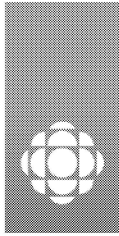


## BYLAW AMENDMENT - SCHEDULE B (CBC PENSION PLAN)

<b>TO:</b>	Board of Directors Human Resources and Governance Committee (HRGC)
<b>MEETING:</b>	June 17-18, 2014
<b>FROM:</b>	Roula Zaarour, Vice-President, People and Culture
<b>DECISION SOUGHT:</b>	Approval of Bylaw Schedule B “CBC Pension Plan” amendments
<b>NEXT STEPS:</b>	<ul style="list-style-type: none"><li>• Seek approval from the Minister of Canadian Heritage.</li><li>• File the plan amendments with Office of the Superintendent of Financial Institutions and Canada Revenue Agency.</li><li>• Communicate changes to plan members.</li></ul>
<b>DATE:</b>	June 6, 2014



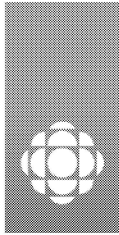
## CONTEXT

- The following amendments are being recommended for approval:
  1. Word correction in the Flexible component of the Plan
    - The current bridge benefit clause refers to “**General Service**” and the *Income Tax Regulations* requires this to be “**Pensionable Service**”.
    - Current administration does however align with legislation.
  2. Update leave provisions as required by law
    - The CBC Pension Plan text must be amended to reflect a new leave category:
      - *The Canada Labour Code* was amended effective June 9, 2013 introducing unpaid leave of absence, of up to 37 weeks, for the parent of a critically ill child in order to provide care and support to that child.
        - Employees who qualify will accumulate pensionable service during the leave, provided they pay the required employee contributions.
        - Since this Employment Insurance benefit was introduced in June 2013, CBC/Radio-Canada has received three employee requests of which only one was a member of the pension plan and eligible.
    - Given that legislation introducing new leave provisions occurs from time to time, an evergreen approach is recommended to eliminate the need to return for Board and Ministerial approval to include future mandatory leave introduced by law.



## CONTEXT (CONT'D)

3. Realign the employee contribution rates to maintain a 40% cost sharing
  - In 2012, the Board of Directors and the Minister of Canadian Heritage approved an increase of the employee share of pension contributions from 34% to 40% to be implemented over 2 years:
    - From 34% to 37% effective July 1, 2012;
    - And then to 40% effective July 1, 2013.
  - The CBC Pension Plan must be amended to reflect the required employee contribution rates, based on the latest actuarial valuation results, to maintain the current employee share at 40%.
    - New rates will become effective July 1, 2014 .
    - No increase to the employee share of pension contribution recommended until the current agreement with the unions on this matter expires on June 30, 2015.
    - The Corporation intends to comply with the government's request to achieve an employee share of 50% by 2017.



## KEY DECISION ELEMENTS

### ■ Approval required:

#### 1. Word correction in the Flexible component of the Plan:

- Effective retroactive to January 1, 1998, the term “General Service” will be replaced with “Pensionable Service” in the bridge benefit clause.

#### 2. Update leave provisions as required by law:

- Effective retroactive to June 9, 2013, the CBC Pension Plan to be amended to include:
  - authorized absence for a critically ill child; and
  - any other future leave required by a change in legislation.

#### 3. Realign the employee contribution rates to maintain a 40% cost sharing:

- Effective July 1, 2014, the employee pension contribution rates will be increased:
  - From the current: 6.19% for salary up to the YMPE<sup>1</sup> and 8.14% thereafter;
  - To: 6.25% for salary up to the YMPE and 8.22% thereafter.

<sup>1</sup> YMPE is the Yearly Maximum Pensionable Earnings covered under the C/QPP (\$52,500 for 2014).



## KEY BENEFITS, IMPACTS & RISKS

### 1. Word correction in the Flexible component of the Plan:

- Benefits:
  - Complies with *Income Tax Regulations* requirements.
  - Aligns with current administration practice.
- Impacts: None as already administered properly.
- Risks: None.

### 2. Update leave provisions as required by law:

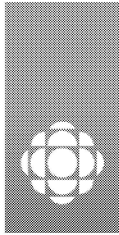
- Benefits: Complies with new legislation.
- Impacts:
  - Increased employer contributions required during the authorized absence however estimated to be minimal.
- Risks: If not implemented the Corporation would be non-compliant with legislation.



## KEY BENEFITS, IMPACTS & RISKS (CONT'D)

### 3. Realign the employee contribution rates to maintain a 40% cost sharing:

- Benefits:
  - Reduces cost to the plan sponsor.
- Impacts:
  - Employees will pay a slightly higher percentage for their 40% share of pension contributions.
- Risks: none.



## RESOLUTION

- The Human Resources and Governance Committee recommend to the Board of Directors that the proposed amendments to Schedule B (CBC Pension Plan) of the Bylaws (see Appendix 1) be approved subject to Ministerial approval.



## APPENDIX 1 – AMENDMENTS

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

1. Effective January 1, 1998,

(a) By replacing paragraph 16.6 (b)(ii)(B) with the following:

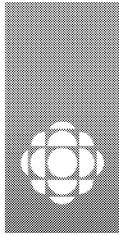
“(B) The maximum bridge benefit described in paragraph (i) above shall be reduced by the minimum amount required by the ITA, which is a proportional reduction in the case of a Contributor who has completed less than ten (10) years of ~~General~~ Pensionable Service at the pension commencement date, and a further reduction of  $\frac{1}{4}$  of 1 % for each month by which the pension commencement date precedes the date that the Contributor will attain age sixty (60);”

2. Effective June 9, 2013,

(a) By replacing paragraph 2.1 (qq)(i) with the following:

“(i) during any period of maternity leave, paternity leave, child care leave, adoption leave, critically ill child care leave and any other leave of absence for which the legislation applicable to the Contributor requires that benefits continue to accrue under the CBC Pension Plan as well as absence without pay for childcare purposes and compassionate care leave granted pursuant to the Corporation’s policy regarding the granting of such leaves, if such periods are included in the Contributor’s Pensionable Service according to the Corporation’s policy, provided in all cases that the Contributor elects to and does make any required contributions thereto as specified in the Corporation’s policy, the basic salary rate paid to the Contributor immediately before such leave begins, otherwise such leave shall be regarded as being a leave of absence without pay; and”





## APPENDIX 1 – AMENDMENTS (CONT'D)

### 3. Effective June 30, 2014

(a) By replacing paragraph 4.1(d)(ii) with the following:

“(ii) in respect of the period beginning July 1, 2013 and ending June 30, 2014:

(A) the sum of

- (1) six and nineteen hundred percent (6.19 %) in respect of Salary up to and including the YMPE, and
- (2) eight and fourteen hundred percent (8.14 %) in respect of Salary exceeding the YMPE,

(B) multiplied by the Full-Time Equivalent Rate of the Contributor for the given period.”

(b) By adding paragraph 4.1(d)(iii):

“(iii) in respect of the period beginning July 1, 2014:

(A) the sum of

- (1) six and twenty-five hundred percent (6.25 %) in respect of Salary up to and including the YMPE, and
- (2) eight and twenty-two hundred percent (8.22 %) in respect of Salary exceeding the YMPE,

(B) multiplied by the Full-Time Equivalent Rate of the Contributor for the given period.”

(c) By replacing 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), 4.1(d)(i)(A)(2), ~~or~~ 4.1(d)(ii)(A)(2) or 4.1(d)(iii)(A)(2), as applicable, shall apply to the entire Salary during any period in which the Contributor does not make contributions under the Public Pension Plan by reason of age.”