

SUPPLEMENTARY EXECUTIVE RETIREMENT PROGRAM (SERP)

Background

Black Gold School Division has established a Supplementary Executive Retirement Program (SERP) as an unfunded supplemental employee retirement plan for the executive officers of the Board (Superintendent, Associate Superintendents). The SERP is under the direction and control of the Division and pursuant to the terms and conditions under the Canada Revenue Agency (CRA) Advance Tax Ruling Document Number 2003-0042843. The SERP ensures that the total retirement benefit of these specified individuals is consistent with the Supplemental Integrated Pension Plan ("SIPP") benefit formula, but without reference to the limits imposed on registered pension plans by CRA.

Procedures

1. The Division will set aside ear-marked assets in respect of the SERP equal to the estimated SERP liability. Each year the Division will make contributions for service accruing during the school year based on the estimated go-forward cost rate as a percentage of pensionable earnings. At the end of each fiscal year, the asset account balance will be trued-up to the updated SERP liability estimate.
2. The eventual amount payable for the Division to participating members will be based on the present value of SERP benefits calculated at the earlier of an individual's termination, retirement or death (with interest to the end of the month preceding payment). The ear-marked asset account balance is not directly related to the ultimate benefit that will be paid to SERP members, which may be higher or lower than the reserve set aside. Ear-marked assets belong to the Division.
3. SERP benefits will continue to accrue after thirty-five (35) years of pensionable service under the Alberta Teachers Retirement Fund or Local Authorities Pension Plan.
4. A benefit will be payable from the SERP at the earlier of the following scenarios:
 - 4.1 Upon termination of employment prior to attainment of age fifty-five (55):
 - 4.2 Upon retirement from the Division on or following attainment of age fifty-five (55);
 - 4.3 In the event of the death of the participating member, while still employed.
5. The participating member will receive one of the following payout options:
 - 5.1 Lump sum payout upon termination of employment prior to attainment of age fifty-five (55).
 - 5.2 Payout of the calculated present value in equal monthly instalments over a five (5) year period (i.e. an annuity certain) upon retirement from the Division on or following

attainment of age fifty-five (55). Monthly benefits commence on the last banking day of the month following the member's retirement.

6. In the event a participating executive member dies prior to receiving the full accrued SERP benefit, the surviving pension partner, beneficiary or estate will receive a lump sum payout for the participating member.
7. SERP benefits paid to participating members will be considered taxable income in the year the SERP benefit is paid.

Reference: Section 52, 53, 220, 222 Education Act
Canada Income Tax Regulation 6801
Employment Standards Code
Labour Relations Act
Section 248L, Canada Tax Act