



# Le Flambeau Express

NEWSLETTER OF THE ASSOCIATION  
OF RIO TINTO ALCAN RETIREES MEMBERS OF THE APP

MAY 2009  
[www.rcra01.com](http://www.rcra01.com)

## A Word from the President

Hello everybody:

This special edition is for paid up members only.

We undertook to issue this Flambeau Express as soon as possible after the annual general meeting held this 6<sup>th</sup> of May.

For some of you, who were present at the meetings of your respective sectors, this will be without a doubt redundant, but not for the majority of you who were not able to get there.

This edition principally addresses the results of the pension fund as of the 31<sup>st</sup> of December 2008, the investments, the effect of Law 1 on the solvability basis of our fund, the election of our representatives to the retirement committee and finally the adoption of Law 68 which allows us to contact the retiree members of the APP pension fund.

### 1- THE RESULTS

The rate of return for 2008 was -(18%).

The solvability rate is 90 % for a deficit of -(335 M\$).\*

The capitalisation index as of the 31<sup>st</sup> of December 2008 was 93%, for a deficit of - (240 \$M).\*\*

The provisional rate as of the 31<sup>st</sup> of December 2007 was 119%, for a surplus of 478 M\$.

And the solvability rate as of the 31<sup>st</sup> of March 2009 was 88%.

\* Actuarial deficit calculated with the hypothesis of the termination of the plan at the time of the evaluation (example, bankruptcy)

\*\* Status of a plan that doesn't have the necessary assets to cover its engagements (its liabilities). Technically, one speaks of the excess of the actuarial provision versus the assets of the plan.

### 2- THE INVESTMENTS

a) **Distribution** (in whole numbers)

Canadian shares 21 %, American shares 18 %, International shares 17 %, Fixed rate 27 %, Private investments 15% and Cash in hand and short term 2%.

### b) **Rate of return**

Total -(18%). Canadian shares -(34%), Foreign shares -(27%), Fixed rate 3.8%, Private 14%, Private subscriptions 18 %, Real estate 3 %.

### 3- THE INCREASE IN THE PENSION PAYMENTS

Taking into account the capitalisation index of 93 % for a deficit of -(240 M\$) as of the 31<sup>st</sup> of December 2008, **there will not be an increase in the pension payment in October 2009. In other words – no surplus, no increase.**

The assets dropped from 3.2 \$G to 2.4 \$G as of the 31<sup>st</sup> of December 2008.

### 4- **LAW 1**

On the 15<sup>th</sup> of January 2009, the Quebec National Assembly adopted bill 1, a law modifying the law on complementary retirement funds and other legislative measures with a view to alleviating the effects of the financial crisis as regards the funds which are the object of this law.

In other words, this law softens the engagements of the enterprises as regards the pension funds so as to help them to get through the present financial crisis.

Here's the effect of this softening on our fund.

Financial situation based on the solvability as of the 31<sup>st</sup> of December 2008.

	Without the law	With the law
<b>Assets</b>	2,430 G\$	3,000 G\$ ***
<b>Liabilities</b>	2,765 G\$	2,700 G\$ ****
<b>Solvability</b>	-(335 M\$) (deficit)	300 M\$ (surplus)
<b>Equalising contribution</b>	70 M\$/année (over 5 years)	0 \$ (over 10 years)

\*\*\* The assets (with this law) are determined on the basis of a smoothing value (average) over 5 years.

\*\*\*\* The reduction of the solvability liabilities reflects the impact of the use of the new norm of the CAI (Canadian Actuaries Institute) for the active participants.

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#### **4- LAW 1**

Note that with this law the equalising contribution is spread over 10 years.

The capitalisation deficit of 240 M\$ is not affected by the law. It is spread over 15 years.

The retirees were never consulted about this law. They were informed with a done deal. The working group that proposed these changes was made up of representatives of the employers, the unions, the Quebec retirement fund and of actuaries.

Never were the retirees consulted about these reforms. It's as though the parents decide to take the children's money from their bank accounts without consulting them.

Furthermore, they told us several times not to worry too much about the contribution holidays since the company is responsible to cover the deficit if ever there is one. And unfortunately when it does happen, they quickly turn to the government for help.

#### **5- LAW 68**

What a lovely victory! All the retirees members of the Alcan Pension Plan - APP (6500) will soon receive with their annual report a little sheet to fill in (very short) authorising the retirement committee to send us their addresses so that we can communicate with them to offer them membership in the RCRA. Since the founding of our group in 2001 we've made this a priority.

Speak about it to your friends and don't forget to fill in the sheet that will be sent to you so that we can update your addresses. Thanks!

#### **6- RETIREMENT COMMITTEE ELECTIONS**

The RCRA supports the candidacies of Messrs. Michel Fortin and Richard Yank to represent the retirees on the retirement committee.

The results of the elections will be revealed at the annual general meeting of our pension fund to be held in Montreal this upcoming 18<sup>th</sup> of June.

It would be very pleasant to meet on this occasion to support and encourage our newly elected candidates. Besides, for this event a bus will be chartered to take us to Montreal. The departure will be from Alma and will be going through Saguenay. An amount of \$10 per person is asked to cover the cost. Those interested are asked to get in contact as soon as possible with **Michel Fortin (Tel: 418 347-4728)**.

#### **7- ANNUAL GENERAL MEETING OF THE RCRA**

Our annual general meeting was held this 6<sup>th</sup> of May in Jonquiere. 90 members of the RCRA showed up and were quite interested in the matters that were dealt with.

The mandates of four RCRA administrators were expiring at this AGM, namely: Réginald Cantin, Maurice Simard, Jacques Martel and Serge Girard. Jacques and Serge didn't wish to submit their candidacies for new mandates. We thank them for their dedication and wish them a happy retirement.

Following the elections, the new RCRA board of administration is made up of:

- Réginald Cantin, president (re elected)
- Gilles Bouliane, vice-president
- Ghislain Gauthier, secretary
- Olivier Maltais, treasurer
- Georges Boucher, director, web committee
- Maurice Simard, Alma representative (re elected)
- Claude Gagnon, director, communications committee
- Gilles Leblanc, director, communications
- Paquerette Leclerc, director, recruiting
- Noël Chouinard, director (newly elected).

One administrator position was not filled because no candidacy showed up. The board of administration makes a call to those interested to fill this position.

#### **8- OTHER INFORMATION MEETINGS**

We could not conclude this Flambeau Express without mentioning the warm welcome received at the meetings with the retirees of Shawinigan, Beauharnois and Alma. Their interest shown about matters regarding our pension fund, as well as for the economic and political situation, was a great source of motivation for our team.

We also thank the RCRA representatives from those plants for organising the meetings :

- Shawinigan : Claude Bellemare and Gilles Caron
- Beauharnois : Florio Poirier and Raymond McSween
- Alma : Maurice Simard.

I'll be seeing you,

*Réginald Cantin,*  
President