

Preliminary Notice

Notice of Proposed Settlement of the Class Action Regarding the Calculation of Cost of Living Allowance Increases to SISIP Long Term Disability Benefits

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

What is this settlement about?

The Plaintiff, Dennis Manuge, argued that the Defendant did not properly calculate Cost of Living Allowance increases as required by the SISIP Long Term Disability Plan.

The parties have now come to a settlement agreement on this issue. (“COLA Settlement”)

The Settlement is over and above any benefits received by certain class members as a result of the elimination of the *Pension Act* offset.

Why am I getting this notice?

You have been identified as a potential member of the Class entitled to benefits from the COLA Settlement. The Agreement affects your rights. The COLA Settlement must be approved by the Federal Court. You are entitled to support, or object to, the COLA Settlement if you choose.

Who are the Class Members?

If the Court approves the COLA Settlement, the Class will be defined as “all former members of the Canadian Forces who were in receipt of long-term disability benefits under S.I.S.I.P. Policy No. 901102 on or before the date of this Order and whose benefits were subject to a Cost of Living Allowance increase from January 1, 1971 to the date of this Order.”

This new Class definition expands the prior Manuge Class to include recipients of SISIP long term disability benefits that were not reduced by the *Pension Act* offset. This expansion is necessary because the alleged Cost of Living Allowance error impacts people whether or not they had an offset.

If the Court approves the COLA Settlement, Class Members who are added by this expanded definition will have the right to opt out within 60 days of the date of Court approval. If you were already in the Manuge class, you will stay in the class. You don't need to do anything more to receive your benefits.

What are the terms of the COLA Settlement?

In summary, the Agreement provides for the following:

1. All Class Members affected will receive the additional amount that would have been paid had the Cost of Living Allowance increases been rounded up to the nearest .25% in 2002, 2004 and 2007.
2. All Class Members will receive 74% of the amount that they would have received if their Cost of Living Allowance increase was calculated as an aggregate increase (capped at a maximum increase in benefits of 2% per year) from the date the benefit commenced.

3. All Class Members whose Cost of Living Allowance increases were subject to overpayments and subsequent underpayments in 1999 and 2000 will be compensated for the improper amount of those reductions.
4. All Class Members whose benefits were affected as a result of using incorrect dates to calculate the Cost of Living Allowance increases will be compensated.
5. All Class Members released on or after December 1, 1999 will receive 74% of the amount that they would have received if their Cost of Living Allowance increase was applied to their gross long term disability benefit before offsets, rather than their net long term disability benefit after offsets.
6. Class Members will be receive simple interest on any amounts payable above calculated as follows:
 - a. 6% annually from February 1, 1992 to December 31, 1995;
 - b. 5% annually from January 1, 1996 to December 31, 2008;
 - c. 3% annually from January 1, 2009 to the date the amount is paid to McInnes Cooper in Trust.

The Defendant will correct future payments in relation to items issues 1, 3 and 4, but not 2 and 5. The Plaintiff has accepted this compromise in relation to future payments because the Defendant always retains the right to alter the terms of the policy on a going forward basis in any event.

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

What do I have to do to make a claim?

You do not have to do anything right now.

If the Court approves the Agreement, Class Members will receive their refund automatically through McInnes Cooper.

Will there be deductions from the Refund?

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

Class Counsel are proposing that there be a deduction for legal fees, taxes and expenses, but these amounts may be tax deductible.

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

What are the proposed legal fees?

Class Counsel will be asking the Court to approve a legal fee of 8% applied to the Refund, the same percentage approved in the original Manuge settlement.

A further figure of approximately 1.5% of the Refund will be deducted for the taxes required to be charged all clients on legal fees, and to cover the out of pocket expenses incurred by Class Counsel. This percentage will vary slightly depending on the tax rate in your home province.

No fee will be applied to any increased future payment due to the COLA Settlement.

As noted above, the amount each Class Member pays for Class Counsel fees and expenses may be deductible on your income tax return.

What happens now?

A hearing for final approval of the COLA Settlement and expansion of the Class will be held on June 20, 2014 at the Law Courts Building, 1815 Upper Water St., Halifax, NS.

The Court will be asked to find that the COLA Settlement is fair, reasonable, and in the best interests of the Class Members, and to approve the percentage proposed to be paid for legal fees, expenses, and taxes.

If you are satisfied with the COLA Settlement and the proposed legal fee percentage, then you do not have to do anything. You will receive a further notice after the hearing.

If you want to show your support for the COLA Settlement or the proposed fee percentage, you can email SISIP LTDsettlement@mcinnescooper.com.

If you want to formally object to the COLA Settlement or the proposed fee percentage you can email SISIP LTDsettlement@mcinnescooper.com. You must include your reasons for objecting so the Court can understand your concerns. You must provide your name with either your support or objection. Anonymous comments will not be submitted to the Court.

All support or objections must be sent to the email address no later than June 6, 2014. You can also appear at the hearing with or without legal counsel to make an oral presentation to the Court, but that is not necessary. If you submit your comments, those comments will be brought to the attention of the Court. If you plan to appear at the June 20, 2014 hearing, please state that in your email to SISIP LTDsettlement@mcinnescooper.com so that the Court will know how much time to allocate at the hearing. If you intend to be represented by legal counsel, please advise of his or her name and contact 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)

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