
BANK OF CANADA

SUPPLEMENTARY PENSION ARRANGEMENT

(BY-LAW 18)



This document is a consolidated version of the Bank of Canada Supplementary Pension Arrangement (By-law18). It incorporates into the text of the Arrangement all amendments made to date since the Arrangement took effect on 1 January 1992. The previous consolidation included amendments made as of 19 April 2003. This consolidation includes the latest set of amendments which were published in the *Canada Gazette* on 27 September 2003.

December 2003

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1.1 DEFINITIONS

Unless the context otherwise specifies or requires, all terms contained in this *Arrangement* which are defined in the *Pension Plan* shall for all purposes hereof have the meanings given to such terms in the *Pension Plan*.

Further, in this *Arrangement*,

“*Arrangement*” means the Bank of Canada Supplementary Pension Arrangement as described herein and as may be amended from time to time;

“*deferred*”, in relation to a *supplementary pension benefit*, means a *supplementary pension benefit* other than an *immediate supplementary pension benefit*.

“*Early Retirement Program*” means an early retirement program approved by the Board of Directors of the Bank of Canada.

“*immediate*”, in relation to a *supplementary pension benefit*, means a *supplementary pension benefit* that is to commence within one month after a *participant, participant’s spouse or dependant* is entitled to it.

“*interest*” has the meaning assigned by subsection 4.2 of the *Pension Plan* which shall apply equally to the computation, accrual, rate and crediting of *interest* in respect of a *participant’s net supplementary contribution account* and *net RCA account* under this *Arrangement*.

“*net RCA account*” has the meaning assigned by paragraph 11.1.5;

“*net supplementary contribution account*” has the meaning assigned by subsection 4.1;

“*participant*” means a *member* of the *Pension Plan* who has become a participant of this *Arrangement* pursuant to Section Two;

“*Pension Plan*” means the Bank of Canada Pension Plan as may be amended from time to time;

“*RCA*” means the portion of this *Arrangement* comprising the *Supplementary Trust Fund* which constitutes a retirement compensation arrangement for the purpose of the *Income Tax Act* as provided in paragraph 11.1.2;

“*supplementary pension benefit*” means a periodic amount to which a *participant* or the *participant’s spouse or dependant* is or may become entitled under this *Arrangement*;

“*supplementary pension benefit credit*” means the aggregate value at the date of calculation of a person’s *supplementary pension benefit* and other benefits under this *Arrangement* determined pursuant to subsection 13.5, but not less than the sum of the *participant’s net supplementary contribution account* and accrued *interest* up to the beginning of the month that includes the date of calculation;

“*Supplementary Trust Fund*” means the fund established for the purposes of this *Arrangement*;

“*refundable tax*” has the meaning assigned in Part XI.3 of the *Income Tax Act* in respect of the *RCA*;

“*Trustees*” means the persons or person (including a trust company) appointed by the *Bank* to act as *Trustees* of the *Supplementary Trust Fund* and holding office as such from time to time pursuant to the terms of the agreement entered into between the *Bank* and the *Trustees* as provided in subsection 11.1 hereof;

2.1 ELIGIBILITY**2.1.1 Maximum Pension**

Any person who is or becomes a *member* of the *Pension Plan* on or after January 1, 1992 other than a *member* whose right to a benefit exists solely by virtue of a period of *pensionable service* prior to January 1, 1992 shall become a *participant* of this *Arrangement* on the later of January 1, 1992 and the date that is the earlier of the date

- (a) such person's contributions pursuant to paragraph 3.2.1 of the *Pension Plan* become restricted by the limitation set out in subparagraph 3.2.3(a) of the *Pension Plan*, and
- (b) such person's pension benefit under the *Pension Plan* becomes restricted by Section Nine of the *Pension Plan*.

Further, any person who is an *active member* of the *Pension Plan* on or after January 1, 1992 and as a consequence of such *member's* death a *pension benefit* becomes payable to such *member's* spouse or dependants pursuant to subsection 7.1 of the *Pension Plan* after 1991, which *pension benefit* is restricted by the limitation in respect of the *Year's Maximum Pensionable Earnings* set out in clause 7.1.2(a)(ii) of the *Pension Plan*, shall unless already a *participant* of this *Arrangement* pursuant to (a) or (b) above, be deemed to be a *participant* of this *Arrangement* on the day immediately prior to such person's date of death.

2.1.2 Early Retirement Program

Any person who retires under the *Early Retirement Program* shall, unless already a *participant* of this *Arrangement* pursuant to paragraph 2.1.1, become a *participant* of this *Arrangement* upon such retirement if the member's *lifetime pension benefit* and *bridge pension benefit* determined pursuant to such *Early Retirement Program* exceed the actual *lifetime pension benefit* and *bridge pension benefit* payable from the *Pension Plan*.

2.1.3 Enhanced Benefits Program

Any person in respect of whom a contribution is made by the Bank as described in Section 14 shall, unless already a *participant* of this *Arrangement* pursuant to paragraph 2.1.1, become a *participant* of this *Arrangement*.

3.1 PARTICIPANT REQUIRED CONTRIBUTIONS**3.1.1 Current Service**

Each *participant* who is required to contribute pursuant to paragraph 3.2.1 of the *Pension Plan* and who is restricted, on and after January 1, 1992, by the limitation set out in subparagraph 3.2.3(a) of the *Pension Plan*, is required to contribute to this *Arrangement*, by deduction from *salary*, the excess of

- (a) the *member* current service contribution calculated pursuant to the paragraph 3.2.1 of the *Pension Plan*

over

- (b) the maximum *member* current service contribution calculated pursuant to subparagraph 3.2.3(a) of the *Pension Plan*.

3.1.2 Past Service

A *participant* who is required to contribute pursuant to paragraph 3.2.2 of the *Pension Plan* in respect of the *member's* prior *pensionable service* shall contribute under this *Arrangement*, either to the *Supplementary Trust Fund* or to the *Bank*, such amounts, if any, as shall be determined by the *Bank* on a basis that is reasonably consistent with the basis used to determine *member* past service contributions pursuant to paragraph 3.2.2 of the *Pension Plan*.

3.2 NO WITHDRAWAL OF PARTICIPANT CONTRIBUTIONS

A *participant* who is an *active member* of the *Pension Plan* shall not withdraw any part of the *participant's net supplementary contribution account*, except in the event of the wind-up of the *Arrangement*.

3.3 EMPLOYER CONTRIBUTIONS

The *Bank* shall make contributions to the *Arrangement* at least equal to the *participant's* required contributions made pursuant to subsection 3.1 other than those contributions pursuant to paragraph 3.1.2 made by the *participant* to the *Bank*.

4.1 NET SUPPLEMENTARY CONTRIBUTION ACCOUNT

The *net supplementary contribution account* of a *participant* at any time is equal to the sum of

- (a) all contributions made to the *Arrangement* by the *participant*, and
- (b) *interest* on the outstanding positive balance of the *participant's net supplementary contribution account* from time to time

less the sum of

- (c) all payments under the *Arrangement* that are in respect of the *pensionable service* of the *participant*, whether single or periodic amounts, and
- (d) *interest* on the outstanding negative balance of the *participant's net supplementary contribution account* from time to time.

5.1 RETIREMENT AT, AFTER OR BEFORE PENSIONABLE AGE

A *participant* who elects to retire pursuant to the provisions of paragraph 5.1.1, 5.2.1 or 5.3.1 of the *Pension Plan* will be entitled upon such retirement to an *immediate supplementary pension benefit* under this *Arrangement* equal to the excess of

- (a) the *lifetime pension benefit* and *bridge pension benefit* determined pursuant to subsection 5.1, 5.2 or 5.3 of the *Pension Plan*, as applicable, but in the case of a member who is entitled to become a *participant* pursuant to paragraph 2.1.1 of this *Arrangement*, without the limits imposed thereon by Section Nine of the *Pension Plan*,

over

- (b) the actual *lifetime pension benefit* and *bridge pension benefit* payable from the *Pension Plan*.

Any *supplementary pension benefit* payable under this Section Five shall be paid at such times and in the same manner as is provided for payment of *pension benefits* from the *Pension Plan*.

If any such *participant* retires under the *Early Retirement Program* then the reference to subsection 5.3 of the *Pension Plan* in this subsection 5.1 shall be read as "the *Early Retirement Program* and subsection 5.3 of the *Pension Plan*."

6.1 DEFERRED SUPPLEMENTARY PENSION BENEFIT**6.1.1 Eligibility**

A *participant* who upon termination of employment with the *Bank* becomes entitled to a *deferred pension benefit* pursuant to subsection 6.1 of the *Pension Plan* will be entitled under the *Arrangement* to a *deferred supplementary pension benefit* computed according to paragraph 6.1.2 and payable at *pensionable age*.

6.1.2 Amount of Supplementary Pension Benefits

The annual *deferred supplementary pension benefit* to which a *participant* is entitled pursuant to paragraph 6.1.1 shall equal the excess of

- (a) the *deferred lifetime pension benefit* and *deferred bridge pension benefit* determined pursuant to paragraph 6.1.2 of the *Pension Plan* but without the limits imposed thereon by Section Nine of the *Pension Plan*,

over

- (b) the actual *deferred lifetime pension benefit* and *deferred bridge pension benefit* payable from the *Pension Plan*.

6.1.3 Early Commencement

An election under paragraph 6.1.3 of the *Pension Plan* applies to the payment of the *participant's deferred supplementary pension benefit* under the *Arrangement* and the *deferred supplementary pension benefit* under the *Arrangement* shall be adjusted for such earlier payment on the same basis as the *deferred pension benefit* is adjusted under the *Pension Plan*.

**6.2 PAYMENT OF SUPPLEMENTARY PENSION BENEFIT CREDIT
OR REFUND OF CONTRIBUTIONS****6.2.1 Payment of Supplementary Pension Benefit Credit**

Any *participant* entitled to a *deferred supplementary pension benefit* pursuant to subsection 6.1 may, in conjunction with a transfer of the *pension benefit credit* from the *Pension Plan* pursuant to paragraph 6.2.1, 6.2.2 or 6.2.4 of the *Pension Plan*, elect, in lieu of the benefits otherwise payable, to receive the *supplementary pension benefit credit* from the *Arrangement* in a lump sum.

6.2.2 Refund of Contributions

Any *participant* entitled to a *deferred supplementary pension benefit* pursuant to subsection 6.1 may elect, in lieu of the benefits otherwise payable and in conjunction with an election to receive a single payment from the *Pension Plan* in respect of all or a portion of the *participant's pensionable service* pursuant to subsection 6.3 of the *Pension Plan*, to receive a single payment from the *Arrangement* equal to the sum of the *participant's net supplementary contribution account* in respect of the same period of *pensionable service* and accrued *interest* up to the beginning of the month in which such payment is made.

6.2.3 Residual Payment

A *participant* for whom no *supplementary pension benefit* is payable pursuant to the calculation of a *deferred supplementary pension benefit* under paragraph 6.1.2 and who

- (a) transfers the *pension benefit credit* under paragraph 6.2.1, 6.2.2 or 6.2.4 of the *Pension Plan*, or
- (b) makes an election under paragraph 6.3.1 of the *Pension Plan*, or
- (c) receives the *pension benefit credit* in a lump sum under subsection 10.2 of the *Pension Plan*

shall receive in a lump sum an amount equal to the aggregate of

- (d) the *participant's net supplementary contribution account* under this *Arrangement*,
- (e) less the amount of any negative balance in the *participant's net contribution account* under the *Pension Plan* after the transfer or payment of the *participant's* benefits thereunder,
- (f) plus accrued *interest* on the resulting amount up to the beginning of the month in which payment is made.

6.3 UNPAID LEAVE

A *participant* who is deemed to have terminated employment with the *Bank* pursuant to subsection 6.5 of the *Pension Plan* shall be deemed to have terminated such employment for the purposes of this *Arrangement*.

7.1 PRE-RETIREMENT SURVIVOR BENEFITS

Upon the death of a *participant* prior to the date the participant *retires*, the *spouse* and each *dependant* of the *participant* who receives an *immediate pension benefit* or transfer of a *pension benefit credit* pursuant to subsection 7.1 of the *Pension Plan*, shall receive under the *Arrangement* a *supplementary pension benefit* or *supplementary pension benefit credit*, as applicable, equal to the excess of

- (a) the *pension benefit* or *pension benefit credit*, as applicable, calculated pursuant to subsection 7.1 of the *Pension Plan* but without the limits imposed thereon by Section Nine of the *Pension Plan* and without reference to the limitation in clause 7.1.2(a)(ii) in respect of the *Year's Maximum Pensionable Earnings*,

over

- (b) the actual *pension benefit*, or *pension benefit credit* if applicable, payable from the *Pension Plan*.

The *spouse* may elect, in conjunction with the *spouse's* election to transfer the *member's pension benefit credit* pursuant to paragraph 7.1.4 of the *Pension Plan* and in lieu of the *spouse's lifetime supplementary pension benefit* otherwise payable, to receive the *participant's supplementary pension benefit credit* from the *Arrangement* in a lump sum.

7.2 POST-RETIREMENT SURVIVOR BENEFITS

Upon the death of a *participant* subsequent to the date the *participant retires*, the *spouse* and each *dependant* of the *participant* who receives a *pension benefit* pursuant to subsection 7.2 or 7.3 of the *Pension Plan*, shall receive a *supplementary pension benefit* under the *Arrangement* equal to the excess of

- (a) the *pension benefit*, calculated pursuant to subsection 7.2 or 7.3, as applicable, of the *Pension Plan* but, in the case of a member who is entitled to become a *participant* pursuant to paragraph 2.1.1 of this *Arrangement*, without the limits imposed thereon by Section Nine of the *Pension Plan*,

over

- (b) the actual *pension benefit* payable from the *Pension Plan*.

If any such *participant* retires under the *Early Retirement Program* then the reference to subsection 7.2 of the *Pension Plan* in this subsection 7.2 shall be read as "the *Early Retirement Program* and subsection 7.2 of the *Pension Plan*."

7.3 OPTIONAL POST-RETIREMENT SPOUSE'S BENEFITS

An election under subsection 7.3 of the *Pension Plan* applies to the payment of the *participant's supplementary pension benefit* under the *Arrangement*.

7.4 DEEMED RETIREMENT

A *participant* who is deemed to have retired pursuant to subsection 7.4 of the *Pension Plan* shall be deemed to have retired for the purposes of this *Arrangement*.

7.5 RESIDUAL PAYMENT

If no *supplementary pension benefit* is payable from the *Arrangement* or if all *supplementary pension benefits* which have been or could have become payable under the *Arrangement* arising out of the *pensionable service* of a deceased *participant* have ceased, a single payment will be paid to the *participant's* estate equal to the aggregate of the *participant's net supplementary contribution account*, if positive, less the amount of any negative balance in the *participant's net contribution account* under the *Pension Plan* plus accrued *interest* on the resulting amount up to the beginning of the month in which such payment is made.

8. The *supplementary pension benefit* payable as a result of the retirement, termination of employment or death of a *participant*, all as provided pursuant to Sections Five, Six or Seven of the *Arrangement* shall be adjusted on the same basis and at the same times as the *pension benefits* payable under Sections Five, Six or Seven of the *Pension Plan* are adjusted under Section Eight of the *Pension Plan*.

9.1 SUPPLEMENTARY PENSION BENEFITS IN MONTHLY INSTALMENTS

The provisions of subsection 10.1 of the *Pension Plan* apply to the payment of *supplementary pension benefits* under this *Arrangement*.

9.2 COMMUTATION OF SMALL PENSIONS

If the annual *supplementary lifetime pension benefit* of a *participant* or a deceased *participant*, as applicable, is less than two percent of the *Year's Maximum Pensionable Earnings* for the calendar year in which the *participant* ceases to be an *active member* and

- (a) The *participant* transfers the pension benefit credit under paragraph 6.2.1, 6.2.2 or 6.2.4 of the *Pension Plan*, or
- (b) the *participant* makes an election under paragraph 6.3.1 of the *Pension Plan*, or
- (c) the *spouse* of a deceased *participant* elects to transfer the *pension benefit credit* under paragraph 7.1.4 of the *Pension Plan*, or
- (d) the *participant* or the *spouse* or *dependants* of a deceased *participant*, as applicable, receive the *pension benefit credit* in a lump sum under section 10.2 of the *Pension Plan*,

such *participant*, *spouse* or *dependants*, as applicable, shall receive, in lieu of any other benefits under the *Arrangement*, either the *participant's supplementary pension benefit credit* from the *Arrangement* in a lump sum as a result of an event described in (a), © or (d) above, or the *participant's net supplementary contribution account* and accrued *interest* up to the beginning of the month in which payment is made as a result of an event described in (b) above.

10.1 ASSIGNMENT OF RIGHTS

The provisions of subsection 11.1 of the *Pension Plan* apply to this *Arrangement*.

10.2 MARRIAGE BREAKDOWN

The provisions of subsection 11.2 of the *Pension Plan* apply to this *Arrangement*.

11.1 SUPPLEMENTARY TRUST FUND**11.1.1 Trust Agreement**

The *Bank* shall enter into an agreement with the *Trustees* which shall set out the rights and responsibilities of the *Trustees* and the terms and conditions under which the *Trustees* are to hold and administer the *Supplementary Trust Fund*.

The *Bank* will determine the form and terms of the agreement and may modify its terms at such time or times as may be necessary to accomplish the purposes of the *RCA*, and will be responsible for the selection of the *Trustees* and may appoint successor or further *Trustees*, including a trust company, as in its sole discretion, may be necessary or desirable for the purposes of the *RCA*.

11.1.2 Income Tax Matters

That part of this *Arrangement* comprising the *Supplementary Trust Fund* is intended to constitute a retirement compensation arrangement for the purpose of the *Income Tax Act*, and the *Trustees* shall act as the "custodian" of the *RCA* within the meaning of that term in the *Income Tax Act*.

The right to a refund of amounts in the *refundable tax* account maintained by Revenue Canada Taxation in respect of the *Supplementary Trust Fund* shall constitute an asset of the *Supplementary Trust Fund*.

11.1.3 Compliance

In connection with the *Supplementary Trust Fund*, the *Trustees* shall timely perform the withholding, remitting and reporting obligations in respect of retirement compensation arrangements imposed on custodians under the *Income Tax Act*.

11.1.4 Payments into and out of Supplementary Trust Fund

Participant current service contributions pursuant to paragraph 3.1.1, *participant* past service contributions pursuant to paragraph 3.1.2 which are tax deductible pursuant to the *Income Tax Act* and *Bank* contributions pursuant to subsection 3.3, all net of the *refundable tax*, shall be paid by the *Bank* into the *Supplementary Trust Fund* in accordance with procedures established by the *Bank*.

The *Trustees* shall have no responsibility for the collection of contributions required to be made into the *Supplementary Trust Fund*.

The *Bank* shall direct the *Trustees* to pay from the *Supplementary Trust Fund* to the *Bank* as their disbursing agent such amounts as are required to pay

- (a) the benefits payable under the *Arrangement* in respect of any *participant* not exceeding the aggregate of

- (i) the positive balance of the *participant's net RCA account* determined pursuant to paragraph 11.1.5 and
- (ii) the amount, if any, by which the assets of the *Supplementary Trust Fund* exceed the aggregate of the positive balances of the *net RCA accounts* of all of the *participants*,
- (b) all reasonable expenses incurred in the operation of the *Supplementary Trust Fund* (unless payment of such expenses is assumed by the *Bank*), and
- (c) taxes payable under the *Arrangement*.

11.1.5 Net RCA Account

The *net RCA account* of a *participant* at any time is equal to the sum of

- (a) all contributions made to the *Arrangement* by the *participant*, except any contribution made directly to the *Bank* pursuant to paragraph 3.1.2,
- (b) all minimum contributions pursuant to subsection 3.3 made to the *Arrangement* by the *Bank* in respect of the *participant*, and
- (c) *interest* on the outstanding positive balance of the *participant's net RCA account* from time to time

less the sum of

- (d) all payments that are made from the *Supplementary Trust Fund* under the *Arrangement* that are in respect of the *pensionable service* of the *participant*, whether single or periodic amounts, and
- (e) *interest* on the outstanding negative balance of the *participant's net RCA account* from time to time.

11.1.6 Residual Payment to the Bank

In the event a positive balance remains in a *participant's net RCA account* following

- (a) payment of all *supplementary pension benefits*, if any, which have been or could have become payable under the *Arrangement* in respect of the *participant*, and
- (b) payment of the residual amount, if any, in respect of the *participant* as provided in paragraph 6.2.3 or subsection 7.5, as applicable,

such balance will be paid from the *Supplementary Trust Fund* to the *Bank* at the *Bank's* direction.

11.2 BENEFIT PAYMENTS BY THE BANK

The *Bank* shall pay any benefits which become payable under the *Arrangement* and which are not paid from the *Supplementary Trust Fund*.

12.1 RIGHT TO AMEND OR WIND-UP

While the *Bank* intends to continue the *Arrangement* indefinitely, it necessarily must and does reserve the right to amend or wind-up the *Arrangement*, in whole or in part, should future conditions, in the opinion of the *Bank*, warrant such action.

The wind-up of the *Arrangement*, either in whole or in part, constitutes an amendment to the *Arrangement*.

12.2 NO REDUCTION IN BENEFITS

No amendment or wind-up of the *Arrangement*, either in whole or in part, shall have the effect of reducing

- (a) *supplementary pension benefits* accrued prior to the date of such amendment, or
- (b) *supplementary pension benefit credits* relating to *supplementary pension benefits* accrued prior to the date of amendment

except, where reductions in *pension benefits* or *pension benefit credits* are made to the *Pension Plan*, comparable reductions shall be made to this *Arrangement*.

12.3 RESIDUAL PAYMENTS ON WIND-UP

If the *Arrangement* is wound-up, any balance remaining in the *Supplementary Trust Fund* following payment of all *supplementary pension benefits*, if any, which have been or could have become payable under the *Arrangement* in respect of each *participant* including the payment of the residual amount, if any, in respect of a *participant*, as provided in paragraph 6.2.3 or subsection 7.5, as applicable, will be paid to the *Bank* at the *Bank's* direction.

13.1 ADMINISTRATION

13.1.1 Duties and Responsibilities of the Bank

The *Bank* shall

- (a) conclusively decide all matters relating to the interpretation and application of the *Arrangement's* provisions,
- (b) provide for the keeping of records necessary for the administration of the *Arrangement*, and
- (c) perform any other act required of it according to the *Arrangement* or as *prescribed*.

13.1.2 Compliance

The *Bank* shall, upon establishing the *Supplementary Trust Fund*, apply for an "RCA Account Number" with Revenue Canada Taxation for purposes of remitting the *refundable tax* withheld from contributions to the *Supplementary Trust Fund*. In connection with the *Supplementary Trust Fund*, the *Bank* shall timely perform the withholding, remitting and reporting obligations in respect of retirement compensation arrangements imposed on employers under the *Income Tax Act*.

13.2 INFORMATION TO PARTICIPANTS

The *Bank* will provide to *participants* and their *spouses* such written information with respect to the provisions of the *Arrangement*, written statements of benefit entitlements under the *Arrangement* and access to the documents that comprise the *Arrangement* as are provided to such persons with respect to the *Pension Plan*.

13.3 PROVISION FOR REGULATIONS

The *Board* may make such regulations as it deems necessary to give effect to the provisions of the *Arrangement*, and such regulations shall be deemed to constitute part of the *Arrangement*.

13.4 INCAPACITY TO RECEIVE A BENEFIT

If, for any reason, an individual entitled to the payment of a benefit under the *Arrangement* is unable to give a valid receipt, payment of the benefit shall be made to the person having legal care or custody of the individual. Payment of the benefit pursuant to this subsection shall constitute a complete discharge of the payment under the *Arrangement*.

13.5 DETERMINATION OF AMOUNTS

Except as specifically provided for under the *Arrangement*, amounts determined in connection with the administration of the *Arrangement* shall be determined on a basis consistent with the determination of amounts under the *Pension Plan*.

Actuarial factors used to calculate *supplementary pension benefit credits* and other entitlements under the *Arrangement* shall be determined as if such *supplementary pension benefits* and other entitlements are provided under the *Pension Plan*.

13.6 ALTERNATIVE CALCULATION OF BENEFITS

Notwithstanding any other provision of this *Arrangement*, for the purposes of calculating the *supplementary pension benefit* payable as a result of the retirement, termination of employment or death of a *participant* as provided pursuant to Section Five, Six or Seven of the *Arrangement*, the percentage set out in paragraph 5.1.2. of the *Pension Plan* shall be read as such higher amount as the Board may determine.

13.7 AGREEMENTS WITH OTHER EMPLOYERS

The *Bank* at the direction of the *Board* may enter into a reciprocal transfer agreement with any reciprocal authority responsible for the administration of a supplementary pension arrangement for the purpose of preserving some or all of the *supplementary pension benefits* to which an individual who transfers from or to employment with the *Bank* is entitled. Such reciprocal transfer agreement shall constitute a part of the *Arrangement*.

Notwithstanding any other provision of this *Arrangement*, where an individual who transfers to employment with the *Bank* from the Government of Canada wishes to preserve some or all of a benefit acquired under the Government of Canada pension plan, and either a reciprocal transfer agreement is not in full force or the *Board* deems a transfer of the individual's benefits under such agreement to be financially disadvantageous to the *Bank*, then, at the *Board's* sole discretion, the individual may enter into arrangements with the *Bank* whereby his or her benefit is left in the Government of Canada pension plan and, for purposes of calculating the *supplementary pension benefit* payable as a result of the retirement, termination of employment or death of a participant as provided pursuant to Sections Five, Six or Seven of the *Arrangement*, an additional *supplementary pension benefit* shall be payable, determined as the amount, if any, by which the total pension which the individual would have received from the *Bank's Plan* and *Arrangement* had a pension transfer been effected exceeds the combined pension payable under the Government of Canada pension plan, the *Plan* and the *Arrangement*. For greater certainty, the calculation of an additional *supplementary pension benefit* referred to above shall not result in total benefits for an individual that are in excess of those which would be payable if a transfer of benefits was made under a reciprocal transfer agreement.

14.1 DEFINITIONS

In this Section 14:

“**EBP**” means an enhanced benefits program established by the *Bank* which provides for additional *pension benefits* for eligible *participants*;

“**EBP pension benefit**” means the increase in a *participant’s supplementary pension benefit* described in subsection 14.3;

“**EBP salary**” for a *participant* in a particular year means the job rate for the *participant’s* job level in effect on a date in that year determined in accordance with the *EBP* plus the performance pay that would be payable if the *participant’s* performance were rated on that date as “meeting objectives”; and

“**Net EBP contribution account**” means the sum of:

- (a) all contributions made to the *Arrangement* in respect of a *participant* pursuant to subsection 14.2, and
- (b) interest on the outstanding positive balance of the *participant’s net EBP contribution account* from time to time;

less the sum of:
 - (c) all payments of *EBP pension benefit* under the *Arrangement* that are in respect of the *participant*, whether single or periodic amounts, and
 - (d) interest on the outstanding negative balance of the *participant’s net EBP contribution account* from time to time.

14.2 EBP CONTRIBUTION

In addition to the contributions made by the *Bank* under subsection 3.3, the *Bank* shall make contributions to the *Arrangement* in respect of a *participant* equal to the amount, if any, designated by the *participant* in accordance with the *EBP*.

14.3 AMOUNT OF EBP PENSION BENEFIT

For each year for which the *Bank* makes a contribution in respect of a *participant* under subsection 14.2, the *participant’s supplementary pension benefit* if any, before adjustments under this *Arrangement*, will be increased by an amount equal to .08 per cent of the *participant’s* highest *average salary* for each 1 per cent of the *participant’s EBP salary* contributed by the *Bank* for that year, prorated for partial percentages.

14.4 NET SUPPLEMENTARY CONTRIBUTION ACCOUNT

Notwithstanding the provisions of subsection 4.1, the *net supplementary contribution account* of a *participant* at any time is equal to the *participant's net EBP contribution account* plus the positive balance, if any, in the *participant's net supplementary contribution account* determined under subsection 4.1.

14.5 EXCEPTIONS

Notwithstanding the provisions of subsection 14.4:

- (a) for the purposes of determining the single payment under paragraph 6.2.3 and subsection 7.5, the negative balance in the *participant's net contribution account* under the *Pension Plan* will be subtracted only from that portion of the *net supplementary contribution account* determined under subsection 4.1; and
- (b) that part of the *supplementary pension benefit* or *supplementary pension benefit credit* payable under subsection 7.1 that is attributable to the increase in the *supplementary pension benefit* under subsection 14.3 shall be calculated without reference to subparagraph 7.1.2 (a)(ii) of the *Pension Plan*.

15.1 INTRODUCTION

The Bank of Canada has outsourced to EDS Canada Inc. (EDS) the Retail Debt Operations (RDO) while retaining overall responsibility for the retail debt function. Each *affected member* will cease to accrue *credited service* under the *Pension Plan* from the *affected member's designated transfer date* onward, but will still retain *pension benefit* rights under the *Pension Plan* and *supplementary pension benefit* rights under this *Arrangement*, if any, for *credited service* prior to this date.

For greater certainty, an *affected member* will remain an *active member* of the *Pension Plan* until the *affected member* ceases employment with EDS, and service with EDS will be included for purposes of determining entitlement to *pension benefits* under the *Pension Plan* and *supplementary pension benefits* under this *Arrangement*, if any.

Supplementary pension benefits, supplementary pension benefit credits, or any other benefits that an *affected participant* may be entitled to will be payable at the same time and in the same manner as the *affected participant's pension benefits, pension benefit credits* or any other benefits are payable under the *Pension Plan*, except as entitlement to such benefits may be modified or clarified in Section 15 of this *Arrangement*. However, any future amendment to provisions of Sections 1 to 14 of this *Arrangement* after the *affected participant's designated transfer date*, including an *Early Retirement Program* approved by the Board of Directors of the Bank of Canada after the *designated transfer date*, shall not apply to the *affected participant* unless explicitly otherwise indicated in such amendment.

15.2 APPLICATION AND ADDITIONAL DEFINITION

This Section 15 applies only to *affected participants*. Except as amended by this Section 15, all other provisions in Sections 1 to 14 of this *Arrangement* apply to the *affected participants*, mutatis mutandis. In the event of any inconsistency between any of the provisions in Sections 1 to 14 of this *Arrangement* and the provisions in this Section 15, the provisions in this Section 15 shall prevail.

For the purpose of this Section 15, the term “*affected participant*” means an *affected member* who has become a participant of this *Arrangement* pursuant to Section 2.

15.3 MODIFICATIONS AND CLARIFICATIONS OF EXISTING PROVISIONS

With respect to *affected participants*, the following provisions of this *Arrangement* shall be modified or clarified as follows:

15.3.1 General Modifications

The term “termination of employment” or “termination of employment with the *Bank*”, or words of similar effect, shall be replaced by “termination of employment with the *successor employer*”. The above modification does not apply to subsection 6.3.

15.3.2 Subsection 3.1 – Participant Required Contributions

(a) 3.1.1 Current Service

An *affected participant* is not required nor permitted to contribute to this *Arrangement* on and after the *affected participant’s designated transfer date*.

(b) 3.1.2 Past Service

An *affected participant* who is required to contribute pursuant to paragraph 3.2.2 of the *Pension Plan* in respect of such *affected participant’s* election prior to the *designated transfer date* shall continue to make contributions (if any) under paragraph 3.1.2 of this *Arrangement* in the manner previously determined, prior to the *designated transfer date*, by the *Bank*.

15.3.3 Subsection 14.2 – EBP Contribution

The *Bank* shall not be required nor permitted to make further contributions in respect of an *affected participant* under subsection 14.2 after the *affected participant’s designated transfer date*.

15.4 AMENDMENTS APPLICABLE TO THE AFFECTED PARTICIPANT

The amendments to the provisions of paragraph 6.2.1, subparagraph 6.2.3 (a) and paragraph 9.2 (a) shall apply to the *affected participant* who, as of July 1, 2002, has not *retired*, terminated employment with the *successor employer*, or died.