

Corrected Q&A

23. *What does it mean for surplus to be allocated to members proportionally based on the value of their benefits under the Plan?*

An example will help to illustrate this concept. The example uses the Integration PWU, but the numbers used below are not the actual numbers – they are for illustration purposes only.

An actuarial document, called a partial wind-up report, must be prepared for the Integration PWU and filed with the pension regulator. It shows the value of the pension benefits earned under the Plan by the members included in the Integration PWU, as at the date of the partial wind-up (the value of pension benefits is sometimes referred to as the pension plan’s “liabilities” related to the members in question).

In this hypothetical example, the total value of all the pension benefits earned by all members included in the Integration PWU is \$2,000,000. Also, “Mary,” one of the members included in the Integration PWU, is entitled to pension benefits under the Plan valued at \$10,000.

Finally, in this hypothetical example, the surplus attributable to the Integration PWU, after expenses, is \$1,000,000.

As described in this information package, Partial Wind-Up surplus is to be split as follows:

- i 30.34% will be paid to Canada Life.
- i 12.44% will be paid to the members of the Non-PWU Group.
- i 57.22% will be paid to the members of the PWU Group.

57.22% of \$1,000,000 is \$572,200, and therefore the group of members included in the Integration PWU will share \$572,200. Since Mary is included in the Integration PWU, she is a member of the PWU Group, and therefore she will share in the \$572,200 that is payable to that group.

Mary’s share of that amount is calculated as follows: In this example, the value of the pension benefits she earned under the Plan, as at the date of the Integration PWU, is \$10,000. Since the total value of all pension benefits earned by members affected by the Integration PWU is \$2,000,000, the value of Mary’s pension benefits represents 0.5% of the total (\$10,000 divided by \$2,000,000 equals 0.5%).

Therefore, Mary will receive 0.5% of the \$572,200 surplus to be shared by the group of members affected by the Integration PWU. The result of that calculation is \$2,861. That is the amount of surplus that Mary will receive, if the Settlement Proposal proceeds.