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Summary of the James Bay Cree-Naskapi Pension Plan

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Introduction

The “James Bay Cree-Naskapi Pension Plan” has been in effect since April 1, 1985. On January 1, 1995, this plan was split into two pension plans and the participating employers were assigned to one or the other depending on whether their main activities are of federal or provincial (Québec) jurisdiction. The “James Bay Cree-Naskapi Pension Plan” (hereinafter named the **plan**) has the same plan provisions as the “James Bay Cree-Naskapi Québec Pension Plan” such latter plan being created by the splitting.

The **plan**’s main objective is to encourage **employees** to save for their retirement. The **plan** offers retirement benefits which, when added to the government pensions and personal savings, will help you to benefit from a comfortable retirement. The **plan** also offers benefits in the event of your death or **termination of employment** before retirement.

Your monthly pension at retirement will be determined by your contributions to the **plan**, your **final-average earnings** and your **credited service** under the **plan.**

This summary of the James Bay Cree-Naskapi Pension Plan is based on provisions of the **plan** as of January 1, 2002. Although every effort has been made to ensure its accuracy, this summary is not the legal text of the **plan** and it confers no rights. For a complete description of the **plan** provisions, refer to the official **plan** text named the “James Bay Cree-Naskapi Pension Plan”. Upon request, you may consult this text.

Note that the highlighted words of this summary are defined terms and each time they appear they will have the defined meaning given in the Glossary at the end of this summary. Please read the definitions carefully in order to understand how your benefits are determined.

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Eligibility and participation in the plan

Eligibility requirements

Your date of eligibility under the **plan** is the date you complete six months of **continuous employment**. If you are a part-time **employee**, you need to have earned at least 35% of the **YPME** or have worked at least 700 hours with an **associated employer** in each of the two previous calendar years.

Participation in the plan

Your participation in the **plan** is compulsory from your date of eligibility.

Continuous participation in the plan

Your participation in the **plan** can only be terminated at your retirement, your **termination of employment**, or your death. You should refer to the Glossary for a description of what is considered a termination of employment. If you are hired by another **associated employer** within the 60 days following your **termination of employment**, your **continuous employment** will be considered uninterrupted. You will then be enrolled with the new employer as if you had never stopped working.

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Contributions

Required contributions

The amount of your required contributions to the **plan** depends on whether you participate in **C/QPP** or not:

- if you do not participate in the **C/QPP**, you are required to contribute to the **plan** an amount equal to 5% of your **earnings**;

- if you participate in the **C/QPP**, you are required to contribute to the **plan** an amount equal to the sum of:

  – 3.5% of your **earnings** up to the **YMPE**

  plus

  – 5% of your **earnings** above **YMPE**, if any.

Here are some examples of how required contributions are calculated:

- if you do not participate in the **C/QPP**:

2002 **earnings**	$30,000	$50,000
2002 required contributions	5.0% x $30,000 = $1,500	5.0% x $50,000 = $2,500

- if you participate in the **C/QPP**:

2002 **earnings**	$30,000	$50,000
2002 **YMPE**	$39,100	$39,100
2002 required contributions	3.5% x $30,000 = $1,050	3.5% x $39,100 + 5.0% x ($50,000 – 39,100) = $1,913.50

Your required contributions to the **plan**, on an annual basis, shall not exceed 50% of the "Money Purchase Limit". The Money Purchase Limit is prescribed under the Income Tax Act. The 2002 Money Purchase Limit equals $13,500 resulting in a maximum required contribution to the **plan** of $6,750 in 2002.

If you are on **disability** or **maternity leave**, you are not required to contribute to the **plan**. In fact, your required contributions will be made by your **associated employer** on your behalf, as though they were paid by you. There are no contributions from your **associated employer** during the waiting period prior to qualifying for **disability.**

There are no contributions permitted during other periods of approved leave except that during periods of parental or adoption leave, you have the option to maintain your required contributions to the **plan** in accordance with applicable legislation.

Voluntary contributions

You may elect to increase your income at retirement by making voluntary contributions to the **plan**. Your voluntary contributions are collected and accumulate interest, in the same way as required contributions. The voluntary contributions shall not exceed $600 in any calendar year, or such greater amount as may be permitted by the Canada Customs and Revenue Agency.

Interest credited on contributions

Your required and voluntary contributions will accumulate with interest until your retirement, your **termination of employment**, or death. Interest shall be credited in any calendar year. The interest rate used is based on the rate of return earned by the pension fund on a market value basis for that year, net of investment expenses with unrecognized gains and losses recognized gradually over five years to smooth out fluctuations.

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Retirement benefits

The benefits payable upon your retirement depend on when you elect to retire.

Normal retirement date

Your normal retirement date is the first of the month coinciding with or following the date you reach age 60.

If you continue service with an **associated employer** after your normal retirement date, your pension will start on your normal retirement date and you will cease to accrue **credited service** under the **plan**.

Early retirement date

You can elect to take early retirement any time from age 50; your pension will then be paid from the first day of any month following your actual retirement but before age 60.

If you retire at age 60

Your retirement income at normal retirement will be calculated using the formula described below. As you can see, the calculation differs for the various periods of service.

For service prior to April 1, 1985

Some **associated employers** do and some do not provide benefits for service prior to April 1, 1985[1]. Also, the level of benefits will vary between **associated employers**. This is due to varying contributions for past service by the **associated employers**.

Typically, the amount of benefits for service prior to April 1, 1985, if any, is a frozen amount of pension based on your level of **earnings** prior to April 1, 1985.

If you are entitled to any benefit for service prior to April 1, 1985, your annual pension statement will reflect such benefit.

For service from April 1, 1985 to December 31, 1991

The annual amount of your benefits accumulated from April 1, 1985 to December 31, 1991 is the greater of A and B where:

A

The benefit which may be provided by two times your pre-1992 required contributions accumulated with interest.

B

For years you have not contributed to **C/QPP**	For years you have contributed to **C/QPP**
1.5% times your **FAE**; times your **credited service** between April 1, 1985 and December 31, 1991	[1.0% times the minimum between your **FAE** and your **FAYMPE** plus 1.5% of the excess, if any, of your **FAE** over your **FAYMPE**] times your **credited service** between April 1, 1985 and December 31, 1991

For service from January 1, 1992

For years you have not contributed to **C/QPP**	For years you have contributed to **C/QPP**
2% times your **FAE**; times your **credited service** from January 1, 1992	[1.5% times the minimum between your **FAE** and your **FAYMPE** plus 2.0% of the excess, if any, of your **FAE** over your **FAYMPE**] times your **credited service** from January 1, 1992

(1) April 1, 1985 shall be replaced by April 1, 1986 for Cree Trappers Association.

Example 1 – Normal retirement – native

As a first example, let's assume that you started participation in the **plan** on January 1, 1987, and retire on January 1, 2007, at age 60. We will further assume that you have not participated in the **C/QPP** throughout this period and that your **FAE** equals $50,000. After this 20-year participation, your retirement income from the **plan** would be calculated as follows:

For service before 1992[1] 1.5% x $50,000 x 5 years	$ 3,750.00
plus	
For service from 1992 2.0% x $50,000 x 15 years	$ 15,000.00
Total annual pension	$ 18,750.00

(1) Assuming that the pension provided by two times the pre-1992 required contributions accumulated with interest is lower.

Example 2 – Normal retirement – non-native

As a second example, let's assume that you started participation in the **plan** on January 1, 1987, and retire on January 1, 2002, at age 60. We will further assume that you participated in the **C/QPP** throughout this period, that your **FAE** equals $45,000 and that the **FAYMPE** is $36,900. After this 15-year participation, your retirement income from the **plan** would be calculated as follows:

For service before 1992[1] [1.0% x $36,900 *plus* 1.5% x ($45,000 – $36,900)] x 5 years	$ 2,452.50
plus	
For service from 1992 [1.5% x $36,900 *plus* 2.0% x ($45,000 – $36,900)] x 10 years	$ 7,155.00
Total annual pension	$ 9,607.50

(1) Assuming that the pension provided by two times the pre-1992 required contributions accumulated with interest is lower.

If you retire before age 60

If you retire before age 60, you are entitled to benefits being calculated in the same way as a normal retirement pension, based on your **credited service** at your early retirement date. However, because payments start at an earlier age than 60 and consequently are expected to be made over a longer period of time, your monthly payments will be reduced.

Your reduced pension is calculated as follows:

Pension calculated as if you were age 60
times
(100% less ¼% times months before age 60)

Example 3 – Early retirement

In the Example 1 above, let's assume that you are age 55 rather than age 60 on January 1, 2007. Your early retirement pension would be calculated as

Pension as if you were age 60	$ 18,750.00
	times
reduction	(100% less ¼% times 60 months*)
	= 85%
	equals
Pension payable from age 55	$ 15,937.50

* 60 months between age 55 and age 60.

Example 4 – Early retirement

Similarly, in the Example 2 above, let's assume that you are age 57 rather than age 60 on January 1, 2002. Your early retirement pension would be calculated as

Pension as if you were age 60	$ 9,607.50
	times
reduction	(100% less ¼% times 36 months*)
	= 91%
	equals
Pension payable from age 57	$ 8,742.82

* 36 months between age 57 and age 60.

Retirement pension pertaining to your voluntary contributions

At your retirement, your voluntary contributions accrued with interest will be used to provide you with an additional pension purchased from an insurance company having the same value as your voluntary contributions with interest.

You may instead decide to receive a refund of these contributions or have these transferred to your RRSP (provided you are less than 69 years of age).

Government pensions

In addition to your pension under the James Bay Cree-Naskapi Québec Pension Plan, you are entitled to **OAS** benefits. If you contributed to the **C/QPP**, you will also be entitled to **C/QPP** benefits.

- You are entitled to **OAS** benefits at age 65, provided you have resided in Canada for at least 10 years (subject to reimbursement in whole or in part for high income earners). For the first quarter of 2002, the basic amount of the unreduced monthly **OAS** pension was $442.66 for someone with 40 years residence in Canada.

- If you contributed to the **C/QPP**, your benefits will be paid as an unreduced pension payable at age 65 or, should you elect, as a reduced pension payable anytime from age 60. The amount of the **C/QPP** pension you may be entitled to depends on many factors; for 2002 the maximum amount is $788.75 per month.

NOTE: If you are a Native, you do not contribute to the **C/QPP**. It is possible that you may have contributed to the **C/QPP** with a former employer. You should be entitled to the corresponding benefits.

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Form of pension

Basic form

Your pension is calculated based on a Life Guaranteed 10-year basis. This means your pension is payable for your life with the guarantee that should you die after your pension has started, but before you have received 120 monthly payments, the remaining payments will be continued to your beneficiary, unless you elect or are required to elect another form of pension. (Refer to paragraph below).

Form required by law

By law, you are required to take a Joint and Survivor 60% annuity. This means your pension is payable for your life with the guarantee that at least 60% of the amount will be continued to your surviving **spouse** in the event of your death, unless waived in writing by your **spouse**.

You must obtain your **spouse's** written consent in order to elect a pension option that continues for less than 60% of your pension to your **spouse** during her lifetime upon your death. This consent can be obtained at any time before your payments begin.

Optional form of pension

If the basic form of pension and the one required by law do not fully meet your needs, you may elect an optional form of pension.

At time of retirement, you will be offered several optional forms of pension. You may elect one of these optional forms by completing the statement of election form provided to you. You may need to obtain your **spouse's** consent, depending on the optional form.

The amounts of pension payable as per the basis required by Law or an optional form of pension will be such that their values are equal to the pension amount calculated as per the basic form.

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Termination of employment benefits

At your **termination of employment** before age 50, you are entitled to receive your accumulated benefits as a deferred **vested** pension or, subject to restrictions, to transfer before age 50 them out of the **plan**.

Deferred vested pension

Upon your **termination of employment**, before age 50, you will be entitled to a deferred **vested** pension calculated in the same way as a normal retirement pension, based on your **credited service** at your **termination of employment** payable from your normal retirement date. You may elect to have your deferred pension payable any time from age 50. Should you elect to receive your deferred **vested** pension before your normal retirement date, your monthly payments will be actuarially reduced.

In addition to your deferred **vested** pension, you could be entitled to:

- an additional pension provided by your excess contributions. Your excess contributions are defined as the excess of your post-1991 contributions with interest over 50% of the value of the pension you earned in respect of this period of **credited service**, and

- an additional benefit corresponding to the value of indexation during deferral period before retirement. This additional benefit represents the cost of the increase of your post-1991 pension, up to age 50 based on 50% of the increase in the Consumer Price Index (CPI) subject to a minimum of 0% and a maximum of 2% per year.

Transfer out of the plan

Upon ceasing to be an active member of the **plan** and provided you have terminated your **continuous employment** before age 50, you may, subject to legislation, transfer the value of your benefits to one of the following:

- Another registered pension plan, if that plan permits and has been registered by the Canada Customs and Revenue Agency;
- A Locked-In Registered Retirement Savings Plan (RRSP) or Life Income Fund (LIF) in your name; or
- A life insurance company authorized to conduct annuity business in Canada, provided the value is used to purchase an annuity.

The value of the benefits transferable shall be equal to the value of your deferred **vested** pension. In respect of **credited service** from January 1, 1992, the value of the benefits transferable shall be equal to the greater of A and B, where:

A	Value of your deferred **vested** pension for service from January 1, 1992 + Your excess contributions + Your additional benefit
OR	
B	2 x post-1991 required contributions accumulated with interest

Electing your settlement options

You must exercise your choice, regarding all available settlement options, within 90 days following the reception of your termination of employment statement or within 90 days following any 5th anniversary of your **termination of employment**, but no later than 90 days after your attainment of age 50.

If you do not exercise any choice, the **plan** Administrator will assume that you have elected to receive a deferred pension, starting at your retirement (starting between age 50 and 60).

Voluntary contributions

You are entitled to a refund of your voluntary contributions accumulated with interest.

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Death benefits

Death benefit before retirement

As an active member

If you die while being an **active member** of the **plan**, your surviving **spouse** will receive an immediate pension, based on the value of the pension you would have been entitled to if you had terminated your **continuous employment** on the day before your death. As an alternative, your surviving **spouse** could elect a lump sum transfer to a RRSP equal to the amount of lump sum transfer you would have been entitled to had you terminated employment on your date of death subject to the requirements of the legislation. In the absence of a surviving **spouse**, your designated beneficiary or estate will receive a lump sum transfer equal to the above benefits.

As an inactive member

Should you die after your **termination of employment** and be entitled to a deferred **vested** pension, your death benefits will be equal to the value of the deferred **vested** pension and will be payable as an immediate annuity to your **spouse**. As an alternative, your **spouse** could elect to transfer the value of the pre-retirement death benefits to a RRSP, subject to the requirements of the legislation.

Death benefit after retirement

The form of pension you were receiving will determine the benefit, if any, to be continued to your survivor.

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Disability benefit

While you are on **disability**, you continue to accumulate **credited service**. Upon reaching your normal retirement date, you are entitled to a pension for life calculated in the same way as a normal retirement pension, based on your **earnings** and **YMPE**, immediately prior to becoming disabled and on your **credited service**.

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Beneficiary

Spouse

With respect to the **plan** provisions, your **spouse** (which may include common law **spouse**) is the beneficiary of all death benefits payable under the terms of the **plan**. The **spouse** is defined in the applicable legislation.

Notwithstanding the preceding paragraph, your **spouse** is the beneficiary of any death benefits payable after your 60th birthday, unless your **spouse** has waived her/his right.

If you have no **spouse**, your death benefit will be paid to your designated beneficiary or estate in the absence of any designated beneficiary.

Beneficiary other than the spouse

Your designation of beneficiary must be made in writing and sent to your **associated employer**. You may at any time change your designated beneficiary, without her/his consent, provided that such designation is revocable. Any beneficiary designation, other than your **spouse**, is revocable, except where you expressly indicate that the designation is irrevocable.

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Indexation after retirement

Starting date

When you start receiving your pension at normal or early retirement date, your pension will be subject to an annual increase to reflect changes in the cost-of-living starting January 1st following the year of attainment of age 60.

Any pension accrued after January 1, 1992, will be indexed only if you were in **continuous employment** just before retirement or your **termination of employment** occurred after reaching age 50.

Should you die after meeting the above conditions, the pension payable to your surviving **spouse** or beneficiary, may be increased annually in the same manner as if the pension were payable to you.

Determination of the increase

Your pension or survivor pension in respect of **credited service** from January 1, 1992 shall be increased annually at a rate representing the annual increase in the Consumer Price Index up to 3% per annum (prorated by the number of months of retirement over 12 months). Your pension or survivor pension in respect of **credited service** before January 1, 1992 shall be increased by this same percentage provided the performance of the pension fund permits such increase. If the performance of the pension fund does not permit such increase, the **associated employers** may decide to grant a lower increase, or no increase.

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Plan administration

Plan administrator

The **plan** administrator is a retirement committee composed of one member from each **federal associated employer**.

Information to the members

In order to keep the members informed, the administrator shall:

- provide members annually with a statement of benefits accrued under the **plan**;
- provide members upon retirement, **termination of employment** or death with a statement indicating any available benefits;
- allow members to consult the official rules of the **plan** and any other document prescribed by the Law.

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Plan information

Your pension…

... is paid by check or is deposited into your bank account, or, as the case may be, into that of your **spouse**, joint annuitant or beneficiary once a month.

... other than that resulting from your voluntary contributions, cannot annually exceed the lesser of the following:

- $1,722 times your **credited service** not exceeding 35 years; and
- 2% for each of your years of **credited service** not exceeding 35 years times

  your average **earnings** over your best three consecutive years of remuneration.

... may not be alienated or assigned, except to a **spouse** or former **spouse** pursuant to a court order or other legal agreement arising as a consequence of the breakdown of a marriage or other conjugal relationship.

The federal associated employers…

… contribute to the **plan** such amounts as are recommended by the Actuary for the appropriate funding of the **plan** in accordance with applicable legislation. When the **plan** is in a surplus position, the **federal associated employers** may use all or part of such surplus to reduce contributions.

... may elect to pay your benefit in a lump sum if your annual benefit under the **plan** is less than 4% of the **YMPE** in the year of **termination of employment**.

... provide you annually with a written statement of your accumulated benefits and an estimate of the pension payable to you at your normal retirement date. While all efforts are taken to ensure the accuracy of this statement of benefits, the official **plan** documents will prevail at all times.

... consider neither this **plan** nor any provision within it a contract of employment between the **federal associated employers** and any **employee**.

... reserve the right to amend, change or terminate the **plan** at any time, subject to applicable legislation. In the event of **plan** termination, the pension fund shall be used to meet all liabilities under the **plan**, to the extent that they can be met by the Pension Fund in accordance with any applicable legislation. Any surplus remaining after satisfaction of all liabilities under the plan shall be returned to the **federal associated employers** subject to any Applicable Legislation.

... their officers, directors, representatives or agents or representatives of the trustees may not be held personally liable for any benefits payable under the **plan**.

... have taken every effort to ensure that the James Bay Cree-Naskapi Pension Plan complies with all applicable provincial and Federal legislation.

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Glossary

Associated employer – is a **Québec associated employer** or a **federal associated employer**.

Continuous employment – is your continuous employment with an **associated employer** from your date of hire to your retirement, **termination of employment** or death. **Continuous employment** is not broken by periods of **disability**, **maternity leave**, lay-off or approved leave of absence not exceeding 12 months.

Credited service – is the period of your **continuous employment** calculated as the number of years and months from April 1, 1985, the effective date of the **plan**, during which your required contributions are made to the **plan** (those on **disability** or **maternity leave** starting on or after January 1, 1992, cease contributions but continue to accumulate **credited service**), plus the period of your **continuous employment** prior to April 1, 1985 recognized and credited by the **associated employers**. If you are a part-time **employee** your **credited service** for each year of employment will be calculated as a fraction, i.e., your actual periods of employment during a given year will be compared to a full-time **employee's** normal period of employment per year.

C/QPP – means the Canada or Québec Pension Plan.

Disability – means a total and permanent disability certified by a medical doctor selected by the **plan** Administrator, and which would qualify for a waiver of premium under the group life insurance program to which the plurality of members participate through the **associated employers**.

Earnings – means your total annual compensation while a member of the **plan** including overtime and bonuses, but excluding reimbursements for expenses, payments on account of **disability** or **maternity leave**, or any other special payments. If you are a part-time **employee** your **earnings** will be annualized for the purposes of determining your pension entitlement, i.e., calculated as if your were a full-time **employee**. The **earnings** of a disabled member or on **maternity leave**, are deemed to be the rate of **earnings** immediately prior to such a Member's **disability** or **maternity leave**.

Employee – is an **employee** of an **associated employer**, performing functions of a type determined by such **associated employer** as eligible for participation in the **plan**.

FAE is the acronym for **final-average earnings** – means the greater of 1) your average **earnings** over the period of your six consecutive calendar years of highest remuneration preceding your retirement, **termination of employment** or death and 2) your average annualized **earnings** over the six-year period immediately preceding your retirement, **termination of employment** or death.

FAYMPE is the acronym for **final-average YMPE** – means the average of the **YMPE** in the calendar year of your retirement, **termination of employment** or death, and in the five immediately preceding calendar years.

Federal associated employer – is any employer who is part of the group existing from time to time consisting of the Cree-Naskapi (of Québec) Act bands and any other James Bay Cree or Naskapi of Québec entity which has adhered to this **plan**.

Maternity leave – means any period of **maternity leave** taken in accordance with a federal or provincial law or an agreement between you and your **associated employer**. The period commences on the earlier of the date of leave and the date of delivery and ends on the day you are scheduled to return to work. If you fail to return to work, the period ends on the date the **maternity leave** expires according to applicable legislation. The period of **maternity leave** must be in accordance with the requirements of the Income Tax Act and its regulations in order to be recognized as **credited service.**

OAS – is the acronym for the pension plan administered by the Government of Canada under the Old Age Security Act.

Plan – means the James Bay Cree-Naskapi Pension Plan as amended and restated effective January 1, 2001 and as may hereafter be amended from time to time.

Québec associated employer – is any employer who is part of the group existing from time to time consisting of the Cree-Naskapi (of Québec) Act bands and any other James Bay Cree or Naskapi of Québec entity which has adhered to the **Québec plan**.

Québec plan – means the James Bay Cree-Naskapi Québec Pension Plan as amended and restated effective January 1, 2001 and as may hereafter be amended from time to time.

Spouse – means:

1) if there is no person described in 2), the person who is married to you or who is party to a void marriage with you, or

2) the person who has been cohabiting with you in a conjugal relationship at the relevant time, having so cohabited with you for at least one year.

Termination of employment – is the date your employment ends with an **associated employer** by reason of your resignation, discharge or failure to return to work after a period of approved leave or lay-off, whichever occurs first.

Vested – means you have acquired a right to your accumulated benefits. You acquire a right to your benefits once they are **vested**, but since they also become locked-in they can only be used to provide a pension. Starting January 1, 2001, your benefits under the **plan** are immediately **vested** and locked-in.

YMPE – is the acronym for Year's Maximum Pensionable Earnings, the limit determined annually by the government representing the maximum salary that is used to set contributions to and benefits from the **C/QPP**. The **YMPE** for 2002 is $39,100.

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