

**Pension Plan for Employees of Metroland West
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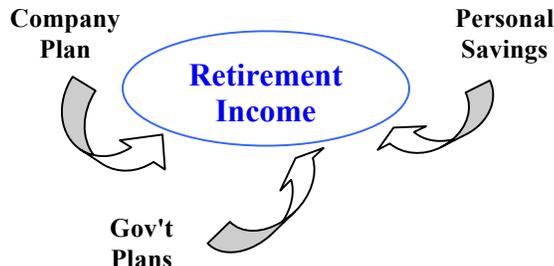
Retirement Income

Retirement is a time when you can refocus your life. For some that means a renewed emphasis on friends and family. For others it means tackling new ventures and entrepreneurial activities. Whatever your personal aspirations, the ability to live the way you want in retirement will require an adequate income.

Developing a retirement plan now can help you achieve your retirement goals. To start, you need to know your potential sources of retirement income and the amounts you can realistically expect to receive from each.

Your Company Pension Plan is one potential source of retirement income available to you. If you participate in the Plan, you will earn a lifetime pension that is based on your earnings and length of service.

You may also qualify for benefits from the Canada Pension Plan and Old Age Security. Together, your Company Pension Plan and any government benefits you receive are expected to replace only a portion of your pre-retirement income. While this may be enough for some, many people choose to augment their retirement income through personal savings, such as a Registered Retirement Savings Plan (RRSP), mutual funds, Canada Savings Bonds and other personal investments.



This booklet provides an overview of your Company Pension Plan, as well as a brief description of government plans. You should review it carefully and keep it handy for future reference when reviewing your personal retirement plan.

Definitions

When reviewing this booklet, you may encounter some terms that are new to you. Here's an explanation of key terms that have specific meaning when it comes to describing your Company Pension Plan.

Beneficiary – The person(s) you designate to receive any benefits payable from the Pension Plan in the event of your death. If you have a spouse, your spouse is automatically designated as your beneficiary, unless both you and your spouse waive this requirement in writing.

Credited Service – Your years and completed months of service as a contributing member of this Plan. For regular part-time employees, service is pro-rated to reflect actual scheduled work hours.

Earnings – Your basic salary and wages, including overtime pay and commissions, but excluding bonuses.

Final Average Earnings (FAE) – The greatest of: 1) the average of your best five calendar years of earnings in your last 10 years of service, 2) the average of your earnings, excluding overtime pay during the same period, plus an average of all overtime pay since 1975, or 3) the average of your earnings in your final 60 months of service.

Spouse – The person to whom you are legally married or with whom you are in a common-law relationship and who is not living separate and apart from you. Common-law means you have been living together for at least three years, or less than three years if you are both the natural or adoptive parents of a child.

Total Disability – Inability to perform the duties of your job due to physical or mental impairment as certified by a doctor and in receipt of benefits from the Company's long term disability plan or through provincial workers' compensation legislation.

Year's Maximum Pensionable Earnings (YMPE) – The maximum amount of your earnings on which your Canada Pension Plan contributions and benefits are based, set annually by the federal government.

Year's Maximum Pensionable Earnings Average (YMPE Average) – The average of the YMPE in your last five full calendar years of employment, prior to your retirement or termination.

Vested – Your entitlement to the pension you have earned as a Plan member. You become vested upon the earlier of completing five years of continuous employment and two years as a member of the Plan.

Retirement Income Summary

| BENEFIT PLAN | PARTICIPATION | COST |
|--|--|---|
| Company Pension Plan | | |
| <p>Provides a lifetime monthly pension at normal retirement (age 65) of:</p> <p style="padding-left: 20px;">1.25% of FAE up to the YMPE Average,</p> <p style="padding-left: 40px;"><i>plus</i></p> <p style="padding-left: 20px;">1.75% of FAE above the YMPE Average,</p> <p style="padding-left: 40px;"><i>multiplied by</i></p> <p style="padding-left: 20px;">years of credited service.*</p> <p>Reduced benefit with early retirement from age 55 (unreduced from age 62 with 10 years continuous employment).</p> | <p>Full-time: optional after 3 months of service.</p> <p>Regular part-time: optional after 3 months of service provided you meet minimum hours worked and earnings requirements.</p> | <p>You contribute:</p> <p style="padding-left: 20px;">2.5% of earnings up to YMPE,</p> <p style="padding-left: 40px;"><i>plus</i></p> <p style="padding-left: 20px;">5% of earnings above YMPE.</p> <p>Company funds the balance of the cost.</p> |
| Canada Pension Plan (CPP) | | |
| <p>Provides a lifetime monthly pension based on your earnings history.</p> <p>May start as early as age 60 on a reduced basis.</p> | <p>Automatic on hire.</p> | <p>You and the Company contribute equal amounts on your earnings up to the YMPE.</p> |
| Old Age Security (OAS) | | |
| <p>Provides a lifetime monthly pension starting at age 65.</p> <p>May be reduced based on your income after retirement.</p> | <p>Automatic, subject to minimum residency requirements.</p> | <p>Funded through general taxes.</p> |
| Personal Savings | | |
| <p>May be used to provide additional income during retirement.</p> | <p>You may set up a personal RRSP or discuss savings options with a financial institution.</p> | <p>Funded through your own contributions.</p> |

* Different formulas apply for service prior to 1966 and for former JEMCOM employees for service prior to 1990.

Company Pension Plan

The Company Pension Plan provides a monthly income throughout your retirement years. It is designed to work with the Canada Pension Plan to replace a portion of your pre-retirement income. Participation is voluntary. If you join the Company Pension Plan, you make regular contributions through payroll deduction. When you retire, you receive a monthly pension based on the Plan formula.

Eligibility

All full-time and regular part-time unionized employees are eligible to join the Plan on the first of any month after completing three months continuous employment. Regular part-time employees must work at least 700 hours annually or earn at least 35% of the Year's Maximum Pensionable Earnings during any two out of the five years before joining the Plan. The plan was closed to non-union staff on August 1, 2008.

To join the Plan, you must complete an enrollment form authorizing deductions of your Plan contributions from your pay and naming your beneficiary. Once you become a member of the Plan, you must continue to participate until you leave the Company.

The sooner you join the Plan, the more credited service you earn and the larger your pension will be when you retire.

Employee Contributions

You make regular contributions of 2.5% of your earnings up to the Year's Maximum Pensionable Earnings (YMPE), plus 5% of your earnings above the YMPE, to a maximum amount permitted by the Income Tax Act.

For example, the Year's Maximum Pensionable Earnings in 2010 is \$47,200. An employee who earns \$60,000 would make the following annual contribution:

| | | |
|----------------------------|------|------------|
| 2.5% x \$47,200 | \$ | 1,180 |
| <i>plus</i> | | |
| 5% x (\$60,000 - \$47,200) | + \$ | <u>640</u> |
| Annual Contribution | \$ | 1,820 |

This Plan integrates with the CPP. Therefore, you contribute a lower amount to this Plan on your earnings up to the YMPE because you also contribute to the CPP on these earnings.

The Company deducts your contributions from your pay, which reduces your taxable income. As a result, the income tax withheld from your pay is reduced.

You cannot withdraw or suspend your contributions to the Plan while you are an employee, with one exception: after 35 years of credited service you may elect to stop making contributions. If you do so, you will cease to earn any further credited service, which affects the amount of pension you receive. If you elect to stop contributing after 35 years of credited service, you may change your mind once and recommence for the remainder of your career with the Company. In any case, you must cease making contributions as an employee at age 71.

Company Responsibility

The Company is responsible for ensuring that the Pension Plan is sufficiently funded to meet all pension obligations. Independent actuaries regularly review the financial position of the Plan. If the Plan is under-funded, the Company is required to make up the shortfall. A Trustee holds the assets of the pension fund and an investment manager invests the fund, as set out by guidelines from the Company.

When You May Retire

Your normal retirement date is the first day of the month coinciding with or immediately following your 65th birthday. You may retire as early as the first day of any month after you reach age 55, once you are vested.

Your Pension Benefit

Your pension benefit is based on a formula that takes into account your Final Average Earnings (FAE), your years of credited service and the Year's Maximum Pensionable Earnings Average (YMPE Average).

If you retire on your normal retirement date (at age 65), your pension is calculated using this first formula:

1.25% of your FAE up to the YMPE Average
plus
1.75% of your FAE above the YMPE Average
multiplied by
your credited service

Any pension you may have earned for service prior to 1966 is calculated separately using a different formula.

If you were a member of the JEMCOM Inc. Staff Plan as of July 1, 1991, your pension for your credited service prior to 1990 is calculated as:

1.0% of your FAE up to the YMPE Average
plus
1.6% of your FAE in excess of the YMPE Average
multiplied by
your credited service prior to 1990

For this second formula only, FAE means your average earnings in your best five consecutive years and YMPE Average means the average YMPE in your last three years of employment.

NORMAL RETIREMENT EXAMPLE

Here's an example of how the pension is calculated using the first formula for an employee who retires in 2010 at age 65. It assumes Final Average Earnings of \$60,000, a YMPE Average of \$43,840 and 30 years of credited:

| | |
|--------------------------------|----------|
| 1.25% X \$43,840 | \$ 548 |
| <i>plus</i> | |
| 1.75% X (\$60,000-\$43,840) | + \$ 283 |
| | \$ 831 |
| <i>multiplied by</i> | |
| 30 years | x 30 |
| Annual pension | \$24,930 |
| Monthly pension (\$24,930 ÷12) | \$ 2,077 |

If you retire early, and you are at least age 62 with 10 years of continuous employment, your pension is calculated using the same formula as if you retired on your normal retirement date. Although your pension starts earlier than your normal retirement date, and therefore will be paid for a longer period, it is not reduced. However, it will be less than what you would have received at age 65 because you will have fewer years of credited service.

The Company subsidizes early retirement by providing an unreduced pension at age 62 with 10 years of continuous employment.

EARLY RETIREMENT EXAMPLE ONE

Here is an example of the pension calculation for an employee who retires in 2010 at age 62. It uses the first formula and assumes Final Average Earnings of \$60,000, a YMPE Average of \$43,840 and 27 years credited service (three years earlier than in the normal retirement example):

| | |
|-------------------------------|-----------------|
| 1.25% X \$43,840 | \$ 548 |
| <i>plus</i> | |
| 1.75% X (\$60,000-\$43,840) | <u>+ \$ 283</u> |
| | \$ 831 |
| <i>multiplied by</i> | |
| 27 years | <u>x 27</u> |
| Annual pension | \$22,432 |
| Monthly pension (\$22,432÷12) | \$ 1,869 |

If you are younger than age 62 when you retire or do not have 10 years continuous employment, your pension will be permanently reduced. The reduction is 1/3 of 1% for each month (4% for each year) your retirement precedes the date you're eligible to retire with an unreduced pension. This reduction is to partially compensate for the additional pension you will receive due to the expected longer payment term.

EARLY RETIREMENT EXAMPLE TWO

This example illustrates how the early retirement reduction applies for an employee who retires in 2010 at age 57. It uses the first formula and assumes Final Average Earnings of \$60,000, a YMPE Average of \$43,840 and 22 years credited service. In this case, the pension reduction reflects the 60 months the employee's retirement precedes age 62:

| | | |
|--|-----|---------|
| 1.25% X \$43,840 | \$ | 548 |
| <i>plus</i> | | |
| 1.75% X (\$60,000-\$43,840) | +\$ | 283 |
| | \$ | 831 |
| <i>multiplied by</i> | | |
| 22 years | x | 22 |
| | \$ | 18,278 |
| <i>less</i> | | |
| Reduction for Early Retirement (1/3 of 1% x 60 months x \$18,278) | - | \$3,655 |
| Annual reduced pension | \$ | 14,623 |
| Monthly reduced pension (\$14,623 ÷ 12) | \$ | 1,219 |

If you postpone retirement, your pension is calculated based on your credited service at your actual retirement date, provided you continue regular contributions after age 65.

Pension Payment Forms

When you retire, you'll receive your pension in monthly installments for the rest of your life. The normal form of payment will depend on whether or not you have a spouse when you retire.

NO SPOUSE: LIFETIME PENSION, GUARANTEED FIVE YEARS
If you do not have a spouse, your pension will have a five-year guarantee. This means that if you die before you have received 60 monthly payments, your designated beneficiary or estate will receive a lump sum payment equal to the current value of the remaining payments. If you die after you've received 60 monthly payments, your pension will cease upon your death.

**Your pension will be deposited
directly to your bank, credit
union or trust company account.
These payments are taxable
income.**

SPOUSE: JOINT AND SURVIVOR PENSION

If you have a spouse, your pension will be actuarially reduced in exchange for a 60% surviving spouse's pension. This means that if you die before your spouse, 60% of your reduced pension will be continued to your surviving spouse for the rest of his or her life. If you die after your spouse, your pension will cease upon your death. You will receive this form of payment unless you and your spouse waive it in writing at least 90 days before your retirement.

For a payment form other than the normal form, you receive a pension that is *actuarially equivalent*. This means it has the same lump sum value as the normal form, even though the monthly payments are reduced. The reduction reflects the expected longer payment term of the alternate forms.

ALTERNATE PAYMENT FORMS

If you believe an alternate payment form would better meet your needs, you must contact Human Resources at least 90 days before retirement. If you elect an alternate payment form, the pension you receive will be the actuarial equivalent to the benefit you have earned.

Leaves of Absence

While on an unpaid leave of absence, your Pension Plan contributions cease and the period of your leave is not counted as part of your credited service.

If you choose, you may make arrangements with Human Resources to continue your regular contributions to the Plan during your unpaid leave. In this case, the period of your leave counts as part of your credited service, providing you return to employment with the Company following your leave of absence.

If you take maternity or parental leave, you may also choose to continue regular contributions to the Plan. If you do so, you earn credited service during your leave, regardless of whether or not you return to work following your leave.

If You Leave the Company

If you leave the Company *before* you become vested, you will receive a refund of your contributions, with interest. (Your contributions earn interest equal to the annual average of the chartered bank five-year personal fixed-term rate.) You may take this refund as a taxable cash payment. Alternatively, you may transfer it tax-sheltered to another pension plan or retirement savings vehicle, or purchase an annuity from an insurance company to begin after you reach age 55.

If you leave the Company *after* you have become vested, you will have a vested right to the pension you have earned to your termination date. You may receive a deferred pension from the Plan at age 65 (or any time after age 55 on an actuarially equivalent basis).

***Locked-in* means your benefit
may only be used to provide
retirement income.**

Alternatively, you may transfer the current lump sum value of the pension you have earned to a locked-in retirement vehicle, such as a locked-in RRSP or a new employer's pension plan.

For the pension you earned before 1987, the lock-in requirement applies only after you have reached age 45 and have completed 10 years of credited service. If you are younger than age 45, the pre-1987 lump sum value may be transferred to a non-locked-in retirement vehicle or taken as taxable cash.

If You Become Disabled

If you become totally disabled and qualify for benefits under the Company's Long Term Disability Plan or your provincial workers' compensation legislation, you will continue to earn a pension to age 65. This pension will be based on your earnings and the YMPE average at the time your disability began. Your contributions to the Plan will be waived for as long as you meet the Plan's definition of total disability.

If You Die Before Retirement

If you are vested, your surviving spouse or beneficiary will receive a payment equal to the current lump sum value of the pension you've earned at the time of your death. If your spouse is your beneficiary, he or she has the option to transfer this lump sum to another retirement savings vehicle.

If you are not vested, your spouse or beneficiary will receive a refund of your contributions, with interest.

If You Separate or Divorce

The value of the pension you earn during your marriage or common-law relationship is included by law in your shared family assets. This means that if you divorce before retirement, the value of your pension will be taken into account when dividing the family assets. Up to 50% of your pension earned during your marriage may be assigned to your estranged or ex-spouse.

Guarantees and Limitations

Registered pension plans are designed to protect members' retirement income. To attain and maintain registered status, the Plan must include certain guarantees and limitations, some of which are determined by the Income Tax Act.

A registered plan guarantees that the minimum pension paid when you retire, terminate or die must be at least equal to the contributions you made, with interest.

It also guarantees that your contributions with interest should be no more than half of the lump sum value for the pension you've earned after December 31, 1986, when you retire, terminate or die. This is called the 50% cost rule. If you have contributed more than this amount, your excess contributions will be refunded to you, with interest, upon your retirement, termination or death.

Registered plans must limit the maximum amount of pension that can be paid to a member, as specified by the Income Tax Act. Currently the maximum pension that can be paid from a registered plan at age 65 is \$2,494.44 multiplied by years of credited service to a maximum of 35 years. The maximum may be less if you retire early.

Registered plans must also limit how long you may be a Plan member. You must cease making contributions and begin to receive a pension from the Plan no later than the end of the year you reach age 71, regardless of whether you continue to work for the Company.

Regular Pension Plan Information

Each year you will receive a personal statement from the Company explaining your pension entitlements. It will show you how much you have contributed to the Pension Plan, how much pension you have earned, and an estimate of the pension you may receive if you stay with the Company until retirement.

Government Plans

In addition to your Company Pension Plan, you may be eligible to receive retirement income from the Canada Pension Plan (CPP) and Old Age Security (OAS). It is important to note that these plans are described in this booklet in their current forms, which are subject to change at any time.

Canada Pension Plan (CPP)

CPP provides a lifetime monthly pension. The CPP provides a lifetime monthly benefit based on how many years you've made CPP contributions and on your earnings during each of those years. Your contributions are deducted from your earnings and are matched by the Company.

The maximum benefit payable is 25% of the average YMPE for the current and four preceding years. (In the year 2010 the maximum monthly CPP benefit is \$934.)

You are eligible to receive the CPP benefit starting at age 65. You must apply to receive this benefit. You may also opt for early or postponed payments.

If you retire before age 65, you may elect to receive your CPP benefits as early as age 60. If you elect to receive payments before age 65, they will be reduced by 1/2 of 1% for each month (6% for each year) payments precede your 65th birthday.

You may obtain CPP and OAS estimates and additional information on how to apply for benefits from Human Resources Development Canada's Income Security Programs, Client Services Centre. The number is listed in the government listings or "blue pages" of your local telephone directory.

Old Age Security (OAS)

OAS provides lifetime monthly income for you and your spouse, starting at age 65. No contributions are required, though you must apply to receive these benefits.

The level of benefit depends on your income level and on how long you have been a Canadian resident. If you do not meet the Canadian residency requirements, or if your income is above a certain level, you may receive a reduced benefit or no benefit at all. The maximum benefit in the year 2010 is about \$517.

Once you begin receiving OAS benefits, they are adjusted quarterly to reflect changes in the Consumers Price Index.

REPLACEMENT INCOME EXAMPLE

Here's an example that shows you how much of an employee's pre-retirement income will be replaced from the Company Pension and Government Plans. It shows an employee who retires in 2010 with Final Average Earnings of \$60,000 and 30 years of credited service, with a pension calculated using the first formula. This employee also qualifies for the maximum CPP benefit and meets all residency requirements for OAS.

| | |
|---|----------------|
| <i>Company Pension Plan</i> | |
| Monthly Pension | \$ 2,077 |
| <i>Government Plans</i> | |
| CPP (monthly) | +\$ 934 |
| OAS (monthly) | <u>+\$ 517</u> |
| Total Monthly Retirement Income | \$ 3,525 |
| <i>Pre-Retirement Income Replacement</i> | |
| (\$3,528 ÷ \$5,000) = | 70% |

The employee will have total retirement income from the Company Pension Plan and government plans of \$3,528 or close to 70% of your employment income just prior to retirement. This replacement amount may or may not be sufficient for this employee. If it is not sufficient, the employee will need to supplement with income from personal savings.

Company Pension Plan and RRSP Contribution Limit

To encourage you to save for retirement, the Income Tax Act allows you to make tax-deductible contributions to a Registered Retirement Savings Plan (RRSP) each year.

Your RRSP contribution limit is equal to 18% of your previous year's earned income as defined by the Income Tax Act, up to an annual maximum minus your Pension Adjustment (PA) for the previous year. The annual maximum was \$21,400 in 2009. Your regular contributions to the Company Pension Plan have no impact on your RRSP contribution limit. However, Additional Voluntary Contributions you make to the Plan, if any, reduce your contribution room dollar for dollar.

Your PA appears on your T4 tax slip and your RRSP contribution room for the following year appears on your Income Tax Assessment.

Your PA is the "deemed" equivalent contribution of the pension you earned in the previous year under the Company Pension Plan. The government formula to calculate your PA is nine times your annual pension deemed to be earned for the year, minus \$600.

A Final Word

The Company Pension Plan and plan documentation are registered with the Financial Services Commission of Ontario and Revenue Canada under Registration No. TF1050871.

This booklet is a summary of the key features of the Company Pension Plan. While every effort has been made to accurately reflect the provisions of the Plan, in the event of any discrepancy between this booklet and the formal Plan document, the latter will prevail in all cases.

While the Company expects to maintain the plan indefinitely, it reserves the right to amend or terminate the Plan. If the plan is terminated, any money remaining in the pension fund after meeting all pension obligations will belong to the company.