pensioner appointed by the union; however, until such time as there are at least 50 Pensioners, the Pensioners shall be represented by an active Member appointed by the union.

Where there are Employees who are not represented by a union with which the Employer has entered into a Collective Agreement, a representative of such Employees shall be one of the persons referred to under (a) above and shall be elected to the Pension Committee in accordance with the Act.

#### **11.4 Term of Office**

The term of office of a Pension Committee member shall be three (3) years.

A Pension Committee member whose term of office has expired shall remain in office until he is reappointed, replaced or removed.

#### **11.5 Resignation, Removal, Replacement**

- (a) Resignation

A Pension Committee member may resign from office by delivering a written resignation to the President and Chief Executive Officer of the Employer and to the secretary of the Pension Committee. Such resignation will become effective upon delivery or at any later date specified in the resignation.

- (b) Removal

A Pension Committee member other than a member elected by the Members may be removed by decision of the Employer. A member elected by the Members may only be removed by a vote of Members at the next election held pursuant to the Act.

- (c) Vacancy

If a Pension Committee member becomes unable to act or if a Pension Committee seat is vacant, the Employer shall designate, from among qualified persons, a person for the remainder of the term. However, if the vacant seat was held by a person elected by the Members, the Pension Committee shall appoint a Member as a replacement until the next election.

#### **11.6 Quorum**

Three members of the Pension Committee shall constitute a quorum. If there is no quorum, the members present may adjourn the meeting from time to time until a quorum is present.

Actions of the Pension Committee may only be taken with the concurrence of a quorum.

#### **11.7 Compensation**

The Pension Committee members shall serve without compensation for the execution of the duties of their office.

#### **11.8 Conflict of Interest**

No Pension Committee member may exercise his powers in his own interest or in the interest of a third person, nor may he place himself in a situation of conflict between his personal interest and the duties of his office. Every Pension Committee member shall, without delay, notify the Pension Committee in writing of any interest he has in an enterprise that may cause a conflict between his personal interests and the duties of his office and of any rights, other than those arising from the Plan, he may have in or may invoke against the Pension Fund, specifying, where such is the case, the nature and value of such rights. Every interest or rights so notified shall be recorded in the register kept by the Pension Committee for such purpose.

#### **11.9 Indemnification**

The Employer shall indemnify and save harmless each Pension Committee member against all loss, liability and costs reasonably incurred by him for any action or proceedings to which he is made a party by reason of being or having been a member of the Pension Committee, if he acted honestly and in good faith.

#### **11.10 Frequency of Meetings and Written Records**

The Pension Committee shall meet infrequently, as is determined necessary by the chair of the Pension Committee, but no less frequently than once per Plan Year.

Written records shall be kept of all meetings and actions of the Pension Committee.

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## **ARTICLE 12**

### **AMENDMENT OR TERMINATION OF THE PLAN**

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#### **12.1 Amendment and Termination**

It is the intention of the Employer in setting up the Plan that it should operate into the indefinite future. The Employer, however, reserves the right to amend or terminate the Plan at any time should future conditions, in the opinion of the Employer, warrant such action, providing that such amendment or termination is not contrary to the terms of any applicable laws or collective agreements and is approved by the appropriate regulatory authorities.

The Employer shall file any amendment to the Plan within the time period required by the Act.

#### **12.2 No Reduction of Benefits**

No amendment, termination or partial termination of the Plan shall reduce the amount of benefits to which the Members, Former Members, Pensioners, their Spouses, Eligible Children and Beneficiaries are entitled under the Plan up to the date of such amendment or termination and with respect to which the required contributions into the Plan have been made. Such benefits shall be deemed non-forfeitable, regardless of age, period of membership in the Plan or period of employment.

Notwithstanding the above, the Plan may be amended at any time to reduce the benefits payable to anyone entitled to such benefits, provided such amendment is required to avoid revocation of the Plan under the terms of the Income Tax Rules.

#### **12.3 Termination of the Plan**

In the event of the termination of the Plan, all assets held in the Pension Fund shall be applied for the benefit of the Members, Former Members, Pensioners, their Spouses, Eligible Children and Beneficiaries entitled to benefits under the Plan, in such manner as the Administrator may deem equitable, subject to the provisions of any applicable legislation and as approved by an appropriate authority charged with the supervision of the Plan under the appropriate legislation in effect.



Any surplus remaining, after satisfaction of all pension benefits accrued hereunder, shall be distributed equitably to Members, Former Members, Pensioners, their Spouses, Eligible Children and Beneficiaries, in accordance with a method of allocation established by the Actuary and the Administrator and in a manner permitted by the Act and the Income Tax Rules.

#### **12.4 Remittance of Contributions**

In the event of the termination of the Plan, the Employer shall remit to the Pension Fund all Employer and Member contributions, as specified by the Act.

#### **12.5 Applicable Legislation**

Notwithstanding the foregoing, full or partial termination of the Plan shall be subject to the requirements of the Act and the Income Tax Rules.

#### **12.6 Mergers and Transfers**

The Employer reserves the right to merge or consolidate the Plan with any other registered pension plan or to transfer any assets or liabilities of the Plan to any other registered pension plan, subject to any regulatory approvals required by applicable law and provided that no such action shall adversely affect any right of any Member or Former Member with respect to benefits which have accrued prior to the time such action is taken.

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## **ARTICLE 13**

### **MARRIAGE BREAKDOWN**

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#### **13.1 Marriage Breakdown**

- (a) For the purposes of this Article 13, "Spouse" will have the meaning prescribed by the appropriate provincial property law governing the distribution of assets upon marital breakdown, provided such definition does not contravene the definition of spouse under Section 252 of the Income Tax Rules.
- (b) If a Member or Former Member and his Spouse or former Spouse divide assets in accordance with a provincial property law, pursuant to a decree, order or judgment of a competent tribunal or a written agreement in settlement of rights arising as a consequence of the breakdown of a marriage or other conjugal relationship between the Member or Former Member and his Spouse, the Member's or Former Member's pension, deferred pension and value thereof shall be subject to such provincial property law notwithstanding Article 14.
- (c) The Member or Former Member may, in case of divorce, annulment or separation, assign a portion of his pension, deferred pension, or value thereof, to his Spouse or former Spouse and such Spouse shall have the options available to the Member or Former Member in accordance with Article A6, Article B6 and Section 7.4 immediately upon the Administrator being informed of the assignment. If a portion of the Member's or Former Member's pension, deferred pension or value thereof is assigned to his Spouse or former Spouse, any subsequent Spouse is not entitled to any benefits under the Plan in respect of that assigned portion.
- (d) Where a Member or Former Member and his Spouse divide assets in accordance with Section 13.1(b) and the Member or Former Member had been receiving a joint and survivor form of pension, the Administrator may revalue that pension and pay it out in two pensions, one portion to the Member or Former Member and the other portion to his Spouse, but the total Commuted Value of the divided pensions shall be no lower than that of the Commuted Value of the joint and survivor pension.

- (e) If the Plan is required to make a payment to the Spouse or former Spouse of the Member or Former Member, whether of a contingent nature, a single payment or a series of payments, the pension, deferred pension, or value thereof, of the Member or Former Member shall be equitably adjusted so that the Commuted Value of the benefits which would have been payable to the Member or Former Member in respect of the period of the marriage is equal to the sum of the Commuted Values of the benefits actually payable to the two parties for that period.

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## **ARTICLE 14**

### **GENERAL**

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#### **14.1 Limitation of Liability**

No Member, Pensioner, Former Member or Beneficiary shall have any recourse under any provisions of this Plan against any past, present or future director, officer, shareholder or employee of the Employer and all such directors, officers, shareholders and employees shall be free from all liability hereunder as a condition hereof.

#### **14.2 Employment Rights not Affected by the Plan**

Nothing contained herein shall confer upon any Member or Employee the right to be retained in the service of the Employer nor shall it interfere with the right of the Employer to discharge or otherwise deal with Members and Employees without regard to the existence of the Plan.

#### **14.3 Incompetence**

If the Administrator determines that any person entitled to any payment hereunder is incompetent by reason of physical or mental disability, and consequently unable to give a valid receipt, the Administrator may cause any payment due to such person to be made to another person or persons who is/are the legally appointed guardian(s) of such person, where such other person or persons have provided satisfactory evidence to the Administrator of their authority, without responsibility on the part of the Administrator or the Trustee to follow the application of such funds. Payment made pursuant to this Section 14.3 shall operate as a complete discharge of the responsibility of the Trustee, the Administrator, the Plan and the Pension Fund.

#### **14.4 Lawful Currency**

All contributions to the Plan and all benefits under the Plan shall be payable in the lawful currency of Canada provided that in case of any Member being paid his/her earnings in some other currency, the Administrator may from time to time at its discretion, fix the rate of exchange to be used for the purposes of the Plan in converting to Canadian currency his/her earnings and Member Contributions to the Plan.

#### **14.5 Surplus Usage**

During the continuance of the Plan, surplus may not be refunded to the Employer.

If an ongoing actuarial valuation of the Plan reveals a surplus, the Employer shall be entitled to apply such surplus in any one or more of the following manners:

- (a) to reduce or eliminate future Employer contributions under Section 4.2;
- (b) to be retained as a contingency reserve subject to the Income Tax Rules;
- (c) to improve benefits for Members.

In the event of the termination of the Plan, surplus shall be distributed in accordance with the provisions of Section 12.3.

#### **14.6 Benefits not Subject to Claims and Assignments**

No benefit provided under the Plan is capable of being assigned, charged, anticipated, surrendered, commuted or given as security or confers on a Member, Former Member, Pensioner, Spouse, Eligible Child or any other person entitled to a benefit any right, commuted or interest therein that is capable of being assigned, charged, anticipated, surrendered or given as security.

#### **14.7 Division of Benefits on Marriage Breakdown**

Notwithstanding Section 14.6 above, pension benefits accrued under this Plan may be divided between spouses following a marriage breakdown, pursuant to a court order or written agreement relating to a division of property on marriage breakdown, and subject to the Act, and the Income Tax Rules.

#### **14.8 Pension Adjustment Limits**

Notwithstanding anything to the contrary in the Plan, the Administrator shall ensure that in no event shall the pension adjustment for a calendar year in respect of each Member exceed the pension adjustment limits in accordance with Section 147.1(8) of the Income Tax Rules.

#### **14.9 General Limitation**

Unless expressly provided for in the Plan or required by applicable legislation, former Employees, Former Members and Pensioners shall receive the benefits and ancillaries, including, where applicable, indexation, accumulated to their date of termination of employment, retirement or death, as applicable, as maintained in the records of the Administrator, and such persons or their surviving Spouses and/or

Beneficiaries, as applicable, shall not receive improvements made on or after such date.

#### **14.10 Approvals Required**

The full force and effect of this Plan shall be contingent upon obtaining and retaining approval of the Canada Revenue Agency and by any other authorities as required by any applicable laws. Should any approval be made contingent upon specific changes in the Plan, the Employer shall make such changes.

#### **14.11 Power to Decide Unisex Mortality**

For purposes of calculating Commuted Values and Actuarially Equivalent benefits, the Administrator has the power to decide that the actuarial factors to be used for such calculations shall not differentiate on the basis of the Member's or Former Member's sex.

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***PART A – PROVISIONS IN RESPECT OF  
BENEFITS PAYABLE TO OR ON BEHALF OF  
PART A MEMBERS***

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# ARTICLE A1

## DEFINITIONS

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Except as otherwise defined below, all words and phrases defined in Article 1 of the Plan and used in this Part shall have the same meaning as given to them in Article 1.

**A1.1** "**Normal Retirement Date**" means a Member's 60<sup>th</sup> birthday.

**A1.2** "**Part A Best Average YMPE**" means the average of the YMPE in the year in which the earliest of the Member's actual date of retirement, the Member's attainment of age 65, death, disability, termination of employment or termination of the Plan occurs and the two immediately preceding calendar years.

For purposes of determining the benefits payable to a Member, in respect of periods of leave of absence, periods of service outside Canada, or periods of disability during which the Member was participating under Part A "Part A Best Average YMPE" shall be determined in accordance with the applicable section of Article A3.

For the purposes of determining Part A Best Average YMPE for a Member who is an Air Traffic Controller who elects to receive benefits in accordance with Section A4.5, Best Average YMPE shall be determined as at the date at which Part A Operational Service ceases, if such date is earlier than any of the dates indicated in the above paragraph.

**A1.3** "**Part A Full Formula Amount**" means 2% of the Member's Best Average Earnings multiplied by Part A Pensionable Service that is not Part A Operational Service, or Part A Operational Service where so indicated.

**A1.4** "**Part A Pensionable Service**" means the Pensionable Service determined pursuant to Section A2.1.

**A1.5** "**Retirement Year**" or "**Retirement Month**" means, for the purposes of Article A9:

- (a) in respect of a Member, Former Member or Pensioner in respect of whom a pension is payable, the calendar year or calendar month, as the case may be, in which that Member's most recent Date of Cessation of Employment occurred; or



- (b) in respect of benefits paid to a Member who is in receipt of a benefit under Section A4.5, the calendar year or calendar month, as the case may be, in which the Member ceased to be employed in Part A Operational Service; or
- (c) in respect of an individual who is in receipt of a pension by virtue of being a surviving Spouse or Eligible Child of a Member, Former Member, or Pensioner, the Retirement Year or Retirement Month, as the case may be, of the Member, Former Member or Pensioner.

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## **ARTICLE A2**

### **SERVICE**

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#### **A2.1 Part A Pensionable Service**

A Member's Part A Pensionable Service shall consist of employment in Canada and shall be equal to the sum of:

- (a) for a Member who is a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, such Member's period of pensionable service as described and accrued under the Prior Plan and transferred to the Plan, as included under the Agreement to Transfer, including any periods of elective pensionable service in respect of which the Member made an election prior to the Effective Date to buy back under the Prior Plan as described in Section A2.4; plus,
- (b) the number of years and fractions of a year during which the Member is an Employee and a Member of the Plan, in respect of which the Member has contributed to the Plan; plus,
- (c) periods of employment with another employer which are transferred into this Plan as Part A Pensionable Service pursuant to a Reciprocal Transfer Agreement; plus,
- (d) periods of employment with another employer that are credited to the Member as Part A Pensionable Service in accordance with Section 3.6; plus
- (e) prior periods of employment with the Employer that are reinstated to the Member as Part A Pensionable Service in accordance with Section 3.3.

Part A Pensionable Service also includes the following periods during which the Member who is participating under Part A is absent from work:

- (f) periods of absence on account of maternity, child care, adoption, to provide compassionate care to a family member, or other types of leave taken under the authority of Division VII of Part III of the Canada Labour Code, where such periods are required to be included in Part A Pensionable Service pursuant to the Canada Labour Code, for which the Member agrees in

writing prior to the commencement of the leave to make contributions in respect of the period of the leave, in accordance with Section A3.3(a);

- (g) periods of absence on account of maternity, child care or adoption permitted by the Employer in excess of periods for such leaves of absence that are required to be included in Part A Pensionable Service pursuant to the Canada Labour Code, for which the Member made an election in writing to continue to contribute to the Plan, in accordance with Section A3.3(a), such that the total service credited in respect of any one such period of absence shall not exceed a maximum of 52 weeks following the date of birth or adoption of the child and provided that the total amount of such periods of absence included in Part A Pensionable Service do not exceed the period which is permitted to be credited in accordance with Section 3.5;
- (h) periods of short-term sickness for which the Member continues to contribute to the Plan, in accordance with Section A3.3(b);
- (i) periods during which the Member is absent from work due to a disability provided the Member is eligible to and elects in writing to contribute to the Plan, in accordance with Section A3.3(d);
- (j) periods during which the Member is absent from work due to occupational injury that is required to be included as Part A Pensionable Service pursuant to applicable workers' compensation legislation for which the Member has made an election in writing to continue to contribute to the Plan, in accordance with Section A3.3(c);
- (k) notwithstanding the requirement that Part A Pensionable Service consist of employment in Canada, periods of employment outside Canada for which the Member has a valid employment contract with the Employer and for which the Member continues to contribute to the Plan, in accordance with Section A3.3(e);
- (l) notwithstanding the requirement that Part A Pensionable Service consist of employment in Canada, periods of employment outside Canada for which the Member does not have a valid employment contract with the Employer but which are considered to be Part A Pensionable Service for the purposes of the Plan, for which the Member continues to contribute to the Plan and provided that the total amount of such employment included in Part A Pensionable Service for each such period of employment does not exceed the period which is permitted to be credited in accordance with Section A3.3(e);
- (m) periods during which an Air Traffic Controller is undergoing training or instruction to the advantage of, and at the request of, the Employer, provided

the Air Traffic Controller continues to contribute to the Plan in accordance with Section A3.3(f);

- (n) periods during which an Employee is serving at the request of the Employer with a board, commission or agency that is related to the interests of the Employer, provided the Employee continues to contribute to the Plan in accordance with Section A3.3(f);
- (o) periods during which an Employee is loaned to a union with which the Employer has entered into a Collective Agreement, provided the Employee continues to contribute to the Plan in accordance with Section A3.3(g); and
- (p) any other leave of absence approved by the Employer without pay for which the Member made an election in writing to contribute to the Plan, in accordance with Section A3.3(f).

## **A2.2 Part A Operational Service**

A Member's Part A Operational Service, in respect of a Member who is an Air Traffic Controller, shall consist of employment in Canada and shall be equal to the sum of:

- (a) for a Member who is a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, such Member's period of pensionable service as described and accrued under the Prior Plan and transferred to the Plan, as included under the Agreement to Transfer, including any periods of operational service in respect of which the Member made an election prior to the Effective Date to buy back under the Prior Plan as described in Section A2.4; plus,
- (b) the number of years and fractions of a year of service in the employment of the Employer during which the Member:
  - (i) makes contributions to the Plan in accordance with Article A3; and,
  - (ii) is either
    - (1) engaged in or undergoing training in the supervisory or non-supervisory duties requiring the possession of a current and medically valid Air Traffic Controller Licence; or
    - (2) on loan to a union with which the Employer has entered into a Collective Agreement, provided that the Member was accruing operational service in accordance with Section A2.2(b)(ii)(1)

immediately prior to the commencement of each such period of loan; plus,

- (c) periods of employment with another employer which are transferred into this Plan pursuant to a Reciprocal Transfer Agreement provided such periods are considered to be Part A Operational Service as described in (b) above; plus
- (d) prior periods of employment with the Employer that are reinstated to the Member as Part A Pensionable Service in accordance with Section 3.3 provided such periods are considered to be Part A Operational Service as described in (b) above.

Part A Operational Service also includes the following periods during which the Member is absent from work, provided that the Member was considered for the purposes of the Plan to be normally engaged in the employment activities described under (b) above immediately prior to the commencement of each such period of absence from work and continues to be engaged in these same employment activities following the completion of the period of absence from work (unless the Member cannot return to these same employment activities as a result of an Involuntary Cessation of Operational Service) and further provided that each such period in respect of an absence under (g), (h) or (j) to (n) below is of a duration of six months or less:

- (e) periods of absence on account of maternity, child care, adoption, to provide compassionate care to a family member, or other types of leave taken under the authority of Division VII of Part III of the Canada Labour Code, where such periods are required to be included in Pensionable Service pursuant to the Canada Labour Code, for which the Member agrees in writing prior to the commencement of the leave to make contributions in respect of the period of the leave, in accordance with Section A3.3(a);
- (f) periods of absence on account of maternity, child care or adoption permitted by the Employer in excess of periods for such leaves of absence that are required to be included in Pensionable Service pursuant to the Canada Labour Code, for which the Member made an election in writing to continue to contribute to the Plan, in accordance with Section A3.3(a), such that the total service credited in respect on any one such period of absence shall not exceed a maximum of 52 weeks following the date of birth or adoption of the child and provided that the total amount of such periods of absence included in Part A Pensionable Service do not exceed the period which is permitted to be credited in accordance with Section 3.5;
- (g) periods of short-term sickness for which the Member continues to contribute to the Plan, in accordance with Section A3.3(b);

- (h) periods during which the Member is absent from work due to a disability provided the Member is eligible to and elects in writing to contribute to the Plan, in accordance with Section A3.3(d);
- (i) periods during which the Member is absent from work due to occupational injury that are required to be included as Pensionable Service pursuant to applicable workers' compensation legislation for which the Member has made an election in writing to continue to contribute to the Plan, in accordance with Section A3.3(c);
- (j) notwithstanding the requirement that Part A Operational Service consist of employment in Canada, periods of employment outside Canada for which the Member has a valid employment contract with the Employer and for which the Member continues to contribute to the Plan, in accordance with Section A3.3(e);
- (k) notwithstanding the requirement that Part A Operational Service consist of employment in Canada, periods of employment outside Canada for which the Member does not have a valid employment contract with the Employer but which are considered to be Part A Operational Service for the purposes of the Plan, for which the Member continues to contribute to the Plan and provided that the total amount of such employment included in Part A Operational Service for each such period of employment does not exceed the period which is permitted to be credited in accordance with A3.3(e);
- (l) periods during which an Air Traffic Controller is undergoing training or instruction to the advantage of, and at the request of, the Employer, provided the Air Traffic Controller continues to contribute to the Plan in accordance with Section A3.3(f);
- (m) periods during which a Member is serving at the request of the Employer with a board, commission or agency that is related to the interests of Employer, provided the Employee continues to contribute to the Plan in accordance with Section A3.3(f); and
- (n) any other leave of absence without pay approved by the Employer for which the Member made an election in writing to continue to contribute to the Plan, in accordance with Section A3.3(f).

### **A2.3 Election Regarding Transfer of Benefits From Prior Plan to the Plan**

A Designated Employee who became a Member of this Plan on the Effective Date was permitted to make a one-time election to transfer all or a portion of his benefits from the Prior Plan to the Plan, in accordance with the Agreement to Transfer. If such Designated Employee elected to transfer his benefits, such benefits transferred

in respect of service under the Prior Plan shall be payable under the Plan. If such Designated Employee returns to employment with the Public Service, he may elect to transfer back to the Prior Plan all Part A Benefits up to the date he returns to employment with the Public Service in accordance with the terms of the Agreement to Transfer.

If the Designated Employee did not make such a one-time election, benefits in respect of service under the Prior Plan shall continue to be paid under the terms of the Prior Plan. If such Designated Employee returns to employment with the Public Service, he may elect to transfer to the Prior Plan his Part A Benefits accrued under the terms of this Plan up to the date he returns to employment with the Public Service in accordance with the terms of the Agreement to Transfer.

#### **A2.4 Election Regarding Buy-Back of Pre-Effective Date Elective Service under Prior Plan**

Pursuant to the Agreement to Transfer, a Member who is a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, was entitled to make an election under the Prior Plan to make contributions as are required under the terms of the Prior Plan as it was in effect immediately prior to the Effective Date, for the purpose of accruing Part A Pensionable Service, and Part A Operational Service if applicable, in respect of certain periods of past service. If a Member made such election, such additional Part A Pensionable Service, and Part A Operational Service, if applicable, shall be included with any transfer of benefits as described in Section A2.3. Such election must have been made prior to the Effective Date.

The amount of contributions required to be paid into the Plan in accordance with this Section A2.4 shall be in accordance with the terms of the Prior Plan and the method of payment of the contributions shall be as established under the terms of the Prior Plan.

If a Member terminates employment prior to having made all required contributions in accordance with this Section A2.4, the Member may elect to either:

- (a) pay any outstanding contributions in a lump sum immediately;
- (b) cease any further contributions and the Member's Part A Pensionable Service and/or Part A Operational Service, as applicable, shall be reduced to take into account that portion of Part A Pensionable Service and/or Part A Operational Service, as applicable, which has not yet been paid for; or
- (c) continue to make such contributions until all outstanding contributions have been made, under the same terms and conditions as in effect when

the election was made to purchase the service, provided the Member does not elect to transfer his benefit out of the Plan pursuant to Section 7.4.

If a Member retires and commences to receive pension payments prior to having made all required contributions in accordance with this Section A2.4, the Member shall agree to continue to make such contributions and such contributions shall be automatically deducted from the Member's monthly pension payments until all outstanding contributions have been made, under the same terms and conditions as in effect when the election was made to purchase the service.

If the Member dies prior to all outstanding contributions being made, the requirement to pay any remaining outstanding contributions is waived.



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## **ARTICLE A3**

### **CONTRIBUTIONS**

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#### **A3.1 Member Required Contributions**

Each Member who is participating under Part A shall contribute to the Plan as required by this Section A3.1.

##### **(a) Air Traffic Controllers who are Accruing Operational Service**

A Member who is an Air Traffic Controller and who is accruing Part A Operational Service is required to contribute in each Plan Year in respect of such Part A Operational Service, not exceeding 35 years of Operational Eligibility Service, an amount equal to 9.5% of Pensionable Earnings received during Part A Operational Service in the Plan Year during which the Member is participating under Part A, less required contributions to the Canada Pension Plan.

Notwithstanding the preceding paragraph, a Member who is an Air Traffic Controller who is participating under Part A and who reaches 35 years of Pensionable Eligibility Service shall cease making contributions pursuant to the preceding paragraph and will instead contribute an amount equal to 1.0% of Pensionable Earnings received during Part A Operational Service in the Plan Year, or portion of the Plan Year, in which Pensionable Eligibility Service exceeds 35 years.

##### **(b) Other Members**

A Member other than a Member who is an Air Traffic Controller, or a Member who is an Air Traffic Controller who is not accruing Part A Operational Service, is required to contribute in each Plan Year during which the Member is participating under Part A, in respect of Pensionable Eligibility Service, not exceeding 35 years of Pensionable Eligibility Service, an amount equal to 7.5% of Pensionable Earnings received during the Plan Year, less required contributions to the Canada Pension Plan.

Notwithstanding the preceding paragraph, a Member who is participating under Part A and who reaches 35 years of Pensionable Eligibility Service shall cease making contributions pursuant to the preceding paragraph and will

instead contribute an amount equal to 1.0% of Pensionable Earnings received during the Plan Year, or portion of the Plan Year, in which Pensionable Eligibility Service exceeds 35 years.

**(c) Maximum Contributions**

Notwithstanding Section A3.1(a) and Section A3.1(b), in no event for a calendar year shall the Member Contributions exceed during which the Member is participating in Part A the lesser of:

- (i) 9% of the Member's total compensation received from the Employer, and
- (ii) \$1,000 plus 70% of the pension credit for the calendar year, where pension credit is defined under Income Tax Rules.

**A3.2 Member Required Contributions Transferred into the Plan in Accordance with the Agreement to Transfer**

Where a Designated Employee who became a Member of the Plan on the Effective Date made an election in accordance with Section A2.3 to transfer his benefits accrued under the Prior Plan up to the Effective Date from the Prior Plan to the Plan, such Member's contributions transferred into the Plan shall be retained as required contributions in the Plan, to be used to provide for pension or other benefits under the terms of the applicable sections of this Plan.

**A3.3 Member Contributions During Periods of Absence from Work**

**(a) Maternity, Child Care, Adoption or Compassionate Care Leave**

A Member who commences a leave of absence on account of maternity, child care, adoption, to provide compassionate care to a family member or other type of leave taken under the authority of Division VII of Part III of the Canada Labour Code, shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part A Pensionable Service, and Part A Operational Service, if applicable, to the extent approved by the Administrator and as required by the Canada Labour Code, or to the further extent approved by the Administrator, provided the Member agrees in writing to make contributions, as described below, in respect of each such period.

A Member who commences a leave of absence on account of maternity, child care, adoption, to provide compassionate care to a family member or other type of leave taken under the authority of Division VII of Part III of the Canada Labour Code and who agrees in writing to contribute shall make

contributions in accordance with Section A3.1 in respect of such leave based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the Canada Labour Code or in accordance with the Collective Agreement applicable to the Member. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

A Member who is on a leave of absence on account of maternity, child care, adoption, to provide compassionate care to a family member, or other type of leave taken under the authority of Division VII of Part III of the Canada Labour Code, and who makes required contributions in accordance with this Section A3.3(a) shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the Canada Labour Code or in accordance with a Collective Agreement.

If the Member does not remit such required contributions in respect of such period of leave in accordance with the terms of this Section A3.3(a), then the Part A Pensionable Service, and Part A Operational Service, if applicable, as described in this Section A3.3(a) shall not be credited to the Member in respect of the leave. If the Member does not make the required contributions in accordance with this Section A3.3(a), Best Average Earnings shall be determined ignoring the period of leave and treating the periods before and after the leave as continuous.

The maximum period of maternity, child care, adoption, compassionate care leave or other type of leave taken under the authority of Division VII of Part III of the Canada Labour Code which may be included in Part A Pensionable Service, and Part A Operational Service, if applicable, on and after January 1, 1996 shall consist of any period of maternity, child care, adoption, compassionate care leave or other type of leave as required to be recognized by the Canada Labour Code or as approved by the Administrator provided that the total period of such leaves which may be included in Part A Pensionable Service, and Part A Operational Service, if applicable, shall be limited in accordance with Section 3.5.

**(b) Short-Term Sickness**

A Member who is absent from work as a result of illness or injury under the Employer's sick leave plan shall continue to accrue Part A Pensionable Service, and Part A Operational Service, if applicable.

A Member who is on an approved leave of absence under the Employer's sick leave plan shall be required to make contributions pursuant to Section A3.1, based on actual Pensionable Earnings and shall continue to accrue benefits under the Plan based on the Member's level of Pensionable Earnings actually paid during the leave.

**(c) Leave While in Receipt of Workers' Compensation Benefits**

A Member who is absent from work due to occupational injury and who is in receipt of benefits under the applicable workers' compensation legislation, shall be deemed to be in receipt of Pensionable Earnings for such leave and such period shall be added to the Member's Part A Pensionable Service, and Part A Operational Service, if applicable, provided the Member agrees in writing to make contributions, as described below, in respect of the period of the leave.

A Member who commences a leave of absence on account of an occupational injury and who is in receipt of benefits under the applicable workers' compensation legislation and who agrees in writing to contribute, shall make contributions in accordance with Section A3.1 in respect of such leave based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the workers' compensation legislation or in accordance with the Collective Agreement applicable to the Member. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

A Member who is on a leave of absence on account of an occupational injury and who is in receipt of benefits under the applicable workers' compensation legislation and who makes required contributions in accordance with this Section A3.3(c) shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the workers' compensation legislation or in accordance with a Collective Agreement.

If the Member does not remit such required contributions in respect of such period of leave in accordance with the terms of this Section A3.3(c), then the

Part A Pensionable Service, and Part A Operational Service, if applicable, as described in this Section A3.3(c) shall not be credited to the Member in respect of the leave. If the Member does not make the required contributions in accordance with this Section A3.3(c), Best Average Earnings shall be determined ignoring the period of leave and treating the periods before and after the leave as continuous.

**(d) Long-Term Disability**

A Member who is absent from work due to a disability and who is in receipt of benefits under the Employer's long-term disability insurance program shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part A Pensionable Service and Part A Operational Service, if applicable, provided the Member agrees in writing to make contributions, as described below, in respect of the period of the leave.

The maximum period which may be credited in accordance with this Section A3.3(d) in respect of any one such period of leave is five years less the period immediately prior to the leave, if any, during which the Member was accruing benefits pursuant to Section A3.3(f), in respect of a period of illness or injury prior to eligibility for benefits under the Employer's long-term disability insurance program, which is not covered under the Employer's sick leave plan and/or Section A3.3(b).

A Member who commences a disability leave in accordance with this Section A3.3(d) and who agrees in writing to contribute in respect of the leave shall make contributions in accordance with Section A3.1 in respect of such leave.

The contributions shall be based on the level of Pensionable Earnings the Member would have received had the Member not been on such leave. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

A Member who is on a disability leave in accordance with this Section A3.3(d) shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave.

If the Member does not remit such required contributions in respect of such period of leave in accordance with the terms of this Section A3.3(d), then the Part A Pensionable Service, and Part A Operational Service, if applicable, as

described in this Section A3.3(d) shall not be credited to the Member in respect of the leave. If the Member does not make the required contributions in accordance with this Section A3.3(d), Best Average Earnings shall be determined as at the date Part A Pensionable Service and Part A Operational Service, if applicable, ceases to accrue.

Upon the expiry of the maximum period which may be credited in accordance with this Section A3.3(d), or such earlier time as may be mutually agreed upon by the Member and the Employer, such Member may qualify for an immediate disability retirement pension, as set out in Section A8.1, or may elect to receive a termination benefit in accordance with Article A6, at his Date of Cessation of Employment.

**(e) Service Outside Canada**

A Member who, with the approval of the Employer, is employed outside Canada, shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part A Pensionable Service, and Part A Operational Service, if applicable, provided the Member agrees in writing to make contributions, as described below, in respect of the period of the leave.

Part A Pensionable Service, and Part A Operational Service, as applicable, on behalf of a Member employed outside Canada may be credited as follows:

- (i) In the case of a Member who is employed outside Canada under an employment contract with an employer who does not participate in this Plan, and who is either connected with the Employer or who has an arrangement with the Employer concerning the Member's rendering of services with such an employer outside Canada, the first five years of a period of service may be credited. If there is more than one such period of service outside Canada, or if five years of service have been credited in respect of one such period, additional periods of service outside Canada may only be included in Part A Pensionable Service or Part A Operational Service to the extent that the Member returns to employment with the Employer in Canada for at least 12 months between each such periods of service outside Canada.
- (ii) In the case of a Member who is employed outside Canada and renders service under an employment contract with the Employer, all such periods of service are eligible to be credited.

In order for such eligible service to be credited as Part A Pensionable Service or Part A Operational Service, the Member must agree in writing prior to commencement of the leave to contribute in respect of the eligible period in

accordance with Section A3.1. The contributions shall be based either on the actual Pensionable Earnings paid during the period of employment outside Canada converted at the rate of currency exchange in effect on December 31 of the previous Plan Year or on the level of Pensionable Earnings the Member would have received had the Member not been employed outside Canada by another employer. The level of Pensionable Earnings to be used shall be determined by the Employer prior to the commencement of the leave. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer in Canada or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer in Canada and ending when a period equal to twice the period of the leave has passed.

A Member who is employed outside Canada and who makes required contributions in accordance with this Section A3.3(e) shall accrue benefits under the Plan based on the Pensionable Earnings on which the contributions were based.

If the Member does not wish to make such required contributions in respect of such period of employment outside Canada in accordance with the terms of this Section A3.3(e), then the Part A Pensionable Service, and Part A Operational Service, if applicable, as described in this Section A3.3(e) shall not be credited to the Member in respect of the leave. If the Member does not make the required contributions in accordance with this Section A3.3(e), Best Average Earnings shall be determined ignoring the period of leave and treating the periods before and after the leave as continuous.

**(f) Other Leaves of Absence**

A Member who is absent from work and is on a period of unpaid leave of absence as approved by the Employer, other than a period as described in Sections A3.3(a), A3.3(b), A3.3(c), A3.3(d), A3.3(e) or A3.3(g) shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part A Pensionable Service, and Part A Operational Service, if applicable, provided the Member agrees in writing to make contributions, as described below, in respect of the period of the leave.

A Member who commences such period of unpaid leave of absence:

- (i) for the purpose of undergoing training or instruction that is advantageous to the Employer;
- (ii) due to an illness or injury prior to eligibility for benefits under the Employer's long-term disability insurance program, which is not covered under the Employer's sick leave plan;

- (iii) for the purpose of serving with a board, commission or agency as requested by the Employer;
- (iv) for the purpose of serving with any organization at the request of the Employer;
- (v) for the purpose of a personal need which is approved by the Employer and which does not exceed three months;

and who agrees in writing to contribute in respect of the leave shall make contributions in accordance with Section A3.1 in respect of such leave. The contributions shall be based on the level of Pensionable Earnings the Member would have received had the Member not been on such leave. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

A Member who commences a period of unpaid leave of absence for a purpose other than any of the purposes set out in the preceding paragraph, including that portion of a leave of absence approved by the Employer for personal needs which exceeds three months, and who agrees in writing to contribute in respect of the leave shall make contributions equal to the lesser of two times the contributions required in accordance with Section A3.1 in respect of the leave and the actuarial cost required to fund the benefits accruing during the leave. The contributions shall be based on the level of Pensionable Earnings the Member would have received had the Member not been on such leave. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

Where it is known at the commencement of the leave of absence that the leave of absence will be for an extended period of time, the Administrator may require that the contributions be remitted on a periodic basis throughout the leave of absence, but no less frequently than quarterly.

A Member who is on a period of unpaid leave of absence and who makes required contributions in accordance with this Section A3.3(f) shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave.



If the Member does not wish to make such required contributions in respect of such period of leave in accordance with the terms of this Section A3.3(f), then the Part A Pensionable Service, and Part A Operational Service, if applicable, as described in this Section A3.3(f) shall not be credited to the Member in respect of the leave. If the Member does not make the required contributions in accordance with this Section A3.3(f), Best Average Earnings shall be determined ignoring the period of leave and treating the periods before and after the leave as continuous.

The maximum period of unpaid leave which may be included in Part A Pensionable Service, and Part A Operational Service, if applicable, in accordance with this Section A3.3(f) on and after January 1, 1996 shall be determined in accordance with Section 3.5.

**(g) Union Leave of Absence – Canadian Air Traffic Controllers Association**

A Member who is absent from work for the purpose of being on loan to CATCA shall be deemed to be in receipt of Pensionable Earnings, based on the maximum operational salary rate and maximum ATC Premium rate contained in their collective agreement and such periods shall be added to the Member's Part A Pensionable Service, and Part A Operational Service, if applicable provided the Member agrees in writing to make contributions, as described below, in respect of the period of the leave.

A Member who commences such period of unpaid leave and who agrees in writing to contribute in respect of the leave shall make contributions equal to the actuarial cost required to fund the benefits accruing during the leave. The contributions shall be based on the level of Pensionable Earnings as described above.

Contributions must be remitted on a periodic basis throughout the leave of absence, but no less frequently than quarterly.

**(h) Termination, Retirement or Death prior to Paying Contributions in Respect of a Leave of Absence**

If a Member terminates employment prior to having made all required contributions in accordance with Sections A3.3(a) through (g), the Member may elect to either:

- (a) pay any outstanding contributions in a lump sum immediately;
- (b) cease any further contributions and the Member's Part A Pensionable Service and/or Part A Operational Service, as applicable, shall be reduced to take into account that portion of Part A Pensionable

Service and/or Part A Operational Service, as applicable, which has not yet been paid for; or

- (c) continue to make such contributions until all outstanding contributions have been made, under the same terms and conditions as in effect when the election was made to purchase the service, provided the Member does not elect to transfer his benefit out of the Plan pursuant to Section 7.4.

If a Member retires and commences to receive pension payments prior to having made all required contributions in accordance with Sections A3.3(a) through (g), the Member shall agree to continue to make such contributions and such contributions shall be automatically deducted from the Member's monthly pension payments until all outstanding contributions have been made, under the same terms and conditions as in effect when the election was made to purchase the service. Alternatively, such Member may elect not to make any further contributions and the Member's Part A Pensionable Service and/or Part A Operational Service, as applicable, shall be reduced to take into account that portion of Part A Pensionable Service and/or Part A Operational Service, as applicable, which has not yet been paid for.

If the Member dies prior to having made all required contributions in accordance with Sections A3.3(a) through (g), the amount of any outstanding contributions shall be deducted off any lump sum payable to the Member's Beneficiary or from any periodic payments payable to the Member's surviving Spouse or Eligible Children.

#### **A3.4 Contributions for Pre-Effective Date Elective Service**

Notwithstanding the foregoing, where a Member who was a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, entered into a contract prior to the Effective Date to purchase elective pensionable service or operational service under the terms of the Prior Plan, as permitted under the Agreement to Transfer, the Member shall make such contributions in accordance with the terms of Section A2.4.

#### **A3.5 Transfers from Other Plans**

A Member may not transfer the value of benefits earned under any other plan of a non-related company to this Plan, except as permitted under the terms of the Agreement to Transfer or a Reciprocal Transfer Agreement, or as permitted in accordance with Section 3.6.

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## **ARTICLE A4**

### **RETIREMENT BENEFITS**

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#### **A4.1 Part A Normal Retirement Benefit**

##### **(a) Part A Lifetime Pension**

A Member retiring on his Normal Retirement Date who has accrued Part A Pensionable Service shall receive an annual lifetime pension, calculated as follows:

- (A) 2.0% of the Member's Best Average Earnings multiplied by Part A Pensionable Service prior to January 1, 1966;

plus

- (B) 1.3% of the Member's Best Average Earnings up to the Member's Part A Best Average YMPE, multiplied by Part A Pensionable Service on and after January 1, 1966;

plus

- (C) 2.0% of the Member's Best Average Earnings in excess of the Member's Part A Best Average YMPE, multiplied by Part A Pensionable Service on and after January 1, 1966.

##### **(b) Part A Bridge Benefit**

In addition to the Part A lifetime pension described in Section A4.1(a), a Member retiring on his Normal Retirement Date shall receive an annual bridge benefit for the period from the Member's Normal Retirement Date to age 65. Such bridge benefit shall be calculated as 0.7% multiplied by the lesser of the Member's Best Average Earnings and the Member's Part A Best Average YMPE and multiplied by Part A Pensionable Service on and after January 1, 1966.

## **A4.2 Part A Early Retirement Benefit**

A Member with Part A Pensionable Service who elects to retire on an Early Retirement Date shall be entitled to receive an annual lifetime pension and bridge benefit calculated in accordance with one or more of the following categories as set out below.

Where a Member with Part A Pensionable Service who is an Air Traffic Controller is eligible to retire in accordance with Section A4.2(e), Section A4.2(g) or Section A4.2(i) as applicable, in respect of Part A Operational Service, he may instead elect to treat that Part A Operational Service as though it were Part A Pensionable Service which is not Part A Operational Service and to retire in accordance with Section A4.2(a), Section A4.2(b) or Section A4.2(c), as applicable, if eligible to retire in accordance with one of those sections.

### **(a) Category A**

#### **(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(a) if:

- (A) the Member has accrued Part A Pensionable Service that is not Part A Operational Service; and
- (B) the Member has attained at least age 55; and
- (C) the Member has completed at least 30 years of Pensionable Eligibility Service.

#### **(ii) Benefit**

The benefits payable to a Member in accordance with this Section A4.2(a) in respect of Part A Pensionable Service that is not Part A Operational Service shall be an unreduced annual lifetime pension and bridge benefit payable from his Early Retirement Date calculated in accordance with Section A4.1.

### **(b) Category B**

#### **(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(b) if:

- (A) the Member has accrued Part A Pensionable Service that is not Part A Operational Service; and
- (B) the Member has attained at least age 50; and
- (C) the Member has completed at least 25 years of Pensionable Eligibility Service; and
- (D) the Member has not both attained age 55 and completed 30 years of Pensionable Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(b) in respect of Part A Pensionable Service that is not Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date. The lifetime pension and bridge benefit shall be calculated in accordance with Sections A4.1(a) and A4.1(b) except that the lifetime pension shall be reduced by 5% of the Part A Full Formula Amount multiplied by the lesser of:

- (A) the number of years, calculated to the nearest one-tenth of a year, that the Member's age precedes age 60;
- and
- (B) the greater of:
    - (1) the number of years, calculated to the nearest one-tenth of a year, that the Member's age precedes age 55; and
    - (2) the number of years, calculated to the nearest one-tenth of a year, that the Member's Pensionable Eligibility Service is less than 30 years.

Notwithstanding the foregoing, the annual benefits determined above shall not be less than annual benefits which are Actuarially Equivalent to the benefits determined in accordance with Sections A4.1(a) and A4.1(b), and shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(c) Category C**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(c) if:

- (A) the Member has accrued Part A Pensionable Service that is not Part A Operational Service; and
- (B) the Member has attained at least age 50; and
- (C) the Member has not completed 25 years of Pensionable Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(c) in respect of Part A Pensionable Service that is not Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date. The lifetime pension and bridge benefit shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and the lifetime pension shall be reduced by 5% of the Part A Full Formula Amount multiplied by the number of years, calculated to the nearest one-tenth of a year, that the Member's age precedes age 60.

Notwithstanding the foregoing, the annual benefits determined above shall not be less than annual benefits which are Actuarially Equivalent to the benefits determined in accordance with Sections A4.1(a) and A4.1(b), and shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(d) Category D**

*Intentionally left blank*

**(e) Category E**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(e) if:

- (A) the Member's retirement is not an Involuntary Cessation of Operational Service; and
- (B) the Member has attained at least age 50; and
- (C) the Member has completed at least 25 years of Operational Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(e) in respect of Part A Operational Service shall be an unreduced annual lifetime pension and bridge benefit payable from his Early Retirement Date calculated in accordance with Section A4.1(a) and A4.1(b).

**(f) Category F**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(f) if:

- (A) the Member is an Air Traffic Controller; and
- (B) the Member's retirement is an Involuntary Cessation of Operational Service; and
- (C) the Member has completed at least 20 years of Operational Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(f) in respect of Part A Operational Service shall be an unreduced annual lifetime pension and bridge benefit payable from his Early Retirement Date calculated in accordance with Sections A4.1(a) and A4.1(b).

**(g) Category G**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(g) if:

- (A) the Member's retirement is not an Involuntary Cessation of Operational Service; and
- (B) the Member has attained at least age 45; and
- (C) the Member has completed at least 20 years of Operational Eligibility Service; and
- (D) the Member has not both attained age 50 and completed 25 years of Operational Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(g) in respect of Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from the Early Retirement Date. The lifetime pension and bridge benefit shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and the lifetime pension shall be reduced by 5% of the Part A Full Formula Amount based on Part A Operational Service multiplied by the greater of the following:

- (A) the number of years, calculated to the nearest one-tenth of a year, that the Member's age precedes age 50; and
- (B) the number of years, calculated to the nearest one-tenth of a year, that the Member's Operational Eligibility Service is less than 25 years.

Notwithstanding the foregoing, the annual benefits determined above shall not be less than annual benefits which are Actuarially Equivalent to the benefits determined in accordance with Sections A4.1(a) and A4.1(b), and shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(h) Category H**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(h) if:

- (A) the Member is an Air Traffic Controller; and



- (B) the Member's retirement is an Involuntary Cessation of Operational Service; and
- (C) the Member has completed at least 10 years of Operational Eligibility Service; and
- (D) the Member has not completed 20 years of Operational Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with this Section A4.2(h) in respect of Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date. The lifetime pension and bridge benefit shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and the lifetime pension shall be reduced by the Part A Full Formula Amount based on Part A Operational Service multiplied by the lesser of the following:

- (A) 5% multiplied by the number of years, calculated to the nearest one-tenth of a year, that the Member's Operational Eligibility Service is less than 20 years; and
- (B) 30%.

Notwithstanding the foregoing, the annual benefits determined above shall not be less than annual benefits which are Actuarially Equivalent to the benefits determined in accordance with Sections A4.1(a) and A4.1(b), and shall not exceed the benefits determined in accordance with Section A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(i) Category I**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(i) if:

- (A) the Member's retirement is not an Involuntary Cessation of Operational Service; and
- (B) the Member has attained at least age 50; and

(C) the Member has not completed at least 20 years of Operational Eligibility Service.

**(ii) Benefit**

The benefits payable to a Member in accordance with this Section A4.2(i) in respect of Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from the Early Retirement Date. The lifetime pension and bridge benefits shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and the lifetime pension shall be reduced by 5% of the Part A Full Formula Amount based on Part A Operational Service multiplied by the number of years calculated to the nearest one-tenth of a year, that the Member's age precedes age 60.

Notwithstanding the foregoing, the annual benefits determined above shall not be less than annual benefits which are Actuarially Equivalent to the benefits determined in accordance with Sections A4.1(a) and A4.1(b), and shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(j) Category J**

*Intentionally left blank*

**(k) Category K**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(k) if:

- (A) the Member's retirement is not an Involuntary Cessation of Operational Service; and
- (B) the Member has attained at least age 40; and
- (C) the Member has completed at least 25 years of Operational Eligibility Service; and
- (D) the Member is not eligible to retire in accordance with Sections A4.2(e), A4.2(f), A4.2(g) or A4.2(h).

**(ii) Benefit**

The benefits payable to a Member in accordance with this Section A4.2(k) in respect of Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date. The lifetime pension and bridge benefit shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and the lifetime pension shall be reduced so that such reduced pension plus the bridge benefit together are Actuarially Equivalent to the benefits calculated in accordance with Sections A4.1(a) and A4.1(b) (based on Part A Operational Service as at his Early Retirement Date) that would be payable on an unreduced basis commencing at age 50.

Notwithstanding the foregoing, the annual benefits determined above shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

**(l) Category L**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section A4.2(l) if:

- (A) the Member has accrued Part A Pensionable Service that is not Part A Operational Service; and
- (B) the Member has attained at least age 45; and
- (C) the Member has completed at least 30 years of Pensionable Eligibility Service; and
- (D) the Member is not eligible to retire in accordance with Sections A4.2(a), A4.2(b) or A4.2(c).

**(ii) Benefit**

The benefits payable to a Member entitled to a benefit in accordance with Section A4.2(l) in respect of Part A Pensionable Service that is not Part A Operational Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date, which benefits are Actuarially Equivalent to the benefits calculated in accordance with Sections A4.1(a) and A4.1(b) (based on Part A Pensionable Service as at his Early Retirement Date) that would be payable on an unreduced basis from age 55.

Notwithstanding the foregoing, the annual benefits determined above shall not exceed the benefits determined in accordance with Sections A4.1(a) and A4.1(b) and reduced as required by Section 6.2.

#### **A4.3 Deferral of Part A Early Retirement Benefit**

Where a Member with Part A Pensionable Service is eligible to receive an immediate pension in accordance with one or more of subsections A4.2(b) through A4.2(l), such Member may instead elect to defer receipt of his pension entitlement under such subsection to any day not later than the date when the Member is entitled to an unreduced pension in respect of such Part A Pensionable Service.

Where such an election is made by the Former Member, the benefit shall be determined in accordance with the applicable subsection of Section A4.2 as at his date of termination of employment, and shall be reduced in accordance with any applicable subsection of Section A4.2, taking into account the Former Member's age as at the actual commencement date.

The amount of annual pension determined in accordance with this Section A4.3 shall be increased each year in accordance with Article A9.

#### **A4.4 Postponed Part A Retirement Benefit**

The benefit that is payable to a Member with Part A Pensionable Service who elects to retire on a Postponed Retirement Date shall be an annual pension payable from the Postponed Retirement Date calculated in accordance with Section A4.1(a).

#### **A4.5 Involuntary Cessation of Operational Service—Income Smoothing Benefits**

##### **(a) Benefit**

Notwithstanding anything else in this Plan to the contrary, a Member with Part A Pensionable Service who is:

- (i) an Air Traffic Controller;
- (ii) who has at least 10 years of Operational Eligibility Service; and
- (iii) who is certified by the Employer as having ceased Part A Operational Service, due to an Involuntary Cessation of Operational Service but who continues to accrue Part A Pensionable Service that is not Part A Operational Service;

may, at his option, elect to receive an immediate annual pension payable from the date the Member commences employment with the Employer that is non-operational or from the date the Member commences a retraining program

approved by the Employer. Such pension shall be calculated in accordance with Sections A4.1(a) and A4.1(b) and shall be reduced in accordance with Section A4.2(h)(ii), in the case of a Member who has completed at least 10 years but not 20 years of Part A Operational Service. The portion of Part A Operational Service to be used in this calculation is to be specified by the Member, but shall not exceed 50% of his Part A Operational Service as at the date the benefit payable under this Section A4.5 commences.

The amount of annual pension determined in accordance with this Section A4.5 shall be increased each year in accordance with Article A9.

When a Member elects to commence receipt of benefits under this Section A4.5 and subsequently retires on his Early Retirement Date, Postponed Retirement Date or Normal Retirement Date, the Part A Benefit payable at that time is the benefit payable in accordance with the applicable sub-section of Section A4.1 or Section A4.2 or Section A4.4 but calculated using all Part A Operational Service, less the Part A Operational Service used to determine the benefit payable under this Section A4.5. Notwithstanding the foregoing, Operational Eligibility Service used to determine eligibility to receive benefits in accordance with Section A4.1, Section A4.2 or Section A4.4 shall include the Part A Operational Service used to determine the benefit payable under this Section A4.5.

**(b) Benefit Payable from Plan**

No benefit may be paid from the Plan under this Section A4.5 to a Member entitled to a benefit as set out under Section A4.5(a) until such Member retires in accordance with Section A4.1, Section A4.2 or Section A4.4.

When such Member retires in accordance with Section A4.1, Section A4.2 or Section A4.4:

- (i) the benefit payable in respect of the Part A Operational Service on which the Member made an election in accordance with Section A4.5(a) shall be determined in accordance with Section A4.5(a) plus indexation in accordance with Article A9; and
- (ii) the Part A benefit payable in respect of Part A Operational Service other than Part A Operational Service on which the Member made an election in accordance with Section A4.5(a) shall be determined in accordance with Section A4.1, Section A4.2 or Section A4.4, as applicable.

#### **A4.6 Re-Employment after Retirement**

If a Pensioner is re-employed after retirement, his Part A pension benefits shall be treated in accordance with Section 3.2(b).

#### **A4.7 Payment and Adjustment of Benefits**

Benefits payable pursuant to Article A4 are subject to the limitations contained in Article 6. The benefits determined in accordance with this Article A4 shall be increased each year in accordance with Article A9.

The Part A lifetime pension of a Member shall be payable monthly for the lifetime of the Pensioner. A Part A bridge benefit of a Member shall be payable monthly with the last payment made for the earlier of the month in which the Member attains age 65 or the month of the Member's death. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Member multiplied by the ratio of the days remaining in the month following the Member's date of retirement to the number of days in the month. Thereafter such lifetime pension and bridge benefit shall be paid in equal periodic amounts on the first day of each month and the amount of each such monthly benefit shall be equal to one-twelfth of the annual benefit payable to such person.

The amount of any annual lifetime pension and bridge benefit payable in accordance with this Article A4 shall be adjusted in accordance with Section A2.1, A2.2 and Section A2.4, as applicable, to take account of any outstanding contributions being made in accordance with a written agreement entered into in accordance with Section A2.1, A2.2 or Section A2.4 to purchase additional periods of eligible service.

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## **ARTICLE A5**

### ***POST RETIREMENT DEATH BENEFITS***

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#### **A5.1 Death Benefit Payable following Death of a Pensioner without a Spouse or Eligible Children at Retirement**

The lifetime pension in respect of Part A Pensionable Service for a Member or Former Member who does not have a Spouse or Eligible Children at the date his pension commences shall be payable monthly for the lifetime of the Pensioner. On the death of the Pensioner, the death benefit payable to the Pensioner's Beneficiary in respect of Part A Pensionable Service is a lump sum refund equal to the following:

- (a) the greater of:
  - (i) the Pensioner's contributions made to the Plan and to the Prior Plan if the Pensioner was a Designated Employee who elected to transfer his benefit from the Prior Plan pursuant to Section A2.3, together with Interest to the Date of Cessation of Employment; and
  - (ii) 5 multiplied by the Part A Full Formula Amount, as determined at the date of retirement;

less

- (b) the aggregate of all monthly lifetime pension and bridge benefit payments received by the Pensioner in respect of Part A Pensionable Service from the date of retirement to the date of death.

The refund payable in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed:

- (c) the greater of:
  - (i) the Pensioner's contributions made to the Plan and to the Prior Plan if the Pensioner was a Designated Employee who elected to transfer his benefit from the Prior Plan pursuant to Section A2.3 on and after January 1, 1992, together with Interest to the date of retirement; and

- (ii) the aggregate of all monthly lifetime pension and bridge benefit payments paid in respect of Part A Pensionable Service on and after January 1, 1992 to the date of death plus the Commuted Value of future monthly Part A Benefit payments expected to be paid up until the period ending 15 years after the date of retirement;

less

- (d) the aggregate of all monthly lifetime pension and bridge benefit payments received by the Pensioner in respect of Part A Pensionable Service on and after January 1, 1992 from the date of retirement to the date of death.

If a Member does not have a Spouse as at the date his pension commences, but a person qualifies as the Member's Spouse as of a later date, the Member may elect to make an adjustment to his lifetime pension payments to provide for a pension to his surviving Spouse, in accordance with Section 7.1.

#### **A5.2 Death Benefit Payable following Death of a Pensioner with a Spouse or Eligible Children at Retirement**

The lifetime pension in respect of Part A Pensionable Service of a Member or Former Member who has a Spouse at the date his pension commences shall be payable monthly for the lifetime of the Pensioner.

- (a) On the death of the Pensioner who is survived by a Spouse and/or one or more Eligible Children, the following death benefits shall be paid in respect of Part A Pensionable Service:
  - (i) A survivor pension shall be payable to the surviving Spouse equal to 1% multiplied by the Pensioner's Part A Pensionable Service as at the Pensioner's date of retirement multiplied by the Pensioner's Best Average Earnings as at the date of retirement, and taking into account indexation from the Pensioner's date of retirement to the date of death in accordance with Article A9.
  - (ii) Each Eligible Child who was an Eligible Child as at the date of the Pensioner's death, shall receive a survivor pension equal to one-fifth of the benefit described under (i) above, to a maximum of four-fifths of the benefit described under (i) above, subject to the conditions in paragraphs (iii) and (iv) below.
  - (iii) If there are Eligible Children, but no surviving Spouse, each Eligible Child shall receive a survivor pension equal to two-fifths of the benefit described under (i) above, to a maximum of eight-fifths of the benefit described under (i) above.



- (iv) If, at any time, there are more than four Eligible Children entitled to benefits under this Section A5.2(a), the amount payable to each Eligible Child shall be apportioned equally among all Eligible Children so that the total amount payable under Section A5.2(a) to Eligible Children equals the total amount that would be payable if there were only four Eligible Children. If, at any time, there ceases to be a surviving Spouse, the benefits payable to the Eligible Children in accordance with Section A5.2(a)(ii) shall be increased to the benefits payable in accordance with Section A5.2(a)(iii).
- (b) Notwithstanding Section A5.2(a), survivor benefits payable under that Section shall not exceed the following limits:
  - (i) The survivor pension payable to a surviving Spouse in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed a survivor pension equal to the greater of:
    - (A) 66 2/3% of the benefit that would have been payable to the Pensioner with respect to the Member's Part A Pensionable Service on and after January 1, 1992 had the Pensioner not died; and
    - (B) a survivor pension with a Commuted Value equal to the Commuted Value in respect of the Member's Part A Pensionable Service on and after January 1, 1992 that would have been available for transfer pursuant to Section 7.4 if the Member had terminated employment with the Employer immediately prior to his death.
  - (ii) The sum of monthly amounts payable at any time to a surviving Spouse and Eligible Children in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed the benefit that would have been payable to the Pensioner in respect of the Member's Part A Pensionable Service on and after January 1, 1992 had the Pensioner not died.

The amount of any survivor pension payable to a surviving Spouse or Eligible Child in accordance with this Section A5.2 shall be increased each year after commencement in accordance with Article A9.

### **A5.3 Residual Death Benefit**

Following the last payment made to a person who is eligible to receive a death benefit under Section A5.2, a lump sum payment shall be made to the Pensioner's estate equal to the amount, if positive, of the death benefit calculated under Section A5.1 less the aggregate of all payments made under Section A5.2 to the

Spouse and/or Eligible Children. However, the amount paid to the Pensioner's estate under this Section A5.3 in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed the first five years of benefits in respect of Part A Pensionable Service on and after January 1, 1992 that would have been payable to the Pensioner, less the aggregate of all payments actually made to the Pensioner in respect of Part A Pensionable Service on and after January 1, 1992 from the date of retirement to the date of death, and less the aggregate of all payments made under Section A5.2 to the Spouse and/or Eligible Children. If there are Eligible Children but no surviving Spouse at the time of the Pensioner's death, the guarantee on the payment shall be 15 years rather than five years.

#### **A5.4 Mandatory Form of Pension Payable to a Member or Former Member with a Spouse at Retirement**

A Member or Former Member with Part A Pensionable Service and who has a Spouse at the date his pension commences shall receive his lifetime pension and bridge benefit in the form of a joint and 60% survivor pension in which 60% of the pension that the Member or Former Member would have received continues to his surviving Spouse for the remainder of the surviving Spouse's lifetime (but not later than the payment for the month the Member or Former Member would have reached age 65 in the case of the bridge benefit).

The lifetime pension and bridge benefit payable to the Member or Former Member shall be adjusted so that such benefits together with the survivor option payable in accordance with this Section A5.4 are Actuarially Equivalent to the lifetime pension and bridge benefit, together with the survivor pension that would otherwise be payable in accordance with Section A5.2, but without regard to the benefits payable to Eligible Children, if any.

Notwithstanding the preceding paragraphs of this Section A5.4, the survivor pension payable to a surviving Spouse in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed a survivor pension equal to the greater of:

- (a) 66 2/3% of the benefit that would have been payable to the Pensioner with respect to the Member's Part A Pensionable Service on and after January 1, 1992 had the Pensioner not died; and
- (b) a survivor pension with a Commuted Value equal to the Commuted Value in respect of Part A Pensionable Service on and after January 1, 1992 that would have been available for transfer pursuant to Section 7.4 if the Member had terminated employment with the Employer immediately prior to his death.

This mandatory form of pension can be waived only by written notice from the Member's or Former Member's Spouse prior to the commencement of the pension,

within the timeframes and in the manner prescribed by the Administrator. If waived, the Member's or Former Member's pension shall be paid in accordance with Section A5.1 or Section A5.2, as applicable.

If the Member's or Former Member's Spouse does not waive this mandatory form of pension, payments shall still be made to Eligible Children, if any, in accordance with Section A5.2.

#### **A5.5 Payment and Adjustment of Survivor Pensions**

The benefits determined in accordance with this Article A5 shall be increased each year in accordance with Article A9.

A monthly survivor pension payable under this Article A5 to a Spouse or Eligible Child after the death of the Pensioner shall commence on the first day of the month after the Pensioner dies. The amount of each such monthly survivor pension shall be equal to one-twelfth of the annual survivor pension payable to such person in accordance with the applicable provision of the Plan. A survivor pension payable to a surviving Spouse shall continue to be paid for the remaining lifetime of the surviving Spouse. A survivor pension payable to an Eligible Child shall continue to be paid as long as that individual continues to be an Eligible Child.

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## **ARTICLE A6**

### **TERMINATION OF SERVICE**

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#### **A6.1 Deferred Pension on Termination**

A Member with Part A Pensionable Service whose employment with the Employer is terminated for any reason other than retirement or death before becoming eligible for benefits in accordance with Article A4, shall be entitled to deferred Part A Benefits commencing on his Normal Retirement Date. The deferred benefits shall be determined in accordance with Section A4.1.

The amount of any annual lifetime pension and bridge benefit payable in accordance with this Article A6 shall be adjusted in accordance with Section A2.1, A2.2 and Section A2.4, as applicable, to take account of any outstanding contributions being made in accordance with a written agreement entered into in accordance with Section A2.1, A2.2 or Section A2.4 to purchase additional periods of eligible service.

#### **A6.2 Early Commencement of Deferred Pension**

Where a Former Member who is entitled to deferred benefits in accordance with Section A6.1, wishes to retire on an Early Retirement Date which shall be no earlier than the date the Former Member meets one of the conditions in Sections A4.2(b), A4.2(c), A4.2(g), A4.2(k) or A4.2(l), the Former Member shall be entitled to annual benefits payable from the Early Retirement Date, calculated and reduced as applicable, in accordance with Section A4.2(b), A4.2(c), A4.2(g), A4.2(k) or A4.2(l).

#### **A6.3 Re-Employment after Termination**

If a Former Member is re-employed after termination, his Part A pension benefits in respect of his prior period of employment shall be treated in accordance with Section 3.2(a).

#### **A6.4 Minimum Benefit Guarantee**

Notwithstanding any other Plan provision, upon the Member's termination of employment or upon termination of the Plan in whole or in part, the Commuted Value of the Member's or Former Member's Part A Benefits shall not be less than

the value of the Member's or Former Member's required contributions made to the Plan, with Interest, and, for a Member who is a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, the Member's or Former Member's required contributions made to the Prior Plan, with Interest.

#### **A6.5 Payment and Adjustment of Benefits**

Benefits payable pursuant to Article A6 are subject to the limitations contained in Article 6. The benefits determined in accordance with Article A6 shall be increased each year in accordance with Article A9.

The Part A lifetime pension of a Former Member shall be payable monthly for the lifetime of the Former Member. A Part A bridge benefit of a Former Member shall be payable monthly with the last payment made for the earlier of the month in which the Member attains age 65 or the month of the Member's death. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Former Member multiplied by the ratio of the days remaining in the month following the Former Member's date of retirement to the number of days in the month. Thereafter such lifetime pension and bridge benefit shall be paid in equal periodic amounts on the first day of each month, and the amount of each such monthly benefit shall be equal to one-twelfth of the annual benefit payable to such person.

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## **ARTICLE A7**

### **PRE-RETIREMENT DEATH BENEFITS**

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#### **A7.1 Part A Benefits in the Event of Death**

**(a) Member or Former Member does not have Spouse or Eligible Children at the Date of Death**

In the event of the death of a Member or Former Member with Part A Pensionable Service and who does not have a Spouse or Eligible Children as at the date of his death, prior to termination or retirement, such Member's Beneficiary shall receive a lump sum refund equal to the greater of:

- (i) the Member's contributions made to the Plan under Part A plus, if the Member or Former Member was a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, contributions made to the Prior Plan, together with Interest; and
- (ii) 5 multiplied by the Part A Full Formula Amount, as determined at the date of death; and
- (iii) the Commuted Value of the Part A Benefits accrued by the Member or Former Member at the time of his death;

but the payment in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed the greater of:

- (iv) the Member's contributions made to the Plan under Part A, plus if the Member or Former Member was a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, contributions made to the Prior Plan, together with Interest; and
- (v) the Commuted Value of the Part A Benefits accrued by the Member or Former Member in respect of Part A Pensionable Service on and after January 1, 1992.

Where, at the date of death, the Member was making contributions in respect of a leave of absence in accordance with Section A2.1, A2.2 or Section A2.4, the amount of annual pension referred to under this Section A7.1(a) shall be determined without regard to that portion of Part A Pensionable Service or Part A Operational Service, if applicable that had not yet been paid for.

**(b) Member or Former Member has a Spouse and/or Eligible Children**

In the event of the death of a Member or Former Member who has a Spouse and/or Eligible Children as at the date of his death, prior to termination or retirement, the following death benefits shall be payable:

- (i) An annual survivor pension shall be payable to the surviving Spouse equal to 1% multiplied by the Member's Best Average Earnings and multiplied by Member's or Former Member's Part A Pensionable Service as at the date of death.
- (ii) Each Eligible Child who was an Eligible Child as at the date of the Member's or Former Member's death, shall receive a survivor pension equal to one-fifth of the benefit described under (i) above, to a maximum of four-fifths of the benefit described under (i) above, subject to the conditions in paragraphs (iii) and (iv) below.
- (iii) If there are Eligible Children, but no surviving Spouse, each Eligible Child shall receive a survivor pension equal to two-fifths of the benefit described under (i) above, to a maximum of eight-fifths of the benefit described under (i) above.
- (iv) If, at any time, there are more than four Eligible Children entitled to benefits under this Section A7.1(b), the amount payable to each Eligible Child shall be apportioned equally among all Eligible Children so that the total amount payable under Section A7.1(b) to Eligible Children equals the total amount that would be payable if there were only four Eligible Children. If, at any time, there ceases to be a surviving Spouse, the benefits payable to the Eligible Children in accordance with Section A7.1(b)(ii) shall be increased to the benefits payable in accordance with Section A7.1(b)(iii).
- (v) If there is no surviving Spouse, a lump sum amount shall be paid to the Beneficiary of the Member or Former Member. Such amount shall be equal to the Commuted Value of the Member's or Former Member's Part A Benefits, reduced where permitted under the Act by the Commuted Value of any benefits paid or payable under (ii), (iii) or (iv) above.

- (vi) Where a lump sum is payable under (v) above, then no survivor pension shall be payable under (iii) or (iv) above if such payment is not permitted under the Income Tax Rules.

**(c) Limits on Survivor Benefits**

Notwithstanding Section A7.1(b), the benefits payable under Section A7.1(b) shall not exceed the following limits:

- (i) The survivor pension payable to a surviving Spouse in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed a survivor pension equal to the greater of:
  - (A) the greater of:
    - (1) 66 2/3% of the benefit that would have been payable to the Member in respect of the Member's Part A Pensionable Service on and after January 1, 1992 had the Member not died; and
    - (2) 66 2/3% of the benefit that would have been payable to the Member in respect of the Member's Part A Pensionable Service on and after January 1, 1992 if the Member had continued in employment with the Employer until he reached 65 years of age and he received earnings at the same level as in effect immediately prior to his death, but such projected amount shall not exceed one hundred and fifty per cent of the YMPE in the year of his death,
  - (B) a survivor pension with a Commuted Value equal to the Commuted Value of the Part A Benefits in respect of Part A Pensionable Service on and after January 1, 1992 accrued by the Member at the time of his death.
- (ii) The sum of all monthly amounts payable at any time to a surviving Spouse and Dependent Children in respect of Part A Pensionable Service on or after January 1, 1992 shall not exceed the greater of:
  - (A) the benefit that would have been payable to the Member in respect of the Member's Part A Pensionable Service on and after January 1, 1992 had the Member not died; and
  - (B) the benefit that would have been payable to the Member in respect of the Member's Part A Pensionable Service on and after January 1, 1992 if the Member had continued in employment with the



Employer until he reached 65 years of age and he received earnings at the same level as in effect immediately prior to his death, but such projected amount shall not exceed one hundred and fifty per cent of the YMPE in the year of his death.

## **A7.2 Residual Death Benefit**

Where permitted under the Income Tax Rules, following the last payment made to a person eligible to receive a death benefit under Section A7.1(b), a lump sum payment shall be made to the Member's estate equal to the amount, if positive, of

- (a) the Member contributions made to the Plan under Part A, plus, if the Member or Former Member was a Designated Employee who became a Member on the Effective Date and who elected to transfer benefits from the Prior Plan to the Plan in accordance with Section A2.3, contributions made to the Prior Plan, together with Interest to the date of death,

less

- (b) the aggregate of all payments made under Section A7.1(b) to the Spouse and/or Eligible Children.

However, the amount paid to the Member's estate in respect of Part A Pensionable Service on and after January 1, 1992 shall not exceed the first five years of pension in respect of Part A Pensionable Service on and after January 1, 1992 that would have been payable to the Member, less the aggregate of all payments actually made under Section A7.1(b) to the Spouse and/or Eligible Children in respect of Part A Pensionable Service on and after January 1, 1992. If there are Eligible Children but no surviving Spouse, the guarantee on the payment shall be 15 years rather than five years.

Where, at the date of death, the Member was making contributions in respect of a leave of absence in accordance with Section A2.1 or A2.2, as applicable, the amount of annual pension referred to under Section A7.1(b) shall be determined without regard to that portion of Part A Pensionable Service, or Part A Operational Service, if applicable, that had not yet been paid for.

## **A7.3 Minimum Value of Spousal Benefit**

The Commuted Value of the benefit payable to the Spouse under Section A7.1(b) in respect of Part A Pensionable Service on or after January 1, 1992 shall not be less than the Commuted Value of the pension determined in accordance with Section A6.1, but in respect of Part A Pensionable Service on and after January 1, 1992.

#### **A7.4 Indexation**

The amount of any survivor pension payable to a surviving Spouse or Eligible Child in accordance with Section A7.1(b) shall be increased each year after commencement in accordance with Article A9.

#### **A7.5 Form of Payment to Spouse**

Where a Member's or Former Member's surviving Spouse is eligible for a benefit under Section A7.1(b), such Spouse may elect to:

- (a) receive an immediate survivor pension that has a value equal to the Member's post-Effective Date Part A Benefits, which survivor pension shall be non-commutable and incapable of surrender; or
- (b) transfer the value of the Member's post-Effective Date Part A Benefits to another registered pension plan that complies with the Act if that registered pension plan so permits; or
- (c) transfer the value of the Member's post-Effective Date Part A Benefits to a registered retirement savings plan as prescribed by the Act; or
- (d) use the value of the Member's post-Effective Date Part A Benefits to purchase an immediate annuity that complies with the Act; or
- (e) use the value of the Member's post-Effective Date Part A Benefits to purchase a deferred life annuity that complies with the Act, and provided that such deferred life annuity commences no later than the later of one year after the Member's date of death and the end of the calendar year in which the Spouse attains age 71.

Payment out of the Pension Fund of the total Commuted Value of benefits for Part A Pensionable Service under Section A7.1(b) shall be in full satisfaction of all Part A Benefits obligations of the Plan and the Pension Fund to such Spouse in respect of such section.

#### **A7.6 Payment of Lump Sums**

If a lump sum amount is payable to a Spouse or Beneficiary upon the death of the Member or Former Member with Part A Pensionable Service prior to retirement, the lump sum must be paid as soon as practicable after the death of the Member or Former Member.

#### **A7.7 Payment of Pensions to Spouse or Eligible Children**

Survivor pensions payable to a Spouse or an Eligible Child after the death of a Member or Former Member with Part A Pensionable Service shall be paid in equal periodic amounts on the first day of each month throughout the lifetime of the Spouse or while an Eligible Child remains an Eligible Child, as applicable, and shall commence the first day of the month after the month in which the Member or Former Member dies.

The amount of each such monthly survivor pension shall be equal to one-twelfth of the annual survivor pension payable to such person in accordance with the applicable provision of the Plan. Notwithstanding the foregoing, the first such survivor pension payment due on the last day of the month in which the Member or Former Member dies, shall be prorated in respect of the partial month from the day following the date of death to the end of the month in which the death occurs.

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## **ARTICLE A8**

### **DISABILITY BENEFITS**

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#### **A8.1 Disability Retirement Benefit**

A Member participating under Part A shall be entitled to receive disability retirement benefits under the Plan if he provides satisfactory proof that he is totally and permanently disabled as a result of a physical or mental impairment that prevents the Member from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime. Such proof shall be based on a certification by a qualified medical doctor, selected by the Administrator, and shall be provided from time to time at the request of the Administrator.

A Member eligible for a disability retirement benefit in accordance with this Section A8.1 shall be entitled to an immediate annual lifetime pension and bridge benefit determined in accordance with Section A4.1 in respect of Part A Pensionable Service.

The amount of annual benefits determined above shall be adjusted in accordance with Section A2.4 to take account of any amount of outstanding contributions being made in accordance with a written agreement entered into in accordance with Section A2.4 to purchase additional periods of eligible service.

#### **A8.2 Disability after Retirement**

If a Pensioner who has commenced receipt of a pension in accordance with Section A4.2 or Section A4.3 but has not yet attained age 60 becomes totally and permanently disabled as a result of a physical or mental impairment that would prevent the Pensioner from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime, based on a certification by a qualified medical doctor selected by the Administrator, such Pensioner's pension benefits shall cease and he shall become eligible to receive immediate annual benefits. Such benefits shall be an annual lifetime pension and bridge benefit in accordance with Section A4.1(a) and A4.1(b), except that the lifetime pension shall be reduced by 5% of the Part A Full Formula Amount multiplied by the number of years (calculated to the nearest one-tenth of a year) that the lifetime

pension under Section A4.2 or A4.3, as applicable, has been in pay since the retirement date, but not including any years since the retirement date after which the Pensioner attained an age at which he would have been eligible to receive an unreduced pension had the Pensioner waited until that age to retire.

### **A8.3 Disability after Termination**

If a Former Member who remains entitled to a pension in accordance with Section A6.1, has not yet attained age 60 and has not yet commenced to receive this pension, becomes totally and permanently disabled as a result of a physical or mental impairment that would prevent the Former Member from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime, based on a certification by a qualified medical doctor selected by the Administrator, such Former Member shall no longer be eligible for the benefits described in Section A6.1, and instead shall receive immediate annual benefits equal to:

- (a) an annual lifetime pension determined in accordance with Section A4.1(a); and
- (b) the annual bridge benefit determined in accordance with Section A4.1(b), payable until the earliest of age 65, death or the date when disability benefits under the Canada or Quebec Pension Plan commence.

### **A8.4 Recovery from Disability**

If a Member, Former Member or Pensioner in receipt of benefits in accordance with this Article A8 is no longer eligible to receive such benefits by virtue of no longer meeting the medical requirements for eligibility for such benefits, the Member, Former Member or Pensioner shall cease to receive such benefits. The Member, Former Member or Pensioner shall continue to be entitled to the Part A Pensionable Service, and Part A Operational Service, if applicable, accrued to the date of commencement of the disability pension and any subsequent benefits payable as a result of termination of employment, retirement or death shall be payable in accordance with the applicable sections of the Plan using the sum of Part A Pensionable Service and Part A Operational Service, if applicable, accrued both prior to the disability and after the recovery from the disability.

### **A8.5 Payment of Disability Benefits**

Benefits payable pursuant to this Article A8 are subject to the limitations contained in Article 6. The benefits determined in accordance with this Article A8 shall be increased each year in accordance with Article A9.

Part A disability retirement benefits shall be payable monthly for the lifetime of the Member, Former Member or Pensioner, subject to Section A8.4, except that a Part A bridge benefit shall be payable monthly with the last payment made for the earliest of the month in which the Member, Former Member or Pensioner attains age 65, the month of the Member's, Former Member's or Pensioner's death, the month that disability benefits payable under the Canada or Quebec Pension Plan commence or the month that payments cease pursuant to Section A8.4. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Member multiplied by the ratio of the days remaining in the month following the Member's date of disability retirement to the number of days in the month. Thereafter such lifetime and bridge benefits shall be paid in equal periodic amounts on the first day of each month and the amount of each such monthly pension shall be equal to one-twelfth of the annual benefit payable to such person.

The amount of any annual lifetime pension and bridge benefit payable pursuant to Section A8.1 shall be adjusted in accordance with Section A2.1, A2.2 and Section A2.4, as applicable, to take account of any outstanding contributions being made in accordance with a written agreement entered into in accordance with Section A2.1, A2.2 or Section A2.4 to purchase additional periods of eligible service.

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## **ARTICLE A9**

### **INFLATION ADJUSTMENTS FOR PENSIONS IN PAYMENT**

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#### **A9.1 Individuals who are entitled to Part A Inflation Adjustments**

Any pension in payment to a Pensioner, Spouse or Eligible Child pursuant to Article A4, A6, A7 or A8, as applicable, shall be increased on January 1<sup>st</sup> of each Plan Year in accordance with this Article A9 except as provided in Sections A9.4, A9.5 or A9.6. Notwithstanding the above, a pension in payment to a Pensioner who is in receipt of a pension in respect of Part A Operational Service in accordance with Section A4.2(e), or Section A4.2(g) or Section A4.2(k), shall not be increased:

- (a) until the Pensioner has reached age 60; or
- (b) if not having reached age 60, until the Pensioner is in receipt of a pension by reason of disability under Article A8; or
- (c) unless the Pensioner had retired with Operational Eligibility Service that is Pensionable Eligibility Service on the Pensioner's retirement date equal to at least:
  - (i) 26 years, in the case of a Member who reached age 59 as at January 1<sup>st</sup> of the Plan Year but did not reach age 60,
  - (ii) 27 years, in the case of a Member who reached age 58 as at January 1<sup>st</sup> of the Plan Year but did not reach age 59,
  - (iii) 28 years, in the case of a Member who reached age 57 as at January 1<sup>st</sup> of the Plan Year but did not reach age 58,
  - (iv) 29 years, in the case of a Member who reached age 56 as at January 1<sup>st</sup> of the Plan Year but did not reach age 57, or
  - (v) 30 years, in the case of a Member who reached age 55 as at January 1<sup>st</sup> of the Plan Year but did not reach age 56.

## **A9.2 Calculation of Inflation Adjustment**

### **(a) Cumulative Increase to Lifetime Pension**

The total cumulative amount of lifetime pension increase payable as at January 1 of any Plan Year to a Pensioner who is eligible for a pension increase under the terms of Section A9.1 shall be determined on January 1 of a Plan Year for any Plan Year in which a Pensioner or other individual is eligible for an increase and shall be equal to the amount obtained by multiplying:

- (i) the amount of Part A lifetime pension payable to the individual as at the Date of Cessation of Employment, or in respect of whose service the pension is payable,

*by*

- (ii) the ratio that the Pension Index for that Plan Year bears to the Pension Index for the Retirement Year of the Pensioner,

*and subtracting therefrom*

- (iii) the amount of Part A lifetime pension payable to the individual as at the Date of Cessation of Employment.

Notwithstanding the foregoing, the total cumulative amount of lifetime pension increase which is applicable for the January 1 immediately following the Pensioner's Retirement Year shall be equal to:

- (iv) the amount of the increase as calculated under Section A9.2(a)(i),(ii) and (iii)

*multiplied by*

- (v) the ratio that the number of complete months that remained in the Retirement Year after the Retirement Month bears to 12.

In accordance with this Section A9.2(a), the increase in the lifetime pension is determined as of January 1 of a Plan Year and reflected in the pension payment due on that January 1. The amount of lifetime pension payable is equal to the amount of lifetime pension payable to the individual as at the Date of Cessation of Employment plus the amount of total cumulative increase determined in accordance with this Section A9.2(a).

Notwithstanding the foregoing, the amount of lifetime pension payable to a Pensioner determined on January 1 of a Plan Year under this Section A9.2 will never be less than the amount of Part A lifetime pension payable immediately prior to the application of this Section A9.2.



**(b) Cumulative Increase to Bridge Benefit**

The total cumulative amount of bridge benefit increase payable as at January 1 of any Plan Year to a Pensioner who is eligible for a pension increase under the terms of Section A9.1 shall be determined on January 1 of a Plan Year for any Plan Year in which a Pensioner or other individual is eligible for an increase and shall be equal to the amount obtained by multiplying:

- (i) the amount of Part A bridge benefit payable to the Pensioner as at the Date of Cessation of Employment,

*by*

- (ii) the ratio that the Pension Index for that Plan Year bears to the Pension Index for the Retirement Year of the Pensioner, or in respect of whose service the bridge benefit is payable,

*and subtracting therefrom*

- (iii) the amount of Part A bridge benefit payable to the Pensioner as at the Date of Cessation of Employment.

Notwithstanding the foregoing, the total cumulative amount of bridge benefit increase which is applicable for the January 1 immediately following the individual's Retirement Year shall be equal to:

- (iv) the amount of the increase as calculated under Section A9.2(b)(i),(ii) and (iii)

*multiplied by*

- (v) the ratio that the number of complete months that remained in the Retirement Year after the Retirement Month bears to 12.

In accordance with this Section A9.2(b), the increase in the bridge benefit is determined as of January 1 of a Plan Year and reflected in the payment due on that January 1. The amount of bridge benefit payable is equal to the amount of bridge benefit payable to the individual as at the Date of Cessation of Employment plus the amount of total cumulative increase determined in accordance with this Section A9.2(b).

Notwithstanding the foregoing, the amount of bridge benefit payable to a Pensioner determined on January 1st of a Plan Year under this Section A9.2 will never be less than the amount of bridge benefit payable immediately prior to the application of this Section A9.2.

### **(c) Adjustment for First Year of Entitlement**

In the case where a Member participating under Part A retires or terminates employment and is not eligible for an annual increase determined as at January 1 next following the Retirement Year by virtue of Section A9.1, the first such increase shall be determined as at the first day of the month in which the Pensioner becomes eligible for an increase and shall be payable on the first day of the month in which the Pensioner becomes eligible for an increase. Such increase shall be calculated in accordance with Section A9.2(a), and Section A9.2(b) if applicable. Subsequent increases shall be determined as at each January 1 of each subsequent Plan Year.

### **A9.3 Indexation of Deferred Annuities**

A Member who terminates after becoming eligible for an immediate pension under Section A4.2 but who elects to defer receipt of his pension in accordance with Section A4.3, or a Member who terminates under Article A6, is entitled to an inflation adjustment as determined in accordance with Section A9.2 in respect of the deferral period prior to retirement. No inflation adjustment shall apply to the benefit for Associated Service after the Association Date in respect of the time period prior to commencement of pension payments. The benefit that is payable to the Member commencing at the date of retirement shall be the amount determined in accordance with Section A4.2, Section A4.3 or Article A6, as applicable, plus additional inflation adjustments in accordance with Article A9 on Part A Pensionable Service other than Associated Service after the Association Date, but not exceeding the amount determined in accordance with Article 6 as of the date of retirement.

After commencement, the Member's pension for all Part A Pensionable Service, including Associated Service after the Association Date, shall be indexed in accordance with Section A9.2, in accordance with the eligibility requirement under Section A9.1 but such inflation adjustments as described in Section A9.2 shall be calculated by reference to the Former Member's date of retirement rather than Date of Cessation of Employment. The first such increase is determined and payable as at January 1 of the Plan Year following the year of retirement and each subsequent increase is determined as at January 1 of each subsequent Plan Year.

If the inflation adjustments payable in respect of a Member's deferred pension for all Part A Pensionable Service are not comparable to, or of greater actuarial value than, the indexation that would be payable if the Member's deferred pension was indexed each year from the date of termination of employment with the Employer to the date of pension commencement at a rate equal to 75% of the rate of increase in the Pension Index for the year over the Pension Index for the previous year, less 1%, then the total value of the Member's required contributions to the Plan, and to the Prior Plan for Designated Employees as described in A2.1(a), together with Interest thereon to the date of termination of employment (the "CWI Value") shall

be determined. If the Member's CWI Value exceeds 50% of the Commuted Value of the Member's deferred pension (including the value of indexation) determined at the date of termination of employment, then the Member's deferred pension shall be increased by an additional amount of pension with an actuarial value equal to such excess.

#### **A9.4 Indexation of Spousal Benefits and Eligible Child Benefits**

A Spouse or an Eligible Child of a Member, Former Member or Pensioner, as applicable, who is entitled to a survivor pension in accordance with Article A5 or A7 in respect of the death of a Member, Former Member or Pensioner is entitled to an annual inflation adjustment determined in accordance with Section A9.2 in respect of the pension payable under Article A5 or A7, as applicable, where the amount used in the calculation in Section A9.2(a)(i) and (iii) and Section A9.2(b)(i) and (iii) is the amount payable to the Spouse or Eligible Child, as applicable, as at the Member's, Former Member's or Pensioner's date of death, calculated in accordance with Article A5 or A7, whichever is applicable. The first such increase is payable as of the first day of the month following the death of the Member, Former Member or Pensioner and each subsequent increase is determined as at January 1 of each Plan Year.

#### **A9.5 Indexation of Income Smoothing Benefits**

A Member entitled to an annual pension under Section A4.5 is entitled to an annual inflation adjustment as determined in accordance with Section A9.2 in respect of the pension payable under Section A4.5. The first such increase is determined at January 1 of each Plan Year following the date when the Member or Pensioner commences receipt of such pension.

#### **A9.6 Indexation of Disability Retirement Benefits**

A Member, Former Member or Pensioner, entitled to benefits under Article A8 is entitled to an inflation adjustment as determined in accordance with Section A9.2 in respect of the benefits payable under Article A8 where the amount used in the calculation in Section A9.2(a)(i) and (iii) and Section 9.2(b)(i) and (iii) is the amount of the normal retirement pension payable to the individual in accordance with Section A4.1.

The first such increase is payable as at the end of the month in which the Member, Former Member or Pensioner retires on a disability benefits and each subsequent increase is determined as at January 1 of each Plan Year.

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***PART B – PROVISIONS IN RESPECT OF  
BENEFITS PAYABLE TO OR ON BEHALF OF  
PART B MEMBERS***

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## **ARTICLE B1**

### **DEFINITIONS**

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Except as otherwise defined below, all words and phrases defined in Article 1 of the Plan and used in this Part shall have the same meaning as given to them in Article 1.

**B1.1** "**Normal Retirement Date**" means a Member's 65<sup>th</sup> birthday.

**B1.2** "**Part B Best Average YMPE**" means the average of the YMPE in the year in which the earliest of the Member's actual date of retirement, the Member's attainment of age 65, death, disability, termination of employment or termination of the Plan occurs and the four immediately preceding calendar years.

For purposes of determining the benefits payable to a Member, in respect of periods of leave of absence, periods of service outside Canada, or periods of disability during which the Member was participating under Part B "**Part B Best Average YMPE**" shall be determined in accordance with the applicable section of Article B2.

**B1.3** "**Part B Full Formula Amount**" means 1.1% of the Member's Best Average Earnings multiplied by Part B Pensionable Service.

**B1.4** "**Part B Pensionable Service**" means the Pensionable Service determined pursuant to Section B2.1.

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## **ARTICLE B2**

### **SERVICE**

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#### **B2.1 Pensionable Service**

A Member's Part B Pensionable Service shall consist of employment in Canada on and after January 1, 2009 during which the Member participates under Part B and shall be equal to the sum of:

- (a) the number of years and fractions of a year during which the Member is an Employee and a Member of the Plan in respect of which the Member receives Pensionable Earnings; plus,
- (b) periods of employment with another employer which are transferred into this Plan as Part B Pensionable Service pursuant to a Reciprocal Transfer Agreement; plus,
- (c) periods of employment with another employer that are credited to the Member as Part B Pensionable Service in accordance with Section 3.6; plus
- (d) prior periods of employment with the Employer that are reinstated to the Member as Part B Pensionable Service in accordance with Section 3.3.

Part B Pensionable Service also includes the following periods during which the Member who is participating under Part B is absent from work:

- (e) periods of absence on account of maternity, child care, adoption, to provide compassionate care to a family member, or other types of leave taken under the authority of Division VII of Part III of the Canada Labour Code, where such periods are required to be included in Part B Pensionable Service pursuant to the Canada Labour Code;
- (f) periods of absence on account of maternity, child care or adoption permitted by the Employer in excess of periods for such leaves of absence that are required to be included in Part B Pensionable Service pursuant to the Canada Labour Code, such that the total service credited in respect of any one such period of absence shall not exceed a maximum of 52 weeks following the date of birth or adoption of the child;

- (g) periods of short-term sickness in accordance with Section B2.2(b);
- (h) periods during which the Member is absent from work due to a disability in accordance with Section B2.2(d);
- (i) periods during which the Member is absent from work due to occupational injury that is required to be included as Part B Pensionable Service pursuant to applicable workers' compensation legislation in accordance with Section B2.2(c);
- (j) notwithstanding the requirement that Part B Pensionable Service consist of employment in Canada, periods of employment outside Canada for which the Member has a valid employment contract with the Employer in accordance with Section B2.2(e);
- (k) notwithstanding the requirement that Part B Pensionable Service consist of employment in Canada, periods of employment outside Canada for which the Member does not have a valid employment contract with the Employer but which are considered to be Part B Pensionable Service for the purposes of the Plan, provided that the total amount of such employment included in Part B Pensionable Service for each such period of employment does not exceed the period which is permitted to be credited in accordance with Section B2.2(e);
- (l) periods during which an Air Traffic Controller is undergoing training or instruction to the advantage of, and at the request of, the Employer in accordance with Section B2.2(f);
- (m) periods during which an Employee is serving at the request of the Employer with a board, commission or agency that is related to the interests of the Employer in accordance with Section B2.2(f);
- (n) periods during which an Employee is loaned to a union with which the Employer has entered into a Collective Agreement in accordance with Section B2.2(g);
- (o) any other leave of absence approved by the Employer without pay in accordance with Section B2.2(f).

## **B2.2 Leaves of Absence**

### **(a) Maternity, Child Care, Adoption or Compassionate Care Leave**

A Member who commences a leave of absence on account of maternity, child care, adoption, to provide compassionate care to a family member or other type of leave taken under the authority of Division VII of Part III of the

Canada Labour Code, shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part B Pensionable Service, to the extent approved by the Employer and as required by the Canada Labour Code, or to the further extent approved by the Employer and provided that the total amount of such periods of absence included in Pensionable Service do not exceed the period which is permitted to be credited in accordance with Section 3.5.

Such Member shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the Canada Labour Code or in accordance with a Collective Agreement.

**(b) Short-Term Sickness**

A Member who is absent from work as a result of illness or injury under the Employer's sick leave plan, shall continue to accrue Part B Pensionable Service while the Member receives Pensionable Earnings under the Employer's sick leave plan.

**(c) Leave While in Receipt of Workers' Compensation Benefits**

A Member who is absent from work due to occupational injury and who is in receipt of benefits under the applicable workers' compensation legislation, shall be deemed to be in receipt of Pensionable Earnings for such leave and such period shall be added to the Member's Part B Pensionable Service, in respect of the period of the leave.

A Member who is on a leave of absence on account of an occupational injury and who is in receipt of benefits under the applicable workers' compensation legislation shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized by the workers' compensation legislation or in accordance with a Collective Agreement.

**(d) Long-Term Disability**

A Member who is absent from work due to a disability and who is in receipt of benefits under the Employer's long-term disability insurance program shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part B Pensionable Service.



The maximum period which may be credited in accordance with this Section B2.2(d) in respect of any one such period of leave is five years less the period immediately prior to the leave, if any, during which the Member was accruing benefits pursuant to Section B2.2(f), in respect of a period of illness or injury prior to eligibility for benefits under the Employer's long-term disability insurance program, which is not covered under the Employer's sick leave plan and/or Section B2.2(b).

A Member who is on a disability leave in accordance with this Section B2.2(d) shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave, and subject to increases in Pensionable Earnings that are required to be recognized in accordance with a Collective Agreement.

Upon the expiry of the maximum period which may be credited in accordance with this Section B2.2(d), or such earlier time as may be mutually agreed upon by the Member and the Employer, such Member may qualify for an immediate disability retirement pension, as set out in Section B8.1, or may elect to receive a termination benefit in accordance with Article B6, at his Date of Cessation of Employment.

**(e) Service Outside Canada**

A Member who, with the approval of the Employer, is employed outside Canada, shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part B Pensionable Service.

Part B Pensionable Service on behalf of a Member employed outside Canada may be credited as follows:

- (i) In the case of a Member who is employed outside Canada under an employment contract with an employer who does not participate in this Plan, and who is either connected with the Employer or who has an arrangement with the Employer concerning the Member's rendering of services with such an employer outside Canada, the first five years of a period of service may be credited. If there is more than one such period of service outside Canada, or if five years of service have been credited in respect of one such period, additional periods of service outside Canada may only be included in Part B Pensionable Service to the extent that the Member returns to employment with the Employer in Canada for at least 12 months between each such periods of service outside Canada.

- (ii) In the case of a Member who is employed outside Canada and renders service under an employment contract with the Employer, all such periods of service are eligible to be credited.

The Member shall accrue benefits under the Plan based on the actual Pensionable Earnings paid during the period of employment outside Canada and the Pensionable Earnings received during a calendar year shall be converted at the rate of currency exchange in effect on December 31 of the previous Plan Year or on the level of Pensionable Earnings the Member would have received had the Member not been employed outside Canada by another employer, as determined by the Employer prior to the commencement of the leave.

**(f) Other Leaves of Absence**

A Member who is absent from work and is on a period of unpaid leave of absence as approved by the Employer, other than a period as described in Sections B2.2(a), (b), (c), (d), (e) or (g) shall be deemed to be in receipt of Pensionable Earnings and such periods shall be added to the Member's Part B Pensionable Service as follows.

- (i) If the unpaid leave is:
  - (A) for the purpose of undergoing training or instruction that is advantageous to the Employer;
  - (B) due to an illness or injury prior to eligibility for benefits under the Employer's long-term disability insurance program, which is not covered under the Employer's sick leave plan;
  - (C) for the purpose of serving with a board, commission or agency as requested by the Employer;
  - (D) for the purpose of serving with any organization at the request of the Employer;
  - (E) for the purpose of a personal need which is approved by the Employer and which does not exceed three months;

then the Member is not required to contribute.

- (ii) If the Member commences a period of unpaid leave of absence for a purpose other than the purposes set out in the above paragraph, including that portion of a leave of absence approved by the Employer for personal needs which exceeds three months, then such period shall only treated as

Part B Pensionable Service if the Member agrees in writing to contribute, in respect of the leave, the actuarial cost required to fund the benefits accruing during the leave. Such contributions shall be remitted to the Plan either in a lump sum within 30 days of returning to work with the Employer or in approximately equal installments through payroll deduction over a period commencing when the Member returns to work with the Employer and ending when a period equal to twice the period of the leave has passed.

Where it is known at the commencement of the leave of absence that the leave of absence will be for an extended period of time, the Administrator may require that the contributions be remitted on a periodic basis throughout the leave of absence, but no less frequently than quarterly.

A Member who is on a period of unpaid leave of absence and who is not required to contribute under subsection (i) above, or who is required to contribute under subsection (ii) above and who makes such required contributions shall accrue benefits under the Plan based on the Pensionable Earnings the Member would have received had the Member not been on such leave.

If the Member does not wish to make such contributions in respect of a period of leave in accordance with the terms of subsection (ii) above, then the Part B Pensionable Service in respect of the period described in subsection (ii) above shall not be credited to the Member and Best Average Earnings shall be determined ignoring the period of leave and treating the periods before and after the leave as continuous.

**(g) Union Leave of Absence – Canadian Air Traffic Controllers Association**

A Member who is absent from work for the purpose of being on loan to CATCA shall be deemed to be in receipt of Pensionable Earnings, based on the maximum operational salary rate and maximum ATC Premium rate contained in their collective agreement and such periods shall be added to the Member's Part B Pensionable Service provided the Member agrees in writing to make contributions, as described below in respect of the period of the leave.

A Member who commences such period of unpaid leave and who agrees in writing to contribute in respect of the leave shall make contributions equal to the actuarial cost required to fund the benefits accruing during the leave. The contributions shall be based on the level of Pensionable Earnings as described above.

Contributions must be remitted on a periodic basis throughout the leave of absence, but no less frequently than quarterly.

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## **ARTICLE B3**

### **CONTRIBUTIONS**

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#### **B3.1 Member Required Contributions**

Members are neither required nor permitted to contribute to the Plan except in accordance with Section B2.2.

#### **B3.2 Transfers from Other Plans**

A Member participating under Part B may not transfer the value of benefits earned under any other plan to this Plan, except as permitted under the terms of a Reciprocal Transfer Agreement, or as permitted in accordance with Section 3.6.

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## **ARTICLE B4**

### **RETIREMENT BENEFITS**

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#### **B4.1 Part B Normal Retirement Benefit**

A Member retiring on his Normal Retirement Date who has accrued Part B Pensionable Service shall receive an annual lifetime pension calculated as follows:

- (A) 0.6% of the Member's Best Average Earnings up to the Member's Part B Best Average YMPE multiplied by Part B Pensionable Service;

plus

- (B) 1.1% of the Member's Best Average Earnings in excess of the Member's Part B Best Average YMPE multiplied by Part B Pensionable Service.

#### **B4.2 Part B Early Retirement Benefit**

A Member with Part B Pensionable Service who elects to retire on an Early Retirement Date shall be entitled to receive an annual lifetime pension and bridge benefit as set out below. Any bridge benefit payable shall be calculated as 0.5% multiplied by the lesser of the Member's Best Average Earnings and Part B Best Average YMPE and multiplied by Part B Pensionable Service.

##### **(a) Unreduced Early Retirement Benefit**

###### **(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section B4.2(a) if the Member has attained at least age 55 and the Member's age plus Pensionable Eligibility Service equal at least 85.

###### **(ii) Benefit**

The benefits payable to a Member in accordance with this Section B4.2(a) in respect of Part B Pensionable Service shall be an unreduced annual lifetime pension payable calculated in accordance with Section B4.1 and a bridge benefit payable from his Early Retirement Date calculated in accordance with the first paragraph of Section B4.2.

**(b) Reduced Early Retirement Benefit**

**(i) Eligibility**

A Member is eligible to receive a benefit in accordance with this Section B4.2(b) if the Member has:

- (A) attained at least age 55; or
- (B) attained at least age 45 and whose age plus Pensionable Eligibility Service equal at least 75.

**(ii) Benefit**

The benefits payable to a Member in accordance with this Section B4.2(b) in respect of Part B Pensionable Service shall be an annual lifetime pension and bridge benefit payable from his Early Retirement Date. The lifetime pension shall be calculated in accordance with Section B4.1 except that the lifetime pension shall be reduced by 3% of the Part B Full Formula Amount multiplied by the lesser of:

- (A) the number of years, calculated to the nearest one-tenth of a year, that the Member's Early Retirement Date precedes the date on which the Member would both reach age 55 and Member's age plus Pensionable Eligibility Service would equal 85; and
- (B) the number of years, calculated to the nearest one-tenth of a year, that the Member's age precedes age 65.

The bridge benefit shall be calculated in accordance with the first paragraph of Section B4.2

**(c) Early Commencement to Match Part A**

Where a Member with Part B Pensionable Service is also entitled to Part A Benefits, such Member may elect to commence receipt of his Part B lifetime pension at the same time as he commences his Part A Benefits, notwithstanding anything to the contrary in this Section B4.2 including the fact that such commencement date may be earlier than the dates described in Section B4.2(a) or (b). In such case, the Member's Part B lifetime pension shall be actuarially reduced to reflect commencement prior to the Member's Normal Retirement Date. No Part B bridge benefit will be payable.

### **B4.3 Deferral of Part B Early Retirement Benefit**

Where a Member with Part B Pensionable Service is eligible to receive an immediate pension in accordance with Section B4.2, such Member may instead elect to defer receipt of his Part B pension entitlement to any day not later than the date when the Member is entitled to an unreduced pension.

Where such an election is made by the Former Member, the benefit shall be determined in accordance with the applicable subsection of Section B4.2 as at his date of termination of employment, and shall be reduced in accordance with any applicable subsection of Article B4, taking into account the Former Member's age as at the actual commencement date.

### **B4.4 Postponed Retirement Benefit**

The benefit that is payable to a Member with Part B Pensionable Service who elects to retire on a Postponed Retirement Date shall be an annual pension payable from the Postponed Retirement Date calculated in accordance with Section B4.1.

### **B4.5 Re-Employment after Retirement**

If a Pensioner is re-employed after retirement, his Part B Benefits shall be treated in accordance with Section 3.2(b).

### **B4.6 Payment of Benefits**

Part B Benefits payable pursuant to Article B4 are subject to the limitations contained in Article 6.

The Part B lifetime pension of a Member shall be payable monthly for the lifetime of the Pensioner. A Part B bridge benefit of a Member shall be payable monthly with the last payment made for the earlier of the month in which the Member attains age 65 or the month of the Member's death. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Member multiplied by the ratio of the days remaining in the month following the Member's date of retirement to the number of days in the month. Thereafter such lifetime pension and bridge benefit shall be paid in equal periodic amounts on the first day of each month and the amount of each such monthly benefit shall be equal to one-twelfth of the annual benefit payable to such person.

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## **ARTICLE B5**

### **POST-RETIREMENT DEATH BENEFITS**

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#### **B5.1 Death Benefit Payable following Death of Pensioner without a Spouse at Retirement**

The lifetime pension in respect of Part B Pensionable Service for a Member or Former Member who does not have a Spouse at the date his pension commences shall be payable for the lifetime of the Pensioner. On the death of the Pensioner, the death benefit payable to the Pensioner's Beneficiary is a lump sum refund equal to the following:

- (a) the greater of:
  - (i) the Pensioner's contributions made to the Plan pursuant to Section B2.2, together with Interest to the Date of Cessation of Employment; and
  - (ii) 5 multiplied by the Part B Full Formula Amount, as determined at the date of retirement;less
- (b) the aggregate of all monthly Part B lifetime pension and Part B bridge benefit payments received by the Pensioner in respect of Part B Pensionable Service from the date of retirement to the date of death.

However, the refund in respect of Part B Pensionable Service on and after January 1, 1992 shall not exceed:

- (c) the greater of:
  - (i) the Pensioner's contributions made to the Plan pursuant to Section B2.2 on and after January 1, 1992, together with Interest to the date of retirement; and
  - (ii) the aggregate of all monthly lifetime pension and bridge benefit payments paid in respect of Part B Pensionable Service on and after January 1, 1992 to the date of death plus the Commuted Value of future monthly pension



payments expected to be paid up until the period ending 15 years after the date of retirement;

less

- (d) the aggregate of all monthly lifetime pension and bridge benefit payments received by the Pensioner in respect of Part B Pensionable Service on and after January 1, 1992 from the date of retirement to the date of death.

If a Member does not have a Spouse as at the date his pension commences, but a person qualifies as the Member's Spouse as of a later date, the Member may elect to make an adjustment to his lifetime pension payments to provide for a pension to his surviving Spouse, in accordance with Section 7.1.

### **B5.2 Death Benefit Payable following Death of a Pensioner with a Spouse at Retirement**

The lifetime pension in respect of Part B Pensionable Service of a Member or Former Member who has a Spouse at the date his pension commences shall be payable monthly for the lifetime of the Pensioner. On the death of the Pensioner the surviving Spouse if any shall receive a survivor pension equal to 60% of the Pensioner's Part B Benefits.

This mandatory form of pension can be waived only by written notice from the Member's or Former Member's Spouse prior to the commencement of the pension, within the timeframes and in the manner prescribed by the Administrator. If waived, the Member's or Former Member's pension shall be paid in accordance with Section B5.1.

### **B5.3 Residual Death Benefit**

On the death of the last to die of the Pensioner and a surviving Spouse who is eligible to receive a survivor pension under Section B5.2, a lump sum payment shall be made to the Pensioner's estate equal to the amount, if positive, of the death benefit calculated under Section B5.1 less the aggregate of all payments made under Section B5.2 to the Spouse. However, the amount paid to the Pensioner's estate under this Section B5.3 in respect of Part B Pensionable Service on and after January 1, 1992 shall not exceed the first five years of benefits in respect of Part B Pensionable Service on and after January 1, 1992 that would have been payable to the Pensioner, less the aggregate of all payments actually made to the Pensioner in respect of Part B Pensionable Service on and after January 1, 1992 from the date of retirement to the date of death, and less the aggregate of all payments made under Section B5.2 to the Spouse.

#### **B5.4 Payment of Survivor Pensions**

A monthly survivor pension payable under this Article B5 to a Spouse after the death of the Pensioner shall commence on the first day of the month after the Pensioner dies. The amount of each such monthly survivor pension shall be equal to one-twelfth of the annual survivor pension payable to such person in accordance with the applicable provision of the Plan. A survivor pension payable to a surviving Spouse shall continue to be paid for the remaining lifetime of the surviving Spouse.

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## **ARTICLE B6**

### **TERMINATION OF SERVICE**

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#### **B6.1 Deferred Pension on Termination**

A Member with Part B Pensionable Service whose employment with the Employer is terminated for any reason other than retirement or death before becoming eligible for benefits in accordance with Article B4, shall be entitled to a deferred Part B lifetime pension commencing on the date when the Member is entitled to an unreduced pension under Section B4.2. The deferred Part B pension shall be determined in accordance with Section B4.1.

#### **B6.2 Early Commencement of Deferred Pension**

Where a Former Member who is entitled to deferred benefits in accordance with Section B6.1, wishes to retire on an Early Retirement Date which shall be no earlier than the date the Former Member meets one of the conditions in B4.2, the Former Member shall be entitled to an annual lifetime pension (and bridge benefit if applicable) payable from the Early Retirement Date, calculated and reduced in accordance with Section B4.2.

#### **B6.3 Re-Employment after Termination**

If a Former Member is re-employed after termination, his Part B pension benefits in respect of his prior period of employment shall be treated in accordance with Section 3.2(a).

#### **B6.4 Payment of Pension**

Benefits payable pursuant to this Article B6 are subject to the limitations contained in Article 6.

The Part B lifetime pension of a Member shall be payable monthly for the lifetime of the Member. A Part B bridge benefit of a Member shall be payable monthly with the last payment made for the earlier of the month in which the Member attains age 65 or the month of the Member's death. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Member multiplied by the ratio of the days remaining in the month following the Member's date of retirement to the number

of days in the month. Thereafter such lifetime pension and bridge benefit shall be paid in equal periodic amounts on the first day of each month, and the amount of each such monthly benefit shall be equal to one-twelfth of the annual benefit payable to such person.

**B6.5 Minimum Benefit Guarantee**

Notwithstanding any other Plan provision, upon the Member's termination of employment or upon termination of the Plan in whole or in part, the Commuted Value of the Member's or Former Member's Part B Benefits shall not be less than the value of the Member's or Former Member's contributions made pursuant to section B2.2, with Interest.

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## **ARTICLE B7**

### **PRE-RETIREMENT DEATH BENEFITS**

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#### **B7.1 Part B Benefits in the Event of Death**

In the event of the death of a Member or Former Member with Part B Pensionable Service prior to termination or retirement, the Spouse, or if there is no Spouse the Beneficiary, shall be entitled to receive a benefit equal to the Commuted Value of the Part B Benefits that would have been payable pursuant to Article B4 or B6 had the Member or Former Member terminated employment immediately prior to his death, or if greater, 5 multiplied by the Part B Full Formula Amount, as determined at the date of death.

#### **B7.2 Form of Payment to Spouse**

Where a Member's or Former Member's surviving Spouse is eligible for a benefit under Section B7.1, such Spouse may elect to:

- (a) receive the value of the benefit in a lump sum payment; or
- (b) transfer the value of the benefit to another registered pension plan that complies with the Act if that registered pension plan so permits; or
- (c) transfer the value of the benefit to a registered retirement savings plan as prescribed by the Act; or
- (d) use the value of the benefit to purchase an immediate annuity that complies with the Act; or
- (e) use the value of the benefit to purchase a deferred life annuity that complies with the Act, and provided that such deferred life annuity commences no later than the later of one year after the Member's date of death and the end of the calendar year in which the Spouse attains age 71.

Payment out of the Pension Fund of the total Commuted Value of benefits under Section B7.1, shall be in full satisfaction of all Part B Benefits obligations of the Plan and the Pension Fund to such Spouse in respect of such section.

### **B7.3 Payment of Lump Sums**

If a lump sum amount is payable in respect of Part B Pensionable Service to a Spouse or Beneficiary upon the death of the Member or Former Member prior to retirement, the lump sum must be paid as soon as practicable after the death of the Member or Former Member.

### **B7.4 Payment of Survivor Pension**

A survivor pension payable to a Spouse after the death of a Member or Former Member with Part B Pensionable Service shall be paid in equal periodic amounts on the first day of each month throughout the lifetime of the Spouse, and shall commence the first day of the month after the month in which the Member or Former Member dies.

The amount of each such monthly survivor pension shall be equal to one-twelfth of the annual survivor pension payable to such person in accordance with the applicable provision of the Plan. Notwithstanding the foregoing, the first such survivor pension payment due on the last day of the month in which the Member or Former Member dies, shall be prorated in respect of the partial month from the day following the date of death to the end of the month in which the death occurs.

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## **ARTICLE B8**

### **DISABILITY BENEFITS**

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#### **B8.1 Disability Retirement Benefit**

A Member participating under Part B shall be entitled to receive disability retirement benefits under the Plan if he provides satisfactory proof that he is totally and permanently disabled as a result of a physical or mental impairment that prevents the Member from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime. Such proof shall be based on a certification by a qualified medical doctor, selected by the Administrator, and shall be provided from time to time at the request of the Administrator.

A Member eligible for disability retirement benefits in accordance with this Section B8.1 shall be entitled to an immediate annual lifetime pension determined in accordance with Section B4.1 and an immediate annual bridge benefit determined in accordance with Section B4.2, both in respect of Part B Pensionable Service.

#### **B8.2 Disability after Retirement**

If a Pensioner who has commenced receipt of a pension in accordance with Section B4.2 or Section B4.3 but has not yet attained age 65 becomes totally and permanently disabled as a result of a physical or mental impairment that would prevent the Pensioner from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime, based on a certification by a qualified medical doctor selected by the Administrator, such Pensioner's pension benefits shall cease and he shall become eligible to receive immediate annual benefits. Such benefits shall be an annual lifetime pension in accordance with Section B4.1 and an annual bridge benefit determined in accordance with Section B4.2, except that the lifetime pension shall be reduced by 3% of the Part B Full Formula Amount multiplied by the number of years (calculated to the nearest one-tenth of a year) that the lifetime pension under Section B4.2 or B4.3, as applicable, has been in pay since the retirement date, but not including any years since the retirement date after which the Pensioner attained an age at which he

would have been eligible to receive an unreduced pension had the Pensioner waited until that age to retire.

### **B8.3 Disability after Termination**

If a Former Member who remains entitled to a pension in accordance with Section B6.1, has not yet attained age 65 and has not yet commenced to receive this pension, becomes totally and permanently disabled as a result of a physical or mental impairment that would prevent the Former Member from engaging in any employment for which he is reasonably suited by virtue of his education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime, based on a certification by a qualified medical doctor selected by the Administrator, such Former Member shall no longer be eligible for the pension described in Section B6.1, and instead shall receive immediate annual benefits equal to:

- (a) an annual lifetime pension determined in accordance with Section B4.1; and
- (b) the annual bridge benefit determined in accordance with Section B4.2 payable until the earliest of age 65, death or the date when disability benefits under the Canada or Quebec Pension Plan commence.

### **B8.4 Recovery from Disability**

If a Member, Former Member or Pensioner in receipt of benefits in accordance with this Article B8 is no longer eligible to receive such benefits by virtue of no longer meeting the medical requirements for eligibility for such benefits, the Member, Former Member or Pensioner shall cease to receive such benefits. The Member, Former Member or Pensioner shall continue to be entitled to the Part B Pensionable Service, accrued to the date of commencement of the disability pension and any subsequent benefits payable as a result of termination of employment, retirement or death shall be payable in accordance with the applicable sections of the Plan using the sum of Part B Pensionable Service, accrued both prior to the disability and after the recovery from the disability.

### **B8.5 Payment of Disability Benefits**

Benefits payable pursuant to this Article B8 are subject to the limitations contained in Article 6.

Part B disability retirement benefits shall be payable for the lifetime of the Member, Former Member or Pensioner, subject to Section B8.4, except that a Part B bridge benefit shall be payable monthly with the last payment made for the earliest of the month in which the Member, Former Member or Pensioner attains age 65, the month of the Member's, Former Member's or Pensioner's death, the month that



disability benefits payable under the Canada or Quebec Pension Plan commence on the first day of the month that payments cease pursuant to Section B8.4. The payment of the lifetime pension and bridge benefit for the first month following retirement shall be equal to one-twelfth of the annual benefit payable to the Member multiplied by the ratio of the days remaining in the month following the Member's date of disability retirement to the number of days in the month. Thereafter such Part B lifetime pension and bridge benefits shall be paid in equal periodic amounts on the first day of each month and the amount of each such monthly pension shall be equal to one-twelfth of the annual benefit payable to such person.

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## **ARTICLE B9**

### **AD HOC INCREASES**

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#### **B9.1 Adjustment**

The Employer reserves the right, at its sole discretion, to grant ad hoc increases to pension benefits in pay in respect of benefits accrued under this Part B of the Plan.

Schedule B contains a history of ad hoc increases granted under this Section.

## **SCHEDULE A - Form of Participation by Eligible Class**

| <b>Eligible Class</b>  | <b>Optional Participation under Part B</b>   |  | <b>Mandatory Participation under Part B</b>  |                       |
|--|--|--|--|-----------------------|
|  | <b>Criteria</b>                              | <b>Effective Date</b>                    | <b>Criteria</b>                              | <b>Effective Date</b> |
| Air Traffic Specialists Association of Canada (ATSAC), Unifor Local 2245 | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jun-11 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |
| Association of Canadian Financial Officers                               | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jan-09 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |
| Canadian Air Traffic Control Association (CATCA), Local 5454             | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jan-09 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |
| Canadian Federal Pilots Association                                      | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jan-09 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |
| Designated Executives  | Excluded                                     | N/A                                      | Plan Member hired <u>after</u><br>31-Dec-18  | Date of Hire *        |
| International Brotherhood of Electrical Workers, Local 2228              | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jan-09 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |
| Management Employees   | Plan Member hired <u>before</u><br>01-Jan-09 | 01-Jan-09                                | Plan Member hired <u>after</u><br>31-Dec-08  | Date of Hire *        |
| Public Service Alliance of Canada  | N/A  | N/A                                      | Plan Member hired <u>after</u><br>30-Nov-14  | Date of Hire *        |
| The Professional Institute of the Public Service of Canada               | N/A  | N/A                                      | Plan Member hired <u>after</u><br>30-Sept-14 | Date of Hire *        |
| Unifor Local 1016  | Plan Member hired <u>before</u><br>01-Jan-14 | Later of 01-Jul-11 and<br>Date of Hire * | Plan Member hired <u>after</u><br>31-Dec-13  | Date of Hire *        |

\* Subject to Article 2

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## ***SCHEDULE B - History of Ad hoc Increases***

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The table below indicates the increases that have been granted pursuant to Section B9.1 to monthly pensions that had commenced payment prior to the relevant Effective Date of Increase Paid. In any case where a pension commences payment in the year immediately prior to the Calculation Date then the Ad hoc Adjustment percentage applied to the pension for that year is pro-rated by the completed number of months paid in the prior year over twelve. Where calculations include multiple years, no payments are made for periods prior to the Effective Date of Increase Paid.

| <b>Effective Date of Increase Paid</b> | <b>Calculation Date</b> | <b>Ad Hoc Adjustment</b> |
|--|-------------------------|--------------------------|
| 01-Jan-11                              | 01-Jan-11               | 0.3%                     |
| 01-Jan-12                              | 01-Jan-12               | 1.4%                     |
| 01-Jan-17                              | 01-Jan-13               | 2.8%                     |
|  | 01-Jan-14               | 2.0%                     |
|  | 01-Jan-15               | 0.9%                     |
|  | 01-Jan-16               | 1.7%                     |
|  | 01-Jan-17               | 1.3%                     |
| 01-Jan-18                              | 01-Jan-18               | 1.4%                     |
| 01-Jan-19                              | 01-Jan-19               | 1.5%                     |