

**Teamsters Canada Rail Conference -
Running Trade Employees (TCRC – RTE)
Pension Arrears Frequently Asked Questions**

1) What are pension arrears?

Pension Arrears result when an employee books off work on what is known as a pensionable leave of absence, where no pension contributions were made. Since the leave is considered pensionable, and there are no earnings paid by CPR, a calculation is done to determine the amount that would have been paid had there been full earnings. This is referred to as constructed earnings.

2) Why does CPR construct earnings and why now?

Under the Pension Plan rules, employees must pay for all pensionable service, including leaves that are deemed pensionable.

Constructed earnings are not new. They are done on a monthly basis for all union employees who took a pensionable leave in that month. This is required in order to accurately produce Annual Statements, as well as to calculate Pension Adjustments each year. What is new is the collection of the outstanding arrears. Other crafts have already been through this process. We are now focusing on reconciling and collecting arrears from running trade employees.

3) Which unpaid leaves are pensionable?

The most common types of pensionable leaves are:

- Illness (Booking sick or unfit)**
- Injury (Either work related or non work related)**
- Union Business**
- Maternity/Parental Leave**
- Compassionate Care Leave**
- Periods of Lay-Off (if employee has over 20 years of service) ***

Special Note:

***For employees who are laid-off with at least 20 years of service, pension contributions are permitted for a maximum of one year.**

4) Is personal leave (or leave of absence) considered pensionable?

No. Personal leave (LOA) is not considered pensionable.

5) When are constructed earnings calculated?

There are two approaches to calculating constructed earnings; one for Yard Service including Yard Spareboards and one for Road Service including Road & Common Spareboards.

Yard Service and Yard Spare boards

- If you book off on a pensionable leave (i.e. sick) and miss a shift (i.e. lost work), constructed earnings will be calculated for each shift missed. The exception to this is if an extra shift is picked up then no constructed earnings will be entered provided the maximum number of shifts has been obtained.

Road Service & Road/Common Spare boards

- If you book off on a pensionable leave (i.e. sick) for less than 24 hours and miss a shift (i.e. lost work), constructed earnings will be calculated for one day. Constructed earning will not be calculated if you do not miss a tour of duty.
- If you book off on a pensionable leave (i.e. sick) for 24 hrs or more, constructed earnings will be processed for 1 day for each full 24 hr period you remain booked off. The number of days is calculated on a 24-hour, 7-day per week basis.

6) How are constructed earnings calculated?

There are two methods for calculating constructed earnings; one for Yard Service including Yard Spareboards and one for Road Service including Road & Common Spareboards.

Yard Service and Yard Spare boards

- Constructed earnings will be calculated at the daily rate of pay for the shift missed.

Road Service & Road/Common Spare boards

- Each day of constructed earnings will be assessed based on a daily average rate from your prior year's pensionable earnings, plus any negotiated wage increase. (Example: An employee with \$65,000 of pensionable earnings in 2004 would have a 2005 daily rate for constructed earnings of \$182.53. This is calculated by dividing pensionable earnings by 365 and increasing the daily rate by the appropriate General Wage Increase for 2005 (2.5%).)

7) Do I pay pension arrears even if I make my maximum miles?

No. If you make your miles (3,800 or 4,300 whichever applies), no further pensionable earnings are eligible, which means no arrears are generated. However, if you have not made your maximum miles, and are on an unpaid pensionable leave, Pension Services will calculate your pensionable earnings using your average daily rate from your prior year's pensionable earnings, plus any negotiated wage increase at 125 miles per day. (Example: A running trade employee working in western Canada has obtained 3,700 miles in the month, but booked sick for 3 days during that month. This RTE will have constructed earnings for 1 day, at 125 miles, and will pay pension arrears for that day based on the average daily rate. Please note that this calculation is for pension purposes only and has nothing to do with actual monthly mileage regulations).

8) Why must I pay pension arrears?

The Rules of the Pension Plan require that arrears be paid and all pensionable earnings, including constructed earnings, are used to determine your monthly pension amount when you retire.

9) What kind of repayment plan will be expected?

There are a few options available:

- a) A biweekly deduction approximately equivalent to a regular pension deduction until the balance is paid in full. This is what we call "double deductions" as you are paying your regular deduction plus a pre-established arrears deduction.**
- b) A one-time payment by payroll or by transferring the amount from your RRSP.**
- c) Personal cheque(s) for those employees who are on a leave of absence and unable to have payroll deductions to pay their arrears balance.**

Keep in mind that all pension balances must be paid in full prior to retirement so your repayment schedule may be slightly different if you have already submitted a pension application.

10) So how does this affect me as a member?

All employee records are being verified by Pension Services to ensure the correct amount of contributions have been collected for the pensionable service accumulated and reported to you in

your Annual Pension statement. If you have pension arrears, a letter will be sent to your home advising you of the total amount owing as well as the payment options available.

**Pension Services, HR Service Centre
Email: Pension_Services_Help@cpr.ca
Phone: 1-888-511-7557**