

## Bell DB Pension & Bell DC Pension and Bell Aliant DB Pension & Bell Aliant DC Pension\*

\*Based on Bell Pension Plan restated Nov 28, 2006 and Bell Aliant Defined Benefit Pension Plan Part U July 2006 and Bell Aliant Regional Communications Limited Partnership Defined Contribution Pension Plan August 2007 and Bell's employee communication.

|                  | Bell Pension  | Bell Aliant Pension   | Notes   |
|------------------|---|---|---|
| DB Benefit Rate  | <p>Based on Average (best 60 Consecutive months) Pensionable Earnings</p> <p>1% of earnings up to YMPE<br/>1.7% of earnings in excess of YMPE</p> | <p>Based on Best Average (60 Consecutive months) Pensionable Earnings</p> <p><u>After age 65</u></p> <p>1% of earnings up to YMPE<br/>1.5% of earnings in excess of YMPE on non-contributory service</p> <p>1.25% of earnings up to YMPE<br/>1.75% of earnings in excess of YMPE on contributory service</p>  |   |
| Early Retirement | <p>No early unreduced provision</p> <p>Reduction of ¼ of 1% for each month prior to age 65</p>  | <p><u>To age 65</u></p> <p>1.5% of earnings on non-contributory service</p> <p>1.75% of earnings on contributory service</p> <p>Plus supplement of \$50/year of service to age 65</p> <p>Unreduced Pensions</p> <ul style="list-style-type: none"> <li>• Age 60 &amp; 80 Points</li> <li>• Age 55 &amp; 85 points</li> <li>• Age 60 &amp; 15 years of age with consent</li> <li>• 55 &amp; 25 years with consent</li> <li>• 30 years with no supplement</li> </ul> <p>Reduced pension - Reduction of ½ of 1% for each month prior to age 65</p> | <p><b>Proposed Changes as per employer literature for Bell Aliant Members</b></p> <p>Unreduced - maintained</p> <ul style="list-style-type: none"> <li>• Age 60 &amp; 80 Points</li> <li>• Age 55 &amp; 85 points</li> </ul> <p>But</p> <p><b>Consent will no longer be automatic for:</b></p> <ul style="list-style-type: none"> <li>• Age 60 &amp; 15 years of age 55 &amp; 25 years with consent</li> <li>• 30 years with no supplement</li> </ul> |

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| Pension Indexing  | Before age 65 – limited to a maximum of 2%<br>After age 65 – 60% of the annual CPI increase to a maximum of 4%  | Before age 65 –2%<br>After age 65 - 2% or 50% of the year over year increase in the CPI (whichever is greater to annual maximum of 4%)   |  |
| DB Contributions  | None  | 2.5% employee contribution   |  |
| DB Benefit Examples<br><br>Note – these calculations are for comparison purposes only         | Based on enrolment in the plan and working 30 years and retiring at age 65 <ul style="list-style-type: none"> <li>Based on wage \$55,000 annual wage</li> </ul> Benefit: <ul style="list-style-type: none"> <li>\$55,000 x 1% (\$550.00) x 30 years = \$16,500 annual benefit</li> <li><b>Monthly benefit \$1,375</b></li> </ul> <i>*note – there are no employee contributions</i>   | Based on enrolment in the plan, working 30 years and retiring at age 65 <ul style="list-style-type: none"> <li>Based on \$55,000 annual wage</li> </ul> Contributions assuming member contributed for all years of credited service: <ul style="list-style-type: none"> <li>Contributions based on 2.5% (assuming income remains below YMPE)</li> <li>Annual employee contribution \$1,375 per year</li> <li>Total employee contributions over 30 years= \$41,250</li> </ul> Benefit: <ul style="list-style-type: none"> <li>\$55,000 x 1.25% (\$687.50) x 30 years = \$20,625 annual benefit</li> <li>Monthly benefit \$1,718.75</li> </ul> Therefore under the DB plan the employee’s contribution of \$1,375 per year translates into an annual pension of \$20,625 |  |
| DB Early Retirement Example<br><br>Note – these calculations are for comparison purposes only | Based on enrolment in the plan, working 30 years and retiring at age 60 <ul style="list-style-type: none"> <li>Based on \$55,000 annual wage</li> </ul> Benefit: <ul style="list-style-type: none"> <li>\$55,000 x 1% (\$550.00) x 30 years = \$16,500 annual benefit</li> </ul> Reduction of ¼ percent per month prior to age 65 or 15% <ul style="list-style-type: none"> <li>After reduction \$14,025 annual benefit</li> <li>Monthly benefit \$1,168</li> </ul> | Based on enrolment in the plan, working 30 years and retiring at age 60 <ul style="list-style-type: none"> <li>Based on \$55,000 annual wage</li> </ul> Contributions assuming member contributed for all years of credited service: <ul style="list-style-type: none"> <li>Contributions based on 2.5% (assuming income remains below YMPE)</li> <li>Annual employee contribution \$1,375 per year</li> <li>Total employee contributions over 30 years= \$41.250</li> </ul> Benefit:<br>To age 65 <ul style="list-style-type: none"> <li>\$55,000 x 1.75% (\$962.50) x 30 years = \$28,875 annual benefit</li> <li>Plus supplement of \$50 x 30 years = \$1,500</li> </ul>  |  |

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|   |   | <p>annual benefit</p> <ul style="list-style-type: none"> <li>Total annual benefit \$30,375</li> <li><b>Monthly benefit \$2,531</b></li> </ul> <p>After age 65</p> <ul style="list-style-type: none"> <li>\$55,000 x 1.25% (\$687.50) x 30 years = \$20,625 annual benefit</li> <li>Monthly benefit \$1,718.75</li> </ul>  |  |
| DC Contributions  | <p>Employee contributions 0%, 1% or 2%<br/> Employer 4% plus employer match up to 2%<br/> Minimum employer contribution 4%<br/> Maximum employer contribution 6%</p>  | <p>Employee contribution 6%<br/> Employer contribution 6%</p>   | <p>Proposed changes as per employer literature to the Bell Aliant DC plan effective July 1, 2016 include new investment, administrative and contribution options</p> |
| DC Benefit examples<br>Note – these calculations are for comparison purposes only | <p>DC Plan based on employee making the maximum contribution of 2% each year with a 6% employer contribution</p> <ul style="list-style-type: none"> <li>Annual wage \$55,000</li> </ul> <p>Contributions</p> <ul style="list-style-type: none"> <li>Annual employee contribution - \$1,100</li> <li>Annual employer contribution - \$3,300</li> <li>Total employee contribution - \$33,000</li> <li>Total employer contribution - \$99,000</li> </ul> <p>Benefits</p> <ul style="list-style-type: none"> <li>Balance in employees DC account after 30 years will be \$191,888 <ul style="list-style-type: none"> <li>Assuming a 4.5% annual rate of return with an investment fee of 1.5% pre-interest and \$50 admin fee</li> </ul> </li> <li>The \$191,888 will buy a life annuity of \$988 monthly or \$11,856 annually <ul style="list-style-type: none"> <li>Based on an annuity rate of \$515. monthly income per \$100,000 for a single 65 year old male (spring 2016) <ul style="list-style-type: none"> <li>Note annuity rates change very frequently</li> </ul> </li> </ul> </li> </ul> | <p>DC Plan based on the employee making a 6% contribution each year with a 6% employer contribution by the employer and working 30 years</p> <ul style="list-style-type: none"> <li>Annual wage \$55,000</li> </ul> <p>Contributions</p> <ul style="list-style-type: none"> <li>Annual employee contribution - \$3,300</li> <li>Annual employer contribution - \$3,300</li> <li>Total employee contribution - \$99,000</li> <li>Total employer contribution - \$99,000</li> </ul> <p>Benefits</p> <ul style="list-style-type: none"> <li>Balance in employees DC account after 30 years will be \$316,247 <ul style="list-style-type: none"> <li>Assuming a 4.5% annual rate of return with an investment fee of 1.5% pre-interest</li> </ul> </li> <li>The \$316,247 will buy a life annuity of \$1,628 monthly or \$19,544 annually <ul style="list-style-type: none"> <li>Based on an annuity rate of \$515 monthly income per \$100,000 for a single 65 year old male (spring 2016) <ul style="list-style-type: none"> <li>Note annuity rates change very frequently</li> </ul> </li> </ul> </li> </ul> |  |

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### **Important Bell Aliant language re Pension Text:**

- Note that in Bell Aliant DB Plan section 13.1 and 12.1 of the Bell Aliant DC Plan – Bell Aliant reserves the right to:
  - Revise the plan in whole or in part
  - Merge or consolidate all or part of the Pension Plan and Pension Trust Fund with compatible plans and related funds
  - Divide the Pension Plan and/or the Pension Trust into two or more separate pension or similar plans and related funds
  - To terminate the Pension Plan in whole or in part
- ❖ ***No revision should result in a reduction in the value of the benefits earned to the date of the revision based on a Member's Pensionable Service and Pensionable Earning to the date of the revision.***

### **Important Bell Aliant language re Contract Language:**

- Contract expires December 31, 2017 providing the opportunity to alter the language below.
  - Note that in Article 28
    - The Company commits not to diminish the level of benefit provided by the Bell Aliant pension plans during the life of the Agreement.
  - Appendix R
    - Reflects the agreed DB benefit levels etc.
    - Reflects the agreed upon DC contributions and employer pays management fees

### **Conclusion**

Based on the literature provided by the company they recognize the contract language restricting changes to the Pension Plan during the life of the contract. In addition it is apparent they recognize the language in each plan text reserving their right to make changes etc to the plans. It is possible this will be a negotiations issue. The Bell Aliant plans provide greater retirement benefits although some of these benefits are achieved by employee contributions. The early unreduced retirement provisions in the Bell Aliant DB plan are of significant benefit. Similarly, the Bell Aliant DC plan requires an employee contribution of 6% ensuring each member receives the 6% employer contribution which results in a greater capital accumulation