

Annex "C"

Notice of Approval of Settlement in the Class Action Regarding the Reduction of SISIP Disability Benefits

Manuge v Her Majesty the Queen, Court File No. T-463-07.

What is this action about?

Under the terms of the SISIP LTD Plan, a disabled former Canadian Forces member's benefits were reduced by the amount of their *Pension Act* disability pension (the "Offset"). The Plaintiff, Dennis Manuge, brought this class action to challenge the legality of the Offset.

On April 4, 2013, the Court approved an agreement between the Plaintiff and the Defendant setting out how the Offset should end, how past Offset amounts should be refunded, and other key details (the "Agreement"). The Court's decision is available at leavenovetbehind.ca.

Why am I getting this notice?

You have been identified as a member of the Class. The Agreement affects your rights.

Who are the Class Members?

The Court approved the following definition of the Class: "All former members of the Canadian Forces whose long-term disability benefits under S.I.S.I.P. Policy No. 901102 were reduced by the amount of their VAC Disability benefits received pursuant to the *Pension Act* from June 1, 1976 to the date of this order."

What are the terms of the Agreement?

In summary, the Agreement provides for the following:

- All future payments of benefits will not be reduced by the Offset.
- All debts owing by the Class resulting from the Offset will be eliminated.
- There will be a Gross Refund consisting of the following amounts:
 - All Offset amounts going back to June 1, 1976, the date the Offset began (the "Retroactive Offset").
 - Interest on the Retroactive Offset at the following rates:
 - 6% from February 1, 1992 to December 31, 1995;
 - 5% from January 1, 1996 to December 31, 2008;
 - 3% from January 1, 2009 to April 30, 2012; and
 - 5% from May 1, 2012 to the date the amount is paid to McInnes Cooper in Trust and
 - An additional 3.27% on the Retroactive Offset to ease income tax implications of the Gross Refund
- The Defendant will also pay \$10 million to a Bursary Fund for Class Members or their family members.
- Any disputes over the amounts payable to Class Members or their medical eligibility will be handled by an independent adjudicator.

The full terms of the Agreement are available at leavenovetbehind.ca.

What do I have to do to make a claim?

Under the approved Agreement:

1. Class Counsel has sent a letter to the most recent address that Manulife has on file. Please return any address confirmation form you receive from McInnes Cooper. Thank you if you have already done so.
2. If your benefits under the SISIP LTD Plan were reduced to zero because of the Offset (i.e. you were "Zero Sum"), you may have to provide certain information to show that you were eligible for benefits beyond the initial 24 month "own occupation" period. Under the Agreement, much of the collection of the required information will be automatic. However, you may still have to submit information to prove you are eligible, and at what level.

New Class Members

All class members are automatically included, including new class members added as a result of the expanded class definition. If you were recently added to the class action by the Court's Order dated April 15, 2013 and do not want to take part in the action, you have to opt out. **But if you opt out, you will not get any refund under the Agreement.** If you still want to opt out, you must contact McInnes Cooper. They will explain the process to you, and provide you with the required form. The required form to opt out has to be delivered to McInnes Cooper by June 14, 2013.

Will there be deductions from the Gross Refund?

As always with any SISIP LTD benefits, there will be an amount withheld for taxes. Your actual tax payable may be less than the amount withheld when you file your return in which case you could receive a tax refund.

There will be an approximate 9% deduction for legal fees, sales taxes and expenses, but these amounts should be tax deductible.

Finally, if you owe SISIP money for any other reason, this amount will be deducted.

When will I receive my retroactive payment?

If you are already in receipt of SISIP benefits, your refund will be sent out over the next six months.

If you were not in receipt of benefits (i.e. you were a "Zero Sum Member"), then you may receive your benefits just as quickly. However, if Manulife requires further information, they may be in touch with you for that additional information. If you believe you are entitled to a refund, but have not received your refund over the next six months, do not hesitate to contact McInnes Cooper at the below contact information for assistance.

If you receive benefits, but the amount has not been calculated correctly, or if you believe you should have received benefits and have not, you have right to appeal to an independent adjudicator. Please contact McInnes Cooper for more information.

What if I want more information?

For more information, please contact McInnes Cooper at:

SISIPClassAction@mcinnescooper.com

(902) 444-8417 (English)

(506) 877-0831 (French)

SISIP Class Action

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