

PENSIONS AT-A-GLANCE

CAW MEMBERS HIRED ON OR AFTER JUNE 27, 2011

Plan Description

- **'HYBRID' pension plan** comprising two parts: a defined contribution (DC) component and a defined benefit (DB) component
- DB component is part of the Air Canada Main Line Pension Plan
- DB is where the benefit level is fixed (i.e. 0.595% of earnings)
- DC is where the contribution rate is fixed (i.e. 1.5% of earnings)

Pension Benefit Amount

Defined Benefit (DB) Formula is:

0.595% of average earnings up to the average YMPE
PLUS
1.0% of average earnings in excess of average YMPE
Multiplied by years of Allowable Service

- * Average earnings is the highest 36 consecutive months of earnings
- * Average YMPE is determined over the same period as Average Earnings
- * Allowable service is limited to 35 years
- * YMPE is "Years' Maximum Pensionable Earnings" (\$50,100 in 2012)

PLUS

Defined Contribution (DC) Component which is the accumulated total balance (\$\$\$) in your individual (DC benefit) account

The DC individual account balance may be transferred as a lump sum amount into a locked-in retirement savings account or used to purchase an annuity to top up the monthly defined benefit pension amount

What is Allowable Service?

Allowable service is used for the determination of benefits and is equal to service in the Plan, with part-time service pro rated for hours worked.

Early Retirement Provisions

- Early retirement provisions are applicable to the DB component only
- Unreduced DB pension at age 55 with 85 points and the consent of Air Canada
- If not eligible for an unreduced DB pension, pension is actuarially reduced by approximately 6% per year for each year of retirement before age 65

Member Contributions

New hires contribute to each of the DB plan and DC account

Member Contributions to the *defined benefit (DB)* plan are:

<u>Years of Continuous Service</u>	<u>Contribution Amount</u>
Less than 5 years	2%
5 but less than 15 years	2.5%
15 years or more	3.0%

PLUS

Member Contributions to the *defined contribution (DC)* plan are:

<u>Years of Continuous Service</u>	<u>Employee Contribution as % of Pensionable Earnings</u>	<u>Employer Match</u>
Less than 2 years	1.5% or 2.0%	100%
2 years but less than 15 years	1.5% or 2.0%	137.5%
5 years but less than 15 years	1.5%, 2.0% or 2.5%	175%
5 but less than 35 years	1.5%, 2.0%, 2.5% or 3.0%	175%

Member and Employer contributions are remitted to individual member accounts and are credited with investment returns, net of expenses

Members receive the balance of their individual employer and member account upon termination, death or retirement

When do I become a Member?

Membership in both pension plans (DB and DC) is mandatory from date of hire. All benefits are vested immediately.

Can I transfer out my pension upon termination and/or retirement?

Members have the option to transfer the lump sum value of their accumulated DC account into a locked-in retirement savings account upon termination and/or retirement at any age. A member who terminates or retires prior to age 55 can transfer the lump sum value of the DB pension into a locked-in retirement savings account. Members who retire or terminate on or after age 55 must receive their DB pension amount as a monthly pension benefit which is currently paid out of the pension fund.

Do I have death benefits?

Death Benefits in Service

If you die while in service, your spouse, estate or beneficiary is entitled to the full value of your individual DC account.

For the DB portion of your pension, the lump sum value of your accrued pension is payable to your spouse if you have less than 15 years of qualifying at the date of death. If you have more than 15 years of qualifying service, 50% of the accrued pension is payable to your spouse. If you have no spouse, the lump sum value of your accrued DB pension is payable to your beneficiary or estate. Qualifying service is equal to service in all Air Canada plans, without adjustment for part-time service.

Death Benefits in Retirement

If you die after retirement, the DC portion of your pension will be payable to your spouse or beneficiary or estate in accordance with the terms of the pension option selected at the date of retirement.

If you have a spouse at the date of retirement, the DB portion of your pension must be paid out as a joint and 60% survivor benefit with the amount determined on an actuarial basis, unless waived by the spouse. If you do not have a spouse at the date of retirement, the pension is payable for your life only, with a minimum guarantee of your contributions with interest.