



August 24, 2018

**To: Current members, retirees and beneficiaries of the Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan (the Plan)**

**From: Surplus Implementation Committee**

**Subj: Remaining surplus distribution pursuant to settlement in Queen's Bench File No. CI 99-01-14589**

As a current active member, retiree or beneficiary of the Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan, you are entitled to a share of the remaining surplus distribution as part of the Pension Plan Surplus and Implementation Agreement (the Implementation Agreement), which was approved by the Final Order of the Court in 2014 (the Final Order).

The distribution of Individual Surplus Allocation entitlements under the Court-approved Implementation Agreement concluded in February 2017. Following this, it was determined that approximately \$1.3 million of the \$140 million earmarked for distribution had not been claimed.

As outlined in the Implementation Agreement, the Surplus Implementation Committee is responsible for approving the use of the remaining funds within the legal and regulatory guidelines of the Plan.

In accordance with the Implementation Agreement and Final Order, on June 19, 2018, the Committee approved a plan to distribute the remaining surplus in equal payments amongst current members, including active members, deferred vested members, retirees and beneficiaries on record as of June 19, 2018.

Details of the plan are as follows:

Member type	Amount	Payment date
Active employee member	\$230.00	Upon receipt of first pension or termination payment
Deferred vested member	\$230.00	Upon receipt of first pension or termination payment
Retiree	\$230.00	On August 30, 2018 pension payment date
Beneficiary in receipt of pension	\$230.00*	On August 30, 2018 pension payment date

\*or proportional share where there are multiple beneficiaries in receipt of a beneficiary pension

For additional details regarding the Implementation Agreement, please refer to the settlement documents and reference material found on the MTS Plan website at [www.mtspensionplan.ca](http://www.mtspensionplan.ca).

For questions on the current plan for distribution of the remaining surplus, refer to the attached Q&A document.

## Questions and answers

### **1. What is the Surplus Implementation Committee?**

The Surplus Implementation Committee is a Committee that was formed subsequent to the Supreme Court decision, pursuant to the Implementation Agreement, to find the best way to implement the decision of the Supreme Court and the trial judgment in a manner that is compliant with the Court's directions, the legislation governing pension plans, and with Canada Revenue Agency rules. The Committee includes representatives from TEAM, IBEW, Unifor, Plan retirees, and the company, and works in consultation with independent experts (actuary, legal, etc.) as required.

### **2. What is the remaining surplus?**

Under the Implementation Agreement, a surplus in the amount of approximately \$140 million was available for distribution. Of this amount, eligible located members were allocated and paid their proportionate share of the surplus. A portion of the surplus continues to be held in trust for unlocated vested members. Per the Implementation Agreement, any claims on account of undistributed surplus by exited members (including deceased and cashed-out members) who were unlocated as of the February 2017 claim deadline are extinguished, and such members are not entitled to any surplus as per the Implementation Agreement and Final Order. The remaining surplus is the balance of the surplus that was undistributable (approximately 1%), which is to be distributed in accordance with the direction of the Surplus Implementation Committee.

### **3. Why is the remaining surplus being distributed?**

Following the surplus distribution implementation and final confirmation of the remaining surplus, the Surplus Implementation Committee explored options and agreed that the best course of action was to distribute the remaining surplus to current members of the Plan. As the remaining surplus funds are in the Plan, there are limited options that comply with pension legislation and CRA rules.

### **4. I am an active member of the Plan. Why do I have to wait to receive my payment?**

Federal pension legislation does not permit payments from the Plan to active members.

### **5. Will my payment increase with interest if I don't retire right away?**

No. The remaining surplus is a defined amount, and in order to bring closure to the process the payment is set at a fixed amount for those eligible to receive a payment.

### **6. Will members that received a payment from the initial surplus distribution automatically receive a remaining surplus distribution?**

No. In order to avoid undue administration costs, and to bring closure to the process, the recipient group for the remaining surplus distribution has been defined as current members of the Plan, which includes active members, deferred vested members, retirees and beneficiaries in receipt of pension as of **June 19, 2018**. A former member who received a termination payment from the plan or died prior to this date is not eligible for a remaining surplus distribution payment.

**7. Why doesn't a member who transferred their pension out of the plan or a deceased member receive a remaining surplus distribution?**

In order to avoid undue administration costs, eligible recipients of the remaining distribution were defined as current members as of June 19, 2018. Deceased members or those who transferred their pension out of the Plan are former members of the Plan and therefore not eligible.

**8. I am a joint beneficiary. Do we both (all) receive a \$230 payment?**

No. In this instance the \$230.00 payment will be divided among the beneficiaries currently receiving pension payments.

**9. Will there be tax deducted from my remaining surplus distribution payment?**

Yes. As a lump sum payment 10% tax will be withheld. You will be issued a T4A as required for tax reporting.

**10. Will this be the last payment?**

Yes. As detailed in paragraph 28 of the Implementation Agreement, upon delivery of a final reconciliation and agreement by the parties, the company will file a Certificate of Completion with the Court certifying that the parties have completed the payment of the Surplus as contemplated by the Trial Judgment and have carried out all remaining transactions contemplated by the Implementation Agreement.

**11. I have additional questions. Who can I contact?**

Questions may be directed to the MTS Pension Plan inbox at [mtspensionplan@bellmts.ca](mailto:mtspensionplan@bellmts.ca).