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## November Newsletter #38

November 16th 2006

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### **Item #1 Fall General Meeting**

Once again we had a large and enthusiastic turnout for our October 19<sup>th</sup> General Meeting. Below you will see an update provided by president Pam Went and PIC rep Jim Murray on the material they covered at this meeting.

Guest speaker Terry Keighley a retired RCMP staff sergeant provided an entertaining and informative presentation on scams and frauds being perpetrated on Canadians as well as some advice on what we can all do to help lessen the risk. A synopsis of Mr. Keighley's presentation is provided in Item #5

### **Item #2 Membership Renewals**

Many of our members take the opportunity to pay their annual membership fees at our Fall General meeting.

For those of you who receive this newsletter via mail and who did not have an opportunity to attend our Fall meeting, we are enclosing a handy renewal and remittance form. All you need to do is write a cheque for \$20.00 and send it to along with the form. Please also write your membership number which is shown on the form, on the memo line of your cheque. And please no post dated cheques.

Please remember, we depend on your support, to carry on with the important work we are doing and a timely remittance of your payment will help us to continue. If you receive the newsletter via email, and have not yet paid your 2007 fees, you will have already received a reminder and remittance form via email, Your prompt payment is also greatly appreciated.

### **Item #3 BPG PRESIDENT'S MESSAGE – FALL 2006**

I've been in the job for ten months now and it has been a very eventful 10 months for our organization.

Let's start with the Pension Committee. In June Jim Murray (Ontario PIC rep) and I were invited to meet with the Office of the Superintendent of Financial Information (OSFI). OSFI is the regulator for federally registered pension funds like ours. It was a good meeting because both groups share a common mandate – to protect the pension plan members and we have now established an ongoing relationship with this very important partner.

In July BPG responded to Finance Canada's proposed temporary changes to pension regulation in which we took exception to the proposal to allow plan sponsors an additional five years to make up solvency deficits. To date, that legislation has not been enacted.

In September, BPG submitted a brief to the House of Commons Standing Committee on Finance that clearly identified our recommendations for improving the security of private pension plans through legislative reform. A few weeks later I was invited to appear before the Committee and had the opportunity to express the BPG perspective in person. Once the hearings conclude, your Pension Committee will be monitoring the government's website for reaction to what we had to say. A copy of our brief can be found on the BPG website.

In November McMaster University is hosting a conference on pension issues and BPG has been asked to prepare a paper that will be handed out to the 100+ attendees. Other pensioner groups are following our lead and making similar representations to government and joining BPG at pension conferences. We are now part of a network of pensioner groups that are prepared to join forces when mutual interests are served. Our voice is getting stronger and we are being heard!

The election of PIC representatives was recently completed. There were some problems with the process and Bell and BPG will work together to improve it for next time. The outcome however was very positive. Our incumbent reps, Jim Murray and Guy Thivierge were re-elected so we have great continuity and two highly qualified and enthusiastic BPG members will be the back-up representatives: Allison Henriques (Ontario) and Richard Vanslette (Québec).

The Benefits Committee has completed the survey of our Ontario members and has merged the results with the Québec survey. The Committee will be meeting shortly with Bell to review recommendations for the problem areas. At this time I would like to recognize the following members who spent untold hours compiling the results: Dorothy Dunbar, Janet Clarke, Sheila Ylipelkola and Titus Ramkhalawansingh. Thank you all.

Board Governance has been a very popular topic in the press ever since the WorldCom and Enron debacles. Your Board of Directors takes its accountability for good governance very seriously. Since my last President's Message we have improved the Board's efficiency by introducing electronic motions; we have reduced administrative costs by negotiating a lower cost for teleconferencing changes; we are in the process of re-confirming the vision of BPG; and, we filled the vacant Vice President position with an excellent candidate Raymond Bertrand, previously chairman of the Montréal Chapter. (Raymond's replacement is Yvan Dutrisac, a man of great enthusiasm and energy – just what is needed for the job!)

In closing I would like to ask for your active participation in the drive for more members. I know that you all find value in belonging to BPG. Please share that with other Bell retirees. Currently we represent almost one third of Bell pensioners. "More than one third" sounds a whole lot better!

Thank you for your continuing support. Pam Went

#### **Item #4 SITUATION OF BELL CANADA'S PENSION PLAN – Jim Murray**

The 2006 annual PIC meeting took place on July 27, 2006 in Montreal. The following is a summary of the key agenda items:

Actuarial Valuations as of December 31, 2005

There are two methods used by the plan actuaries to determine the financial status of the pension plan (Defined Benefits arrangement).

1. The On-going Valuation assumes that the pension plan will carry-on indefinitely. At year-end 2005, the on-going valuation determined that the plan had a \$4.6 million surplus compared to a surplus of \$284 million at the end of 2004. The major contributor to the decline in the surplus was a reduction in the discount rate used in the valuation from 6.2% to 5.2%.
2. The Solvency Valuation is considered to be a better assessment of the financial status of the plan as far as retirees and other beneficiaries are concerned. It is used to determine if there were sufficient funds to meet all the future financial obligations should the plan have been terminated on December 31, 2005.

The Company, in a briefing to the investment community on February 1, 2006 announced that the pension plan at the end of 2005 had an estimated solvency deficit of \$1 billion compared to a surplus of \$535 million at the end of 2004. .

The subsequent completion of the valuation has determined there is a slightly smaller solvency deficiency of \$827 million. Current federal legislation requires that a solvency deficit be eliminated by means of special payments over no more than five years. In addition, for as long a there is a funding deficiency, the company must prepare annual formal plan valuations. The next valuation for the Bell plan will therefore have to be prepared as of December 31, 2006.

#### **2006 Funding Requirements & Payment Schedule**

##### **• Estimated 2006 Employer's Actuarial Costs**

- |                                  |                 |
|----------------------------------|-----------------|
| • Defined Benefit Component      | \$180.2 million |
| • Defined Contribution Component | \$ 16.2 million |
| • Special Solvency Payment       | \$184.3 million |
| • TOTAL                          | \$380.5 million |
| • Payment Schedule               |                 |
| • July 2006                      | \$190.3 million |
| • October 2006                   | \$ 95.1 million |

- January 2007

\$ 95.1 million

- **Pay Equity Settlement for Operators**

Bell and the CEP reached a settlement on pay equity for telephone operators and which was ratified in June of this year. Under the settlement, 1,968 retired operators will receive immediate pension benefit improvements effective from their date of retirement. The company has stated that there will be no material impact the pension plan valuations as a result of this settlement. The total value of the settlement for all eligible current and retired pension plan members is \$104.3 million.

- **Pension Plan Impacts of New Bell Aliant Income Fund Entity**

1,000 Bell and 8,400 Aliant employees were moved to the new entity. Bell Aliant is creating a mirror-image pension plan for ex-Bell employees and there will be transfer of assets and liabilities from the Bell pension plan to the new Bell Aliant plan. 80 Aliant Mobility employees have been transferred to Bell and will join the Bell pension plan with accrued rights and assets being transferred under a reciprocal agreement. In addition, 400 DownEast employees have been moved to a Bell affiliate company.

- **New Bell ExpressVU Pension Plan**

Approximately 1,200 employees of Bell ExpressVU were enrolled in the defined contribution arrangement of the Bell Canada pension plan, effective July 1, 2006.

### **Your 2006 PIC Report**

The report is scheduled to be mailed in the last week of November 2006. The online version should be available the week before.

### **Item # 5 BPG Objects to proposed temporary pension funding regulations**

The April 2006 federal budget included an announcement regarding proposed measures intended to provide pension plan sponsors with temporary one time financial relief regarding special payments for eliminating solvency deficits. If approved, the temporary regulations would extend the period for making such payments from five to ten years. Bell has advised that it will consider taking advantage of these provisions should the temporary regulations receive formal approval by the Governor General in Council.

It is proposed that plan sponsors would have a choice of options. One would require that the plan members and pensioners be formally advised and given an opportunity to object. Alternatively, the sponsor could purchase a letter of credit to secure the portion of the special payments that extended beyond the fifth year without advising plan members and pensioners. The details of the temporary regulations were issued in June and following review and consultation with legal advisors, BPG formally responded in early July to Finance Canada.

The BPG response outlined many objections to virtually all aspects of the proposed regulations. To date the government has not made any further announcements regarding these proposals.

### **Item #6 Terry Keighley's Presentation**

The most common type of fraud being perpetrated today is identity fraud. As an example of how easy it is to steal someone's identify, Mr. Keighley explained how a thief merely by copying your license number from your car can then go to a DMV kiosk at the mall and print out a vehicle information package. The information, in the package can then be used to create a very realistic looking drivers license.. Other techniques for stealing your identity include going through your garbage, stealing from your mail, having your mail forwarded to a PO Box, scanning your pin number or credit card information at point of purchase. Mr. Keighley demonstrated a small scanning device and demonstrated how easily they could be used by an unscrupulous employee. Sophisticated thieves can forge virtually any type of Identity card

Once a thief has stolen your identity, depending on what info he has he may create a bogus credit card or simply create an ATM and clear out your bank accounts. Mr. Keighley said that once a thief has learned he can steal from you he will not let up.

The scariest and costliest form of identity theft which is reaching crisis proportions in this country is mortgage or Title fraud.

This type of fraud can take many forms. Here's one example of how mortgage fraud works: One fraudster assumes the identity of the home's registered owners, stealing the title to the deed -- while another assumes the identity of a prospective purchaser. The fraudsters make up phony purchase and sale agreements and deliver them to separate lawyers. The phony buyer then secures mortgage financing. The deal is consummated. And they walk away with proceeds of the crime (the mortgage money) -- only to commit the crime again.

In the case of victim - the fraud artist electronically ripped off the title of his mortgage-free home by transferring the deed to his name, paying land transfer taxes, then heading off to the bank to secure thousands of dollars in financing against the home. You may end up facing thousands of dollars in legal bill to go to court and have your named returned to the deed and to try and escape liability for the mortgage. Unfortunately existing and proposed (Bill 153) legislation in the opinion of many analysts provides better protection for the banks than for the consumer in these cases. The banks have also come under pressure for not exercising proper due diligence in advancing mortgage funds, such as contacting the occupant to verify he is the true title holder and whether he has any intention of selling or not. In this age of computerized systems and cost reduction measures, many of these practices have been abandoned. The banks on the other hand have been extremely defensive about their procedures.

### **How can we protect ourselves**

While there is no foolproof protection Mr. Keighly did offer the following suggestions:

- Protect your personal information from identity thieves:
- Do not give out personal information on the phone, through mail or over the Internet unless you have initiated the contact or know with whom you're dealing.
- If it sounds too good to be true, it probably is - before you reveal any personal information, find out how it will be used and if it will be shared.

- Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time.
- Guard your mail. Deposit outgoing mail in post office collection boxes or at your local post office. Promptly remove mail from your mailbox after delivery. Ensure mail is forwarded or re-routed if you move or change your mailing address.
- Minimize the identification information and number of cards you carry.
- Keep items with personal information in a safe place. An identity thief will pick through your garbage or recycling bins. Be sure to tear or shred receipts, copies of credit applications, insurance forms, physician statements and credit offers you get in the mail.
- Give your Social Insurance Number (SIN) only when absolutely necessary. Ask to use other types of identification when possible.
- Don't carry your SIN card; leave it in a secure place.
- Check your credit report regularly to ensure there are no discrepancies.
- Reviewing your credit report can help you find out if someone has opened unauthorized financial accounts in your name. There are three credit reporting agencies in Canada: Equifax Canada, Northern Credit Bureaus Inc. and TransUnion Canada. You can request free copies of your credit report from credit reporting agencies by mail. Online versions of reports are also available for a small fee. To obtain a free copy by mail.
- You can also conduct a property search at your province land registry office to ensure that the title to your home is in your name.
- Buy Title insurance and be sure it protects your title in the event of fraud. You need to shop around and ask questions to find the right provider. Mr. Keighley did not recommend specific companies or policies, nor is BPG in a position to make a recommendation in this regard.

### **Item #7 Income Splitting**

As you know Dan Braniff the founding president of BPG has been spearheading a movement to allow splitting of pension income between a pensioner and spouse. Although this is not an initiative being pursued by BPG, we are very supportive of pension splitting and also appreciate all of Dan's work in this regard. We would like to congratulate Dan and all of his supporters on the recent government announcement to implement pension income splitting as part of the proposed bill on Income trusts. This has not been passed into law yet, but at the very least the yardsticks have been moved substantially. Only recently Finance Minister Flaherty was saying the pension income splitting was not a priority for this government and was indeed arguing against it.

### **Item #9 2007 Board Nomination Notice**

The terms of the current Directors of the Board of BPG will expire in early June 2007. Elections will be held at all Chapter Annual General Meetings, which will be held in the spring.

Some of the existing members of the Board will decide to serve again, while others may not. The nomination process is an important tool for recruiting new candidates to fill our Board positions. The issues of today that concern pensioners require strong leadership and energy, in order to ensure that BPG survives and continues to address the needs of its members.

The BPG bylaws require a minimum of seven Directors and allow for a maximum of fourteen. Board members are elected by the membership at large. Chapter Chairs are elected by the members of their own Chapter and are automatically appointed to the Board. There are 5 Chapters, located in London, Montreal, Ottawa, Quebec and Toronto.

The main role of a BPG Board member is to help set strategy and manage the affairs of the organization. In addition to the commitment of several hours per month, Board members are expected to participate in monthly conference calls and attend two Board meetings per year in Montreal or Kingston. Chapter Chairs have the additional responsibility for the Chapter administration, which includes local meetings and the distribution of bulletins. Other Directors may serve in officer positions or as the head of a special committee. Aside from the monthly conference calls, communication between members of the Board and also between local Chapter committees is largely done through e-mail. Hence computer network access is a necessity.

BPG members are invited to submit names of interested parties, who have indicated their willingness to serve as either a Chapter Chair or a Director at Large for a two-year term, beginning in June 2007. Both the nominated candidate and the nominator must be a member in good standing of BPG.

A nomination form is attached to this bulletin. All nominations must be received by January 31, 2007. No nominations will be accepted after this date.

A nomination committee composed of Linda Terrill (past president), Pam Went (president) and Gerald Lacroix (director at large) will review submissions and present a slate of nominated candidates for election at the Chapter meetings in the spring.

### **BPG 2007 NOMINATION FORM**

This form should be used to submit a candidate for the position of Chapter Chair or Director at Large. One form is required for each candidate submitted. Both the nominator and the nominee must be members in good standing of BPG and the nominated candidate must have agreed to allow their name to stand for election. Please complete the requirements below and mail or e-mail this information by January 31, 2007 to:

Mrs. Linda Terrill 4 Brookbend Crescent, Nepean, ON K2H 1E4 or  
lindaterrill@bellpensionersgroup.ca

## NOMINATED CANDIDATE

The following candidate has agreed to serve as Chapter Chair: <input type="checkbox"/>		Name/City Chapter	
or			
Director at Large <input type="checkbox"/>			
Name:			
Address		City/Town	
Province		Postal Code	
Telephone		e-mail	

## NOMINATED BY

Name			
Address		City/Town	
Province		Postal Code	
Telephone		Email	

### **Item #9 Are You Aware**

If you are a "snowbird" and expect to leave the country for several months, it is a good idea to have your doctor issue a prescription for sufficient medication to cover your sojourn out of Canada. If you advise Manulife, they will allow the prescription to go through. This is a win/win situation for you and Manulife, since drugs are cheaper in Canada than the US, and it saves you the need to incur these expenses out of pocket and having to save the receipts and submit a claim when you return to Canada.

### **Item #10 Are You Aware**

People looking for historical share prices can go to the BCE.ca web site and in the investor section there is historical share price data back to 1940 and tools for assisting with capital. It is very important for shareholders to keep track of the average adjusted cost base for all their investments. This information is required for various types of transactions such as stock splits, spin offs (remember Nortel) etc. In what now seems like the unlikely event that Bell proceeds with the Income trust you will have a deemed disposal of your Bell shares and if these are held outside an RRSP or RIF you will be subject to Capital Gains tax.