



Security of Bell pensions in the current international financial crises

Our Bell pension plan is not immune from the impacts of the current international banking and financial crises. Regardless, our monthly pension payments are NOT directly affected and will continue to be paid in accordance with federal pension legislation.

BPG met in early October with the Bell pension plan administrators who confirmed that current stock market volatility is indeed impacting the plan. BCE has stated in a recent release of its 3rd quarter financial results that if the downturn in the capital markets continues to the end of 2008, their defined benefit pension plans (including Bell's) will be in a solvency deficit position and additional contributions may be required in 2009.

This along with other factors virtually guarantees that the pension plan will be subject to a formal actuarial review as of the end of this year. The results of this review will determine the extent to which the plan may have a funding solvency deficit. Any solvency deficit has to be reported to the government pension regulator along with a financial plan for eliminating the funding deficiency over a maximum of five years.

Compared to other large defined benefit pension plans, our plan was in very good shape going into 2008. In the current issue of In Touch, Bell has made the following statement:

"As of December 31, 2007, the effective date of the most recent actuarial valuation of the Bell Pension Plan, the Plan was fully solvent, which means that the Plan assets would have been sufficient to cover the Plan members' rights had the Plan been wound up as of that date. In fact, the Plan's solvency ratio was 100.6%.

Furthermore, the Plan's funding ratio, which compares the Plan's assets with the Plan's liabilities, assuming the Plan continues indefinitely, was 106.2%.

You will find more information in the 2008 Pension

Information Committee report that will be available later this fall on the In Touch website."

Bell is currently financially sound and should continue to be so through any slowdown in the Canadian economy. Furthermore, if the privatization of Bell is concluded in December as expected, there is every indication that the new owners will continue to ensure the future financial viability of the company and therefore its ability to continue to fund the pension plan as required.

That said, the BPG pension committee continues to pursue the need to add additional assurances for the long term financial security of our pension by proposing significant changes to Canadian pension legislation and related regulations. Working with other pension groups, we have appeared before and submitted specific recommendations to both federal and provincial pension legislation review panels and commissions currently examining all areas of concern with our type of pension plan. The changes that BPG is looking for include the need to:

1. recognize pensioners as key stakeholders
2. mandate continuous full solvency funding of pension plans
3. provide more timely and detailed reporting
4. resolve surplus ownership issues
5. ensure that retirees' pension benefits receive the highest possible protection should a plan fail.

The BPG pension committee is comprised of talented, experienced and knowledgeable members. It is dedicated to advocating extensively with government and pension regulatory bodies and other pension stakeholders for acceptance of our proposals and recommendations, in order to have legislation updated as soon as possible. We will keep our membership informed on the impacts of these efforts.

BPG WRITES TO JIM FLAHERTY TO EXPRESS OUR VIEWS ON PENSION FUNDING OBLIGATIONS

Recently, several media reported that businesses were calling on the federal government to provide sponsors of federally regulated defined benefit pension plans with regulatory relief of their pension funding obligations, given the recent financial market turmoil. Some of those reports quoted the federal Minister of Finance as saying government helped companies deal with pension funding issues in the past and would review the issue again.

Many pension funds invest in the stock market and with the rapid decline in the value of a number of their investments, they may suddenly find themselves in a deficit position. As a result, these pension funds will have to inform the government how they intend to make up the deficit. This could result in a number of companies having to make unexpected payments to their pension fund at a time when their finances are tight.

On October 31, Raymond Bertrand, president of the Bell Pensioners' Group, sent a letter to Jim Flaherty, Canada's Finance minister, to express our views and to provide him with **three recommendations** to address the growing controversy around funding obligations of sponsors of defined benefit pension plans.

Our first recommendation was to introduce a grace period up to the end of June 2009 *for pension plans which are not currently making solvency deficit amortization payments* before having to prepare a formal actuarial review. In other words, the grace period would be extended to those companies whose plans were solvent prior to the sudden devaluation of the stock market and would not apply to those companies whose plans were in a deficit position **and** who had already made arrangements with the government to gradually bring their pension funds out of deficit over time.

This recommendation for action in the near term is based on our understanding that until such time as the stock market turbulence settles down it does not appear feasible for pension plan actuaries to quantify funding deficits with any degree of accuracy. BPG suggests government and sponsors keep in mind

that historically stock markets, following a deep sell-off, invariably rebound, then stabilize and begin the road to stock price recovery.

Our second recommendation to the Minister was to call on the government to resist extending blanket funding relief to all pension plan sponsors by increasing a funding deficit amortization period beyond five years as is being called for by some federally registered businesses. We believe such action would definitely increase the financial risk for pensioners who have been calling for more security of their pensions, not less. In addition, we have pointed out that the federal government now allows the use of secured Letters of Credit to assist plan sponsors in meeting the solvency funding requirements of their pension plans. Using Letters of Credit can ease the financial burdens of a business, especially during periods of low economic activity and thereby reduce the need perceived by these companies for long term funding relief.

Our third recommendation was to request again* the Minister to seriously consider a national pension reform summit. There are many important issues associated with pension plan funding and there is a lot of effort currently underway to formally address these issues. Finance Canada initiated a consultation in 2005 to request input on these issues from stakeholders. This fall, Ontario, Alberta-British Columbia, and Nova Scotia are all to issue reports with findings and recommendations provided by their respective pension legislation review panels or commissions and they have all focused heavily on pension plan funding and related issues. [*BPG wrote to the federal Minister of Finance and the provincial ministers responsible for pension legislation in August 2008 to request such a forum.]

BPG's president concludes his letter by saying that "we are encouraged that you and the government are on top of the problems and issues currently affecting pension plan funding and are most anxious to assist in ensuring the right efforts go into securing the ongoing financial obligations of all defined benefit pension plans

Grass Roots Political & media Actions

We have received feedback from some members that they would be like BPG to take a more broad based political action approach to pension reform, wherein we would be circulating petitions, encouraging members to contact their local MPs and making our case for pension reform through the media. BPG's board does not reject this approach and indeed members are free to take whatever actions of this nature they feel will help our cause. Our board's strategy does not include grass roots and media action, since we feel the approaches we have been using "through direct contacts with the different stakeholders" have been and continue to be effective.

Fall General meeting Report

Jim McColl opened the 2008 Fall General meeting with a special thanks to our Chapter volunteers and committee members who organize and staff these meetings. These are the people make every thing run so smoothly.

Jim announced that this would be his final meeting as Chapter Chair. He stated how grateful he was for the opportunities he has had to chat with so many Bell pensioners and in many cases help resolve their problems. He made many new friends and renewed old acquaintances during his five years on the executive and three as Chapter Chair. Jim expressed his appreciation for the opportunity to work with, "our wonderful volunteers and our talented and hard working executive board members". In accordance with Chapter Procedures and in the absence of other nominations Jim acclaimed Al Bowcott, current chapter first Vice President as our new Chapter Chair effective immediately and welcomed him to his new role. The meeting was then turned over to Al.

Al thanked Jim for his many years of dedicated exemplary service to BPG and in particular to the Toronto & Area Chapter. We are assured that we will continue to benefit from Jim's experience and knowledge in his new role as the Past Chair in the Toronto and Area Chapter.

Al comes real Bell family, in fact both his parents worked for Bell and his dad was *the first president* of the CTEA. His brother, *an uncle and a cousin* also worked for Bell . Al's career with Bell spanned 39 years beginning with permanent employment in 1957 in the Toronto District toll CO, Al eventually moved to the Accounting department and progressed through a variety of management positions in finance including a stint in Saudi Arabia with his family where he was Director of Finance, Contract Administration. He retired in 1995 as Director Insurance and risk management. Al *became a member of BPG* in 2005. He has served our chapter board as budget coordinator and First VP.

President's Report & PIC Update

Our president, Raymond Bertrand, provide an update on the activities of the BPG Board of Directors. Raymond was followed by our PIC representative, Jim

Murray, who reviewed the activities of the Pension Committee and the status of our pension fund.

Jim highlighted that despite the severe economic downturn there is no reason for Bell Pensioners to panic.

- The plans obligations are legally binding
- Bell is financially sound
- The plan was fully solvent on Dec 31 '07

Jim pointed out that, as one might expect, the plan's solvency is being affected by the downturn. The next formal actuarial review of the plan is scheduled for Dec 31 and it is likely that special payments to the fund will be required from Bell going forward in 2009

In regards to Pension Legislation reform : as announced earlier BPG has submitted briefs in response requests to Provincial and Federal forums, advocating for changes to pension legislation to heighten security of defined benefit plans.

These submissions are an important part of our pension reform advocacy effort since we believe that if we can influence individual provinces to implement the reforms we are seeking, this will help to set a model for and incentivize the same reforms at the federal level

In regards to the takeover of BCE by the Ontario Teacher's Pension Fund, Jim mentioned that the targeted date is still Dec 11th 2008.

Our guest speaker Art Fitzgerald representing Al Gore's Global Warming Initiative gave a compelling and visually alarming presentation depicting many photographs , film clips and statistical graphs showing the accelerating rate of the effects of global warming throughout the world. Art stressed that each of us needs to "think green" in our everyday living as well as to advocate for and support government action such as support for the Kyoto Accord

General Meeting Schedule for 2009

Our Annual Spring General Meeting is set for Wednesday May 13th 2009 . Please note that this year both Meetings will be held on Wednesday's. The Fall GM will be held on Wednesday October 14th 2009. So when you get that new 2009 calendar make sure that these two dates are the first entries you make. Both of these meetings will be held as usual at the Pavilion Royale on Dixie Rd in Mississauga. More details on our Spring AGM will appear in our April Newsletter

BCE and Bell Plans are different plans

Typically the press, analysts, consultants, etc., see the name BCE and think of it as being the same as Bell.

BCE financial reporting is done on a consolidated basis and therefore the pension plan numbers are not just for the Bell plan. The media don't often try to distinguish between pension fund solvency funding levels and going-concern funding levels.

Because BCE's reporting is consolidated they don't realize that the Bell pension plan was fully funded on a solvency basis and a going-forward basis at the end of 2007. The Bell plan had a solvency deficit of less than \$900 million at the end of 2005 and had a going-concern surplus.

As mentioned elsewhere in this newsletter, we believe Bell currently is financially healthy which has always been the key to ensuring it will be able to fund the pension plan as required..

Nevertheless we also believe the current financial crisis highlights more than ever the need to enact needed and overdue changes to Canada's pension legislation

Current Legislation regarding Pension Deficits

The following Questions and Answers appear on the Internet site of the **Office of the Superintendent of Financial Institutions (OSFI)** http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=1680

Are pension plans allowed to operate in a deficit position?

Yes. Federal pension legislation allows a pension plan to operate in a deficit position.

Pension plan administrators must submit valuation reports to OSFI at least every three years indicating the funded status of the plan. OSFI has the authority to ask for valuation reports at any time, in the event that doing so appears warranted. This is generally the same approach followed by provincial pension regulators.

If a valuation report indicates that a plan is under-funded on plan termination basis, the administrator must fund the plan by making special payments over a five-year period. As well, an under-funded plan is required to file a valuation report every year until the plan no longer has a deficit.

Why are pension plans allowed to operate in a deficit position?

The *Pension Benefits Standards Act, 1985*, recognizes that pension plans may at times find themselves in deficit positions as a result of a variety of factors such as benefit increases, changes in actuarial assumptions resulting in actuarial losses to the fund, and downturns in the financial markets. These deficits may be too high for sponsors to absorb in one short and ultimately discourage benefit improvements. (Continued on Page 6)

Membership Fees for 2009 now due

Many in attendance at our Fall meeting took the opportunity to renew their membership for 2009. With the worldwide collapse of financial markets and the protracted privatization of Bell we as Bell pensioners are headed for very challenging times. To continue to be heard by Bell, pension regulators and government it is essential we demonstrate solidarity of numbers.

If you haven't renewed your membership please do so now. Help us continue in our efforts to press for needed changes in pension regulations and legislation to ensure the ongoing health of our pension plan and sustainability of our post retirement benefits. Please help us also by convincing a former colleague to join. You are our best recruiters. Note: If you did not receive a renewal notice with this newsletter, you have already paid for 2009.

Get Involved—Volunteer to serve.

In his closing remarks at our GM Al Bowcott emphasized the need for volunteers to serve on our Chapter Advisory Board. We are always on the lookout for "new talent" so if you're interested in joining our Chapter team, please contact Al by phone (905 669 9435), or e-mail

albowcott@bellpensionersgroup.ca.

We are also constantly looking for good people to join our board. If you feel you would like to contribute your skills and time or if you know someone else who you feel would make a good candidate for either our chapter or board, please let us know. Remember, our volunteers are the keys to our success.

BPG's Vision

In 2003, BPG's Board of Directors developed a "Vision Document" intended to serve the following purposes:

1. Provide a unifying point of reference for the BPG Board of Directors and Chapters.
2. Shape the Board's strategic thinking.
3. Guide the BPG's day-to-day decision-making regarding the prioritization of issues and the initiation of action plans.

This document was recently updated and approved at the October 2008 Board meeting. It reflects the Group's core values and beliefs, its purpose, its mission and defines its priorities and strategies.

Core values & beliefs

The following are the Core Values and Beliefs that guide the decisions of the Board of Directors of BPG:

1. Our approach to addressing issues and concerns is first to seek a solution.
2. We do not endorse products.
3. We respect the privacy of our members.
4. We are fiscally responsible, and ensure our members have a complete understanding of how and where we spend their money.
5. We ensure that the organization is sustainable.

Purpose

The reason for the existence of BPG, and our enduring purpose, is captured on the BPG website, and in our Bylaws, and is as follows:

The primary objective of the Bell Pensioners' Group (BPG) is to protect the Bell Canada pension and benefits of members. This is accomplished through ongoing dialogue and formal meetings with Bell, advocating to government for improved pension legislation and regulations, and supporting the pensioner representatives on the Bell corporate Pension Information Committee (PIC). Our goal is to inform our members on current Bell pension and benefits issues and where necessary to

assist them in addressing their particular problems in these areas.

Mission

The mission of BPG is "to be recognized by Bell, Bell pensioners, government agencies and the stakeholder community as an effective and influential advocate for our members".

Priorities

The Board of the Bell Pensioners' Group will focus on the following priorities:

1. Protecting the interests of our members with regard to the Bell Pension Plan.
2. Advocating for the continuance of post retirement benefits (e.g. medical, vision, dental, etc.) of our members.
3. Representing the interests of Bell pensioners in the growing public policy debate on pension reform.

Strategy

The following are the current strategies that will enable the Chapters and the Board to realize our Mission:

1. Advocate on behalf of Bell pensioners, legislative and regulatory changes that will protect the interests of Bell pensioners.
2. Ensure that PIC representatives are members of BPG.
3. Inform our members on key and current issues relating to their pension and benefits and assist them as needed
4. Increase the number of BPG members.
5. Develop and mobilize a network of like-minded pension groups on issues of importance to Bell pensioners

Pension Entitlement Certification

Have you ever wondered how long the fund assets of Bell could continue to make pension payments into the bank account of retirees who have passed away? It's a good question in this day and age when these payments are prepared, transmitted and deposited electronically into personal bank accounts.

It is one of the reasons why the Bell Pension Department has initiated an audit on pensioners of the BCE group of companies. As an agent of the Pension Plan, they have to ensure the financial security of the pensioners and the integrity of the management of the pension payments. They also need to validate the date of birth and the current mailing address for every pensioner and survivor, if any. As indicated in the last In Touch issue, every pensioner is being requested to complete, sign and return by mail the form "Certification of Pension Entitlement".

Since this exercise is taking place for the first time, the Bell Pension Department has told BPG that additional efforts will be undertaken to follow-up on every form not returned as requested. This requirement is not unique to Bell. Many financial institutions, insurance companies and the like have similar verification programs in place.

For more information or help about this process, there is a special toll free number to call at 1-866-790-4556 (or 514-499-6849 if you are in the Montreal area), Monday through Friday from 8:00 a.m. to 5:00 p.m. (Eastern Time).

Alternatively you may also call on Dorothy Dunbar our Chapter Contact at:(416) 766-1999 or Al Bowcott our Chapter Chair.

The Certification of Pension form also provides a good opportunity for pensioners with spouses to review the information with your spouse as well as all the other entitlements outlined in the annual "Statement of Benefits" that we all receive. Also, ensure that your spouse has all relevant information and is aware of : pension amount, insurance, employee number and who to contact to ensure that at time of death their spouse can claim the benefits they are entitled to receive.

We have received many calls from survivors of pensioners who were totally unaware of their entitlements, or the fact that their spouse had been receiving the annual statement.

Don't let this happen to you.

Worth Looking into - New Bell Bundles

The following is an excerpt from the November Issue of "In Touch"

"If you subscribe to the Bell Bundle you can now benefit from some incredible Bell Bundle savings in addition to the 35% employee discount you already receive with the Employee Discount Plan.

With the Bell Bundle, you can save up to \$25 per month in Ontario and up to \$30 in Quebec when you subscribe to discountable residential products from at least two service categories: Bell Home Phone, Bell Internet, Bell TV and Bell Mobility.

We also have great news about the Digital Bundle long distance plan. Without giving up their long distance plan subscribers to the Digital Bundle can now switch to the Bell Bundle and add new services or products in order to take advantage of the Bell Bundle savings"

Previously, these bundles were not eligible for the employee discount or the N. American LD plan that was available with the digital bundles offered a few years ago.

Legislation on Pension Deficits (from Page 4)

That is why the legislation allows for plans to run deficits with the proviso that the plan sponsor make up the shortfall within a period of five years. At the same time OSFI's policy is to require the submission of annual valuation reports until the deficits are funded.

Why isn't there a pension guarantee fund at the federal level?

Private pension plans are voluntary arrangements between employers and employees. A guarantee fund could reduce incentives for plan stakeholders to face, manage and solve their problems themselves. OSFI believes that the best protection for plan beneficiaries comes from solid funding and good plan management. Federally regulated pension plans and most provincially regulated plans are not protected by a guarantee fund. Any decision to create a pension guarantee fund at the federal level would need to be made by Parliament.

Chapter Contacts

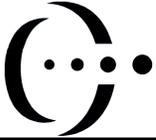
Dorothy Dunbar at: (416) 766-1999 or via email at ddunbar@sympatico.ca

Chapter Chair: Al Bowcott at (905 669 9435), or via-mail albowcott@bellpensionersgroup.ca

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