



AFTER
the
URPLUS

Association **F**or **T**he **E**quitable **R**ecovery
of the

National Trust Pension SURPLUS

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FOR IMMEDIATE RELEASE

SCOTIABANK “HOLDS UP” PENSIONERS

SCOTIABANK STILL WITHHOLDS \$160 MILLION IN PENSION FUNDS

A “David and Goliath” Battle for Fairness

Bank Fights Payout in Court

Vancouver, BC - March 1, 2002 – Approximately 4,000 pensioners and employees of the former National Trust Company continue to wait for a fair and equitable response from The Bank of Nova Scotia (Scotiabank) on their \$160 million Pension Plan surplus that is being withheld by Scotiabank.

For the past three years, The **Association For The Equitable Recovery** of the National Trust Pension Surplus (**AFTER**) has attempted to negotiate with the Bank, but to no avail. In June 1997, Scotiabank announced that the bank would acquire the 140 year old National Trust Company, employment was jeopardized with over 1,000 leaving or were forced to leave their jobs. Scotia had publicly stated that employees would be treated with fairness, respect and dignity with the majority of job losses through natural attrition.

Many departing employees had extensive years of service with National Trust and were at an age where finding suitable re-employment was not probable. Numerous employees were forced to take early retirement thereby relying solely on a reduced National Trust pension since they were unable to receive Canada Pension Plan benefits until some years into the future.

AFTER spokesperson, Robert Smallhorn, says “our group strongly believes that pension plans are **trusts** created solely for the benefit of employees and should not to be used by corporations as profit centres or bonus schemes for their executives. If both employer and employees pay into a plan, one could argue that any plan surplus should be shared by both”, he stated. The employee group points out that the employer has taken a contribution holiday since 1985. This non-payment is now estimated to have saved the company \$75 million over this 17-year period. The current surplus is mainly the result of non-unionized employees’ bi-weekly payroll contributions to Plan over many years.

AFTER has been pressing Scotiabank to commence negotiations in good faith towards an early settlement of this long-outstanding matter. Unlike former employees of Royal Trust, who have

instituted a \$150 million class action lawsuit against Royal Bank of Canada for their pension surplus, **AFTER** has elected to attempt to negotiate with Scotiabank and, to date, its offers to do so has been rejected by the Bank. Coincidentally, former Montreal Trust employees are in a similar battle with Scotiabank.

Scotiabank has taken the stance that it is Bank policy not to negotiate while a matter is before the Court. They are referring to an ongoing case between another large employer, Monsanto, in its fight with a group of their former employees. Both **AFTER** and Scotiabank have intervenor status in that case, but **AFTER** says there is absolutely nothing preventing the Bank from being proactive and taking the initiative to deal with the matter now. **AFTER** believes that the Bank is simply hiding behind the other case, meanwhile benefiting from the over-funded Plan.

Representatives of **AFTER**, who are also Scotiabank shareholders, will travel to Vancouver for Scotiabank's Annual Shareholders' Meeting on Tuesday, March 5, 2002. They also raised their case at the Bank's previous AGM's held in Calgary and Halifax, and are losing patience at the Bank's unwillingness to negotiate a fair and equitable resolution. "Unfortunately, upwards of 35 National Trust pensioners can be expected to die each year and their lives could have been improved somewhat had they received what is rightfully theirs", Smallhorn said.

Two years ago, **AFTER** was assured by Bank Chairman and Chief Executive Officer, Peter C. Godsoe of fair treatment. He stated "we've acquired many companies over many years and we (the Bank) always are and will treat people fairly, responsibly, and openly ... we stand for that ... we're committed to being fair, and we will be ... we always have been".

Ed O'Brien, a former long-term employee and current pensioner questions "when". He reiterated "through stalling tactics and refusing to negotiate, the Bank is the big winner and continues to boost its profits on the backs of these pensioners and employees. In the end, there is only one loser, the average employee who has given years of service".

"Even now, Scotiabank is doing all it can to keep the surplus monies. The Bank, which maintains unilateral control of the Pension Plan for Former Employees of National Trust, recently changed the rules of its Plan for those National Trust employees retained under the take-over. It is using the surplus generated by previous employee contributions to fund future entitlements of over 700 new entrants and some 1,400 of those retained staff no longer contributing to the Plan. This change is simply unfair and inequitable, and will seriously drain the surplus which should be used only for the benefit of those who did contribute," said Smallhorn.

AFTER plans to attend to again raise the issue at this year's Annual Shareholders' Meeting and appeal to Scotiabank that it meet its commitment to treat this group fairly, responsibly, and openly ... and without further stalling.

It is unfathomable that Scotiabank would actively target wealthy clients such as retirees while treating its own retirees with such disdain. The Bank seeks to capture an off-balance sheet wind-fall (practice used by Enron accounting) by retaining the \$160 million pension fund surplus which rightfully belongs to that group whose members' pensions average only \$160.00 per

week. In stark contrast, the Bank's top four executives would draw over \$100,000.00 in weekly pension if they were to retire today.

For further information, please refer to www.koskieminsky.com/nattrust/index.htm or call **AFTER** toll free at 1-800-451-3225 or by mail:

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Web site (www.koskieminsky.com) provides full chronology and informational details.