

47. The Labour Management Co-operative Plan continues to provide an important channel of communication between employees and supervisory officers at successive levels of authority. The Suggestions Plan, which is open to all employees, has also proven successful in developing constructive ideas to the mutual benefit of the Company and the employees. In these and in other directions encouragement will be given to activities which contribute to the development of sound employer-employee relations.

APPENDIX

Brief Description of the Revised Pension Plan for Canadian National Railways
The revised plan is in two parts.

Part 1 is the existing plan with some amendments designed to make better provision for present and future employees who become disabled, and also for early retirement. It provides a basic pension of \$25 per month at the expense of the Company and also for a supplemental pension at the joint expense of the Company and the employee. It is optional with the employee whether he contributes or not. He may contribute an even percentage of his compensation from 1% to 10% and the Company will match his contribution after 10 years' service but not in excess of 5%. The amount of the supplemental pension is that which the joint contributions with compound interest will buy. The plan makes provision for benefits for service prior to 1935 when the present contributory plan was established.

The employee may select the type of pension he wishes, that is to say he may elect to take it in the form of an annuity payable during his lifetime, or payable during his lifetime but guaranteed in any event for either 5, 10, or 15 years, or in the form of a joint life and last survivor annuity. The amount of a guaranteed or survivor type annuity is of course less than the single life annuity but is the actuarial equivalent of the single life annuity.

As amended the plan provides pensions for disabled employees provided they have attained age 50 with not less than 20 years' service. If the portion of the pension payable at the expense of the Company is less than \$40 per month (on a single life basis) the Company will grant a special disability allowance so as to increase its portion of the pension to \$40 until the employee reaches age 65. If an employee with these age and service requirements should die in service the Pension Board may grant a survivor benefit equal to one half the amount of such employee's pension, on a single life basis, but excluding the allowance referred to. Such benefit will be payable during the lifetime of a surviving spouse, or for 10 years from the date of the employee's retirement, whichever period is longer.

Normal retirement is at age 65 with 20 years' service, but provision is made for early retirement with reduced pensions. For each year below age 65, one additional year's service will be required, so that an employee may retire at age 64 with 21 years' service or age 55 with 30 years' service, or anywhere between where the age and years of service add to 85.

The optional and flexible provisions of Part 1 are considered by many employees to be preferable to a more rigid compulsory contributory plan. It allows employees considerable freedom to shape their railway pension to their needs as they see them.

Part 2 is designed to meet the requirements of those who wish to obtain larger pensions and who are willing to join a plan under which contributions are compulsory. Employees will be covered by Part 1 unless they elect to