



**Pension Questions provided by the members of Division 381/658 CTY & LE**

*Answers provided by Canadian Pacific*

**1) If the company is sold, what happens to our pension?**

*A. Our pension plan is federally regulated and protected by pension legislation. You would still have the value of your pension at the time the company was sold. The assets of the plan are held in a trust and are not part of the assets of CP. If CP were sold, the trust would remain as part of the pension plan, and would not become part of the assets of the new company.*

**2) There are fewer and fewer employees working at CP every year due to job cuts and more efficient ways of doing things. How will current employees be able to support all the retired ones?**

*A. CP is responsible for ensuring that the pension plan has enough assets to pay current and future pensioners. The plan undergoes an actuarial valuation on a regular basis to determine the assets and liabilities, and CP funds the plan as required. CP recently made a voluntary prepayment of \$650 million into the plan.*

**3) Will CP keep topping up the pension fund?**

*A. CP is required to fund the pension plan. (See the answer to Question 2 above.)*

**4) Will the CP pension plan be here in 20 yrs?**

*A. No one can predict what the world will be like in 20 years, but at the present, CP has no plans to wind up the pension plan.*

**5) When I apply for my pension exactly what papers do I need if;**

- i) I am married**
- ii) I am single but divorced**
- iii) I am in a common law relationship**
- iv) I am single, never married**

A. *All employees must supply a birth certificate, and:*

- i) *If married, a copy of the marriage certificate along with the spouse's birth certificate.*
- ii) *If single but divorced, a copy of the divorce certificate and legal separation agreement.*
- iii) *If in a common-law relationship, a copy of the spouse's birth certificate along with completed documentation proving the common-law relationship.*
- iv) *If never married or in a common-law relationship, just a birth certificate is required.*

**6) How long before I wish to retire should I apply for my pension?**

A. *4 to 6 months.*

*It is suggested that you contact Pension Services approximately a year prior to applying for your pension, if you have not already done so, to determine if there are any outstanding pension arrears owing.*

**7) After you contact them do they send papers or can it all be done "upstairs"?(with local management)**

A. *A pension application is available on Rail City, or by calling the HR Service Centre.*

**8) Can the company change any pension rules during the closed period of our contract? Also can they do this without "Union Approval"?**

A. *The CP pension plan covers all eligible employees. For union employees, the pension plan does not form part of the collective agreement. Changes to the pension plan require the approval of the Defined Benefit Pension Committee, which has both union and management members.*

**9) If an employee decides to give his spouse 80% or 100% of his pension at the time he applies for it, and then his spouse predeceases him, can he then get back on his pension the amount that he gave up to do that when he went on pension? Also what happens if the first spouse dies and the pensioner remarries?**

A. *Once a survivor option is chosen (50%, 60%, 80% or 100%) the amount won't change if the spouse predeceases the pensioner.*

*Should the first spouse die, and the pensioner acquires a post-retirement spouse who meets the eligibility requirements, that post-retirement spouse would be entitled to 50% of the pension if the pensioner dies first.*

**10 Why does the company make things so difficult to get a disability pension when an employee is sick and will not be returning to work?**

*A. An employee must be permanently disabled in order to qualify for a disability pension. If the employee's medical information does not support a permanent disability, then a disability pension is not approved.*

**11 Can an employee taking his pension opt to get any A.V. in a lump sum payment and start his pension without having to first go on annual vacation?**

*A. No. All vacation must be taken prior to retirement.*

**12 Will the union be trying to improve our Health spending account for the new contract?**

*A. Speak to your union.*

**13 What "types" of leave of absences are you able to pay back i.e. sick, layoff?**

*A. Sick leave, WCB, union duties, parental leave, compassionate care leave and lay off with more than 20 years of service are considered pensionable leaves.*

**14 Do I need 30 years, or do I need 85 points at age 55 to get an unreduced pension, and what percentage would this amount to?**

*A. To qualify for an unreduced pension, a running trades employee needs 85 points and must be at least 55 years of age with 25 years of pensionable service. For example, an employee who is age 55 must have 30 years of pensionable service. If the employee is age 55 but only has 29 years of pensionable service, then that does not total 85 and the pension would be reduced. If the employee was age 61 with 24 years of pensionable service, although that totals 85 the employee does not have 25 years of pensionable service so the pension would be reduced.*

**15 Do I get my health spending account money in a lump sum each year?**

A. Each year, Claim Secure (who is the administrator) is advised of how much the health spending account is worth for each pensioner. A pensioner then makes a claim to Claim Secure for reimbursement of an expense. (Note: Running Trades employees who retire in Quebec prior to January 1, 2012 will be covered under Blue Cross and not the health spending account.)

**16 I have no missed days showing on my pension statement and it indicates that I have reached my 35 years and no longer have to contribute, does that mean that I am all paid up or could they find money owing when I apply for pension?**

A. Employees who reach the 35 year limit have their files reviewed to determine if there are any outstanding arrears. An employee who retires later on should not owe any further arrears (assuming any outstanding arrears have been paid at the retirement date). If employees have concerns about arrears at retirement, please contact Pension Services (1-888-511-7557 or email [pension@cpr.ca](mailto:pension@cpr.ca))

**17 How long after pension begins will you receive your first payment?**

A. Usually about 6 weeks. For example, an employee who retires October 1<sup>st</sup> will receive the first pension payment on November 15<sup>th</sup>. That pension payment will cover the month of October. The next pension payment will be on November 30<sup>th</sup> covering the month of November. After that the pension payment is made on the last business day of each month.

**18 What deductions will be taken off my pension check?**

A. Income tax is the only deduction from a pension cheque. It should also be noted that pension can be garnished under certain circumstances.

**19 I'm a single parent, if I die before I retire, what will my estate receive?**

A. For employees who are single at the time of death, their estate receives the employee's contributions plus interest.

**20 I'm a single parent, if I die after I retire, what will my estate receive?**

A. The pension stops at death for a pensioner with no spouse. However, a calculation is done to determine whether the total of contributions plus interest at the time of retirement has been paid out in pension payments. If not, the remainder is paid to the estate.

**21 What is the pension formula and can you please explain how it works? (also, please explain all abbreviations)**

*A. Look at the attached insert which was issued after the last round of negotiations.*

**22 What is the yearly salary cap for a best consecutive 5 years?**

*A. That depends on the year you retire. For example, if you retire December 31, 2010 and your highest plan earnings equal \$129,500, then you have reached the cap.*

**23 My pension will be based on my best consecutive 5 years.....or...are there other options???**

*A. For a running trades employee, highest plan earnings are based on the last 60 months prior to retirement, or the best 5 consecutive years (January to December).*

**24 Can a person buy back any time they were laid off**

*A. No. There is no buy back for a running trades employee. However, it should be noted that if at the time of the lay off an employee had 20 or more years of service, then he is entitled to pay contributions for 12 months as that lay off is considered a pensionable leave.*

**25 Are the rates any different today for the Company collecting pension arrears then it would be in 10 years? e.g... If I owed the Company 1000 today, would that amount change such as interest?**

*A. At this time, interest is not charged to an employee who is in arrears.*

**26 If a person booked off sick and still made their miles how does the company track this? Is the employee expected to keep this information till they would retire? This could be easily 10+ years.**

*A. If an employee booked off sick after meeting his miles, no constructed earnings would be calculated for that mileage period. The information on mileage periods is available to Pension Services when it is required so an employee is not expected to keep this information for pension purposes.*

**27 What is the maximum Pension cap this year?**

*A. for 2010, the Canada Revenue Agency set the maximum pension cap at \$2,494 for each year of pensionable service.*

**28 Is the Union during negotiations going to try to improve pension escalation so that a Pensioner can better keep up to the cost of living? This alone would make people take their pensions sooner rather than later.**

*A. Speak to the union.*

**29 Scenario:**

**Bob and John were both born the same day of the same year. Both hire onto CP at 18 and hire on together. Bob works the yard and makes \$50,000/year for 30 years. John works the mainline and makes \$110,000/year for 30 years. They both work the mainline for their last 5 yrs and both earn \$110,000/year for their last 5 years. Both retire the same day with 37 years' service at 55. Will there pensions be any different?**

*A. A pension calculation for a running trades employee looks at earnings for the last 60 months prior to retirement or the best 5 consecutive years and applies the formula. If Bob and John had exactly the same data (age, pensionable service, retirement date, earnings including PIP) then the pension would be the same. The only difference may be if each of them had a spouse who is not the exact same age. In that case, the pension associated with the survivor options would differ.*