



Last updated April 23, 2021 (new or updated questions have been identified by ***)

FAQ – EARLY RETIREMENT INCENTIVE PROGRAM

PERSONAL INFORMATION

*****Q1. Where can I find estimates of my pension benefits under the Program? (Updated April 23)**

- A1. An eTool will be available in eHR Kiosk on May 3, 2021 at the latest. Information on how to access the eTool will be provided by email once it is ready. The eTool will provide you with the personalized pension information that you need to know to make an informed decision. This is also where you will need to apply for the Program.

ELIGIBILITY

*****Q2. I cannot find the eTool in eHR Kiosk, why? (Updated April 23)**

- A2. Only employees eligible under the Program will have access to the eTool once it becomes available. You are not eligible for the Program if:
- You participate in the Hybrid component of the pension plan;
 - You participate in the DB component of the pension plan but have less than 20 years of qualifying service;
 - You are an Aeroplan employee hired before December 5, 2019 and participate in the DB component of the pension plan but are not entitled to an immediate unreduced pension on or before August 1, 2021; or
 - You are already over age 65 on your retirement date.

If you fall into one or more of the above categories, you are not eligible to apply for the Program since it would not provide you with any additional benefits based on your qualifying service and/or continuous service with Air Canada.

Q3. If I am an Aeroplan employee hired before December 5, 2019 and participate in the DB component of the pension plan but I am not yet entitled to an unreduced pension, why am I not eligible for the Program?

- A3. Since the pension plan provisions applicable to you are already more generous than what we are offering through the Program, you are not eligible to apply.

Q4. If I am on paid or unpaid leave – can I still apply for the Program?

- A4. Yes, employees on paid and unpaid leaves are eligible to apply for the Program. This includes employees on layoff, on maternity leave or on disability leave.

Q5. When do I need to retire or leave to be eligible to the Program?

- A5. Your last day at work must be on May 31, 2021, June 30, 2021 or July 31, 2021. If you are eligible to retire, your retirement date will be the first day of the following month (e.g. June 1, 2021 for a termination date of May 31, 2021).

Q6. Why am I not entitled to pension improvements if I have less than 20 years of qualifying service and have not attained my EURD?

A6. Under the Program, employees not eligible for an immediate unreduced pension from the pension plan will receive an unreduced pension payable from the date they would have attained age 55 and 85 points (without accumulation of service) instead of an unreduced pension payable only from age 65 as under current plan rules. If you have less than 20 years of qualifying service, you will not benefit from this improvement since the date you would have attained age 55 and 85 points (without accumulation of service) is after the date you will turn age 65.

Q7. If I have a prior period of service in the Management & ATS employees pension plan, will the pension benefits payable from that plan be improved?

A7. No. The Management & ATS employees pension plan is not part of the Program and therefore, no improvement will be granted from that plan. If you have a period of service in that plan, current plan rules will apply for your Management & ATS period.

Q8. If I have a prior period of service in another unionized plan (except the Pilots plan), will the pension benefits payable from that plan be improved?

A8. Yes. The IAMAW, CUPE, Unifor and CALDA plans are all part of the Program and therefore, improvements will also be granted from those other plans. The eTool will provide you with the information for all of those plans you have participated in.

***** Q9. If I am currently on a leave eligible to be bought back, do I need to return to work to be able to buy it back? (New April 23)**

A9. Exceptionally, we will allow employees who have applied and have been approved to terminate their employment or retire under the Program to buy back their eligible leave of absence. If you wish to do so, you will need to advise HR Connex Pension (Alight) once you have been approved for the Program and they will prepare your buyback package. Note that you will need to send a cheque to cover the full cost of the buyback when you return your termination or retirement pension package back to Alight.

**PENSION PLAN IMPROVEMENTS – TEMPORARY PENSION
(APPLICABLE TO GROUP 1 EMPLOYEES ONLY)**

Q10. How is the temporary pension calculated?

A10. The monthly amount of your temporary pension is calculated based on the number of years of allowable service in the pension plan X \$400 / 12. You may refer to the following examples:

- **Example #1:** If you have 30 years of allowable service in the plan, your monthly temporary pension will be \$1,000.00 (= 30 X \$400 / 12) and will be paid from your retirement date until the first day of the month you reach age 65.
- **Example #2:** If you have 13 years of allowable service in pension plan A and 21 years of allowable service in pension plan B, your monthly temporary pension will be \$433.33 (= 13 X \$400 / 12) from pension plan A and \$700.00 (= 21 X \$400 / 12) from pension plan B. Both temporary pensions will be paid from your retirement date until the first day of the month in which you reach age 65. Note that this example assumes that plan A and plan B are not the Pilots pension plan nor the Management & ATS employees pension plan but rather one of the following plans: CUPE, Unifor, IAMAW or CALDA.
- **Example #3:** If you have 13 years of allowable service in pension plan A and 21 years of allowable service in the Management & ATS employees pension plan, your monthly temporary pension will be \$433.33 (= 13 X \$400 / 12) from pension plan A and will be paid from your retirement date until the first day of the month in which you reach age 65. There will not be any temporary pension payable from the Management & ATS employees pension plan since current plan rules apply to the Management & ATS employees pension plan and the Pilots pension plan.



Q11. Will I still receive my regular monthly pension from the pension plan? Is this monthly temporary pension payable in addition to my regular monthly pension?

A11. Yes. The temporary pension is payable in monthly installments until the first day of the month in which you reach age 65 and is in addition to your regular monthly pension.

Q12. If I am age 55, will I receive the temporary pension for a longer period than if I am age 63, for example?

A12. Yes. The start date of your temporary pension is your retirement date and it is payable until the first day of the month in which you reach age 65. In this example, you would receive your temporary pension for 10 years (from age 55) versus 2 years (from age 63).

Q13. Why am I not eligible for a temporary pension if I am more than 65 years old?

A13. The primary objective of a temporary pension is to provide a higher retirement income until age 65, at which time, government benefits normally start to be payable. Due to limitations imposed by the Income Tax Act, a temporary pension cannot be paid after age 65.

Q14. What happens to my temporary pension if I die before age 65?

A14. Remaining temporary pension payments (i.e. the monthly temporary pension payments until the first day of the month in which you would have reached age 65) will be paid in a lump sum to your eligible spouse, or your estate if you do not have an eligible spouse.

***** Q15. Under the current pension rules, I am entitled to the *Higher to age 65 pension payment option*. Will I still be eligible to this payment option if I receive a temporary pension? (New April 23)**

A15. Yes. The payment of the temporary pension has no impact on the payment options being offered at retirement for your regular pension.

PENSION PLAN IMPROVEMENTS - UNREDUCED PENSION FROM 55/85 (APPLICABLE TO GROUP 2 EMPLOYEES ONLY)

Q16. What are my pension options if I leave under the Program?

A16. If you leave under the Program, on the date of your termination of employment or retirement, you will have the option to receive either an immediate pension, a deferred pension or a lump sum, all depending on your age and qualifying service. An unreduced pension will be payable from the date you would have attained age 55 and 85 points (without accumulation of service). A reduced pension may be payable at an earlier date depending on your age and qualifying service. If you are less than age 55 at the time of your retirement or termination of employment, you will also have the option to receive the value of your pension as a lump sum payment.

The eTool, once available, will provide you with the options available to you and the associated payment dates and amounts.

Q17. What does "without an accumulation of service" mean?

A17. Your years of qualifying service will be frozen on your date of termination of employment or retirement. There will be no further accumulation of qualifying service beyond that date. As such, when determining the date in the future when you will attain 85 points, only your age continues to accumulate.

Q18. Can you provide examples of the pension improvements?

A18. **Example #1:** If you are age 53 with 28 years of qualifying service on June 1, 2021, you have a total of 81 points. You will attain both age 55 and 85 points on the first of the month following your 57th birthday, i.e. when you will have 85 points (57+28=85).

Since you are within 10 years of that date, you can elect to receive an immediate pension, reduced for early retirement, from the first of the month following your 57th birthday (instead of from age 65 under current plan rules). Your pension will therefore be reduced by approximately 16%, while it would have been reduced by approximately 44% under the current plan rules.



Based on a salary of \$60,000, you would be entitled to one of the following options (figures are for illustration purposes only):

Option 1 - Immediate Reduced Pension		Option 2 - Deferred Pension		Option 3 - Lump Sum		
Payable from	Monthly Pension	Payable from	Monthly Pension	Locked-in	Non Locked-in	Total
June 1, 2021	\$2,240	July 1, 2025	\$2,660	\$320,000	\$305,000	\$625,000

Example #2: If you are age 45 with 24 years of qualifying service on June 1, 2021, you have a total of 69 points. You will attain both age 55 and 85 points on the first of the month following your 61st birthday, i.e. when you will have 85 points (61+24=85). You can elect to receive an unreduced pension from that date (the first of the month following your 61st birthday), or to receive it 10 years early, i.e. from the first of the month following your 51st birthday, but reduced by approximately 40%. Under current plan rules, you would be entitled to an unreduced pension payable from the first of the month following your 65th birthday, so 4 years later.

Based on a salary of \$60,000, you would be entitled to one of the following options (figures are for illustration purposes only):

Option 1 - Immediate Reduced Pension		Option 2 - Deferred Pension		Option 3 - Lump Sum		
Payable from	Monthly Pension	Payable from	Monthly Pension	Locked-in	Non Locked-in	Total
n/a	n/a	July 1, 2037	\$2,280	\$245,000	\$90,000	\$335,000

Q19. Will my pension amount change when I reach the date on which I will have attained age 55 and 85 points (without accumulation of service)?

A19. No. If you elect to start receiving your pension before the date on which you will have attained age 55 and 85 points (without accumulation of service), it will be reduced to take into account the longer period of payment. However, the monthly amount of your pension will remain the same for your lifetime, even after you reach the date on which you will have attained age 55 and 85 points (without accumulation of service).

Q20. When will I be eligible to an unreduced pension if I don't leave under the Program?

A20. You will be eligible to retire with an unreduced pension when you are age 55 and have 85 points. You may refer to your 2019 annual pension statement to find that date, but keep in mind that the date reflected on your 2019 annual statement is based on your employment status on December 31, 2019. As such, if you have periods of layoff after December 31, 2019, that date may be postponed. We invite you to produce pension estimates if needed on the projector tool available on HR Connex Pension to determine when that date will be. Please note that the projector tool takes into account your current employment status to determine that date.

APPLICATION PROCESS

*****Q21. Where and until when can I apply for the Program? (Updated April 23)**

A21. You will have until the end of the day on May 14, 2021 to apply for the Program through the eTool that will become available in eHR Kiosk at the latest on May 3, 2021. We will provide more instructions on the application process once the eTool is available.

*****Q22. When will I know if my application has been approved? (Updated April 23)**

A22. On May 15, 2021, the Company will look at the list of all the employees who have applied for the Program and will determine if all employees will be accepted. You will be notified of the Company's decision by email on or before May 21, 2021 and the details on the next steps will be provided to you at that time.



***** Q23. Once the eTool is ready, what information may I expect to see? (New April 23)**

A23. The eTool will show which group you belong to (group 1 or group 2). It will also show all the estimated pension benefits you are entitled to for each of the pension plans you participated in, both under the current rules and under the Program.

If you are in group 1, it will show the estimated temporary pension payable under the Program, along with the estimated regular pension.

If you are in group 2, it will show the various options you will be entitled to (immediate pension, deferred pension or lump sum payment) depending on your age and qualifying service, with estimated amounts under the current rules and the Program.

Until then, such information will not be provided over the phone by HR Connex Pension (Alight) or ECT.

BENEFITS

***** Q24. Am I eligible for post-retirement benefits? (New April 23)**

A24. To be eligible, you must be hired prior to May 1, 2014 and meet the following criteria:

- 25 years of continuous service – this means continuous employment with the Company since your last date of hire; or
- Factor 80 (age plus continuous service); or
- Age 65.

Note: Aeroplan employees hired on or after May 1, 2019 are not eligible to receive post-retirement benefits.

***** Q25. If I am eligible for post-retirement benefits, what will I be entitled to? (New April 23)**

A25. As a retiree, you will have the choice between the Basic Health Plan (BHP) and the Voluntary Supplemental Health Plan (VSHP). The BHP provides essential medical coverage, while the VSHP includes some enhanced benefits and includes a small dental component. A complete description of all eligible provisions and benefit information related to Retiree Group Health Plans is available on HR Connex under *Policies & Forms > My Benefits > Retiree Benefits*. In addition, these will be outlined in your Benefits Retirement package.

TRAVEL

***** Q26. What is the difference between retiring under the Program and a regular retirement? (New April 23)**

A26. If you have reached 25 years of continuous service or Factor 80 or 65 years old with 10 years of continuous service, you would normally qualify for the lifetime retiree travel privileges and get the same pass privileges as under the Program, except for the mitigation pass (PJ5/J00), positive space pass. This pass is given to you if you retire or leave under the Program and is valid for you and a companion of your choice. All travel on this pass must be completed by December 31, 2022.

***** Q27. What if I leave under the Program but I don't have 25 years of continuous service, factor 80 or 65 years old and 10 years of continuous service? (New April 23)**

A27. If you leave the Company but don't meet one of the three (3) criteria to qualify for the lifetime retiree travel privileges, you will normally not retain any travel privileges. With this Program, you are being offered two (2) C3/Y passes per completed year of continuous service to a maximum of 20 for you, your spouse and your eligible dependents (if applicable), to be used during your lifetime. In addition, you will temporarily retain any of the C1/J types of pass privileges (Holiday, Thank You etc.), that were on your profile at time of termination of employment. These passes must be used by December 31, 2022. You will also retain the Reunion Pass PY2/J01 which must be used by December 31, 2022.



QUESTIONS

*** Q28. Who should I contact if I have any questions on the Program? (Updated April 23)

A28. As mentioned above, please do not contact ECT or HR Connex Pension (Alight) to know to which group (1 or 2) you belong to or to obtain any personalized pension estimates. If you are eligible under group 1 or 2, this information will be shared with you through the eTool at the latest on May 3 and you will still have 11 days, until May 14, to make a decision based on that information.

For any other pension related questions, you may contact HR Connex Pension (Alight). For any non-pension related questions, you may contact the Air Canada Employee Care Team (ECT). They can both be reached at 1-833-847-3675. For Alight, after you have selected your preferred language and the type of employee you are (i.e. active or on layoff), press 3 for "Pension Plans", then 1 for "Alight".

This FAQ can be found in HR Connex under the COVID-19 Mitigations Banner and will be updated over time if further common questions arise.

