

AESRP - A Quick Guide to COLA Determination and Award (For Retirees and Survivors - Applied to Pension in Payment)

For Pension Accrued Before July 1, 2004

Maximum COLA that can be granted on January 1, 2022

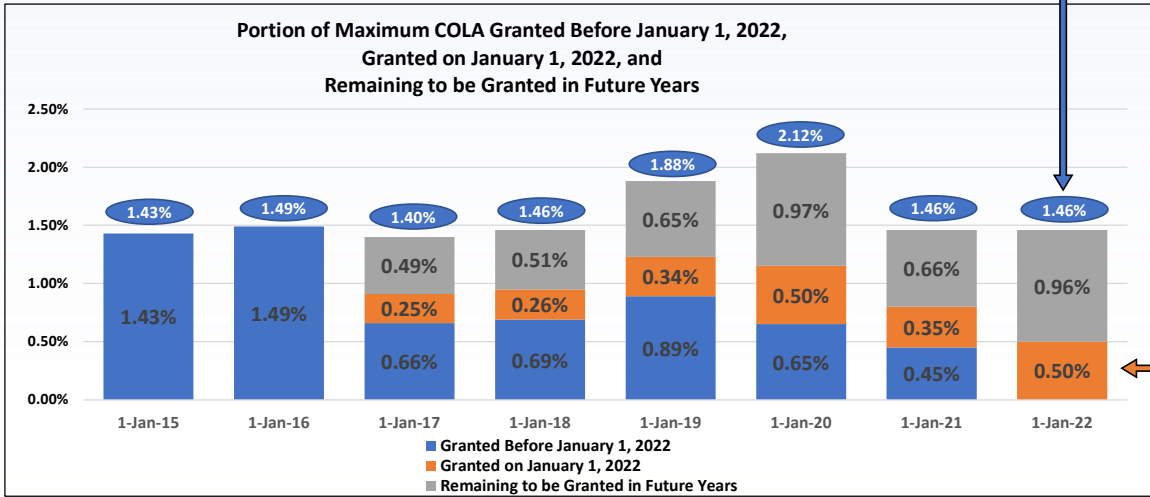
Every year, the maximum COLA is determined based on inflation in Canada. Inflation is based on the average change in Consumer Price Index (CPI) over the 12 months prior to the previous June 30 (i.e., July 1, 2020 to June 30, 2021), subject to a maximum of 4.5% or 6% depending on the period of accrual. Over time, the Board can grant all or portions of the above maximum COLA depending on the financial position of the Plan.

1.46%

Amount available to provide COLA on January 1, 2022

If the Plan passes its risk management test at the valuation date, as reported by the Plan's actuary, then the Plan can afford to award all or a portion of the maximum COLA. To calculate the proportion, the dollar amount available for awarding COLA is determined and then divided by the sum of all outstanding COLA amounts up to and including the current year. That proportion is 34.06% for January 1, 2022.

The Plan can afford to provide:
34.06% of current year maximum COLA; and
34.06% of the portion of maximum COLA still not granted from prior years



The amount in the circle at the top of each column is the maximum COLA calculated for each year since January 1, 2015. However, not all of the maximum COLA for each year has been granted to date.

The grey area represents COLA that has yet to be awarded and could be granted in future years, should the financial position of the Plan allow for it.

The orange area represents the percentage of COLA granted on January 1, 2022 (being 34.06% of the amount still not granted from prior years). For example, for January 1, 2020, 0.50% is being granted on January 1, 2022 which is 34.06% of what had not been previously granted (2.12% minus 0.65%).

The blue area of each column represents the COLA that has been granted over the years prior to January 1, 2022.

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For Pension Accrued On And After July 1, 2004

Maximum COLA that can be granted on January 1, 2022

Every year, the maximum COLA is determined based on a combination of inflation in Canada and the pension fund investment returns. The maximum COLA is set at the increase in Consumer Price Index (CPI) for the current year up to 0.5%, plus the lesser of (i) and (ii), where (i) is the average pension fund investment return over 3 years in excess of 7.75%, and (ii) is the average increase in CPI over the same 3 years in excess of 0.5% (if CPI for the current year is lower than 0.5%, CPI is used). Over time, the Board can grant all or portions of the above maximum COLA depending on the financial position of the Plan.

0.50%

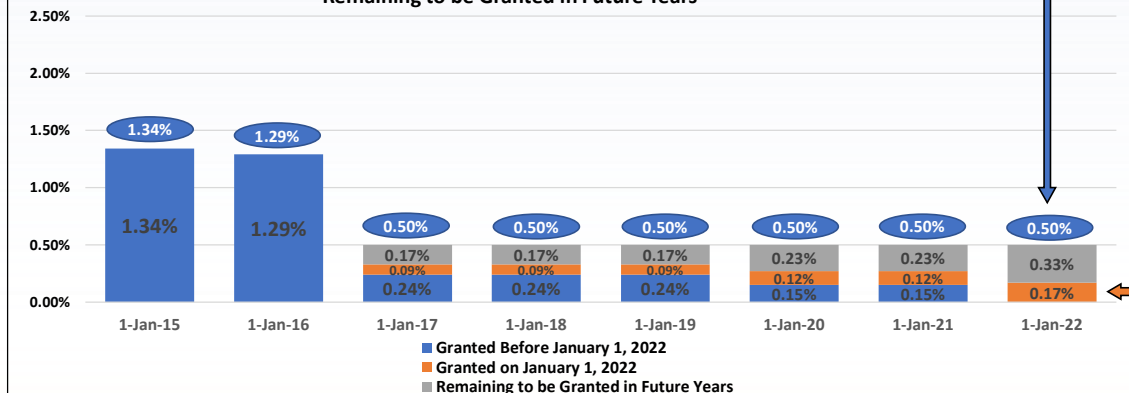
Amount available to provide COLA on January 1, 2022

If the Plan passes its risk management test at the valuation date, as reported by the Plan's actuary, then the Plan can afford to award all or a portion of the maximum COLA. To calculate the proportion, the dollar amount available for awarding COLA is determined and then divided by the sum of all outstanding COLA amounts up to and including the current year. That proportion is 34.06% for January 1, 2022.

The Plan can afford to provide:

34.06% of current year maximum COLA; and
34.06% of the portion of maximum COLA still not granted from prior years

**Portion of Maximum COLA Granted Before January 1, 2022,
Granted on January 1, 2022, and
Remaining to be Granted in Future Years**



The amount in the circle at the top of each column is the maximum COLA calculated for each year since January 1, 2015. However, not all of the maximum COLA for each year has been granted to date.

The grey area represents COLA that has yet to be awarded and could be granted in future years, should the financial position of the Plan allow for it.

The orange area represents the percentage of COLA granted on January 1, 2022 (being 34.06% of the amount still not granted from prior years). For example, for January 1, 2020, 0.12% is being granted on January 1, 2022 which is 34.06% of what had not been previously granted (0.50% minus 0.15%).

The blue area of each column represents the COLA that has been granted over the years prior to January 1, 2022.