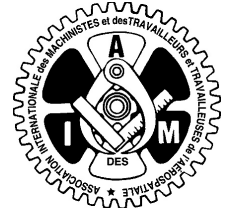


# DISTRICT 140

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



## INFORMATION UPDATE July 25, 2012

### Aveos Pension – Update No. 4

I would like to provide an explanation and some clarity about the termination process of the Aveos pension plan as directed by OSFI and why it is taking so long to complete. In Pension Updates #2 (June 13<sup>th</sup>) and #3 (June 20<sup>th</sup>) I described how the termination and windup payout would take place; it will be in 2 separate parts, one directly from Aveos (Aon Hewitt) and one directly from Air Canada.

In Pension Update #1 (March 25<sup>th</sup>) I described the termination process and some of the challenges that I foresaw with respect to the windup of the Aveos plan because the Pension transition process was still in its early stages and incomplete on March 20<sup>th</sup>, 2012 when Aveos filed for CCAA and then BIA protection.

In accordance with Section 29 of the *PBSA*, “*Termination and Windup of Pension Plans*”, OSFI has taken the following steps. They replaced Aveos as the administrator of the Aveos pension plan with Aon Hewitt on April 5<sup>th</sup>, 2012. On May 2<sup>nd</sup>, 2012 they granted a 90 day extension to the *PBSA* required timeline for the plan administrator to produce the “*cessation of membership*” statements. This extension was in response to a request from Aon Hewitt.

This request was granted because of the difficulty Aon Hewitt was having obtaining final employee service and payroll information from the Aveos payroll service provider. Because the Aveos member’s employment and pension plan participation was deemed to be terminated on March 20<sup>th</sup>, 2012 the extension was granted to July 18<sup>th</sup>, 2012.

On May 25<sup>th</sup> OSFI officially ordered the Aveos pension plan terminated. The *PBSA* requires that termination statements (that detail your pension benefit options and associated dollar amounts) be sent to every member within 120 days of that date. Therefore, they ordered that Aon Hewitt had until September 22<sup>nd</sup>, 2012 to produce the termination statements for all pensionable service earned after July 14<sup>th</sup>, 2011.

The “*cessation of membership*” documents are the letters that were sent out to all Aveos members on or about June 19<sup>th</sup>, 2012 from Aon Hewitt. That letter notified you of the termination of the Aveos pension plan effective May 25<sup>th</sup>, 2012 and that you would be receiving termination statements within 120 days of that date detailing your pension options.

Air Canada was still being held to the original July 18<sup>th</sup>, 2012 date to issue their termination statements. However, OSFI did acknowledge in a June 29<sup>th</sup>, 2012 letter to IAM&AW legal counsel that Air Canada was dependant on receiving final member information from Aon Hewitt

to complete their termination statements, so a further delay or extension in both the Aon Hewitt and Air Canada deadlines "*should not be unexpected*".

On July 19<sup>th</sup>, IAM&AW legal counsel received a follow up letter from OSFI stating that as they had indicated in their June 25<sup>th</sup>, 2012 letter might be a possibility, they had now formally granted Air Canada an extension to September 22<sup>nd</sup>, 2012 to produce their termination statements for all Aveos members. This extension was granted "*due to the difficulties for Air Canada in obtaining the necessary data*"

That "*necessary data*" is the employee service records for the Aveos members who have service in the Air Canada pension plan to July 14<sup>th</sup>, 2011. As explained in Pension Update #3, each member's Air Canada and Aveos pensionable service will be combined for the purposes of establishing where they fit on the pension benefit options payment grid and whether or not they have reached a pension milestone. This will be a measure of their total combined pensionable service from the date of joining the Air Canada pension plan to March 20<sup>th</sup>, 2012.

I am not loathe to place blame on Air Canada when they make mistakes or do dumb ass things, but in this instance I can honestly say that the delay in all of our Aveos members not receiving your termination statements until the end of September is not a delay or problem of their making.

Respectfully,



Christopher Hiscock, President  
Canadian Airways Lodge 764

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