

## Retiree Pension Reps Report on the MTS DB Pension Plan

The court approved settlement agreement provides for total distribution of \$140.0 million plus interest to the court approval date for a total distributable amount of \$140.9 million. \$5.4 million was set aside from this amount to pay for expected distribution and legal fees leaving \$135.5 million for distribution to retirees and other plan members. As at September 4<sup>th</sup>, 2015 all but \$8.5 million has been distributed. The outstanding surplus distributions count for eligible recipients is 1,377 as at September 4<sup>th</sup>, 2015. The categories of the remaining distribution amounts are 72% due to estates, 22% due to unlocated and 6% due to other. Towers Watson MTS and the CSSB are working diligently to review and collect further documentation, locate the unlocated while continuing to make payment of settlement amounts once all is in order.

### Pension Formula Statement of Claim (File by TEAM Re - Cal Halstead)

The YMPE pension formula calculation used in the past could have had a minor negative effect on a retiree's pension if the person retired during a given year instead of retiring at the end of a year. This matter was settled as part of the over all settlement agreement and has been approved by the court.

MTS will commence calculating Pension Benefits as defined in the Plan using the YMPE for each partial year included in the Pension Benefit calculation based on a proration of credited service for that same year (the "New YMPE Methodology"). The New YMPE Methodology will be applied on a prospective (go-forward) basis for all retirements, terminations or death benefits starting on January 1, 2015. The New YMPE Methodology will also be applied on a progressive as of the Effective Date to all retirees who are in receipt of a monthly pension on the Effective Date and who commenced receiving a monthly pension after December 31, 2006. Any incremental change in pension benefits that may occur as a result of the application of the new YMPE methodology will be further increased by the cost of living adjustment percentages received by the retiree or beneficiary.

There will be no retroactive payments made in respect of the change to the New YMPE Methodology for any period of time prior to the Effective Date and the New YMPE Methodology will only apply to those who commenced receiving a monthly pension after Dec. 31, 2006.

This means new retirements; terminations, etc. after Jan 1, 2015 will have the new formula applied. Retirees prior to Dec. 1, 2006 remain unchanged under the old YMPE formula.

MTS and the CSSF are currently working on the unlocated and estates so if the New YMPE Methodology affects you, you may not see a change in your formula to the New YMPE Methodology for a while (possibly year end) however we have been assured of retroactive pay back to Jan. 01, 2015. The MTS Pension Plan website <http://mtspensionplan.ca/benefits/new-ympe-methodology/> has more information on this matter.

### Cost Of Living Adjustments

The Plan provides for a guaranteed COLA increase to pension payments each year. This guaranteed COLA is equal to two-thirds of the increase in CPI to a maximum CPI increase of 4%. COLA increases are granted each July. In 2015, retirees received an increase of 0.98% which is two-thirds of the 2014 CPI of 1.47%.

Yours truly,  
J. Larry Trach  
Retiree Representative  
MTS DB Pension Committee

