



2023 Semi-Annual Pionairs Conference

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October 19, 2023
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Agenda

- How to access Alight's website (HR Connex Pension)
- Add your mobile phone number in HR Connex
- Canadian DB Pension Plans
 - Annual pension statement
 - Pensioner audit
 - Investment performance
 - Actuarial valuation results
 - Repurpose of 2009 Share Trust
- U.S. DB Pension Plan: Actuarial valuation results
- U.K. DB Pension Scheme: Update on buy-in / buy-out



How to access Alight's website

- Canadian and U.S. pension plans are administered by a third-party:
 - **Alight**
(previously called HR Connex Pension)
- Alight's website contains useful documents and information related to your pension plan
- If you chose to receive electronic communications, they will be posted in your **secure mailbox** on Alight's website
- Alight's website can be accessed through HR Connex:
 - Click on **DB Pension Plan (Alight)**
(under Pay & Pension)

The screenshot shows the HR Connex website interface. At the top, there is a navigation bar with 'Home' and 'Fran' on the right, and 'Contact U' on the far right. Below this is a secondary navigation bar with 'Retirement', 'HR COE Tickets', 'Policies & Forms', and an unlabeled section. The main content area is divided into several sections:

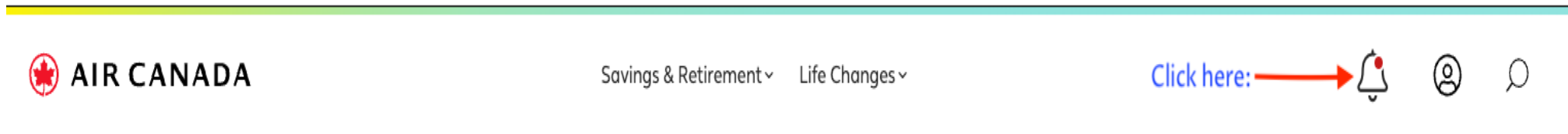
- Welcome**: Features a large red maple leaf logo.
- Important Information**: A warning icon followed by text: 'For employee travel and ETS PIN reset, please go to travel.aircanada.com.' Below this are contact numbers for IT Help Desk, Employee Care Team, and Claimsecure/Sunlife.
- Corporate News**: A list of news items including 'The Daily', 'Horizons', 'Employee Milestones', and '2021 Pension Update'. A specific article is highlighted: 'Air Canada Announces Agreement by Unions and Pionairs to Repurpose the 2009 Pension Share Trust' with sub-points for a press release and an FAQ.
- Personal Information**: A list of links for 'My Summary-67_2', 'Home Address', 'Phone Numbers', 'Emergency Contacts', 'Email Address', and 'Update contact information'.
- Pay & Pension**: A list of links including 'Pay Statements', 'Update your TD1 Tax Form', 'Paperless Pay Statement Option', 'View / Print Year-End Tax Slips', 'Flight Summary for Pilots and Flight Attendants', 'Mainline Pilot Pay - EmpCenter', 'Direct Deposit', 'DB Pension Plan (Alight)', 'Letter of Retirement', 'Letter of Salary', 'Air Canada Foundation Payroll Deduction', and 'Pension Audit Overview'. A green arrow points to the 'DB Pension Plan (Alight)' link, which is highlighted with a green box.

At the bottom of the main content area, there is a section for 'HR CENTRE OF EXCELLENCE' with a sub-header 'The HR Centre of Excellence (CoE) is here to support you throughout your career.' and a paragraph of text. Below this is a footer with the text 'Still not finding what you're looking for? Please Contact us'.

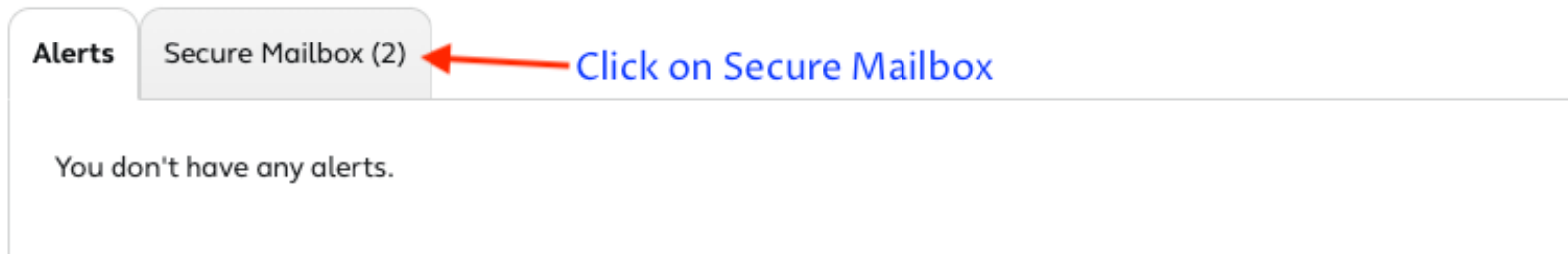


How to access Alight's website

- Your secure mailbox is on the top right corner of Alight's welcome page



Notifications



Add your mobile phone number in HR Connex

- Retirees are encouraged to add their **mobile phone number** to their HR Connex profile
- Alight now uses a multi-authentication system and sometimes sends text messages to confirm the identity of the person
- Having your mobile phone number on file will make the experience smoother

The screenshot shows the HR Connex website interface. At the top left is the 'hr connex' logo with a red maple leaf icon. To the right are links for 'Home | Fra' and 'Contact U'. Below the logo is a navigation bar with tabs for 'Retirement', 'HR COE Tickets', 'Policies & Forms', and 'Contact U'. The main content area is divided into several sections:

- Welcome:** A large red maple leaf icon inside a circle.
- Important Information:** A section with a warning icon and text: 'For employee travel and ETS PIN reset, please go to travel.aircanada.com. IT Help Desk - 1 866 274-5444. Employee Care Team/Travel Care Team (Toll free N.A.) - 1 833 847-EMPL(3675). Employee Care Team (International) - 1 514 369-4096. Claimsecure -1 888 982-7878. Sunlife - 1 800 361-6212.'
- Corporate News:** A list of news items including 'The Daily', 'Horizons', 'Employee Milestones', and '2021 Pension Update'. A specific article is highlighted: 'Air Canada Announces Agreement by Unions and Pionairs to Repurpose the 2009 Pension Share Trust' with sub-items 'November 12, 2021 Press Release' and 'FAQ (updated April 26, 2022)'. A green arrow points from this section towards the 'Personal Information' section.
- Personal Information:** A list of options including 'My Summary-67_2', 'Home Address', 'Phone Numbers' (highlighted with a green box), 'Emergency Contacts', 'Email Address', and 'Update contact information'.
- Pay & Pension:** A list of options including 'Pay Statements', 'Update your TD1 Tax Form', 'Paperless Pay Statement Option', 'View / Print Year-End Tax Slips', 'Flight Summary for Pilots and Flight Attendants', 'Mainline Pilot Pay - EmpCenter', 'Direct Deposit', 'DB Pension Plan (Alight)', 'Letter of Retirement', 'Letter of Salary', 'Air Canada Foundation Payroll Deduction', and 'Pension Audit Overview'.

At the bottom of the main content area is a section for 'HR CENTRE OF EXCELLENCE' with the text: 'The HR Centre of Excellence (CoE) is here to support you throughout your career. Information about different career or life-related events can easily be found in the main menu or through the search feature. Still not finding what you're looking for? Please Contact us'.





Canadian DB Pension Plans

Annual Pension Statement

- Your **annual pension statement** provides :
 1. Details of your spouse and beneficiary information on file
 2. Financial information on your pension plan
 3. Pensioner Information Form:
 - For you to review the contact information on file and modify as needed
 - To provide your consent to receive pension communications electronically
 4. A guide with instructions upon the death of a retiree
 5. Consent form to receive your monthly pension pay statement electronically
 - This relates only to your **pension pay statement** and is different from the consent required for electronic communications
 - Your monthly pension pay statements will be available on HR Connex where you can **easily access, download** and **print** them
 6. Invitation letter to join the Pionairs
- **We encourage you to provide your consent for electronic pension communications and pay statements**
- Annual statements are posted to your secure mailbox on Alight's website before the end of June (and sent by regular mail to your home address if you did not choose the electronic option)



Pensioner Audit

Lookout for the pensioner audit letter and complete ASAP!

- Plan sponsors conduct annual audits of pension payments to ensure their legitimacy and to protect the pension fund assets from fraud – This is not unique to Air Canada!
- The audit letter is only sent to a subset of retirees who have not used Air Canada travel privileges in the past year, so you will not necessarily receive one
- In 2023, only retirees from the CUPE, CALDA and Management & ATS plans will receive an audit form (IAMAW in 2024)
- Depending on your delivery preference, you will receive the Pensioner Audit letter via postal mail or through your secure mailbox on Alight's website if you chose the electronic option
- Complete the ***Certification of Identify - Pension Audit Form*** as indicated on the form and return within the requested time frame
- Failure to complete and return the form will result in the suspension of the direct deposit of your pension payments, post-retirement benefits and travel privileges



Investment Performance of DB Pension Plans

Asset Class	YTD (as of 2023/9/30)		Year 2022	
	Actual	Benchmark	Actual	Benchmark
Fixed Income	-2.8%	-2.7%	-18.7%	-18.3%
Canadian Equities	1.5%	3.4%	-10.1%	-5.8%
Foreign Equities	10.1%	10.0%	-11.0%	-12.6%
Alternative Investments	1.3%	3.1%	0.1%	1.0%
Portable Alpha Contribution ⁽¹⁾	0.0%	n/a	-0.1%	n/a
Total Master Trust Fund	-2.0%	-1.4%	-15.9%	-15.2%
Liability Replicating Portfolio		-1.7%		-19.3%

(1) Composed of hedge funds and tactical asset allocation

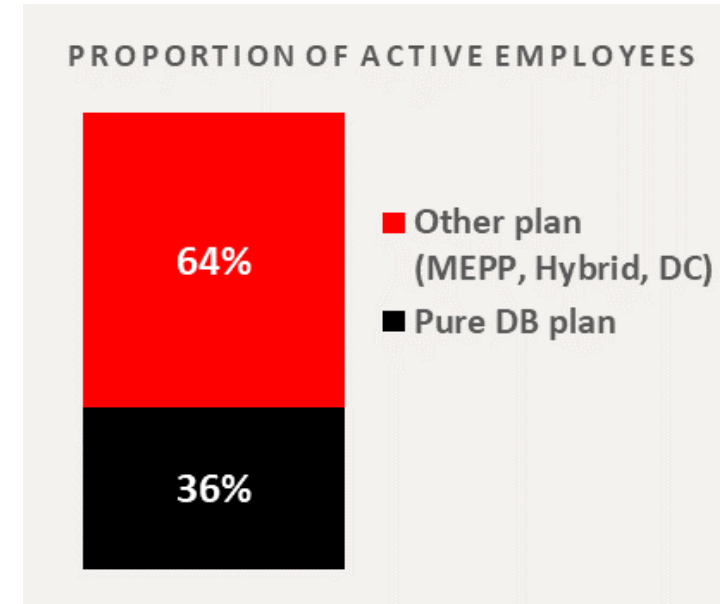
Net gain of 3.4%



Actuarial Valuation Results

Membership Statistics as at January 1, 2023

Active Members	
« Pure » DB Plans	
Number	12,560
Average age	51.9
Hybrid Plans	
Number	7,051
Average age	35.4
Retirees and Survivors	
Number	31,422
Average age	73.8
Average monthly pension	\$2,247



Actuarial Valuation Results

All Registered DB Plans Fully Solvent since 2014

DB Plans Status as at January 1	2019	2020	2021	2022	2023
Solvency/Wind-up Ratio	115%	113%	114%	124%	130%
Solvency Surplus	\$2.5B	\$2.5B	\$2.9B	\$4.8B	\$4.6B
Going-concern Ratio	146%	139%	131%	144%	162%
Going-concern Surplus	\$6.0B	\$5.7B	\$5.1B	\$7.0B	\$8.3B
Contributions to DB Plans paid from DB Surplus ⁽¹⁾	\$152M	\$150M	\$184M	\$179M	n/a
Contributions to DC Plans paid from DB Surplus ⁽¹⁾	\$13M	\$13M	\$12M	\$19M	n/a

Contribution holidays are being taken since 2016.

(1) Amounts in excess of 105% on a solvency basis may be used to reduce current service contributions under the DB component or to fund employer contributions to a DC component within the same pension plan.



Actuarial Valuation Results

Reconciliation of Solvency Surplus for 2022

	2022
Solvency surplus (deficit) at January 1, 2022	\$4.8B
Investment experience (return on plan assets higher/(lower) than expected)	(\$4.5B)
Change in discount rate	\$4.7B
Impact of contribution holiday	(\$0.2B)
Other miscellaneous items	(\$0.2B)
Solvency surplus (deficit) at January 1, 2023	\$4.6B



Repurpose of 2009 Share Trust

- A share trust was established in 2009 with 17.6 million Air Canada shares
- Intent was that net proceeds from the sale of these shares could be used in the future to pay solvency deficits in the Canadian pension plans
- However, since the plans are now in very good financial position, the shares are no longer needed
- **Agreement in principle between Air Canada, the Unions and the Pionairs to repurpose the share trust** (Press release issued on November 12, 2021)
- Several conditions must be met and approvals must be received for the completion of this agreement and the sale of the repurposed shares
- More details will be available in **HR Connex** under **Corporate News** on October 20, 2023 (by the end of the day)





U.S. DB Pension Plan

U.S. DB Pension Plan Valuation Results (USD)

January 1, 2023

	January 1, 2022	January 1, 2023
Actuarial Value of Assets	\$177.1M	\$146.4M
Funding Target (with relief)	\$168.1M	\$169.7M
Funding Target (without relief)	\$223.4M	\$200.5M
(Unfunded) Target Liability (with relief)	\$9.0M	(\$23.3M)
Target Normal Cost	\$3.2M	\$3.5M
Minimum Contribution (with relief)	\$0	\$5.1M
Minimum Contribution (without relief)	\$8.0M	\$8.9M





U.K. DB Pension Scheme

U.K. DB Pension Scheme

Update on Buy-in/Buy-Out

- A buy-in policy was purchased in December 2021 by the UK Trustee with the Pension Insurance Corporation (PIC) to cover all benefits payable to all members of the UK DB pension scheme.
- A buy-in policy is considered an investment for the scheme. The Trustee remains responsible to administer the scheme and to make payments to scheme members.
- The Trustee is currently finalizing data corrections, identified by PIC during the due diligence exercise, and GMP rectification and equalization as required by legislation.
- The Trustee will then proceed with a buy-out with PIC (some time in 2024). Individual insurance policies will therefore be issued by PIC for each scheme member. The Trustee will then wind-up the scheme and be discharged from its functions.
- The Trustee will communicate with scheme members in due time.





Thank you
Merci

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