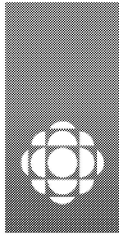




CBC PENSION PLAN AMENDMENTS (SCHEDULE B) – MINOR EDITS

TO:	Board of Directors Human Resources and Governance Committee
MEETING:	February 24-25, 2015
FROM:	Roula Zaarour, Vice-President, People and Culture
DECISION SOUGHT:	Approval of Bylaw Schedule B “CBC Pension Plan” amendments to: <ul style="list-style-type: none">• Remove the Assumed Pensionable Service for new members,• Reduce the Postponed Retirement Benefit, and• Some minor corrections.
NEXT STEPS:	<ul style="list-style-type: none">• Seek approval from the Minister of Canadian Heritage.• Communicate changes to Consultative Committee on Staff Benefits.• File amendments with Office of the Superintendent of Financial Institutions and Canada Revenue Agency.• Communicate changes to Plan members.
DATE:	February 10, 2015



CONTEXT

- We continuously review the terms of the CBC Pension Plan (the Plan) to ensure they reflect current market practices, legislative changes, etc.
- 1. Assumed Pensionable Service** should be removed for new members:
 - When a Plan member who has less than 15 years of pensionable service dies or becomes totally and permanently disabled, the Plan currently assumes they have 15 years of pensionable service for the calculation of the benefit.
 - Increases the total annual current service cost for a low frequency event:
 - At enrolment in Plan, cost of benefit is fully accounted for in Plan liabilities.
 - Complex administration regardless of number of cases.
 - 16 cases still receive this benefit and no new cases in the past 2 years.
 - Outdated provision
 - The financial impact on the surviving spouse is often now reduced:
 - Two-earner families are common.
 - Generous basic life insurance paid by CBC/Radio-Canada.
 - Plan members are covered by the Long Term Disability (LTD) plan offered by CBC/Radio-Canada.



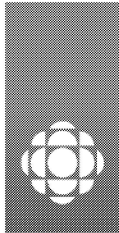
CONTEXT (CONT'D)

2. Postponed retirement benefit should be reduced:

- The CBC Pension Plan is somewhat integrated with Canada Pension Plan (CPP) and Québec Pension Plan (QPP).
 - This means that the Plan and CPP/QPP provide a pension based on a **combined** accrual rate of 2% per year of service based on:
 - 1.3% of the average pensionable earnings up to the average YMPE^{1,2}
 - plus
 - 2.0% of the average pensionable earnings above the average YMPE
- **Before 2012**, employee contributions to CPP after age 65 **were not permitted** if the employee was receiving a CPP pension.
 - In order to maintain the full 2% combined accrual rate after age 65, the Plan was therefore providing an enhanced benefit and the employee paid higher contributions.

¹ YMPE is the Yearly Maximum Pensionable Earnings covered under the CPP/QPP.

² Plus 0.7% gives a combined accrual rate of 2.0% up to the average YMPE. This 0.7% up to the average YMPE approximates the amount of CPP/QPP benefit the employee earned while in the Plan.



CONTEXT (CONT'D)

s.18(a)
s.18(b)
s.21(1)(b)

2. **Postponed Retirement Benefit** should be reduced: (cont'd)

- **As of 2012**, CPP rules were modified, making employee contributions optional after age 65 if the employee is receiving a CPP pension. However, QPP still requires employee contributions after age 65.

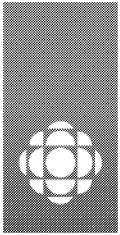
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KEY DECISION ELEMENTS

- Approvals required:
 1. Remove the **Assumed Pensionable Service** for employees who enrol in the Plan after February 28, 2015.
 2. Reduce the **Postponed Retirement Benefit** effective January 1, 2016, so that employees covered under CPP, who are aged 65 and over, can no longer accrue a pension at a full 2% under the CBC Pension Plan. The pension will be computed on the basic formula of 1.3% / 2%.
 3. Make minor changes, by replacing the word “hundred” with “hundredths”, as illustrated in point 5 of Appendix 1.



KEY BENEFITS, IMPACTS & RISKS

1. Removal of the **Assumed Pensionable Service** for new members:

■ Benefits:

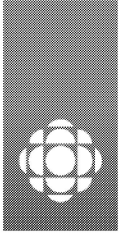
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■ Impacts/Risks:

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KEY BENEFITS, IMPACTS & RISKS (CONT'D)

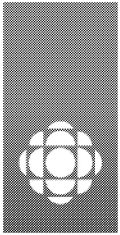
2. Reduction of the **Postponed Retirement Benefit**:

■ Benefits:

- More equitable for employees in Quebec vs. the rest of Canada.
-
- Reduces administration cost and simplifies administration.

■ Impacts/Risks:

- It's not retroactive: the accrual at 2% for prior service can't be taken away.



RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that, subject to Ministerial approval, Schedule B (CBC Pension Plan) of the Bylaws be amended as specified in Appendix 1.



APPENDIX 1 – AMENDMENTS

That Schedule B (CBC Pension Plan) of the Bylaws be amended as follows:

1. By adding, effective March 1, 2015, the following paragraph at the end of paragraph 2.1(d):

“Notwithstanding the foregoing, in the case of a Contributor whose Membership starts after February 28, 2015, the Contributor’s Assumed Pensionable Service shall be determined without taking into account the requirement provided in subparagraph (ii).”

2. By adding, effective March 1, 2015, the following paragraph at the end of paragraph 6.7(c):

“For greater certainty, this paragraph shall not apply in respect of a Contributor whose Membership starts after February 28, 2015.”



APPENDIX 1 – AMENDMENTS

3. By replacing, effective January 1, 2016, paragraph 4.1(f) with the following:

“Notwithstanding paragraphs 4.1(c) and (d), the rate of contributions set out in clause 4.1(c)(i)(B) or sub-clause 4.1(d)(i)(A)(2), 4.1(d)(ii)(A)(2) or 4.1(d)(iii)(A)(2) or the rate determined in accordance with ~~subparagraph~~ clause 4.1(d)(iv)(A) in respect of Salary exceeding the YMPE, as applicable, shall apply to the entire Salary during any period, preceding January 1, 2016, in which the Contributor does not elect to or is not permitted to make contributions under the Public Pension Plan by reason of age.”

4. By replacing, effective January 1, 2016, the first paragraph of paragraph 6.6(b) with the following:

“Notwithstanding subsection 6.3, if, after reaching the Contributor’s Normal Retirement Date, a Contributor does not continue to make contributions to the Public Pension Plan, the annual amount of pension to which the Contributor shall become entitled with respect to Pensionable Service rendered after the Contributor’s Normal Retirement Date, but before January 1, 2016, during which the Contributor did not contribute to the Public Pension Plan shall be computed as two percent (2 %) of the Contributor’s Pensionable Salary Rate multiplied by the number of years of such Pensionable Service, subject to the limitation in subsection 6.4.”



APPENDIX 1 – AMENDMENTS (CONT'D)

5. By replacing the word “hundred” with “hundredths” in subparagraphs 4.1(d)(i) effective July 1, 2012, 4.1(d)(ii) effective July 1, 2013 and 4.1(d)(iii) effective July 1, 2014.