



# Le Flambeau Express

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

MAY 2010  
[www.rcra01.com](http://www.rcra01.com)

Special edition for paid up members

## A word from the interim president

Hello to you all, Rio Tinto Alcan retiree members of the APP.

You may have noticed in reading the successive editions of the **Flambeau** that 2009 has been a very effective year in action and results obtained. On the legislative level, the adoption of law 68 has opened the door to the joining up of an important number of new members. In communications, new frontiers have been surpassed. Finally, an exercise in retrospection and resourcing has led to a new vision and the means of action to continue the development of the RCRA.

As for myself, after 9 years of sustained involvement for the cause of retirees at different levels of the RCRA, I am leaving as director of the board as of the annual general meeting on the 12<sup>th</sup> of May 2010. However, I will continue to be available to support the committees or to assume the different responsibilities that may be confided to me.

When I think of the RCRA, from its beginnings in 2001 until today in 2010, I see first of all a group of just a few retirees, unrecognized by the law, not well seen by certain people nor welcome by Alcan. Today, in 2010, incorporated and structured with 2800 potential members, our group is recognized, representative, respected and credible at RTA, and above all confident in its future. What a path we've followed. What battles we've fought for the respect of our rights and interests, as well as our standard of living!

Congratulations and thanks to all the volunteers that I've met since 2001, volunteers who have given time and effort leading to this path we've followed and to the results we've obtained. I address special thanks to Reginald Cantin for his contribution and excellent work during 6 years and a half when he assumed the presidency of the board of the RCRA, and accepted to continue as director thereafter.

To all the RTA retirees, but in particular to the members of the RCRA, have a good summer. I look forward to the pleasure of meeting you in September 2010.

Gilles Boulianne

## Good news

RTA management informed us that our benefits will be increased as of next October 1<sup>st</sup> at half the rate of inflation, even if our fund was still in deficit on the 31<sup>st</sup> of December 2009. That's good news!

However, we're still missing 5% of our purchasing power. You'll recall that this had been re-established at 100% on the 1<sup>st</sup> of October 2000 for all retirees, but several years of partial indexation or non-indexation resulted in lost ground. We're not letting go, the RCRA continues its efforts with the object of getting a catch-up formula.

## Summary financial results for 2009

The yield for the year 2009 was **+14.3%**. You'll recall that it was **-18%** as of the 31<sup>st</sup> of December 2008, which constitutes a good improvement.

The solvency rate was **92%**, which means a deficit of **-236 M\$.\***

As for the capitalisation rate, it also was **92%** with a deficit of **229 M\$.\*\***

The assets increased to **2,5G\$**, as compared to **2,4G\$** in 2008.

- \* *Actuarial deficit calculated by making the assumption of the closing of the plan on the date of the evaluation (for example bankruptcy).*
- \*\* *State of a plan that does not possess the assets necessary to meet its obligations (liabilities). Technically, one speaks of the excess of the actuarial provision on the value of the assets of the plan.*

## Revision of the surplus policy

A new revision of the policy has been made necessary by the application of law 30 in 2010. The details of the changes will be communicated to you shortly by RTA.

The main changes refer to the establishment of a PUD (Provision for an Unfavourable Difference). The old policy only took into account the capitalisation ratio, whereas the new one also takes into account the solvency ratio.

For example, let's look at the following table:

Ratio		Policy	
Capitalisation	Solvency	Old	New
105%	105% PUD at 10%	Yellow light	Red light

Let us remember that a yellow light means an increase of the pension at 50 % of the rate of inflation, whereas the red light signifies, as its name indicates, '0' increase. To obtain a yellow light, with the new policy, henceforth requires a solvency ratio of 110% and more.

What's the purpose of this law? It is to prevent the situations which we have seen in the last 10 years, where the employers have taken contribution holidays alleging that they were responsible for the deficits. Except that when the time came, the economic situation compelling, they became unable to cover the deficits of the retirement pension funds for which they were responsible. It resulted in cases of bankruptcy where the solvency deficit caused the loss to retirees of very important amounts of money.

This law foresees the necessity to cover the unfavourable difference as soon as the solvency ratio is less than 110%, such that in case of the termination of the plan (bankruptcy), so that the retirees can continue to receive their full pension.

### **Revision of the surplus policy (cont.)**

To be added to this new policy is a formula that RTA calls 'Ad hoc possible' to be applied to the increase of benefits. It's exactly the application of this principle that's to be applied next October 1<sup>st</sup>. This formula replaces our proposed cost of living catch-up formula which was refused by RTA. Is it a strategy to get us to renounce our proposal?

But, we're not letting go and will continue our efforts to get the recovery of the indexation that we're missing and that without putting our pension fund at risk.

In 2000-2001, when the announcement of leave contributions for active employees was made, the surplus reached 150%, that is to say 950M\$. We just want to be able, within a clear policy, to take advantage of another opportunity when it comes up.

### **The RPA retirement plan versus RAPA**

In Quebec, unionized retirees have a distinct pension fund called the RAPA. On the 1<sup>st</sup> of October 2009, they received an increase in their revenues equal to 50% of the increase of the cost of living, whereas the retiree members of the RPA got nothing. This difference brought up a lot of questions.

Here's the explanation: on the 1<sup>st</sup> of October 2000, the purchasing power of all retirees was re-established at 100%. Following which the two plans received identical increases each year, despite the fact that they were administered differently, except in 2002 and 2009. In 2002 the retirees of the RPA plan received an increase of 1,66% versus 0,83% for those in the RAPA, whereas in 2009 it was 0% for the RPA versus 0,83% for the RAPA. Overall the two plans each received 14,20% in increased revenue.

### **FARQ (Federation of Québec Retiree Associations)**

Reginald Cantin was elected to a second mandate as an administrator of the FARQ at the annual general meeting last May 6.

A lot of work is presently underway to improve the security of retirement plans in cooperation with the FADOQ (*Federation of Quebec Seniors*) which groups more than 250,000 retirees. After obtaining improvements on the provincial level thanks to laws 195, 30 and 68, we're now shifting the priority of our actions to the federal level.

### **Annual general meeting of the RCRA**

It was held in Jonquiere on May 12<sup>th</sup> 2010.

The mandates of five administrators were completed at this time, they being Gilles Boulianne, Georges Boucher, Claude Gagnon, Ghislain Gauthier and Maurice Simard.

As the **Flambeau** was printed before the AGM, the results of the elections are not shown in the present edition. However, you can learn the composition of our new administrative council by visiting our web site at [www.rcra01.com](http://www.rcra01.com), under the index Organigram as well as in our next edition of the **Flambeau**.

### **A word by a representative to the retirement committee**

Years pass but are not alike. And it is so for our retirement fund. At the end of 2007 the value of the assets was \$3,2 billion and at the end of 2008 had fallen by a quarter to \$2,4 billion due to the economic crisis. The yield of our fund for the year 2009 was 14,3% for an increase in value of \$245 million.

Each of us who closely follows the economic situation hopes that the recovery begun in 2009 will continue and that our fund will return to the value that we've known for the last five years. I can assure you, having been present at the meeting of the retirement committee on March 11, 2010 that the Alcan Adminco members on the investment committee are doing everything that is humanly possible to take advantage of the recovery that's begun.

The first positive point is that our fund is of the defined benefits type that guarantees us the amount of our pension for life, and also that our association as well as its representatives that you elected to the retirement committee are watching over your interests and are continuously informing you about everything that concerns our retirement fund.

Another positive point is that our fund is registered in Quebec, and thus protected by the laws of Quebec, and that your organisation, the RCRA, works especially with the FARQ so that laws be continuously improved so as to protect our heritage more and more. In closing, I thank you for the interest in the work that we accomplish.

**Michel Fortin**

### **Priority files of the RCRA**

- To continue the struggle to get a catch-up formula so as to recover the purchasing power lost caused by the non-indexation of our pensions, this being 5%.
- Work for an increase in the membership each year (400 newcomers in 2009).
- Manage the strong growth resulting from the increase in our membership.
- Ensure the preservation of our defined benefits plan.
- Fight to keep our assets.

### **Notices and messages**

- If you haven't already done it, it's the time to renew your membership card. Your support is essential to meeting our objectives.
- Please take note that the new telephone number of the RCRA is **418-347-4728**.
- The RCRA email address is [gilirene@videotron.ca](mailto:gilirene@videotron.ca). Write to us, whether it is for address changes or to give us comments about the RCRA and our APP pension plan.
- A 4½ apartment is available at the Maison des Aînés, 284 Charlebois Street, Melocheville, QC. Most of the renters are retirees from Beauharnois Works. 450-429-5021.