

TEAM Pay and Benefits Committee Report

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March 6, 2011

Health and Insurance Plans

- **Employee and Dependent Life Insurance:** In 2010 the plan's claims experience exceeded premiums by 35% for employees and by 52% for dependents. As a result, premiums will increase by 20%. This increase is the first since 2005 for the Employee Life Plan and year 2000 for the Dependent Life Plan.

Example Premium Change:

For an employee earning \$50,000 per year with four times coverage (i.e. \$200,000) the bi-weekly premium will increase by \$2.48; the company's cost will increase by \$0.94.

The chart on the next page shows the old and new rates.

MTS DB Pension Plan

- **Pension Committee Meeting**
 - The Committee meeting was held November 30, 2010; see attached report.
 - The Company has not yet provided the minutes of the meeting.
- **Pension Lawsuit**
 - Appeal Status: The appeal hearing was held December 13th – 15th, 2010. No decision has been rendered at this time. Decisions on cases of this complexity have been known to take up to a year.
 - Quantification of Judgment (\$100M or \$90M?): The hearing was originally scheduled for March 21st, however, in light of the pending appeal decision, justice Bryk felt that it would be best to postpone the hearing until after the appeal court had rendered its decision.

MTS DC Pension Plan

- **Pension Committee Meeting**
 - The Committee meeting was held November 30, 2010; see attached report.
 - The Company has not yet provided the minutes of the meeting.

Other Pension Matters

- On March 2nd the Winnipeg Leadership Assembly held a meeting to discuss the protection and expansion of the Canada Pension Plan (CCP). Dee Gillies, Stephen Gillies, and I attended. The meeting was educational, and we gained a better appreciation of the CPP and how it matters to our members and their retirement.

Group Life Insurance Premium Rate Changes Effective February 11, 2011

Employee Life Premium Rates / \$1,000 Coverage

| | Effective May 1, 2005 | Effective February 11, 2011 |
|---|-----------------------|-----------------------------|
| Employee Contributions for the first 4 multiples | \$.0626/\$1,000 | \$.0751/\$1,000 |
| Employer Contributions for the first 4 multiples | \$.0237/\$1,000 | \$.0284/\$1,000 |
| Employee Contributions for the 5 th multiple | \$.0863/\$1,000 | \$.1036/\$1,000 |

Example:

| Class | Annual Salary | Bi-Weekly Contribution Effective May 1, 2005 | Bi-Weekly Contribution Effective February 11, 2011 |
|-------|----------------------------------|--|--|
| 1 | \$30,000 \$50,000 \$80,000 | 30 X \$.0626 X 1 = \$1.88 50 X \$.0626 X 1 = \$3.13 80 X \$.0626 X 1 = \$5.01 | 30 X \$.0751 X 1 = \$2.25 50 X \$.0751 X 1 = \$3.75 80 X \$.0751 X 1 = \$6.01 |
| 2 | \$30,000 \$50,000 \$80,000 | 30 X \$.0626 X 2 = \$3.76 50 X \$.0626 X 2 = \$6.26 80 X \$.0626 X 2 = \$10.02 | 30 X \$.0751 X 2 = \$4.50 50 X \$.0751 X 2 = \$7.50 80 X \$.0751 X 2 = \$12.02 |
| 3 | \$30,000 \$50,000 \$80,000 | 30 X \$.0626 X 3 = \$5.63 50 X \$.0626 X 3 = \$9.39 80 X \$.0626 X 3 = \$15.02 | 30 X \$.0751 X 3 = \$6.75 50 X \$.0751 X 3 = \$11.25 80 X \$.0751 X 3 = \$18.03 |
| 4 | \$30,000 \$50,000 \$80,000 | 30 X \$.0626 X 4 = \$7.51 50 X \$.0626 X 4 = \$12.52 80 X \$.0626 X 4 = \$20.03 | 30 X \$.0751 X 4 = \$9.00 50 X \$.0751 X 4 = \$15.00 80 X \$.0751 X 4 = \$24.04 |
| 5 | \$30,000 \$50,000 \$80,000 | (30 X \$.0626 X 4) = \$7.51 + (30 X \$.0863 X 1) = \$10.10 (50 X \$.0626 X 4) = \$12.52 + (50 X \$.0863 X 1) = \$16.83 (80 X \$.0626 X 4) = \$20.03 + (80 X \$.0863 X 1) = \$26.92 | (30 X \$.0751 X 4) = \$9.00 + (30 X \$.1036 X 1) = \$13.21 (50 X \$.0751 X 4) = \$15.00 + (50 X \$.1036 X 1) = \$20.08 (80 X \$.0751 X 4) = \$24.04 + (80 X \$.1036 X 1) = \$32.33 |

Dependent Insurance Premium Rates / Coverage

| Number of Units | Effective January 1, 2000 | | Effective February 11, 2011 | | Coverage | |
|-----------------|---------------------------|-----------------|-----------------------------|-----------------|----------|----------|
| | Bi-Weekly Premium | Monthly Premium | Bi-Weekly Premium | Monthly Premium | Spouse | Child |
| 4 | \$5.16 | \$11.18 | \$6.20 | \$13.42 | \$60,000 | \$12,000 |
| 3 | \$3.87 | \$8.38 | \$4.65 | \$10.06 | \$45,000 | \$9,000 |
| 2 | \$2.58 | \$5.59 | \$3.10 | \$6.71 | \$30,000 | \$6,000 |
| 1 | \$1.29 | \$2.79 | \$1.55 | \$3.35 | \$15,000 | \$3,000 |