

MARCH 2009 – LL764 PENSION COMMITTEE REPORT

During the past month there has been a lot of discussion in the workplace as well as several messages and blogs from Montie about the financial health of our pension plan. In the December 2008 report I talked about the negative impact on our pension plan caused by the unique global economic meltdown that is continuing to unfold.

The discussion is now moving on to how the regulatory landscape can be reshaped to provide some interim and long term funding relief to employers so as not to force them into bankruptcy with pension obligations. There is an 8 page joint submission to the Federal Minister of Finance from seven federally regulated companies (including Air Canada) outlining their wish list of such changes. There is a link to a copy of this submission in Montie's March 6th blog on the Aeronet.

The Canadian federal government has reacted to the solvency funding concerns and has established a public consultation process. This includes a document outlining the changes being considered by the government and a schedule of meetings in 8 cities between March 13th and April 17th (Vancouver is April 14th). The details can all be found on the Department of Finance website www.fin.gc.ca . I encourage you to logon and read the Department of Finance document and compare it to the joint submission by the Group of Seven. You can also find the time and place for the meeting in your city. There is also a link on our website www.iam764.ca homepage.

You will notice a great deal of similarity in the regulatory relief being sought by the companies and the changes being contemplated by the government. The 2 major issues being discussed are the extension of the deficit amortization period from 5 to 10 years and changes to the methodology used to determine the solvency deficit. The cornerstone of the deficit determination proposal is a change in the discount rate (interest rate) used in the solvency calculations from a government bond rate to the AA corporate bond rate.

DL 140 and its pension lawyers have been studying these proposed changes and are preparing a submission to the Canadian government as part of the consultation process. The CLC is also making submissions on behalf of all unionized pension members. These meeting are open to the public and everyone who wishes to attend to either listen or participate is encouraged to do so. It is more important for the politicians to hear first hand from voters who have a vested interest (you) than it is for them to hear from the companies or the Unions. Ask them questions. Tell them your fears or concerns. If you can't get to a meeting, send them an email or a letter.

Montie is encouraging employees to contact their MPs and show their support for the Company's proposed changes to protect the long term viability of our pension plan. I neither encourage nor discourage you from doing so, I simply caution you to make sure you understand **ALL** of the proposed changes being sought by the company before you wholeheartedly support it. This is a complex issue with crucial and lifelong implications. Please take the time to read and understand what you are being asked to support before you hit the "send" button on that email to your MP.

Email is the most effective way to reach me. I may be contacted at pres764@telus.net with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock
Chairman, LL764 Pension Committee