

IMPORTANT NOTICE

Changes made to the Telecommunication Workers Benefit Plan and the Open Enrolment Opportunity for all TWU Alberta Members and New TWU members in BC

Automatic enrolment into the TW Benefit Plan no longer exists. This means TWU members who would like to have coverage under the TW Benefit Plan must apply to the Plan office. Enrolment cards can be sent to you if you have not already received them by contacting the Benefit Plan office at 604-430-3300 or by sending a request by email to general@twplans.com.

A letter has been sent out to all BC TWU members notifying them of the changes to the Plan as well as notifying new TWU members of their opportunity to enrol for coverage. New BC TWU members who were not previously given the opportunity to enrol in the Plan will have opportunity to enrol until September 30, 2006 regardless of their physical or medical condition they may have. If the BC member fails to enrol in the Plan before September 30, 2006 and they later desire to become a Plan member they will only be able to do so if they can provide evidence of good health/insurability.

A letter has also been sent out to all Alberta Members providing them with information about the Plan as well as enrolments cards to be completed and returned to the Plan office if they choose to enrol for coverage. There is an open enrolment opportunity for the Alberta members between September 1st and December 31, 2006. What this means is Alberta members have an opportunity to join the Plan between those two dates regardless of any physical or medical condition they may have. If the member fails to enroll in the Plan before December 31, 2006 and they later desire to become a Plan member they will only be able to do so if they can provide medical evidence of good health/insurability.

Background

The Telecommunication Workers Benefit Trust Fund (“the Plan”) was established by the Telecommunication Workers Union (TWU) in 1983 and provides TWU members protection against loss of income due to Short Term Disability and death. The protection comes in the form of group life insurance, a survivor income benefit, and Short Term Disability coverage and it is provided to the members at the lowest cost possible. The basic concept which underlies the Plans are 1) to provide the spouse or designated beneficiary of a member who dies a significant tax free monthly income for a period of at least 10 years (and for the beneficiary’s lifetime thereafter if the beneficiary is the member’s spouse) 2) replacement of approximately 100% of a member’s net income for a period of 2 years for members disabled and unable to perform their own occupation. Many members and their families have discovered that the benefit the Plan provides have been invaluable in providing excellent financial protection against these unexpected events.

The Trustees of the Plan and the TWU strongly believe that these are valuable benefits and encourage all TWU members' participation in the Plan.

Participation in the Plan is optional and the cost of the Plan is paid for from member contributions.

PARTs B&C of the Plan cover TELUS employees located in Alberta and British Columbia. PART B coverage includes Group Life Insurance and Survivor Income Benefits while PART C of the Plan provides short term disability benefits.

The Trustees review the Plan provisions on a regular basis to identify areas for improvement and/or to provide added benefits to Members. We welcome your comments and suggestions.

Benefit Summary

Annual Earnings are used to determine your benefit amounts. Annual earnings are calculated as your daily rate multiplied by 260.89 (average number of paid days in one year).

Group Life Insurance provides a Lump Sum Payment of 1 x Annual Earnings, rounded to the nearest \$1000, plus \$2000 to your Group Life Beneficiary in the event of your death.

Survivor Income Benefits (SIB) provides a monthly payment to your SIB beneficiary in the event of your death. The amount of the monthly benefit is 25% of Annual Earnings divided by 12.

If your SIB Beneficiary is your Spouse - the monthly benefit is payable for the greater of your spouse's lifetime or 10 years. If your SIB Beneficiary is other than your Spouse - the monthly benefit is payable for 10 years.

Short Term Disability (PART C) benefits provided by the Benefit Plan are a supplement to any benefits that you receive under the Company paid Sick Leave and Long Term Disability Plans. These supplemental benefits have been designed so that the combination of Benefit Plan disability benefits and Company paid disability benefits should provide you with a total income approximately equal to your pre-disability gross earnings net of income taxes and other deductions such as Union dues, CPP contributions, EI premiums and TW Pension Plan contributions.

PART C disability benefits are payable during the first 24 months of a period of disability. During the first six months of your disability, except as provided for below, you must be in receipt of Company paid sick leave disability benefits in order to qualify for PART C disability benefits. During this six month period, if you exhaust your Company Sick Leave plan allocation, but can provide proof of continued disability, the

Benefit Plan will continue to provide you with disability benefits for the balance of the six month period.

If you are still disabled at the end of six months, you should be eligible for long term disability benefits under the terms of the Company paid LTD plan. During this time, you will be eligible for PART C disability benefits as well. The following table summarizes when you will be eligible for PART C disability benefits.

Disability Period	PART C Disability Benefits
First 6 months	Eligible if in receipt of Company paid Sick Leave benefits, or if you have exhausted your Company paid Sick Leave benefits and can show proof of the inability to perform the tasks of your own occupation.
Months 6 to 18	Eligible if in receipt of Company paid LTD benefits.
Months 18 to 24	Eligible if in receipt of Company paid LTD benefits, or if you are not in receipt of LTD benefits but can show proof of the inability to perform the tasks of your own occupation.

The level of benefit payable from the Plan will depend upon the level of benefit that you are receiving from the Company and other sources:

Payment Class - Income Received by the Member for the Month from:	% of Annual Earnings Payable:
(a) the Company sick leave plan:	
(i) 100% benefit level	0% of Annual Earnings
(ii) 70% benefit level	15% of Annual Earnings
(b) regular periodic benefit paid under the Workers' Compensation Act on account of the Member's Disability	0%
(c) Company paid LTD plan	7.5%
(d) None of the above	80% on the first \$20,000 of Annual Earnings 66 ² / ₃ % on the next \$20,000 of Annual Earnings 55% on the remainder

Cost of Coverage

Currently, Regular Employees pay 1.5% of actual gross earnings for Group Life, SIB & STD coverage.

Temporary Employees pay 1% of actual gross earnings for Group Life and SIB coverage. Temporary employees cannot participate in the short term disability plan.

On an annual basis, the Benefit Plan Trustees review the financial solvency of the Plan as well as the adequacy of the required contribution rate. In order to maintain the operation of the Plan on a sound actuarial basis, the Trustees have the right to change the contribution rate as required to achieve this goal.

It is important to note that since the current form of the Plan commenced in 1985, there has only been one contribution rate increase. In 2003, the rate was increased from 1.2% to 1.5% of pay. This increase was required as a result of the following factors:

1. A decline in interest rates which increased the cost of providing Survivor Income Benefits; and
2. A gradual increase in the level of disability and death claims

The Trustees of the Plan are pleased to be able to offer these benefits and are committed to ensuring the operation of the Plan on a financially sound basis. The Trustees of the Plan and the TWU strongly believe that these are valuable benefits and encourage all eligible Employees to join