This booklet provides a general overview of some of the key provisions and options available to employees under the TransCanada Benefits and Retirement Program as of January 1, 2017. If there is a misunderstanding about what the words or descriptions in this booklet mean in a particular case, the terms and conditions of the official plan documents and related legislation will apply. While TransCanada expects to continue this program indefinitely, future conditions cannot be foreseen, and it reserves the right to change or terminate the plan at any time.
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TransCanada provides you with a comprehensive and competitive benefits, retirement and savings package that is a valuable part of your total rewards from the Company. The TransCanada Benefits and Retirement Program offers you flexibility, choice, and value so that you can elect the plans that best meet the needs of you and your family. These benefits can help you pay for health care expenses, save for the future, provide financial security for your family and balance your work and home life. There are some benefits that TransCanada provides to you at no cost, and for others, you and TransCanada share the cost of coverage.

TransCanada Human Resources InfoLine – 1.855.429.TCHR (8247)

TransCanada provides you with a single point of contact – the Human Resources InfoLine. By calling one number, 1.855.429.TCHR (8247), you can obtain answers to questions about employment practices, compensation, performance management, retirement program, benefits including annual enrollment and payroll.

TransCanada’s benefits administration is outsourced to Morneau Shepell. The dedicated benefits team at the TransCanada Benefits Centre can help you with annual enrollment, claims issues, personal and dependent changes, guidance on completing forms and other benefit related questions.

You can reach the TransCanada Benefits Centre by calling the Human Resources InfoLine and following the prompts. The Benefits Centre is open from 8:00 a.m. to 4:00 p.m. (Mountain Standard Time) Monday-Friday, excluding holidays. A Contact card can be found on the Human Resources website under “Contact the TransCanada Human Resources InfoLine”.

You Matter
TransCanada Benefits & Retirement Program

Benefits & Retirement Program At-A-Glance

TransCanada provides you with a comprehensive and competitive benefits, retirement and savings package that is a valuable part of your Total Rewards from the Company. The program provides flexibility, choice, and value.

You are provided with a core level of benefits coverage effective the first day you begin full-time or part-time work. TransCanada also provides you with Flex Credits that are company provided dollars for you to spend on optional coverage to enhance your plans beyond the company provided core level of coverage. You decide on the options that best suit your particular circumstances.

The following chart provides you with an overview of the core coverage that is effective the first day of employment and the optional coverage you may purchase with Flex Credits and/or payroll deductions.

<table>
<thead>
<tr>
<th>Flexible Benefits</th>
<th>Core Coverage</th>
<th>Optional Benefits Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TransCanada provides at no cost to you</td>
<td>Paid through Flex Credits or payroll deductions</td>
</tr>
<tr>
<td>Health</td>
<td>Core coverage</td>
<td>Top-up option</td>
</tr>
<tr>
<td>Dental</td>
<td>No coverage</td>
<td>Three Dental Plan options</td>
</tr>
<tr>
<td>Personal Health Spending Account</td>
<td>No coverage</td>
<td>You can direct Flex Credits (but not payroll deductions) to this account to pay for health and dental expenses not covered by your plan or your spouse's plan</td>
</tr>
<tr>
<td>(PHSA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Life Insurance</td>
<td>$50,000</td>
<td>Additional coverage in units of $25,000 up to the lesser of 7x annual salary or $1,500,000</td>
</tr>
<tr>
<td>Spousal Life Insurance</td>
<td>No coverage</td>
<td>Coverage in units of $25,000 up to $250,000</td>
</tr>
<tr>
<td>Dependent Child Life Insurance</td>
<td>No coverage</td>
<td>Coverage in units of $5,000 up to $25,000</td>
</tr>
<tr>
<td>Employee Accident Insurance</td>
<td>$50,000</td>
<td>Additional coverage, beyond the core, in units of $25,000 up to $1,000,000</td>
</tr>
<tr>
<td>Spousal Accident Insurance</td>
<td>No coverage</td>
<td>Coverage in units of $25,000 up to $250,000</td>
</tr>
<tr>
<td>Dependent Child Accident Insurance</td>
<td>No coverage</td>
<td>Coverage in units of $5,000 up to $25,000</td>
</tr>
<tr>
<td>Flexible Benefits</td>
<td>Core Coverage</td>
<td>Optional Benefits Coverage</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>TransCanada provides at no cost to you</td>
<td>Paid through Flex Credits or payroll deductions</td>
</tr>
<tr>
<td>Short-term Disability</td>
<td>100% or 70% of base salary, based on your service, payable for up to 26 weeks</td>
<td>No options</td>
</tr>
<tr>
<td>Long-term Disability</td>
<td>70% of base salary (taxable) payable to recovery or age 65 (monthly max of $30,000)</td>
<td>No options</td>
</tr>
<tr>
<td>Vacation</td>
<td>You receive vacation days according to the Employment Practice vacation schedule based on your years of service</td>
<td>You may buy a minimum of 8 hours to a maximum 40 hours of additional vacation at Annual Enrollment</td>
</tr>
<tr>
<td>Stock Plan</td>
<td>Voluntary plan is not part of Core coverage. TransCanada will contribute 25% of your contribution, to a maximum company contribution of 1% of base salary towards the purchase of TransCanada shares. You can use Flex Credits and/or payroll deductions to purchase TransCanada shares. You may hold your shares in a tax-deferred RRSP account (Employee RRSP and/or Spousal RRSP) or a taxable account</td>
<td></td>
</tr>
</tbody>
</table>

**Retirement Program**

| Pension Plan | When you retire, you receive a predictable monthly pension, based on a formula that uses your years in the Pension Plan and your Highest Average Earnings. You join the Pension Plan permanently: If you elect to do so at any time from your date of hire up to 10 years of Continuous Service; and January 1st following the year in which you reach 10 years of Continuous Service. |
| Savings Plan | With less than 10 years of Continuous Service, you may elect to receive a company contribution to a Savings Plan account equal to 7% of your base salary plus 7% of your incentive compensation up to target, as an alternative to participating in the Pension Plan. In order to help you make your decision, you will be able to access the Retirement Choicemaker, an interactive modeling tool that compares your participation in each retirement option using a number of different assumptions. You can choose from a tax-deferred RRSP account or a taxable account, as well as investment options for your account. |
The Benefit Year
The benefit year is from January 1 to December 31. Once you enroll, your coverage is effective for the balance of the benefit year unless you experience a life or employment event change. Refer to page 13 - “Changing Your Coverage” for further information.

In November, during Annual Enrollment, you will have the opportunity to change your benefit coverage for the following year.

When you open an Employee RSP and/or Spousal RSP for the first time, you will need to complete and submit an RSP Application form to the TransCanada Benefits Centre. Until this form is received and processed, your contributions will be “pended” and any allocated Flex Credits will be paid as taxable cash.

Eligibility
All Canadian-based full-time and part-time employees of TransCanada who work a minimum of 7 hours per week are eligible to participate in the TransCanada Benefits and Retirement Program effective from the first day of employment. Casual, temporary contract employees, co-op students and summer students are not eligible.

Full-time and part-time Canadian-based employees with two years of Continuous Service are eligible to make optional pension contributions. Continuous service is your uninterrupted period of employment, starting with the day you were last hired by TransCanada or previous service recognized by TransCanada. Certain approved leaves of absence, such as maternity/parental leave, compassionate care leave or disability leave, do not interrupt your Continuous Service.

Eligible Dependents
Certain benefits provide coverage for your spouse and dependent children, according to the definitions provided below. You must enroll your eligible dependents at the time you enroll in the Benefits program. You may make changes to your dependent information during the annual enrollment or by calling the TransCanada Human Resources InfoLine at 1.855.429.TCHR (8247).

Spouse
“Spouse” means your legal or common-law spouse. A common-law spouse is a person of the opposite or same sex who has lived with you in a “marriage-like” relationship for at least 12 months. There is no minimum cohabitation period for a common-law spouse if a child is born out of the relationship.
Dependent Child(ren)

“Child” means an unmarried natural, adopted and step child of yours or your spouse’s who relies on you for support and maintenance and is under age 21 (or under age 25 if a full-time student, under 26 for Quebec residents). If you cover full-time students, every September you must go online and complete the re-certification process to confirm their student status. If this is not provided by October 1, their coverage will be cancelled. They would only be reactivated once verification has been received. Coverage will be effective on a “go forward” basis and coverage will not be backdated.

If your child turns 21 during the school term you must complete the online certification for their Student Verification prior to their 21st birthday in order for their coverage to continue.

A child that is a legal ward (by court appointment) or any natural child of an unmarried minor may also be eligible provided he or she relies on you for support and maintenance and meets the age qualifications.

A child who becomes handicapped before the limiting age of 21 continues to qualify beyond the limiting age provided he or she is incapable of financial self-support because of a physical or mental disability, depends on you for financial support, and remains unmarried. Before your child reaches the limiting age of 21 you must complete and send all documentation to the TransCanada Benefits Centre to ensure coverage continues. Please call the TransCanada Human Resources InfoLine at 1.855.429.TCHR (8247) and follow the prompts to “speak to a service representative at the TransCanada Benefits Centre” for more information.
How Your Benefits & Retirement Program Works

TransCanada provides you with a Core (company-paid) level of benefits, together with Flex Credits for you to spend on optional coverage. With your Flex Credits, you can:

- Enhance your health coverage and purchase dental coverage
- Increase your life insurance and/or accident insurance
- Contribute to a tax-effective Personal Health Spending Account (PHSA)
- Purchase additional vacation
- Purchase TransCanada shares
- Contribute to your pension plan

You decide on the options that suit your particular circumstances. There are a number of tax-effective choices. If you do not have enough Flex Credits to pay for your options and choices, you can use payroll deductions. If your options cost less than your Flex Credits, you receive your unused Flex Credits as taxable cash.
Allocate your Flex Credits and/or use payroll deduction

Core Benefits and Retirement Program
- Core Health
- Employee Life Insurance
- Employee Accident Insurance
- Short Term Disability
- Long Term Disability
- Pension Plan or Savings Plan

Flexible Benefits
You may use Flex Credits/payroll deductions to purchase dental coverage or enhance your health, life and accident insurance. You also have the option to direct credits to a Personal Health Spending Account (PHSA) and purchase additional vacation hours.

Company provided Flex Credits $ 
A flat dollar amount plus a percentage of salary

TransCanada Retirement Program
- DB Pension Plan
  You may use Flex Credits/payroll deductions to make optional contributions to the Enhancement Account.
- Savings Plan
  You are not permitted to direct Flex Credits or payroll deductions through TransCanada; however you may contact Great West Life directly to make your own personal contributions.

Stock Plan
You may use Flex Credits/payroll deductions to purchase TransCanada stock

If you have Flex Credits left over

Taxable Cash
**Flex Credits**

Flex Credits are dollars provided by TransCanada for you to spend on your Benefits, Stock Plan, and/or Pension Plan. These Flex Credits allow you to enhance your plans beyond the basic core level TransCanada automatically provides. Your Flex Credits are based on a formula that takes into account your base salary and a flat dollar amount. This formula (4.6% of base salary + $870) is subject to change from year to year.

Please note:

- Base salary does not include incentive pay, overtime, shift differential, or premium pay
- If you receive a base salary increase during the benefit year, your Flex Credits will automatically adjust to reflect your new base salary effective with the first payroll period after the increase has been processed
- Flex Credits are based on the same formula for all employees and do not vary by marital or family status
- If you are working less than full-time, the flat dollar component will be pro-rated based on your percentage of time worked
- For new employees, your flex credits will be prorated based on the number of months remaining in the year.

**Tax-Effective Allocation of Flex Credits**

Once you elect your benefit coverage, the Enroll/Mak Changes website will automatically allocate your Flex Credits in a way that reduces the taxable benefit to you. If you use all of your Flex Credits, payroll deduction will be applied to cover any remaining benefits cost. To maximize tax-effectiveness, Flex Credits are allocated in the following order:

- PHSA
- Vacation Purchase
- Health and Dental Plans
- Accident Insurance
- Stock Plan – RRSP Account(s)
- Pension Plan – Enhancement Account
- Optional Life Insurance – Employee, Spouse, Child(ren)
- Stock Plan – Taxable Account.

If you change your Stock Plan or optional pension contributions during the year, you may notice a re-allocation of your Flex Credits and payroll deductions on your pay statement (resulting from the tax-efficient hierarchy).
**Taxable Benefit**

Your Flex Credits, your core life insurance and accident insurance benefit, and for BC residents, the company paid portion of your provincial health care premiums are a taxable benefit to you. This is reported as a taxable benefit on your pay statement and on your T4 slip.

The health and dental plans paid by the company do not generate a taxable benefit (except in Quebec). Similarly, Flex Credits used to pay for these plans do not generate a taxable benefit nor do credits allocated to the Personal Health Spending Account (except in Quebec).

The company’s contributions to the Stock Plan (i.e., Flex Credits and the 25% company contribution), and the 7% contribution to the Savings Plan (if you elect the Savings Plan as your retirement option), are taxable and reported on your pay statement and T4 slip. However, by using the RSP account option, the contributions can be considered “RRSP contributions” and qualify as tax-deductible when you file your annual tax return.

**Changing Your Coverage**

TransCanada’s benefit year runs from January 1 to December 31. You make your benefit elections in November for the upcoming year. These elections typically remain in place for the entire year.

However, during the benefit year, you may have a change in your personal or work situation that allows you to re-visit your benefit options. Status changes such as marriage or birth of a first child are called “life events”. Work-related changes, such as moving from full-time to part-time work, are called “employment events” under the benefit program. You can make certain changes to your benefits within 31 days of the event. Otherwise, you must wait until the next annual enrollment to change your benefits.

Qualified status changes include:

- Marriage or cohabitation for one year
- Separation or divorce
- Birth, adoption, or custody of your first dependent child (increase, decrease or maintain your health and dental options)
- Birth, adoption, or custody of a second or subsequent dependent child (“partial life event” and you can decrease or maintain your health and dental options)
- Death of a spouse or dependent child
- Change in eligibility of your last dependent child (no more dependent children)
• Loss of coverage under your spouse’s group plan
• Change in percentage of time worked
• Expatriation assignment
• Unpaid personal leave of absence greater than 30 days
• Elect partial year work program

You may change your stock plan contributions and optional pension contributions at any time throughout the benefit year, using the Enroll/Make Changes website on the My Benefits & Retirement website.

Call the TransCanada Human Resources InfoLine at 1.855.429.TCHR (8247) if you experience an event that necessitates a change in your coverage.

Changing Your Personal Information

If you change your name or address, it is up to you to make the necessary changes online via Employee Central. You can access Employee Central via the Business Central link located on the main TransCanada intranet page.

If you change your bank information, and you have direct deposit with Sun Life for claims reimbursement, you also need to change your bank information on the Sun Life website.
Flexible Benefits Program

Provincial Health Care

The benefits and funding for provincial health care vary by province. In some provinces, TransCanada pays a payroll tax. In other provinces, the plan is paid through provincial tax revenues or through monthly premiums.

British Columbia

If you live in British Columbia the government charges monthly premiums. TransCanada will pay 80% of your provincial health care premium whether it is single, couple or family coverage. The remaining 20% will be deducted from your pay. The amount TransCanada pays is a taxable benefit to you. If your coverage is for couple or family you are only allowed to be enrolled in one provincial group plan.

If you wish to join this plan, please indicate this during your online enrollment on the My Benefits and Retirement website. If you have any questions please call The TransCanada Human Resources InfoLine at 1.855.429.TCHR (8247) to speak to a service representative at the Benefits Centre.

Moving within Canada

If you are moving from one province to another, you need to apply for your provincial coverage within three months of your arrival date to your new province.

Moving from the US or International location

If you have relocated from the United States or an international location, you are eligible to apply for your provincial coverage as soon as you arrive in Canada.

Health Benefits

You have two choices: Core plan or Top-up plan. Core coverage is the minimum level of coverage all employees must have and is paid by TransCanada. You pay for the optional Top-up coverage using Flex Credits or payroll deduction. You cannot opt out of health coverage.

The following table provides a summary of your health plan choices. Please read the “Eligible Expenses” section for more details about what is covered.
**Prescription Drug Card**

As an employee you will receive a pay-direct prescription drug card from Sun Life. You can use this card at the pharmacy and Sun Life will pay the pharmacy directly for your eligible expenses. Simply present your drug card and your ID to the pharmacist. You don’t have to submit prescription claims by mail and there is no waiting for reimbursement of your expenses.

<table>
<thead>
<tr>
<th>Health Plan Summary</th>
<th>Core Plan</th>
<th>Top-up Plan (two-year locking-in rule)*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription Drugs</strong></td>
<td>Tier 1 – 80% Tier 2 – 50% (includes Life style/enhancing drugs) Tier 3 – 30% Dispensing Fee cap of $8.00 maximum and 5 refills of maintenance prescriptions per year. Quebec employees, please refer to page 17.</td>
<td>Tier 1 – 100% Tier 2 – 70% (includes Life style/enhancing drugs) Tier 3 – 50% Dispensing Fee cap of $8.00 maximum and 5 refills of maintenance prescriptions per year. Quebec employees, please refer to page 17.</td>
</tr>
<tr>
<td><strong>Acute Care Hospital</strong></td>
<td>80% – semi-private room; $120 per day</td>
<td>100% – semi-private room; $150 per day</td>
</tr>
<tr>
<td><strong>Convalescent Hospital</strong></td>
<td>80% – semi-private; maximum $35 per day (up to 120 days)</td>
<td>100% – semi-private; maximum $35 per day (up to 120 days)</td>
</tr>
<tr>
<td><strong>Private Nursing</strong></td>
<td>80% – $5,000 per incident</td>
<td>100% – $10,000 per incident</td>
</tr>
<tr>
<td><strong>Ambulance</strong></td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Psychologist</strong></td>
<td>80% – $500 annual maximum</td>
<td>100% – $1,000 annual maximum</td>
</tr>
<tr>
<td><strong>Physiotherapist, chiropractor, masseur, dietician, acupuncturist, speech therapist and naturopath</strong></td>
<td>No coverage</td>
<td>100% – $750 annual maximum, for all paramedical practitioners combined</td>
</tr>
<tr>
<td><strong>Vision Care - includes glasses, contact lenses, eye exams and laser eye surgery</strong></td>
<td>No coverage</td>
<td>100% – $200 every two benefit years (one benefit year for children)</td>
</tr>
<tr>
<td><strong>Hearing Aids</strong></td>
<td>80% – $350 every five benefit years</td>
<td>100% – $500 every five benefit years</td>
</tr>
<tr>
<td><strong>Accidental Dental</strong></td>
<td>80% (up to provincial Dental Fee Guide)</td>
<td>100% (up to provincial Dental Fee Guide)</td>
</tr>
<tr>
<td><strong>Medical Equipment, Services and Supplies</strong></td>
<td>80% up to reasonable and customary costs</td>
<td>100% up to reasonable and customary costs</td>
</tr>
<tr>
<td><strong>Out-of-province/ Country Medical Emergency</strong></td>
<td>100% – Business and leisure travel</td>
<td>100% – Business and leisure travel</td>
</tr>
</tbody>
</table>

*If you elect the Top-Up Plan, you must remain with that election for two full benefit years, unless you have a “life or employment event change”.
Eligible Expenses

Prescription Drugs

My Drug Plan

TransCanada offers an innovative multi-tiered drug plan, called My drug plan, powered by Reformulary Group and administered by Sun Life.

My drug plan provides tiered reimbursement for drugs. Drugs that are the best value based on cost and clinical effectiveness usually fall into Tier 1, with the highest reimbursement – meaning you pay less. Other drugs that are also effective, but have a considerably higher cost, are placed into tiers with lower reimbursements. Over 80% of the most commonly prescribed drugs are on Tier 1, the tier with the highest reimbursement. All conditions have at least one drug on Tier 1. The tiers and levels of reimbursement are as follows:

For Non-Quebec Employees

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Core Plan</th>
<th>Top-Up Plan</th>
<th>Levels of Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>80%</td>
<td>100%</td>
<td>You pay less</td>
</tr>
<tr>
<td>Tier 2</td>
<td>50%</td>
<td>70%</td>
<td>You pay a bit more</td>
</tr>
<tr>
<td>Tier 3</td>
<td>30%</td>
<td>50%</td>
<td>You pay more</td>
</tr>
</tbody>
</table>

For Quebec Employees ONLY

To be compliant with the RAMQ requirements, the following reimbursements will apply in Quebec.

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Core Plan</th>
<th>Top-Up Plan</th>
<th>Levels of Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>80%</td>
<td>100%</td>
<td>You pay less</td>
</tr>
<tr>
<td>Tier 2</td>
<td>70%</td>
<td>70%</td>
<td>You pay a bit more</td>
</tr>
<tr>
<td>Tier 3</td>
<td>66%</td>
<td>66%</td>
<td>You pay more</td>
</tr>
</tbody>
</table>

Talk to your doctor. Each time your doctor prescribes a drug, or you refill your prescription, be sure to check what tier level applies to your drug. If you’re prescribed a drug that’s not on Tier 1, there may be an alternative drug on Tier 1 that you can discuss with your pharmacist or doctor. You may purchase any drug that your doctor recommends for your condition however, your reimbursement will be limited to the tiers and levels outlined above. Sun Life has prepared a Talking to your doctor brochure to help you start the conversation with your doctor about drug costs and your medication options. This brochure can be found on the “Forms, Booklets and Documents” page on the TransCanada Infocus / Employee Resources / Human Resource / My Benefits web page. In addition, you can print out “A note for your doctor” from the Drug Finder tool which will reference the drugs for your condition that fall on Tier 1.
To access the Drug Finder use the login credential provided below (case sensitive):

Company Name: TRANSCANADA@Reformulary
Password: dn2016

The list of medications covered is reviewed regularly so, drugs may shift tier groups between refills. TransCanada recommends you review your prescriptions on a regular basis using the drug coverage tool at mysunlife.ca. If you have an adverse reaction to a Tier 2 & 3 drug, please contact Sun Life for an application for exception. Any exceptions will only be granted if there is a medically necessary reason.

If you have any questions about your prescription drug benefit, call Sun Life Financial’s Customer Care Centre at 1.800.361.6212, or log in to your online account at mysunlife.ca.

Prior Authorization Program

The Prior Authorization program applies to a limited number of drugs and, as its name suggests, prior approval is required for coverage under the program. If you submit a claim for a drug included in the Prior Authorization program and you have not been pre-approved, your claim will be declined. In order for drugs in this program to be covered, you need to provide medical information. Please use the Prior Authorization form to submit this information. Both you and your doctor need to complete parts of the form. You will be covered for these drugs if the information you and your doctor provide meets the medical criteria, if not, your claim will be declined.

Sun Life’s prior authorization forms are available from the following sources:

• On line at www.mysunlife.ca, click on Group Benefits and then Prior Authorization Drug List and Forms; or
• By calling the Customer Care Centre toll-free number at 1.800.361.6212

Prescription drug coverage includes:

• The cost of drugs and supplies that are legally prescribed in writing by a doctor or dentist, and are obtained from a pharmacist
• Diabetic and colostomy supplies
• Products to help a person stop smoking (with or without a prescription) up to a maximum of $500 per person, per benefit year
• Life style/enhancing drugs, including:
  – Drugs for the treatment of infertility up to a lifetime maximum of $2,500 for each person
  – Drugs for the treatment of erectile dysfunction up to a maximum of $1,000 per person per benefit year
– Drugs, proteins, food and dietary supplements may be eligible when they are part of a treatment plan for weight loss, where medically necessary and under the supervision of a medical doctor

– Injections for varicose veins (not the related services), if medically necessary.

**Note:** Claim submission for life style/enhancing drugs cannot be done with your drug card. You must submit them via online submission or mail in a paper copy.

**Drug Card**

- Your prescription drug plan comes with a pay-direct prescription drug card
- This drug card should be used for all your prescription drug claims; however, it cannot be used for any Life style/enhancing drug.
- When you purchase prescription drugs, you will only need to pay your portion of your co-insurance.

**Note:** you may claim your share of the cost as an eligible expense from your Personal Health Spending Account (PHSA). To receive full reimbursement through your PHSA you can submit a claim form or request reimbursement on line through Sun Life’s website.

**Acute Care Hospital**

- Covers semi-private room, board and out-patient services up to the specified daily maximum for each option in a facility licensed to provide care and treatment for sick or injured patients, primarily while acutely ill. Nursing care must be available 24 hours a day
- Coverage does not include a nursing home, rest home, home for the aged or chronically ill, sanatorium, convalescent hospital, or a facility for treating alcohol or drug abuse, or beds set aside for any of these purposes in a hospital.

**Convalescent Hospital**

- Covers room and board, up to $35 per day for a maximum of 120 days, in a facility licensed to provide convalescent care and treatment for sick or injured patients on an in-patient basis. Nursing and medical care must be available 24 hours a day
- Coverage does not include a nursing home, rest home, home for the aged or chronically ill, sanatorium, or a facility for treating alcohol or drug abuse. Convalescent hospital care must be prescribed by a doctor. The 120-day maximum applies for all periods of treatment of an illness due to the same or related causes.
Private Nursing
- Covers nursing care services (not custodial care) by a nurse or nursing assistant who is licensed, certified or registered in the province where the person lives and who does not normally live with the patient
- The services of a registered nurse are eligible only when someone with lesser qualifications cannot perform the duties
- To be eligible, out-of-hospital private nursing services must be medically necessary and prescribed by a doctor.

Ambulance
- Covers transportation in a licensed ground or air ambulance, if medically necessary, to the nearest hospital that is able to provide the necessary medical services
- Covers on-the-scene treatment by a licensed ambulance attendant, when transportation to a hospital is not necessary.

Psychologist
- Coverage includes the services of a psychologist or counselor with a Master's Degree in Social Work who is registered with a provincial association. A doctor’s referral is not required. Fees must be reasonable and customary.

Paramedical Services
- The Top-up plan covers the reasonable and customary charges, up to the combined annual maximum for all practitioners. Covered paramedical services include:
  - Physiotherapists*, masseurs, and Christian Science practitioners
  - Licensed osteopaths, chiropractors, podiatrists, chiropodists, dietician or naturopaths, including a maximum of one x-ray examination per specialty each benefit year
  - Licensed speech therapists and acupuncturists to the annual maximum (prescription is needed).

* In Alberta, a “Determination of Needs” form must accompany your initial physiotherapy claim. Request this from your physiotherapist.
Vision Care

- The Top-up plan covers the cost of eye exams and contact lenses or eyeglasses (including repairs and replacement) and laser eye surgery to the maximum as long as the services are:
  - Prescribed by an ophthalmologist or licensed optometrist
  - Obtained from an ophthalmologist, licensed optometrist or optician
- The maximum is $200 for every 2 benefit years (1 benefit year for a person under age 21), and up to $500 every 24 months, for severe corneal astigmatism, severe corneal scarring, keratoconus and aphakia, but only if eyeglasses cannot improve the visual acuity in the better eye to at least a 20/40 level.

Hearing Aids

- Covers the purchase and repair of hearing aids prescribed by an ear, nose and throat specialist, up to the specified maximum for each option per person every five benefit years.

Accidental Dental

- Covers dental services to repair damage to natural teeth caused by an accidental blow to the mouth that occurs while a person is covered. These services must be received within 12 months of the Accident for a Covered Person over the age of 19. For a Covered Person under the age of 19 the treatment must have begun prior to them turning 19. A treatment plan must be submitted at the time of the accident to claim accidental dental benefits. You should retain a copy of your submitted claim for your records.
- The plan will not cover more than the fee stated in the dental association fee guide for a general practitioner in the province where the employee lives.

Medical Equipment, Services and Supplies

- Covers reasonable and customary costs for the medical equipment and supplies listed below when prescribed by a doctor. Eligible expenses must be medically necessary to the treatment of the condition or injury. Please obtain a pre-authorization before you purchase any of these items
  - Laboratory tests performed by a commercial laboratory for the diagnosis of an illness. Tests performed in a doctor's office or by a pharmacy are not covered
  - Wheelchairs or walkers, every five years, as required for temporary or permanent therapeutic use. Sun Life’s independent medical staff will determine whether rental or purchase of equipment is appropriate, taking into account the duration and nature of the illness/injury
– Casts, splints, trusses, braces or crutches
– Purchase of surgical brassieres or breast prostheses required as a result of surgery, up to a maximum of $200 per person in a benefit year
– Artificial limbs and eyes, excluding myoelectric appliances, but including any other prosthetic device as medically required
– Wigs required as a result of a medical condition, up to a maximum of $600 per person every two benefit years. Wigs do not require a doctor’s prescription
– Stump socks, up to a maximum of 6 pairs per person in a benefit year
– Elastic support stockings, including pressure gradient hose, up to a maximum of 2 pairs per person in a benefit year
– Custom-made orthopaedic shoes, modifications to custom-made orthopaedic shoes or adjustments to regular footwear, when prescribed by a doctor, podiatrist or chiropodist, up to a maximum of $500 per person per benefit year for 1 pair. A detailed lab invoice is required when the claim is submitted for payment. Call Sun Life for pre-authorization or detailed information.
– Radiotherapy or coagulotherapy
– Oxygen, including the equipment necessary for its administration
– Plasma and blood transfusions
– Glucometers prescribed by a specialist in internal medicine/diabetes, up to a lifetime maximum of $700 per person
– Insulin pump prescribed by an internal medicine/diabetes specialist, up to a lifetime maximum of $3,000.

Exclusions
In addition to the specific items not covered under your health option, the following expenses are also excluded:

• Any single purchase of drugs that would not reasonably be used in a three-month period
• Over-the-counter medications that do not require a prescription
• The cost of giving injections, serums and vaccines
• Medicines obtained from a doctor or dentist
• Hair growth stimulants
• Naturopathic or herbal remedies not listed in the formulary regulated by the federal and provincial governments
• Drugs obtained outside of Canada not listed in the formulary regulated by the federal and provincial governments

• Travel costs you incur if you travel to another town or city for medical services

• Services or supplies payable in whole or in part under any government-sponsored plan or program, except for user fees and extra billing if the legislation allows private plans to cover the user fees and extra billing

• Services (other than paramedical services) or supplies to the extent that their costs exceed the reasonable and usual rates in the locality where the services or supplies are provided

• Ineligible equipment such as orthopaedic mattresses, exercise equipment, air-conditioning or air-purifying equipment, whirlpools, humidifiers, and equipment used to treat seasonal affective disorders

• Any services or supplies that are not usually provided to treat an illness, including experimental treatments

• When compensation is available under a Workers’ Compensation Act, Criminal Injuries Compensation Act or similar legislation.

• Services rendered by a family member are not reimbursed based on regulatory and ethical standards of practice. This guideline is observed by the majority of all professionals across the country.

The plan will not pay benefits when the claim is for an illness resulting from:

• The hostile action of any armed forces, insurrection or participation in a riot or civil commotion

• Any work for which a covered person was compensated that was not provided for TransCanada

• Participation in a criminal offence, except when operating a motor vehicle with a blood alcohol content over the permissible level stipulated in the Criminal Code.

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**Business Travel (International SOS)**

When you are away from home and in unfamiliar surroundings, there are some events you can’t predict. You may become ill, lose your passport, find yourself in a risky situation or simply need instant, reliable advice. Whatever the issue, wherever you are, ISOS can help. Your membership entitles you to access worldwide medical, security, travel and emergency assistance.

**What to keep in mind:**

Keep your ISOS card safe and with you at all times. Brochure can be found on the Human Resources website under Forms, Booklets and Documents.

Call ISOS 24/7/365 with any health, travel security or personal safety concerns, for routine advice or emergency assistance. If you are hospitalized, ISOS will negotiate directly with the hospital.
Emergency Travel Coverage And In Country Referrals

Medical Emergency
An “Emergency” is an acute, unexpected illness or injury that requires immediate attention.

Emergency Services
Emergency Services are any reasonable medical services or supplies, including advice, treatment, medical procedures or surgery, required as a result of an emergency while temporarily outside of the province or country for less than 60 days. You and your dependents are covered for the services and supplies eligible under TransCanada’s health plan.

When a person has a chronic condition, Emergency Services do not include treatment provided as part of an established management program that existed prior to you or your family member leaving the province where you live. If you have a pre-existing condition, you may wish to obtain medical authorization to travel before leaving the country.

For medical emergencies, the plan covers the cost of the following at 100% when travelling on business or on vacation.

- A semi-private hospital room
- Other hospital services
- Out patient services in a hospital
- The services of a doctor

Eligible expenses for other services or supplies are also covered up to 100% while travelling on business or vacation.

Referred Services
If your doctor refers you or your dependent to another province to obtain treatment, the plan may cover a portion of the cost of such treatment. The provincial health care plan must agree in writing to pay benefits for the referred services. Pre-authorization is recommended from the provincial health care and Sun Life. The plan does not cover referrals for services outside of Canada, regardless of any waiting lists within Canada.
Emergency Travel Assistance (Medi-Passport)

As an additional service under your health plan, you and your dependents are covered under the health care plan for emergency travel assistance while travelling on business or vacation outside of the province or country, if you have been out of the country for less than 60 days.

Before you leave on business or vacation, you need to ensure that you or your family member(s) have the Sun Life Medi-Passport Travel Card with you. If you need a card, you can print one from the My Benefits and Retirement website on TransCanada’s Human Resources website on the infocus Front Page or through the Sun Life website (www.sunlife.ca). Once you have signed in, go to the drop down menu titled “Take me to” and select “Print Travel Card”.

In a medical emergency, you or someone with you should call Allianz Global Assistance (travel assistance provider) prior to receiving medical care or as soon as possible. The toll free numbers are listed on the Travel Card. They can assist with the following:

• Referral to physicians, pharmacists and medical facilities
• Confirm your coverage and benefits
• Facilitate payments to a hospital or medical provider, whenever possible
• Monitor your medical situation, if you are hospitalized.

Some of the other services include:

• Transportation home or to a different medical facility
• Repatriation (if you die while out of your province, they will assist with returning your remains)
• Vehicle return
• Meals and Accommodations Expenses due to an emergency
• Travel expenses to return home if stranded due to an emergency
• Lost luggage or documents assistance.
There are maximums and limitations as listed below.

<table>
<thead>
<tr>
<th><strong>Emergency Services</strong></th>
<th>Must be obtained within 60 days of leaving the province where you live</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Travel Expenses of Family Members</strong></td>
<td>$150 a day per family, maximum 7 days</td>
</tr>
<tr>
<td><strong>Repatriation</strong></td>
<td>$5,000 per return</td>
</tr>
<tr>
<td><strong>Vehicle Return</strong></td>
<td>$500 per return</td>
</tr>
<tr>
<td><strong>Meals and Accommodations:</strong></td>
<td></td>
</tr>
<tr>
<td>• Due to a delay or interruption</td>
<td>$150 a day per Covered Person, maximum 7 days</td>
</tr>
<tr>
<td>• When released from Hospital but not yet able to travel</td>
<td>$150 a day per Covered Person, maximum 5 days</td>
</tr>
</tbody>
</table>
# Dental Benefits

Under the TransCanada Benefits Plan, there is no core dental coverage. You decide whether you need a dental plan, and the level of coverage that is important to you and your family.

<table>
<thead>
<tr>
<th>Dental Plan Summary</th>
<th>Dental Option 1</th>
<th>Dental Option 2</th>
<th>Dental Option 3* (two-year locking in rule)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnostic / Preventive Services</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>• Check-up exams, including cleaning and polishing</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>• Fluoride for children</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>• Fluoride for adults - once per benefit year</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>• Scaling - 8 units per year</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>• Pit and fissure sealants</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Minor Dental Services</strong></td>
<td>80%</td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td>• Extractions and fillings</td>
<td>80%</td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td>• Relines and rebases to dentures</td>
<td>50%</td>
<td>60%</td>
<td>80%</td>
</tr>
<tr>
<td>• Endodontics (root canals)</td>
<td>50%</td>
<td>60%</td>
<td>80%</td>
</tr>
<tr>
<td>• Periodontics (gum disease, scaling)</td>
<td>50%</td>
<td>60%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Major Dental Services</strong></td>
<td>No coverage</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td>• Crowns, bridges, dentures, or repairs to dentures</td>
<td>No coverage</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td>• Dental implants including surgery</td>
<td>No coverage</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Annual maximum for Minor and Major Dental Services (excludes Diagnostic/ Preventive)</strong></td>
<td>$1,500 annual max. per person</td>
<td>$2,500 annual max. per person</td>
<td>$3,000 annual max. per person</td>
</tr>
<tr>
<td><strong>Orthodontics (Copy of the treatment plan must be submitted to insurance company)</strong></td>
<td>No coverage</td>
<td>No coverage</td>
<td>50% for dependent children; lifetime maximum of $2,500 per dependent child</td>
</tr>
</tbody>
</table>

*If you elect Dental Option 3, you must remain with that election for two full benefit years, unless you have a “life or employment event change”.*
Dental Fee Guide

Dental expenses will be reimbursed based on the most recent dental fee guide in the province where you live except Alberta. You will not be reimbursed for any fees your dentist may charge over and above the applicable dental fee guide for generalists and specialists.

The Alberta Dental Association no longer publishes a dental fee guide. Insurers established their own reimbursement levels for dental services in Alberta. Sun Life’s fee schedule reflects fees charged generally in Alberta.

Sun Life has developed a dental fee finder to help plan members in Alberta determine the range of fees that dentists charge in a certain area. This dental fee finder will allow members to have some insight into how their dentist’s fees may compare with others in the area and with the maximum levels under Sun Life's reimbursement guide.

**How it works:** By visiting [sunlife.ca/albertadental](http://sunlife.ca/albertadental), members will be able to select a specific geographic area (by the first 3 characters of an Alberta postal code) to see the fees for 15 commonly submitted dental procedures in that area for which Sun Life receives claims. This dental fee finder, which is based on our claims data, shows just how much variation there is in fees in the various regions across the province. By being a better informed consumer, members can choose how they want to manage their out-of-pocket costs. For example, they can negotiate a better price with their dentist, get a cost estimate from another dentist in the area, or agree to pay their dentist’s extra fees.

Eligible Expenses

The dental option you choose may not cover all the items described in this section. Reimbursement is based on co-insurance levels and maximums noted in the Dental Plans Summary and using the applicable dental fee guide in the province where you live.

**Diagnostic/Preventative Services**

- One complete oral examination every 24 months
- Recall examinations
  - Adults: every 12 months
  - Children: every 5 months up to a maximum of 2 examinations per benefit year.
- X-rays:
  - One complete series of x-rays or one panorex every 24 months
  - One set of bitewing x-rays per recall exam (every 12 months)
  - To diagnose a symptom or examine progress of a particular course of treatment
• Required consultations with another dentist
• Polishing (cleaning of teeth) once every 5 months, up to a maximum of twice a benefit year
• Scaling 8 units once every 5 months, up to a maximum of twice a benefit a year. More than 8 units per calendar year is included under periodontics
• Topical fluoride treatment for children only once every 5 months, maximum twice a benefit year
• Topical fluoride for adults once per benefit year
• Diagnostic tests and laboratory examinations
• Removal of impacted teeth and related anaesthesia
• Provision of space maintainers for missing primary teeth
• Pit and fissure sealants for dependent children
• All anesthesias.

**Minor Dental Services**

• Fillings – amalgam, silicate, composite, acrylic, or the equivalent
• Removal of teeth – except the removal of impacted teeth (i.e., preventive dental procedures)
• Prefabricated metal restorations and repairs to prefabricated metal restorations, other than in conjunction with the placement of permanent crowns
• Endodontics – root canal therapy and root canal fillings, and treatment of disease of the pulp tissue
• Periodontics – treatment of disease of the gum and other supporting tissue
• Scaling and root planing, up to a combined maximum of 16 units per benefit year
• Occlusal equilibration up to a maximum of 8 units per benefit year
• Surgery and related anaesthesia, other than: removal of impacted teeth (i.e., preventive dental procedures), implants and transplants, and repositioning of the jaw
• Rebase or reline an existing partial or complete denture
• TMJ appliances, including x-rays.
Dental Pre-Authorization
If your dentist recommends treatment that will cost more than $500, you may wish to find out in advance how much your dental option covers. Have your dentist complete a dental claim form outlining the recommended treatment, completion date and cost. Then send the claim form to Sun Life as if it were an actual claim. Sun Life will advise how much will be covered.

Major Dental Services
Pre-authorization is recommended for all extensive and major dental services.

- Inlays and onlays
- Crowns and repairs to crowns, other than prefabricated metal restorations (i.e., minor dental services)
- Repair of bridges or dentures
- Prosthodontic services – construction and insertion of initial bridges or standard dentures. Charges for a replacement bridge or replacement standard denture are not considered an eligible expense during the five-year period following the construction or insertion of a previous bridge or standard denture unless:
  - It is needed to replace a bridge or standard denture which has caused TMJ disturbances and cannot be economically modified to correct the condition
  - It is needed to replace a transitional denture which was inserted shortly following extraction of the teeth and cannot be economically modified to the final shape required.
- Implants including surgery charges, subject to any limitations that would have applied under this plan to a tooth supported by a crown or non implant related prosthesis, if there had been no implant. Coverage is based on the maximum stated in the Dental Plan Summary and annual maximums apply.

Orthodontics
Dental Option 3 covers the following orthodontic procedures up to the maximum stated in the Dental Plan Summary:

- Interceptive, interventive or preventive orthodontic services, other than space maintainers (i.e., preventive dental)
- Comprehensive orthodontic treatment, using a removable or fixed appliance, or a combination of both. This includes diagnostic procedures, formal treatment and retention.

Exclusions
The following items are not covered under any of the dental options:

- Services or supplies payable in whole or in part under any government-sponsored plan or program, except for user fees and extra billing if legislation allows private plans to cover the user fees and extra billing
- Services or supplies that are not usually provided to treat a dental problem, including experimental treatments
• Procedures performed primarily to improve a person’s appearance (i.e., braces to improve appearance only, teeth whitening, crowns in the front, porcelain fillings on molar teeth, filing teeth to make them even)

• Replacement of dental appliances that are lost, misplaced or stolen

• Charges for appointments that a person does not keep

• Charges for completing claim forms

• Supplies usually intended for sport or home use. (e.g., mouth guards)

• Procedures or supplies used in full mouth reconstruction (i.e., capping all of the teeth in the mouth), vertical dimension corrections (i.e., changing the way the teeth meet) including attrition (i.e., worn down teeth), alteration or restoration of occlusion (i.e., building up and restoring the bite), or for the purpose of prosthetic splinting (i.e., capping teeth and joining teeth together to provide additional support).

• Services rendered by a family member are not reimbursed based on regulatory and ethical standards of practice. This guideline is observed by the majority of all professionals across the country.

The plan will also not pay for dental work resulting from:

• The hostile action of any armed forces, insurrection or participation in a riot or civil commotion

• Dental services required due to congenital malformation

• Participation in a criminal offence, except when operating a motor vehicle with a blood alcohol content over the permissible level stipulated in the Criminal Code

• The plan will not pay benefits when compensation is available under a Workers’ Compensation Act, Criminal Injuries Act or similar legislation.
“Use It Or Lose It” Rule
CRA requires an element of risk to any PHSA plan, therefore, any unused Flex Credits are forfeited at the end of the benefit year, December 31st.

Personal Health Spending Account (PHSA)
The Personal Health Spending Account (PHSA) is a tax-effective vehicle, approved by Canada Revenue Agency (CRA), that allows you to use Flex Credits to pay for health and dental expenses that are not covered by your benefit plans, your spouse’s plan, or by provincial health care.

How The PHSA Works
In advance of each benefit year, you decide based on medical or dental expenses you may have, how many of your Flex Credits you wish to allocate to your PHSA. You make a one-time allocation to your PHSA each benefit year during annual enrollment. The funds are available for your use January 1, for the remainder of the benefit year. You will forfeit any balance remaining in your PHSA at the end of the benefit year.

During the benefit year, you can use the allocated funds in your PHSA to be reimbursed for eligible health and dental expenses. Essentially, you can claim health or dental expenses not covered by your health and dental plans or your spouse’s, or by provincial health care. However, a medical or dental practitioner must prescribe the service or item. The list of eligible expenses that can be reimbursed using the PHSA is set by CRA and is quite comprehensive.

Examples of Eligible Expenses
Here are some common expenses you can claim through the PHSA. The PHSA can be used to cover your expenses as well as the expenses of your spouse and your dependents.

• Prescription glasses, contact lenses, laser eye surgery
• Hearing aids and audiologists
• Over-the-counter drugs prescribed by a doctor
• Co-insurance amounts paid under the health or dental plan (e.g., the 20% you are required to pay under the core plan for Tier 1 prescription coverage
• Premiums for your spouse’s plan or medical travel insurance (but not provincial health care premiums)
• Premiums paid for your dependant child’s(ren’s) private insurance coverage
• Cosmetic surgery, including surgical hair transplants
• Paramedical practitioners (physiotherapist, chiropractor, masseur, dietician, acupuncturist, speech therapist, naturopath)
• Orthodontic services for children and adults
• Teeth whitening (if performed in the dentist office)
• Hair removal when performed by a dermatologist or provincially registered practitioner, (i.e., Registered Nurse (R.N.) or Registered Nurses’ Assistant (R.N.A.).)

Expenses reimbursed by the PHSA must otherwise qualify for the medical expense tax credit under the Income Tax Act. A list of eligible items can be found in CRA Interpretation Bulletin IT-519R2, available from their website at www.cra-arc.gc.ca.

**Tax-Effectiveness**

The PHSA lets you pay for expenses not reimbursed by your benefit options with money that has not been taxed. (Note: if you live in Quebec, you must pay provincial tax on the Flex Credits directed to your PHSA.)

For example, let’s say you have Flex Credits equal to $150. If these Flex Credits are received as cash, they’ll be taxed. If you’re in a 40% tax bracket, you’ll receive about $90 of the original $150. If you direct the $150 into the PHSA instead, you can use the full, untaxed amount to pay for any out-of-pocket health and dental expenses, including co-insurance amounts not reimbursed by your health and dental option. As a result, you have an additional $60 of buying power.

**Unused Credits**

If you don’t use all of the Flex Credits in your PHSA by the end of the benefit year, you will forfeit the amount remaining as of December 31st. This is regulated by the CRA and is referred to as the “Use it or Lose it Rule” described below.
Expense Carry Forward

Although unused PHSA is forfeited at the end of the benefit year (December 31st), you can carry over your unused expenses to the next benefit year. This means that if you have more unclaimed expenses in a plan year than the amount available in your PHSA, you may carry forward the unclaimed expenses and claim them in the following plan year. Only one-year carry forward of your expenses is permitted by CRA. You have 90 days from the end of the benefit year (March 31) to submit to Sun Life any claims against your current year’s PHSA balance for unclaimed expenses from the previous year.

“Use It Or Lose It” Rule

CRA requires an element of risk to any PHSA plan, therefore, any unused Flex Credits are forfeited at the end of the benefit year, December 31st. This is called the “use it or lose it” rule. See the example below.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Your contribution to PHSA</strong></td>
<td>$500</td>
<td>$500</td>
<td>$800</td>
</tr>
<tr>
<td><strong>Out-of-pocket claims in current year</strong></td>
<td>($600)</td>
<td>($400)</td>
<td>($700)</td>
</tr>
<tr>
<td><strong>Include your additional expenses carried-forward</strong></td>
<td>N/A</td>
<td>($100)</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Carry-Forward Claims or forfeiture</strong></td>
<td>$100</td>
<td>Nil</td>
<td>$100</td>
</tr>
</tbody>
</table>
Making a Health, Dental or PHSA Claim

You have 90 days from the end of the benefit year (March 31), to claim the health and dental expenses you incurred during that benefit year. Sun Life must receive your claims in their office no later than March 31st of the following benefit year.

If you are claiming health and dental expenses through the Personal Health Spending Account (PHSA) these expenses can be claimed in the current or following benefit year. In other words, if you do not have enough Flex Credits in your PHSA account in any given year to claim health or dental expenses for that year, you can claim these expenses in the following year. Remember this is only if you are claiming under the PHSA account. See more details on the Personal Health Spending Account (PHSA) on page 32. **Claims from the previous year must be submitted to Sun Life no later than March 31st of the following year.**

Health Claims

You can print the Sun Life health claim forms from the Human Resources section of TransCanada’s intranet or from the Sun Life website. If you experience difficulty printing the forms, call the TransCanada Human Resources InfoLine. Read both sides of the claim form and then complete everything that applies to your claim, attach all original receipts and **keep copies**.

If you are using your Sun Life pay-direct prescription drug card, the TransCanada-paid portion of your health option’s co-insurance is paid immediately. You must pay your co-insurance share up front; however, you may claim this expense from your Personal Health Spending Account (PHSA). You will need to complete a claim form for any PHSA expenses or after the claim is submitted, you can request payment through Sun Life’s website.

For vision care and paramedical services, receipts must be included.

Dental Claims

Your dentist’s office will have a standard dental claim form that Sun Life will accept. Most dentists will submit the claim for you. They may ask you to pay your share up front or they may bill you later. It is a good idea to keep a copy of the claim form and to ask your dentist to explain each procedure code on the form. If the dentist charges more than the plan maximums for services, you are responsible for these additional charges.

For dental claims not submitted by your dentist, you can submit them on line. Make sure that you keep your hard copy safe in case Sun Life audits your online claim.
PHSA Claims

Use Sun Life’s claim forms, accessible from the Human Resources section of TransCanada’s intranet or from the Sun Life website. Use the form called the Extended Health Care and Personal Health Spending Account Claim, or the Dental and Personal Health Spending Account Claim. Complete the form, and check the appropriate box indicating you want any unpaid amount of your claim to be reimbursed by your PHSA.

You can also use your Explanation of Benefits, or EOB to make a PHSA claim at a later date. If you leave TransCanada, you can use your PHSA balance to reimburse expenses incurred up to your termination date. You must submit your claims within 90 days of your termination date.

Adjudication Process

Typically claims will be adjudicated and the cheque mailed within 5-7 business days of when Sun Life receives the claim. If you sign up for direct deposit with Sun Life through the website, claim payment will be deposited in your account sooner. Unusual claims and out-of-country claims may take longer. Claims without proper documentation will be denied with a request for further information. You can re-submit such claims once you have gathered the appropriate documentation (for example, you may require the dentist’s written support).

Coordination Of Benefits

If you and your spouse both have health and/or dental coverage through your respective employers, submit your claims as outlined below. Remember to keep copies of your original receipts.

- **Your own expenses** - first submit claims you incur to the TransCanada plan. If Sun Life does not reimburse the full amount of your claim, you may submit the unpaid balance, to your spouse’s plan for payment.

- **Your spouse’s expenses** - claims incurred by your spouse should be submitted first to your spouse’s plan. Any amount not paid by that plan may be claimed under the TransCanada plan.

- **Your dependent children’s expenses** - claims for your children’s expenses should be submitted to the plan of the parent whose birthday occurs first in the year. For example, if your birthday is in November and your spouse’s birthday is in April, then your children’s claims should be submitted first to your spouse’s plan. Any amount not reimbursed by that plan may be submitted for payment under the TransCanada plan.
If TransCanada is the second carrier, you need only submit the first carrier’s Explanation of Benefits (EOB) when making a claim. Original receipts are not required when TransCanada is the second carrier. The EOB is a statement from the insurer showing the amount you submitted, the amount that is eligible, any deductible applied, and co-insurance amount (e.g., 80% or 100%), and the amount paid to you. If you participate in the Personal Health Spending Account (PHSA), remember to keep your EOB statements for submission under the PHSA for portions that were not reimbursed.

**Life Insurance**

TransCanada provides a core amount of life insurance equal to $50,000 for every employee. You decide the amount of additional life insurance you need to protect your family and beneficiaries in the event of your death. If you wish, you may purchase life insurance for your spouse or dependent children. This insurance can help meet your financial needs if your spouse or child dies and you face unexpected expenses.

TransCanada pays the premiums for your core ($50,000) life insurance coverage. This is a taxable benefit to you. You pay the full cost of any optional life insurance coverage you elect. The cost of optional life insurance for you and/or your spouse is based on age-banded, smoker/non-smoker rates. (See Sidebar). Should your employment with TransCanada change from full-time to part-time and your life insurance coverage is over the maximum allowed, the coverage will reduce to the lesser of 7x your salary or $1,500,000.

Flex Credits used to pay for optional life insurance are also treated as a taxable benefit since Flex Credits are provided by TransCanada. If payroll deductions are used to pay for optional life insurance, there is no taxable benefit because payroll deductions are made with after-tax dollars.

If you or your beneficiaries receive insurance proceeds upon a death, the proceeds paid are not taxable.

TransCanada has been able to negotiate competitive optional life insurance rates. For a table of the current rates, check your annual Enrollment Guide. Alternatively, the Enroll/Makc Changes website will automatically calculate the costs for you.
Your life insurance choices are outlined below:

<table>
<thead>
<tr>
<th>Life Insurance Summary</th>
<th>Core Coverage</th>
<th>Your Options</th>
</tr>
</thead>
</table>
| **Employee Life Insurance** | $50,000 | • You may purchase additional coverage, beyond the core, in units of $25,000 up to the lesser of 7x your salary or $1,500,000.  
• New employees may purchase up to $100,000 of optional life insurance without evidence of good health.  
• Optional amounts in excess of $100,000 require evidence of good health and approval before coverage becomes effective.  
• After you make your first optional life insurance election, you must submit evidence of good health for any higher amounts you elect in the future. The higher amount of life insurance will be effective after evidence of good health is provided and approved.  
• If your existing optional life insurance coverage is greater than $1,500,000 from a previous benefit year, your existing amount will be grandfathered. |
| **Spousal Life Insurance** | No core coverage | • You may purchase units of $25,000 up to a maximum $250,000.  
• Amounts in excess of $25,000 require your spouse to submit evidence of good health. |
| **Dependent Child Life Insurance** | No core coverage | • You may purchase units of $5,000 up to a maximum of $25,000.  
• Evidence of good health is not required for dependent children.  
• The premium you pay covers all of your eligible dependent children.  
• Your new born child is automatically covered for $5,000 beginning with the live birth. Your coverage is for 31 days, after this time frame you must apply for the coverage. |
Evidence Of Good Health

Insurance companies often require medical proof (or “evidence”) that a person is in good health at the time they apply for optional life insurance. Our insurer, Sun Life, requires you and/or your spouse to submit evidence of good health if:

- As a new employee, you apply for an optional employee life insurance amount greater than $100,000 (this does not include the $50,000 core coverage amount)
- You request spousal life insurance greater than $25,000
- At a subsequent enrollment, you elect to increase optional coverage for you or for your spouse.

If evidence of good health is required, you and/or your spouse need to complete a “Statement of Health” form. Sun Life may require additional medical evidence. If so, Sun Life, or one of its chosen medical providers, will contact you directly.

Beneficiaries

You must designate a beneficiary for your core coverage and optional employee life insurance on the TransCanada Life and Accident Insurance Beneficiary Designation Form. When you enroll on the TransCanada Enroll/Make Changes website, be sure to print this form. You must date and sign this form before sending the completed form to the TransCanada Benefits Centre.

Please seek legal advice before naming a minor or incompetent adult as a beneficiary.

It’s up to you to keep your beneficiary form up-to-date. Your current beneficiary designation (last dated form) will not be revoked or changed unless you submit a new form.

If you reside in Quebec and designate a spouse to whom you are legally married as a beneficiary, this designation is irrevocable, unless you specifically indicate on the form that it is revocable.

You are automatically the beneficiary for any optional spousal life insurance or dependent child life insurance you elect.
Conversion Privilege

If you leave TransCanada, your core coverage and optional employee life insurance can be converted to an individual policy with Sun Life without you having to submit evidence of good health. You must do so within 31 days after the day your group coverage ends. You will pay Sun Life’s standard premium rates for the individual policy.

The maximum you can convert is $200,000 (core and optional combined). You may also convert any spousal life insurance (up to $200,000) to individual policies with Sun Life without submitting evidence of good health.

Exclusions

Optional life insurance benefits will not be paid if death results from suicide or attempted suicide, while sane or insane, in the first 12 months following the date your application for coverage (or increase in coverage) is approved by Sun Life.
Accident Insurance

Accident insurance pays a benefit if you or a covered family member die(s) as a result of an accident. Also, accident insurance may pay a benefit if you suffer the loss of the use of a limb, or sensory perception (e.g., hearing, sight) as a result of an accident.

TransCanada provides a core amount of accident insurance of $50,000 to every employee. You decide the additional amount of accident insurance you need to protect your family. TransCanada pays the premiums for your core accident insurance coverage; however, this is a taxable benefit to you. You pay the full cost of any optional accident insurance coverage you elect. For a table of the current rates, check your annual Enrollment Guide. Alternatively, the Enroll/Make Changes website will automatically calculate the costs for you.

<table>
<thead>
<tr>
<th>Accident Insurance Summary</th>
<th>Core Coverage (company-paid)</th>
<th>Your Options (employee-paid through Flex Credits or payroll deductions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Accident Insurance</td>
<td>$50,000</td>
<td>You may purchase additional Accident Insurance, beyond the core, in units of $25,000 to a maximum of $1,000,000</td>
</tr>
<tr>
<td>Spousal Accident Insurance</td>
<td>No core coverage</td>
<td>You may purchase units of $25,000 to a maximum of $250,000</td>
</tr>
<tr>
<td>Dependent Child Accident Insurance</td>
<td>No core coverage</td>
<td>You may purchase units of $5,000 to a maximum of $25,000</td>
</tr>
</tbody>
</table>

Coverage

An “accidental” loss is a bodily injury or death that occurs as the direct result of a violent, sudden and unexpected action from an outside source. Before any accident benefits are paid, a loss must:

- Occur within 365 days of the accident;
- Be a direct result of the accident; and
- Be permanent.

The benefit paid depends on the extent of the injury and the insurance amount in effect on the date the accident occurred.
<table>
<thead>
<tr>
<th>Loss Covered</th>
<th>Percentage of Accident Insurance Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadriplegia, Paraplegia, Hemiplegia</td>
<td>200%</td>
</tr>
<tr>
<td>Loss of life</td>
<td></td>
</tr>
<tr>
<td>Loss of the use of both hands or both feet</td>
<td></td>
</tr>
<tr>
<td>Loss of one hand and one foot</td>
<td></td>
</tr>
<tr>
<td>Loss of one hand or one foot, and the entire sight of one eye</td>
<td></td>
</tr>
<tr>
<td>Loss of the entire sight of both eyes</td>
<td></td>
</tr>
<tr>
<td>Loss of speech and loss of hearing in both ears</td>
<td></td>
</tr>
<tr>
<td>Loss of the use of one arm or one leg</td>
<td>75%</td>
</tr>
<tr>
<td>Loss of the use of one hand or one foot</td>
<td></td>
</tr>
<tr>
<td>Loss of the entire sight of one eye</td>
<td></td>
</tr>
<tr>
<td>Loss of speech</td>
<td></td>
</tr>
<tr>
<td>Loss of hearing in both ears</td>
<td>66 2/3%</td>
</tr>
<tr>
<td>Loss of four fingers on the same hand</td>
<td></td>
</tr>
<tr>
<td>Loss of the thumb and index finger on the same hand</td>
<td></td>
</tr>
<tr>
<td>Loss of hearing in one ear</td>
<td></td>
</tr>
<tr>
<td>Loss of all toes on the same foot</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Other Benefits**

If an accident occurs, and you or your insured family member qualify for a payment according to the previous Table of Losses, some of these other benefits may also be payable:

- Up to $15,000 for preparing and transporting the insured person’s body home if accidental death occurs more than 50 kilometers from home
- Up to $15,000 for special training to prepare an injured person for a new occupation, or for retraining a surviving spouse
- Up to $15,000 for home alteration and vehicle modification to accommodate wheel chair habitation
- Up to $15,000 per year (or 5% of the insured amount, if less) for four years to continue to pay for post-secondary education for surviving dependent children who were enrolled at the time the accident occurred that caused an insured parent’s death
• Up to $5,000 per year (or 5% of the insured amount, if less) for four years to help cover day care costs for surviving children who were under the age of 13 at the time the accident occurred that caused an insured parent's death

• Up to $15,000 for an immediate family member to be transported by common carrier to the place where an insured person is confined in hospital, following an accident. The insured person must be confined to a hospital outside 50 kilometers from his/her permanent city of residence and the attending physician must request the attendance of an immediate family member.

**Beneficiaries**

You must designate a beneficiary for your accident insurance on the TransCanada Life and Accident Insurance Beneficiary Designation Form. When you enroll on the TransCanada Enroll/Make Changes website, be sure to print this form. You must date and sign this form before sending the completed form to the TransCanada Benefits Centre.

**Conversion Privilege**

If you leave TransCanada, you may convert your existing amount of coverage to an individual policy and pay standard rates for an individual policy. You must do so within 31 days after the day your group coverage ends. If you wish to convert your accident insurance, please call the TransCanada Human Resources InfoLine.

**Exclusions**

The plan does not cover any loss, fatal or non-fatal, caused by or resulting from:

• Disease or natural causes
• Intentionally self-inflicted injuries, suicide, or suicide attempts while sane or insane
• Full time service in a country’s armed forces
• Acrobatic or stunt flying, racing or endurance tests
• Crop dusting, crop seeding, skywriting, banner towing, fire fighting, or other forms of special flying unless previously agreed to by the insurance company.
Disability Program

TransCanada’s Disability Program is there to help you if you become disabled and are unable to work for an extended period of time. TransCanada provides every employee with the same core Disability Program paid by TransCanada. There are no options.

The Disability Program is one integrated program that provides benefits for short term absences through to longer term disabilities. The disability benefit payments will help you meet your living expenses if you can’t work, or while you are adjusting to a longer term disability.

Short Term Disability Plan (STD)

You will receive 100% or 70% of your base salary according to your length of service (see the schedule below). The plan pays benefits from the first day of disability up to a maximum of 26 weeks.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Weeks at 100% of Base Salary</th>
<th>Weeks at 70% of Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1</td>
<td>4</td>
<td>22</td>
</tr>
<tr>
<td>1</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>5 or more</td>
<td>26</td>
<td>--</td>
</tr>
</tbody>
</table>

You must notify your leader of all medical absences. Your leader will notify TransCanada’s Health Services department if you are away for longer than 36 continuous work hours. Health Services will coordinate your compensation and benefits during your absence, and will introduce, TransCanada’s occupational health services provider.

TransCanada Health Services will also outline the roles and expectations of all the “team” members involved in your claim (i.e., you, your physician, your leader, Sun Life, the occupational health services provider, medical specialists, etc.).
**Long Term Disability Plan (LTD)**

If you remain disabled for more than 26 weeks, the Long term Disability (LTD) Plan continues to pay 70% of your pre-disability base salary up to a maximum monthly amount of $30,000. The plan pays you a benefit up to age 65, provided you remain disabled according to the definition of disability under the plan.

For the first 18 months of your disability (6 months on STD plus 12 months on LTD), you may be approved for disability benefits if you are unable to complete the essential duties of your own job. After the 18-month period, to continue to receive disability benefits, you must be unable to perform any job for which you are reasonably qualified through training, education or experience.

TransCanada pays the premiums for your LTD plan. TransCanada’s premium payments are not a taxable benefit to you. Any LTD benefits paid to you are taxable.

---

**Long Term Disability Plan Provisions**

<table>
<thead>
<tr>
<th>Benefit Formula</th>
<th>70% of pre-disability base salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Begin</td>
<td>After 26 weeks of disability</td>
</tr>
<tr>
<td>Benefits End</td>
<td>At age 65, or earlier if no longer disabled according to the definition of disability</td>
</tr>
</tbody>
</table>
| Definition of Disability | • During the first 18 months of disability (including the period of STD payments), you are considered totally disabled if, because of disease or injury you are unable to carry out a combination of your own job duties that regularly took at least 70% of your time to complete.  
  • After 18 months, total disability continues when you can’t work in any job for which you are reasonably qualified through training, education, or experience (that would provide you with at least 60% of your pre-disability salary). |
| Rehabilitation / Return to Work | • If you become disabled, TransCanada will support your participation in a rehabilitation program suited to your physical and medical condition. The purpose of rehabilitation is to ease your transition back to work.  
  • You, your doctor, the health management company, the insurance company, and others would be involved in planning such a program. |
| Other Income          | • Your LTD benefit will be offset by any Canada/Quebec Pension Plan (C/QPP) disability benefits or Workers’ Compensation Board (WCB) benefits you receive. |

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**Your Other Benefits**

What happens to your other benefits when you are on disability? Check the “In the Event…” section of this booklet for complete details. You can find the table starting on page 73.
2017 Flex Credits & Cost Summary

(New Employee’s – Flex Credits are prorated based on the number of months remaining in the year)

**Flex Credits**: 4.6% of base salary + $870

**Health Benefits**

- Core Coverage (No Cost To You) $ 0
- Top-up Plan $ 1,481

**Dental Benefits**

- Dental Option 1 $ 910
- Dental Option 2 $ 1,390
- Dental Option 3 $ 2,238

**Employee and Spousal Life Insurance – Optional coverage only**

Life Insurance Rates per unit of $25,000 (annually)

<table>
<thead>
<tr>
<th>Age Band*</th>
<th>Non-Smoker</th>
<th>Smoker</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Under 35</td>
<td>$ 4.80</td>
<td>$ 3.60</td>
</tr>
<tr>
<td>35 – 39</td>
<td>$ 6.90</td>
<td>$ 5.40</td>
</tr>
<tr>
<td>40 – 44</td>
<td>$ 11.10</td>
<td>$ 7.80</td>
</tr>
<tr>
<td>45 – 49</td>
<td>$ 18.60</td>
<td>$ 14.70</td>
</tr>
<tr>
<td>50 – 54</td>
<td>$ 33.30</td>
<td>$ 24.00</td>
</tr>
<tr>
<td>55 – 59</td>
<td>$ 66.60</td>
<td>$ 44.70</td>
</tr>
<tr>
<td>60 – 64</td>
<td>$ 107.40</td>
<td>$ 70.50</td>
</tr>
<tr>
<td>65 - 69</td>
<td>$ 166.80</td>
<td>$ 111.30</td>
</tr>
</tbody>
</table>

* Your age on the day this re-enrollment takes effect. Premium increases due to changes in age band will take effect the first day of the month following your birthday.

If you elect optional life insurance for you or your spouse, you must indicate on the enrollment site your smoking status. If not, you will pay smoker rates for life insurance.

**Child Life Insurance**

$4.24 per $5,000 unit (this premium covers all your dependent children)

**Accident Insurance**

- Employee: $5.40 per $25,000 unit
- Spouse: $5.40 per $25,000 unit
- Child: $1.08 per $5,000 unit (covers all your dependent children)
Vacation

You are entitled to annual earned vacation as per the Vacation Employment Practice which can be found on the Human Resources section of TransCanada’s intranet – Employment Practices.

Vacation Purchase

In addition to your annual earned vacation entitlement, you may purchase a minimum of 8 hours up to a maximum of 40 hours (in 1 hour increments) of additional paid vacation using Flex Credits and/or payroll deductions. **You can only purchase vacation during the annual benefit enrollment period each year.** The cost of your purchased vacation will be based on your hourly base salary rate at the time of enrollment. You will be able to view the total cost of your purchased vacation on the Benefits Enroll/Change website.

Your purchased vacation must be taken prior to your earned vacation. If you do not use all your purchased vacation by the end of the calendar year, any unused hours will be forfeited.

Before purchasing additional vacation, you should refer to the Vacation Employment Practice. As per the Vacation Employment Practice, purchased vacation leave is granted on a first-come, first-serve basis throughout the year dependent on the business needs. All vacation leave requires leader approval and leaders are authorized to decline vacation requests which create scheduling conflicts, requested during busy periods, or which would otherwise create an operational burden.

New employees hired during the year are eligible to purchase vacation during open enrollment for the following calendar year.
Stock Plan

The TransCanada Stock Plan is another important component of TransCanada's Total Rewards package. The stock plan allows you to purchase and hold TransCanada common shares. By owning company stock, you have the opportunity to share in TransCanada's future success.

Participation is voluntary. If you decide to purchase company stock, TransCanada contributes 25 cents for every dollar you contribute, up to a maximum of 1% of your base salary. In other words, if you contribute 4%, TransCanada contributes another 1% of your base salary. If you contribute 10%, TransCanada's maximum contribution will still be 1% of base salary.

You may change the level of your contributions at any time during the year, including starting or stopping your contributions, through the Enroll/Mak Changes website. Contribution changes will be updated within the next 2 pay periods.

Solium Capital is the record keeper of the Stock Plan. Twice each month, Solium Capital receives your contribution and the 25% TransCanada contributes. Solium Capital then buys TransCanada shares on your behalf at regular market prices and holds the shares in an account designated by you.

You may choose from 3 types of accounts: an Employee RRSP Account, a Spousal RRSP Account, a Taxable Account or a combination of these. Shares held in your account(s) will earn any dividends paid to common shareholders. These dividends are immediately reinvested to purchase additional shares for you. The growth of your account over time depends on the level of contributions you make to the plan, TransCanada's contributions, the reinvestment of dividends, and the performance of TransCanada's shares on the stock market.

Solium Capital will send you an annual statement showing your Stock Plan account balance(s). Your spouse will receive a separate statement if you have applied for a Spousal RRSP Account.

If you enroll in the RRSP option of the Stock Plan (Employee or Spousal) for the first time, you will need to complete an RRSP application form. Contributions will not be submitted to your account at Solium Capital until the TransCanada Benefits Centre receives the completed application form. Until this form is received and processed, your contribution will be “pended” and any allocated Flex Credits will be paid as taxable cash. If your application has not been received within 45 days from your date of hire, your election will be cancelled. If you enroll in the taxable account, contributions will be submitted to your account with the first pay following completion of your enrollment.
If you wish to join the plan at a later date, you may do so anytime during the benefit year. You also have the option to suspend or stop your contributions or deductions anytime during the year through the enrollment website.

Once your information is forwarded to Solium Capital, you will need to log on to Solium’s website at [www.solium.com](http://www.solium.com) and activate your account. To do this you will need your TransCanada e-mail address.

Once your account has been activated you will receive two letters from them providing you with your Account Number and Login Password to access their online site to manage your funds.

**Changing Your Stock Plan Contributions**

You may change the level of your contribution to the TransCanada stock plan any time during the year by accessing the Human Resources website, My Benefits and Retirement Services > Enroll/ Make Changes > Anytime Changes > Stock Plan Contribution.

**Owning TransCanada Shares**

- **Flex Credits**
- **Payroll Deductions**
- **TransCanada Contribution** (maximum of 1% base salary)

**Stock Plan Contributions**

Solium Capital receives the contributions and purchase shares on your behalf.

- **RSP Account** (Employee, Spousal)
  - Holds shares purchased with tax deductible contributions. You get immediate tax relief through payroll. You must complete RSP Application form.

- **Taxable Account**
  - Holds shares purchased with taxable contributions. Flex Credits and company contributions generate a taxable benefit and tax is withheld each pay period.
Share ownership offers the potential to make money in 2 ways: dividends and share price appreciation. Dividends are a portion of a company's profit that the board of directors decides to pay out to shareholders. When you buy shares in TransCanada, you anticipate the price will go up (or appreciate). But, there is also the risk of the share price falling. TransCanada's share price will rise and fall depending on the financial performance and future outlook for TransCanada, as well as the outlook for the industry, and the economy.

When you purchase shares through the Stock Plan, you assume the risk of stock price fluctuations, the same as if you buy your shares on the open market. As a shareholder of TransCanada, you also have the opportunity to direct the vote of your shares on proposals put forward at the annual general meeting of TransCanada. Each year, you will receive notice of the meeting along with financial statements and a proxy form. On the form, you indicate how you would like your shares voted.

Stock Plan Accounts

When you enroll in the Stock Plan, you’ll need to indicate the account in which you would like to hold your shares: an Employee RRSP Account, a Spousal RRSP Account, a Taxable Account or a combination of these.

Employee Registered Retirement Savings Plan (RRSP) Account

The Employee RRSP Account operates just like a personal RRSP. Your contributions to the account are tax-deductible up to certain limits. TransCanada’s payroll system will recognize the tax-deductible status and provide you with immediate tax relief up to the annual RRSP limit set by Canada Revenue Agency (CRA) (rather than waiting until you file your income tax return). You can continue to contribute to an RRSP if you have the available room, but will not receive the immediate tax relief through the payroll system.

Similar to an RRSP, you don’t pay tax on the contributions or dividend earnings until the year you withdraw the shares in the account. If you leave TransCanada, you can continue the tax deferral by directly transferring the proceeds to your own RRSP (or you can transfer the shares to your own self-directed RRSP).

Opening an RRSP Account

To open an RRSP account for either yourself or your spouse, you must complete a Retirement Savings Plan (“RRSP”) Application Form and send it to the TransCanada Benefit Centre. The form is available on the Benefits page of the Human Resources section of TransCanada’s Intranet or the Benefits Enroll/Change website, or the Solium Capital website once you activate your account.

If you do not complete and submit an RRSP Application within 45 days of electing to contribute to the RRSP account your elections will not be processed.
Spousal RRSP Account

You may open an RRSP Account in your spouse’s name and deduct the Stock Plan contributions from your taxable income (provided you have sufficient RRSP contribution room). You are the “contributor” but your spouse is the “account owner.” Similar to the Employee RRSP Account, your contributions provide you with immediate tax relief up to certain annual limits (rather than waiting until you file your income tax return).

As the “account owner”, it is your spouse who has the authority to access the account online or withdraw shares. If your spouse makes a withdrawal from contributions you made in the current year or the two preceding years, the amount withdrawn must be included in your taxable income. If a withdrawal is made after that time period, the amount is taxable to your spouse.

If you leave TransCanada, your spouse can continue the tax deferral by selling and directly transferring the proceeds to his/her own RRSP (or your spouse can transfer the shares to his/her own self-directed RRSP).

Contributions

The contributions you and TransCanada make to the Employee and Spousal RRSP Accounts are considered part of your personal RRSP maximum each year. It is your responsibility to monitor your contributions and to ensure you do not exceed your maximum. To find out your RRSP contribution maximum for the current tax year, check the Notice of Assessment you received from Canada Revenue Agency after you filed last year’s tax return (or call your local Canada Revenue Agency office).

Taxable Account

Shares held in this account are purchased with contributions that are taxable in the year the contributions are made. Basically, you pay the income tax as you go throughout the year, instead of deferring income tax using the RRSP Account.

Flex Credits and company contributions used to purchase shares are a taxable benefit, and tax is withheld each pay period. Contributions made through payroll deductions are also made on an after-tax basis. Any dividends declared will be re-invested, and will be taxable in that year. When you sell the shares, you may have a capital gain or loss that may have a taxable impact.
Vesting

You are automatically vested in TransCanada's contribution to your Stock Plan account(s). There is no locking-in or waiting period. You own 100% of the shares as soon as you are enrolled in the Stock Plan.

Withdrawals

The following table summarizes the ways you can withdraw or sell your shares from the Stock Plan, the time frames, and whether withholding tax will be applied. To request a withdrawal at anytime, use the Solium Capital website at www.solium.com. Alternatively, you can call Solium Capital.

<table>
<thead>
<tr>
<th>Your Request</th>
<th>Time frame for requests received before market close*</th>
<th>Withdrawals from the RRSP Account</th>
<th>Withdrawals from the Taxable Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic transfer of shares to another financial institution</td>
<td>Shares are requested on the business day of the transaction at the prevailing market price. The shares will be transferred in about five business days.</td>
<td>Withholding tax applied if transferred to a non-registered account. No tax withheld if transferred to another registered (RRSP) account.</td>
<td>No tax withheld.</td>
</tr>
<tr>
<td>Cash withdrawal</td>
<td>Shares are sold on the business day of the transaction at the prevailing market price. A cheque is mailed approximately one week after the request.</td>
<td>Withholding tax applied.</td>
<td>No tax withheld. You will have to claim a capital gain or capital loss on your tax return as a result of the sale of shares.</td>
</tr>
<tr>
<td>Sale of shares - electronic transfer of proceeds to individual account with another financial institution</td>
<td>Shares are sold on the business day of the transaction at the prevailing market price. Transfer of proceeds to another financial institution; six to nine business days.</td>
<td>Withholding taxes apply if the proceeds are transferred to a non-registered account. No tax withheld if proceeds are transferred to another registered (RRSP, RRIF etc.) account.</td>
<td>No tax withheld. You will have to claim a capital gain or capital loss on your tax return as a result of the sale of shares.</td>
</tr>
<tr>
<td>Request a Physical Share Certificate</td>
<td>You can expect a share certificate to be mailed to you two to three weeks after your request.</td>
<td>Withholding taxes applied. Shares will be sold to pay your withholding tax.</td>
<td>No tax withheld.</td>
</tr>
</tbody>
</table>

* You may also use Solium Capital’s website to request withdrawals. Requests should be received by market close. Please note that Limit Orders are subject to the market fluctuations and stock liquidity, which could affect your settlement date.
Withdrawal Fees

The following fee schedule applies to withdrawals and sale of shares. These fees may change in future years.

- $25 transaction fee for any sale of shares and cash withdrawal, share certificate withdrawal, electronic share transfer or transfer to an annuity, RRSP, or RRIF issued by another financial institution; plus
  - Please note, there is an additional $25 fee for call centre assisted transactions.
- Brokerage fee of $0.03 for every share traded or withdrawn with a minimum brokerage fee of $29.00. Please note withdrawals occur on a real time basis with brokerage charges being assessed per transaction.

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFT (CAD transactions only)</td>
<td>$5.00 CAD per EFT</td>
</tr>
<tr>
<td>Wire (domestic, electronic only)</td>
<td>$20.00 per wire</td>
</tr>
<tr>
<td>Wire (International, electronic only)</td>
<td>$40 per wire</td>
</tr>
<tr>
<td>Security registration</td>
<td>$125.00</td>
</tr>
<tr>
<td>Delivery of security (securities delivered electronically to another broker)</td>
<td>$35 per delivery</td>
</tr>
<tr>
<td>Direct Registration (DRS)</td>
<td>$50.00 plus out of pocket charge per registration.</td>
</tr>
</tbody>
</table>

Designating Beneficiaries

On initial enrollment in the RRSP Account, you must designate your beneficiary(ies). This can be done on Solium Capital’s RRSP application form available on the Benefits Enroll/Change website (under the ‘Resource Library’ tab) found on the My Benefits and Retirement website of the Human Resources area of the TransCanada infocus Front Page (link is on the right side of the web page). You must print the form, then date and sign as required. Send your completed form to the TransCanada Benefits Centre at:

TransCanada Benefits Centre
Morneau Shepell
895 Don Mills Road
Tower One, Suite 700
Toronto, Ontario M3C 1W3
Changing Beneficiaries

To change your beneficiary(ies) on your RRSP Account, use Solium Capital’s Group RRSP-Change of Beneficiary Designation form available on the Benefits Enroll/Change website (under the ‘Resource Library’ tab) found in the My Benefits and Retirement website of the Human Resources area of TransCanada’s intranet (link is on the right side of the web page).

Send your completed form to Solium Capital by fax to 403.515.3919 or by mail to:

Solium Capital Inc.
1500, 800 – 6th Avenue SW
Calgary, AB T2P 3G3

Spousal RRSP Account Beneficiaries

For shares directed to a Spousal RRSP Account, your spouse must designate a beneficiary using the forms noted above.

Quebec Residents

If you live in Quebec, any designation with respect to your assets in the TransCanada Stock Plan needs to be addressed in your will.
Retirement Program

TransCanada’s Retirement Program offers you two retirement plans that work together with your personal savings and government-sponsored programs such as the Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS) to help you have a financially secure future.

Your Retirement Program consists of:

- A Defined Benefit (DB) Pension Plan that provides a predictable monthly pension when you retire;
- A Savings Plan for employees with less than 10 years of Continuous Service, offering the option to receive company contributions in a Savings Plan account as an alternative to the Pension Plan.

Your Choice

Beginning January 1, 2008, employees who have less than 10 years of Continuous Service (this includes previous service recognized by TransCanada), will have a choice of which retirement plan they join, as illustrated below.
Continuous Service:
This means your uninterrupted period of employment, starting with the day you were last hired by TransCanada or another approved company. Certain approved leaves of absence, such as maternity leave or disability leave, do not interrupt your Continuous Service.

You may elect to participate in the Pension Plan effective the first of the month coincident with, or following, your date of hire, or at any annual enrollment up to the year in which you reach 10 years of Continuous Service (including previous service recognized by TransCanada). Once you elect to participate in the Pension Plan, this decision is permanent and irrevocable, i.e. you will no longer have this option each year. After you attain 10 years of Continuous Service, the option to choose will no longer be available to you and you will join the Pension Plan on a permanent basis effective January 1 of the following year.

As an alternative to entering the Pension Plan, you may elect to receive a company contribution to a Savings Plan account equal to 7% of your base salary plus 7% of your incentive compensation up to target. You will have the choice to continue to receive this company contribution, or join the Pension Plan, during every annual enrollment up to the year in which you reach 10 years of Continuous Service.

If you elect to join the Savings Plan no credited service will accrue to you in the Pension Plan until such time as you enter or re-enter the Pension Plan.

Retirement Choicemaker
To help you better understand the implications of the choice you are making, TransCanada offers the Retirement Choicemaker, an interactive modelling tool that allows you to “model” participation in each of the two plans using some basic assumptions such as your age, salary, investment returns and years of participation.

You will access this tool via the Financial Security and Retirement Menu from the My Benefits and Retirement website through the TransCanada infocus Front Page under Human Resources. Through this web page, you can access innovative and comprehensive tools including the Retirement Choicemaker (to help you choose your retirement option, if you are eligible), as well as the Retirement Modelling Tool that offers retirement planning features to help you with your long-term retirement financial planning.
# Pension Plan

## Highlights

- You join the Pension Plan permanently:
  - If you elect to do so at any time from your date of hire up to 10 years of Continuous Service; and
  - January 1st following the year in which you reach 10 years of Continuous Service.
- The Pension Plan is a Defined Benefit (DB) pension plan. This means that when you retire, you receive a predictable monthly pension based on a formula that uses your years in the Pension Plan and your highest average earnings.
- The Pension Plan is non-contributory. TransCanada funds the Pension Plan and is responsible for ensuring sufficient funds are available to pay your promised pension when you retire.
- You are automatically vested in the Pension Plan, once you have elected to join.
- You can make optional pension contributions to an Enhancement Account to purchase ancillary or “add-on” pension benefits within the Pension Plan after you have completed 2 years of Continuous Service.
- You can retire at age 60 with an unreduced pension. You can also retire as early as age 55 with no reduction in your pension if you meet certain age and service requirements.
- When you retire, you have several choices. You may start your pension immediately, defer your pension (if applicable), or elect to receive a lump-sum commuted value.
- After you retire, your pension benefit will be partially indexed to cost-of-living increases (i.e., inflation).

## Eligibility

All Canadian based full-time and part-time employees of TransCanada are eligible to choose their Retirement Plan option on the date employment begins with TransCanada. Participation in the Pension Plan is the first of the month coincident with, or following, your date of hire.
How the Pension Plan Works

Company Contributions

TransCanada funds the Pension Plan. The company contributes the amount that is needed to fund your pension benefit when you retire. An independent actuary determines the amount that TransCanada is required to contribute based on a regular valuation of the plan. The contribution amount may vary from year to year depending on the financial condition of the plan and applicable pension legislation. Your pension benefit is calculated on a formula that reflects your earnings and years of service.

Vesting and Locking-in

When you leave the company, your right to receive your earned pension at your normal retirement age is called “vesting.” You are vested on the first day you begin to accrue service.

The pension benefits provided by the plan are “locked-in.” This means they must be used for retirement income only. You may transfer your pension benefits (i.e., the commuted value) to an outside financial institution when you leave TransCanada, but the money remains as a locked-in type of pension fund. Lump-sum cash withdrawals are not permitted unless your benefit falls under the pension legislation small benefit rule.

Optional Contributions

You may make optional contributions to the Pension Plan after two years of Continuous Service. Your optional contributions are made to an Enhancement Account. See details on the Enhancement Account later in this section.

Pension Plan Formula

The TransCanada Pension Plan is a defined benefit plan that provides you with a pension based on your Highest Average Earnings and years of Credited Service in the plan. The formula for calculating your pension is described below:

- 1.25% of your Highest Average Earnings up to the final average Year’s Maximum Pensionable Earnings (YMPE)
- plus
- 1.75% of your Highest Average Earnings above the final average YMPE multiplied by
- Your years of Credited Service in the Pension Plan

Definitions

Credited Service
Your years of service that count towards earning pension benefits in the Pension Plan.

Highest Average Earnings
The average of your best consecutive 36 months of pensionable earnings in the last 15 years before your retirement.

Pensionable Earnings
Your base salary plus incentive pay (up to your target bonus percentage). Pensionable earnings do not include overtime, shift and premium differentials, or any other forms of compensation.

YMPE
Year’s Maximum Pensionable Earnings under the Canada/Quebec Pension Plan (C/QPP). The YMPE is the annual average industrial wage in Canada, and it is the amount used to calculate C/QPP contributions and benefits. The YMPE is adjusted yearly to reflect changes in the average wage levels.

Final Average YMPE
The average of the YMPE in effect for the latest calendar year from which earnings are included in your highest earnings calculation, plus the YMPE in effect for the two previous years.
Supplemental Pension Plan

The Income Tax Act limits the amount of pension that a company can fund under its registered pension plan. Under TransCanada's Pension Plan, this limit affects participants earning approximately $180,000. If your pensionable earnings exceed $180,000, you may be eligible for pension benefits under TransCanada's Supplemental Pension Plan.

Under this plan, pension benefits are calculated in the same manner as TransCanada's Registered Pension Plan. The pension benefit is 1.75% times the portion of your Highest Average Earnings in excess of the maximum pension limit as described above, times your Credited Service. You are immediately vested in the supplemental pension plan. TransCanada pays the supplemental pension benefit. The company's contributions are not part of the registered pension plan, and, therefore, do not affect your RRSP contribution room.

Please be advised that if you are a U.S. tax filer, there may be tax implications due to your participation in the Supplemental Pension Plan.

When You Can Retire

Normal Retirement

Your normal retirement age is the earlier of either age 60, or any age between 55 and 60 years when the sum of your age plus Continuous Service equals 85 points. You may retire at this age and receive your earned pension. In Quebec normal retirement is age 65.

Normal Retirement Example

Jane retires from TransCanada at age 60. She has 30 years of credited service in the Pension Plan, and her highest average earnings are $80,000. If the final average YMPE is $48,533. Jane’s pension would be calculated as follows:

- 1.25% x $48,533 = $607
- 1.75% x ($80,000 - $48,533) = $551

Earned pension for one year = $1,158

multiplied by $1,158 x 30 yrs

Equals Annual pension = $34,740

Jane will receive an annual lifetime pension of $34,740 or $2,895 per month. Jane's monthly pension payment will be subject to an annual review according to an indexation formula that takes into account annual cost-of-living changes. See Indexing Your Pension Payments later in this section.
Early Retirement

You may retire 10 years before your normal retirement date and receive a pension benefit from the plan. Your pension, however, may be reduced by an early retirement reduction factor that reflects the increased number of years during which you will receive pension payments. If you retire between ages 55 and 60, the reduction applied is 4.8% for each year before the earlier of:

- Age 60; and
- The age at which you would have reached 85 points (counting one year for age growth only as you no longer receive points for Continuous Service).

If you retire before age 55, an additional reduction known as an “actuarial reduction,” will apply. This reduction is added to the reduction factor that applies between the ages of 55 and 60.

Early Retirement Examples

John

John retires on his 55th birthday with 27 years of Continuous Service. His age plus years of Continuous Service equals 82 points. John needs either three more years to reach 85 points or five more years to reach age 60. As a result, John’s pension reduction is based on the lesser of the two, that is, 4.8% times three years, or 14.4%.

Jane

Let’s return to Jane from the normal retirement example previously. We assume Jane is 56 years old when she decides to retire, but instead of having 30 years of Continuous Service, she has 26 years. We assume her Highest Average Earnings are still $80,000, and the final average YMPE is $48,533.

Jane’s age plus years of Continuous Service equals 82 points (age 56 + 26 years of Continuous Service). It will take Jane three years to reach 85 points, or four years to reach age 60. Jane’s reduction is based on the lesser of the two. In Jane’s case, her reduction is 4.8% times three years, or 14.4%. Jane’s annual pension would be calculated as follows:

\[
\begin{align*}
\text{Annual early retirement pension} & = 1.25\% \times \$48,533 \text{ (final average YMPE)} + 1.75\% \times (\$80,000 - \$48,533) \\
& = 607 + 551 \\
& = 1,158 \\
& \times 26 \text{ years of credited service} \\
& = 30,108 \\
& \text{Less} \\
& \text{Early retirement reduction (14.4\% \times 30,108)} = 4,336 \\
& \text{Annual early retirement pension} = 25,772
\end{align*}
\]
Payment Choices at Retirement

When you retire, you have a choice as to how and when you wish to receive your pension. You may:

• Begin receiving your monthly pension immediately;
• Defer receipt of your monthly pension (if applicable); or
• Transfer the commuted value of your earned pension to a locked-in retirement vehicle or to a life insurance company to purchase a life annuity.

Immediate Monthly Pension

When you retire, you can begin receiving your monthly pension payments immediately. You can receive your pension based on the normal form of payment, or you can choose an optional form. If you choose an optional form, your monthly pension amount may be adjusted to reflect the optional form you choose.

Normal Form of Payment

If you have a spouse:

• Under the normal form of payment, you receive 100% of your pension in equal monthly installments for your lifetime.

• If you have a spouse when you retire and you die, 60% of your monthly pension will continue to your spouse for his/her remaining lifetime.

If you do not have a spouse:

• If you do not have a spouse when you retire, the normal form of pension payment provides a 10-year guarantee. This means if you die before receiving 120 monthly payments, your pension will be paid to your beneficiary or to your estate for the balance of the 10 years.

Spousal Waiver

At your death, pension law requires that you provide a continuing benefit to your spouse equal to at least 60% of your monthly pension payment. If you choose a form of pension that does not provide at least a 60% benefit after your death, your spouse must sign an agreement waiving this requirement.
Optional Forms of Payment

Instead of the normal form of payment, you can choose to receive your pension in an optional form. If you have a spouse, you can increase the percentage of your pension that continues after your death. You can also choose to lengthen the guarantee period. The amount of monthly pension under an optional form of payment will be an actuarial equivalent of the normal form. For example, if the optional form you choose provides more generous survivor benefits, the amount of your monthly pension will be reduced accordingly.

Joint and Survivor Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Pension Form</th>
<th>Guarantee Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Joint and Survivor (60%)</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Joint and Survivor (75%)</td>
<td>N/A</td>
</tr>
<tr>
<td>3</td>
<td>Joint and Survivor (100%)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Depending on the option you choose:

- You will receive a monthly pension for your lifetime; and
- After your death, your spouse will receive a lifetime pension, as noted, of 60, 75 or 100% of the amount you were receiving.

<table>
<thead>
<tr>
<th>Option</th>
<th>Pension Form</th>
<th>Guarantee Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Joint and Survivor (60%)</td>
<td>60 Months</td>
</tr>
<tr>
<td>5</td>
<td>Joint and Survivor (75%)</td>
<td>60 Months</td>
</tr>
<tr>
<td>6</td>
<td>Joint and Survivor (100%)</td>
<td>60 Months</td>
</tr>
<tr>
<td>7</td>
<td>Joint and Survivor (60%)</td>
<td>120 Months</td>
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<tr>
<td>8</td>
<td>Joint and Survivor (75%)</td>
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<tr>
<td>9</td>
<td>Joint and Survivor (100%)</td>
<td>120 Months</td>
</tr>
<tr>
<td>10</td>
<td>Joint and Survivor (60%)</td>
<td>180 Months</td>
</tr>
<tr>
<td>11</td>
<td>Joint and Survivor (75%)</td>
<td>180 Months</td>
</tr>
<tr>
<td>12</td>
<td>Joint and Survivor (100%)</td>
<td>180 Months</td>
</tr>
</tbody>
</table>
Depending on the option you choose:

- You will receive a monthly pension for your lifetime.

- If you die within 60, 120, or 180 months of your pension commencement date, your spouse will receive the same monthly pension amount for the balance of the guarantee period.

- If your spouse dies before the end of the guarantee period, the balance will be paid to the beneficiary.

- After the 60, 120, or 180-month guaranteed period, your spouse will receive a lifetime pension of 60, 75 or 100% of the amount he/she was receiving at the end of the guarantee period.

### Joint and Survivor Pension (Integrated with Government Benefits)

<table>
<thead>
<tr>
<th>Option</th>
<th>Pension Form</th>
<th>Guarantee Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Joint and Survivor (60%)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

If you choose this option:

- You will receive a calculated higher monthly pension until age 65, when your government benefits would normally start.

- At age 65, your pension then reduces to another calculated monthly pension payable for your lifetime.

- If you die before age 65, your spouse will receive a monthly pension of 60% of the amount you were receiving, until the time you would have reached age 65.

- After that, your spouse would receive a lifetime pension of 60% of the amount you would have received at age 65.

- There is no guarantee period with this form of pension.

### Single Life Option (if you do not have a spouse)

Depending on the option you choose:

- You will receive a calculated monthly pension for your lifetime.

- If you die within 120 or 180 months of your pension commencement date, your beneficiary will receive the same monthly pension amount for the balance of the guarantee period.

### Single Life Option

<table>
<thead>
<tr>
<th>Option</th>
<th>Pension Form</th>
<th>Guarantee Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Life</td>
<td>120 months</td>
</tr>
<tr>
<td>2</td>
<td>Life</td>
<td>180 months</td>
</tr>
</tbody>
</table>
Deferred Monthly Pension

When you retire from TransCanada, you may defer or postpone the date that your pension payments start. You may begin receiving your deferred pension as early as 10 years before your normal retirement date. Early retirement reduction factors may be applied to your pension payments (if your age plus years of service equals less than 85 points, or you are younger than age 60 when payments begin). You can choose either a normal form of pension payment or an optional form.

If you defer receipt of your pension payments beyond your normal retirement date, you may lose the benefits payable from your normal retirement date to when you begin receiving your benefit.

Committed Value Transfer

Upon retirement, you may transfer the commuted value of your pension benefit to an approved financial institution*. Your commuted value is locked-in, meaning it must be used to provide you with a monthly retirement income. Lump-sum cash withdrawals are not permitted. If you choose to take the commuted value of your pension, your spouse must sign a spousal waiver form.

You must transfer the commuted value to a locked in retirement vehicle or you may buy a life annuity. The retirement vehicles you may choose from will vary depending upon the province in which you live.

*Canada Revenue Agency (CRA) limits the amount of commuted value that can be transferred to a locked-in retirement account. This amount is referred to as your Maximum Transfer Value. If your commuted value plus enhancement account, if any, exceeds your Maximum Transfer Value, the excess must be taken in cash, less withholding tax.

Indexing Your Pension Payments

If you choose to receive a monthly pension payment from the TransCanada Pension Plan, your payment will be partially indexed to cost-of-living changes. You will receive partial cost-of-living increases according to the following formula: 40% of the change in the Consumer Price Index (CPI) up to a maximum increase of 5%.

Partial indexing adjustments will be applied each January 1. The adjustment will be based on the change in the national Consumer Price Index (CPI) over the 12-month period ending on the previous September 30. You will receive your first cost of living adjustment on the January 1st following the first full calendar year for which you have collected a pension.

When you approach retirement, please contact the TransCanada Human Resources InfoLine at 1.855.429.TCHR (8247) for more information about your pension and the choices you have at retirement.
If You Die Before Retirement

If you die before you retire, benefits are managed according to the type of beneficiary you have:

Spouse

- A monthly pension payable for his/her lifetime. The pension will be 60% of the monthly pension you earned up to your date of death; or
- A locked-in lump-sum payment. This payment would be the greater of the commuted value of your earned benefits, or the commuted value of the 60% pension payable to your spouse. This payment must be transferred to a locked-in vehicle that must be used to provide retirement income.

No Spouse

If you do not have a spouse at your death, your beneficiary or estate will receive a cash payment equal to the commuted value of your earned pension benefit.

Pension benefit payment options for your Enhancement Account depend on your marital status. Your beneficiary will receive a letter from the benefits administrator outlining the options with the necessary forms.

Enhancement Account

Once you have 2 years of Continuous Service and you participate in the Pension Plan, you may choose to make optional tax-deductible pension contributions to an Enhancement Account. Your contributions accumulate in your Enhancement Account until retirement. At retirement, you use the money in your Enhancement Account to purchase ancillary or “add-on” pension benefits.

What You Can Buy

Your contributions to the Enhancement Account can be used to purchase certain ancillary benefits on the portion of your pension that relates to credited service on or after January 1, 1990. You can purchase:

- A bridge benefit;
- Improved early retirement reduction factors; and/or
- Additional guaranteed indexing.

The ancillary benefits are offered in accordance with CRA regulations. What you can buy is outlined below. The Retirement Planning Tools website will help you determine the cost of buying one or more ancillary benefits according to various assumptions that you provide. Visit the My Benefits and Retirement website on the TransCanada infocus Front Page under Human Resources.
**Bridge Benefit**

A bridge benefit is a temporary pension paid from your early retirement date up to age 65. This temporary payment is intended to “bridge” a retiree’s income between the time of early retirement and age 65 when government benefits are fully payable. The bridge benefit is paid monthly in addition to the basic pension calculated at early retirement. The actual amount of the monthly bridge benefit you can buy will depend on your accumulated contributions in the Enhancement Account, your date of retirement, your service, and other actuarial factors. The monthly bridge payment that your contributions can purchase will be paid until age 65. If you die before age 65, the remaining monthly bridge payments will continue to be paid to your beneficiary until the date you would have reached age 65.

**Improved Early Retirement Reduction Factors**

If you retire early, your pension will be reduced by early retirement reduction factors (as described in the section on Early Retirement). You can use your accumulated contributions in the Enhancement Account to buy back some or all of the post-1989 pension amount that would otherwise be reduced. In this way, you would be improving (or reducing the severity of) the early retirement reduction factors.

**Additional Guaranteed Indexing**

Under the Pension Plan, there is a partial indexing benefit. Each year, pensions paid to retirees are automatically adjusted based on the following formula: 40% of the change in the national Consumer Price Index (CPI) up to a maximum adjustment of 5% per year. Through the Enhancement Account, you can buy additional guaranteed indexing to bring your total indexing adjustment up to 100% of the CPI on all or a portion of your pension.

The actual portion of your pension on which you can buy additional indexing will depend on your accumulated contributions to the Enhancement Account, your service and related pension amounts, your age, and other actuarial factors.
Contributions

You may use payroll deductions and/or Flex Credits to contribute to the Enhancement Account. You must enroll using the Enroll/Make Changes website on the My Benefits and Retirement website located on the TransCanada infocus Front Page under Human Resources. Indicate what percentage of base salary you wish to contribute to the Enhancement Account (Pension Plan) up to pre-determined levels (the enrollment system will guide you).

If you choose to contribute, the Enroll/Make Changes website will automatically allocate any unused Flex Credits you may have towards your optional pension contributions. Then, the system will automatically set up payroll deductions for the remainder of your contributions. You can change the level of your optional pension contributions any time during the year, including starting and stopping, through the Enroll/Make Changes website.

Remember, your contributions are made on base salary only. Contributions do not automatically include your incentive compensation award. However, once a year (November) you are able to top-up your Enhancement Account and make additional contributions on your incentive compensation up to target.

Contribution Maximum

Your contributions to the Enhancement Account are tax-deductible, subject to certain limits. Briefly, your annual maximum is the lesser of:

- 9% of your current year’s pensionable earnings from TransCanada; and
- 70% of your Pension Adjustment (PA) for the year, plus $1,000.

Risk of Forfeiture

Income tax legislation and the Pension Plan have some limits on the ancillaries you can purchase with your Enhancement Account. When you retire or terminate, the balance of your Enhancement Account is compared to the maximum value of the ancillary benefits you can purchase at that time. According to the Income Tax Act, excess contributions must be forfeited if your Enhancement Account is over-funded. It is your responsibility to monitor your account to ensure your account is not over-funded. The Retirement Planning Tools can help you assess how much you need in your account to purchase the “add-on” benefits you want at retirement.
**Tax-Effectiveness**

The Enhancement Account is a tax-effective way for Pension Plan members to purchase ancillary pension benefits. Although your contributions to the Enhancement Account are tax-deductible (up to certain maximums), they do not reduce your personal RRSP contribution room.

You can use payroll deductions or unused Flex Credits to make your contributions to the Enhancement Account.

The taxes withheld on your paycheque will be reduced immediately to reflect the tax-deductible nature of your contributions.

Interest is credited on the account based on the fund rate of return for the prior year (the value of the fund fluctuates with the market and may give rise to a positive or negative rate of return).

**Locked-in Benefit**

Your optional contributions to the Enhancement Account plus interest are locked-in, meaning they must be used to provide pension benefits in the future – either through the Pension Plan or by transferring the commuted value of your pension and ancillary benefits to a locked-in vehicle.
Savings Plan

Highlights

- If you elect the Savings Plan, you will receive a company contribution equal to 7% of your base salary plus 7% of your incentive compensation up to target, directed to your choice of a registered account or a taxable account.
- You will choose investment options for these accounts.
- You are immediately vested in the Savings Plan and you may make withdrawals from your Savings Plan accounts at any time, subject to tax implications and withdrawal fees.
- If you enrolled in the RRSP option and you do not complete and submit an RRSP Application within 45 days from your date of hire, your contribution will be submitted to the taxable account.

Eligibility

All Canadian based full-time and part-time employees of TransCanada are eligible to choose their retirement plan option on the date employment begins with TransCanada. If you elect the Savings Plan, participation is effective on your date of employment.

Contributions

You will receive a contribution equal to 7% of your base salary plus 7% of your incentive compensation up to target from the company to a Savings Plan account set up in your name. You will choose how to invest these contributions – both the type of account and the investment options.

You are not permitted to contribute to your Savings Plan account through TransCanada. However, you may contribute a lump sum amount directly to your account by contacting Great West Life.

Savings Plan Accounts

You can direct contributions to either a registered RRSP Account, or to a Taxable Account.

Registered Retirement Savings Plan (RRSP) Account

The Savings Plan RRSP Account operates similar to a personal RRSP in that you don’t pay tax on the investment earnings until you withdraw from the account. If you leave TransCanada, you can continue the tax deferral by directly transferring the proceeds to your own RRSP.

Please note that you must have sufficient RRSP contribution room in order to direct Savings Plan contributions here. It is your responsibility to monitor your contributions and to ensure you do not exceed your maximum.
To open an RRSP account you must complete an application form and send it to Great West Life. The form is available on the Benefits page of the Human Resources section of TransCanada’s Intranet or the Enroll/Make Changes website. If you do not complete and submit an RRSP Application within 45 days of electing to contribute to the RRSP account, your contribution will be submitted to the taxable account.

**Taxable Savings Plan Account**

If you direct Savings Plan contributions to a Taxable Account, you will pay the income tax as you go throughout the year, instead of deferring income tax using the RRSP Account. Company contributions are considered a taxable benefit. Any investment earnings you accrue will be reinvested and taxable in that year.

**Investing Your Savings Plan Accounts**

You will choose from 15-20 different investment options for your Savings Plan account. Check the Great West Life website at [www.grsaccess.com](http://www.grsaccess.com) for fund details. If you do not make an investment selection, your money will be invested in a target date fund (matched closely to the year in which you reach age 65).

**Vesting and Withdrawals**

You are vested immediately in your Savings Plan contributions, meaning you may withdraw funds from your account(s) at any time, subject to tax consequences associated with the RRSP account.

You are permitted one free withdrawal each calendar year. Any subsequent withdrawals are subject to a $50 fee.

**Beneficiary**

In the event of your death, it’s important to designate a beneficiary(ies) for your RRSP Account or Taxable Account. Be sure to complete the Beneficiary Designation Form from Great West Life at [www.grsaccess.com](http://www.grsaccess.com). You must print the form, then date and sign it. You are responsible for keeping your beneficiary(ies) up to date.

**Accessing your Account**

Once Great West Life receives your application form(s), a Welcome Package will be sent with a new Access ID and password and you will be able to manage your investments online from that point forward.
Your RRSP Contribution Room

You may wish to save additional funds for your retirement by making contributions to a Registered Retirement Savings Plan (RRSP). Canada Revenue Agency (CRA) determines your annual RRSP contribution room using a set formula. Based on your earned income and earned pension benefit in the previous year.

RRSP Contribution Formula

The formula to calculate your available RRSP room in a particular year is as follows:

- 18% of your previous year’s earned income up to an annual maximum*
  minus
- Your Pension Adjustment (PA) as reported on your previous year’s T4
  plus
- Any unused RRSP contribution room carried forward from previous tax years, or resulting from a Pension Adjustment Reversal (PAR)

* The maximum is $24,930 in 2015, $25,370 in 2016, $26,010 in 2017, and indexed thereafter.

Pension Adjustment

As a Participant in the Pension Plan

As required by CRA since 1990, the Company reports a Pension Adjustment (PA) for you every year. Your PA is the value the government places on the company pension you earned in the year. Your PA directly reduces your RRSP contribution room the following year and appears on the T4 slip you receive from the company and the Notice of Assessment you receive from CRA after you file your income tax return.

The formula to calculate your PA is as follows:

\[
\frac{9}{(CRA \ factor \ used \ to \ calculate \ PAs)} \times \frac{Benefit \ Entitlement}{(your \ benefit \ earned \ during \ the \ year)} - \frac{$600}{(CRA \ offset)}
\]

Your Benefit Entitlement calculation for each year is:

- 1.25% of your pensionable earnings up to the YMPE
  plus
- 1.75% of your pensionable earnings above the YMPE
  multiplied by
- Credited service
Example

Let’s look at the scenario of Brian who earned $78,500 in 2016. If we assume the Benefit Entitlement earned in the year to be $1,100, we calculate Brian’s year 2017 RRSP contribution room as follows:

\[ \text{CRA factor} \times \text{benefit earned during the year} - \text{CRA offset} = \text{2016 PA} \]

\[
\begin{align*}
9 & \times \$1,100 - \$600 = \$9,300 \\
\end{align*}
\]

2017 RRSP contribution room

\[
\begin{align*}
18\% & \times \$78,500 - \$9,300 = \$4,830 \\
\end{align*}
\]

*Note that this amount may be further reduced if you are directing Stock Plan contributions to a registered (RRSP) account. Further, this does not include any unused RRSP contribution room carried forward from previous years.

As a Participant in the Savings Plan

If you participate in the Savings Plan and direct the company contributions to an RRSP Account, these contributions will affect your available RRSP contribution room as follows:

- 18\% of your earned income in the previous year
  reduced by
- 7\% Savings Plan RRSP contribution
  equals
- 11\% of your earned income available to contribute to an RRSP*

* Note that this amount may be further reduced if you are directing Stock Plan contributions to a registered (RRSP) account.

If you direct Savings Plan contributions to a Taxable Account, your available RRSP contribution room is not affected.
<table>
<thead>
<tr>
<th>Event</th>
<th>Flex Credits</th>
<th>Provincial Health Care (BC only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>You continue to earn Flex Credits to spend on your benefit plan options.</td>
<td>Coverage and any required payroll deductions continue.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>You do not earn Flex Credits during your period of disability. TransCanada maintains your basic life, health, dental, stock plan at no cost to you. Optional life insurance premium may be waived by Sun Life.</td>
<td>Company pays your premiums at no cost to you.</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave</td>
<td>You continue to earn Flex Credits to spend on your benefit plan options.</td>
<td>Coverage continues. You pay the cost of your share (20%) by Pre-Authorized Debit (PAD).</td>
</tr>
<tr>
<td>You Take Personal Leave (30 days to max. of 12 months) (unpaid)</td>
<td>You do not earn Flex Credits during your unpaid leave longer than 30 days.</td>
<td>Coverage continues. You pay the full cost (100%) by Pre-Authorized Debit (PAD) after your leave starts.</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>Flex Credits stop.</td>
<td>Coverage stops at the end of the month.</td>
</tr>
<tr>
<td>You Retire</td>
<td>Flex Credits stop.</td>
<td>Coverage stops at the end of the month.</td>
</tr>
<tr>
<td>You Die</td>
<td>Flex Credits stop.</td>
<td>If you die before you retire, coverage stops at the end of the month.</td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>You continue to earn Flex Credits to spend on your benefit plan options</td>
<td>Coverage and any required payroll deductions continue.</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>You continue to earn Flex Credits to spend on your benefit plan options The 4.6% is based on your part-time base salary and the flat dollar amount is prorated based on your percentage of time worked.</td>
<td>Coverage and any required payroll deductions continue.</td>
</tr>
<tr>
<td>You Transfer to a Partial Year Work Program</td>
<td>You continue to earn Flex Credits to spend on your benefit plan options</td>
<td>Coverage and any required payroll deductions continue.</td>
</tr>
</tbody>
</table>

- **Flex Credits**: You continue to earn Flex Credits to spend on your benefit plan options.

- **Provincial Health Care (BC only)**:
  - Coverage and any required payroll deductions continue.
  - Company pays your premiums at no cost to you.
In The Event...

<table>
<thead>
<tr>
<th>Event</th>
<th>Health and Dental Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>When you begin collecting LTD payments, you are automatically enrolled in the most comprehensive options at no cost to you (i.e., Health Top-up Plan and Dental Option 3).</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave</td>
<td>Your coverage continues provided any payroll deductions are paid by Pre-Authorized Debit (PAD).</td>
</tr>
<tr>
<td>You Take Personal Leave (30 days to max. of 12 months) (unpaid)</td>
<td>Core and/or optional coverage continues provided you pay the full cost (100%) by Pre-Authorized Debit (PAD).</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>Coverage stops on your termination date. You may submit claims incurred before your last day of work. You must submit your claims for eligible expenses within 90 days of your termination.</td>
</tr>
<tr>
<td>You Retire</td>
<td>Active coverage stops at the end of the month. Retiree coverage begins the first of the month following your retirement date.</td>
</tr>
<tr>
<td>You Die</td>
<td>If you die before you retire, coverage for your spouse and/or dependent children continues for 24 months.</td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>Coverage continues at the same premium cost.</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>Coverage continues at the same premium cost.</td>
</tr>
<tr>
<td>You Transfer to a Partial Year Work Program</td>
<td>Coverage continues at the same premium cost.</td>
</tr>
<tr>
<td>Event</td>
<td>Personal Health Spending Account (PHSA)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>You have 90 days from your retirement date to submit eligible claims incurred up to your last day of work. Any unused Flex Credits in your PHSA are forfeited.</td>
</tr>
<tr>
<td>You Retire</td>
<td>You have 90 days from your termination date to submit eligible claims incurred up to your last day of work. Any unused Flex Credits in your PHSA are forfeited.</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>You have 90 days from your termination date to submit eligible claims incurred up to your last day of work. Any unused Flex Credits in your PHSA are forfeited.</td>
</tr>
<tr>
<td>You Take Personal Leave (30 days to max. of 12 months) (unpaid)</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>The “use it or lose it” rule remains in effect for your account balance.</td>
</tr>
</tbody>
</table>

Short-term Disability
Salary continues at 100% or 70% based on your length of service.

Maternity
Salary continues at 100% or 70% based on your length of service for six weeks.

Parental Leave
Salary continues at 100% or 70% based on your length of service for 18 weeks beginning on your scheduled return to work.
### In The Event...

<table>
<thead>
<tr>
<th>Event</th>
<th>Long-term Disability</th>
<th>Core Life Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>Coverage stops.</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>Plan pays a benefit (70% of pre-disability base salary) up to age 65, provided you remain disabled according to the definition of disability under the plan.</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave</td>
<td>Coverage continues.</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>You Take Personal Leave (30 days to max. of 12 months) (unpaid)</td>
<td>Coverage continues throughout your leave.</td>
<td>Coverage continues throughout your leave.</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>Coverage stops on your termination date.</td>
<td>Coverage stops on your termination date.</td>
</tr>
<tr>
<td>You Retire</td>
<td>Coverage stops on your retirement date.</td>
<td>Coverage stops.</td>
</tr>
<tr>
<td>You Die</td>
<td>Coverage stops.</td>
<td>Coverage continues based on your part-time salary. The plan benefit you receive will be based on 70% of your part-time salary.</td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>Coverage stops.</td>
<td>Coverage continues based on your prorated base salary. The plan benefit you receive will be based on 70% of your prorated salary.</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>Coverage continues.</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>You Transfer to a Partial Year Work Program</td>
<td>Coverage continues.</td>
<td>Coverage continues.</td>
</tr>
<tr>
<td>Event</td>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave (30 days to max. of 12 months) (unpaid)</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Retire</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Transfer to a Partial Year Program</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>You Die</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>Optional Life Insurance</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>Core Accident Insurance</td>
<td>In The Event..</td>
<td></td>
</tr>
<tr>
<td>Event</td>
<td>TransCanada Benefits &amp; Retirement Program</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>In The Event..</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>Coverage continues. <strong>Optional Accident Insurance</strong></td>
<td></td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>Coverage continues. <strong>Optional Accident Insurance</strong></td>
<td></td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave (30 days to max. of 12 months)</td>
<td>Coverage continues. <strong>Optional Accident Insurance</strong></td>
<td></td>
</tr>
<tr>
<td>You Leave the Company (30 days to max. of 12 months)</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment.</td>
<td></td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment.</td>
<td></td>
</tr>
<tr>
<td>You Die</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment.</td>
<td></td>
</tr>
<tr>
<td>You Retire</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment. Optional stock plan.</td>
<td></td>
</tr>
<tr>
<td>You Transfer to a Partial Year Position</td>
<td>Coverage continues.</td>
<td></td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>Coverage continues.</td>
<td></td>
</tr>
<tr>
<td>You Leave the Company (unpaid)</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment.</td>
<td></td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave (unpaid)</td>
<td>Coverage stops. Option to continue coverage for up to 90 days of lost employment.</td>
<td></td>
</tr>
<tr>
<td>Stock Plan</td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td><strong>Stock Plan</strong></td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td>Contributions and any required payroll deductions continue.</td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td>Contributions and any required payroll deductions continue.</td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td><strong>Optional Accident Insurance</strong></td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td>Contributions and any required payroll deductions continue.</td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
<tr>
<td>Contributions and any required payroll deductions continue.</td>
<td>Contributions stop. Continued participation is optional.</td>
<td></td>
</tr>
</tbody>
</table>
## In The Event

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>- You are Ill or Injured (STD)</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>- You are Totally Disabled (LTD)</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>- You Leave the Company</td>
</tr>
<tr>
<td>You Retire</td>
<td>- You Retire</td>
</tr>
<tr>
<td>You Die</td>
<td>- You Die</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave (30 days to max. of 12 months)</td>
<td>- You Take Maternity/Parental Leave (30 days to max. of 12 months)</td>
</tr>
<tr>
<td>You Take Personal Leave (unpaid)</td>
<td>- You Take Personal Leave (unpaid)</td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>- You Turn Age 65</td>
</tr>
<tr>
<td>Your spouse will have choice of:</td>
<td>- Your spouse will have choice of:</td>
</tr>
<tr>
<td>You Transfer to a Partial Time Position</td>
<td>- You Transfer to a Partial Time Position</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>- You Transfer to a Part-Time Position</td>
</tr>
<tr>
<td>You Transfer to a Partial Year Program</td>
<td>- You Transfer to a Partial Year Program</td>
</tr>
<tr>
<td>Optional Pension Plan</td>
<td>- Optional Pension Plan</td>
</tr>
<tr>
<td>Optional Pension Plan (Enhancement Account)</td>
<td>- Optional Pension Plan (Enhancement Account)</td>
</tr>
</tbody>
</table>

### TransCanada Pension Plan

Membership continues and credited service continues to accrue.

**Coverage stops.** Contributions and any required payroll deductions continue.

- Member's earnings are partially indexed during your period of disability based on changes to the YMPE.

**Membership continues and credited service continues to accrue until November 30th in the year you turn 71.**

- Your spouse, the beneficiary or estate will receive the benefit.

- Your pre-disability pensionable earnings are partially indexed during your period of disability based on changes to the YMPE.

**Coverage stops.** Contributions and any required payroll deductions continue until November 30th in the year you turn 71.

- Excess contributions stop during your leave.
- To continue participation, you must complete the online life event enrollment.
- If there are any payroll deductions, they may be paid by Pre-Authorized Debit (PAD).

- Contributions and any required payroll deductions continue until November 30th in the year you turn 71.
- Your spouse is entitled to a benefit. If no spouse, the beneficiary or estate will receive the benefit.

### TransCanada Benefits & Retirement Program

- Contributions and any required payroll deductions continue until November 30th in the year you turn 71.
- Your spouse is entitled to a benefit. If no spouse, the beneficiary or estate will receive the benefit.

- Contributions and any required payroll deductions continue until November 30th in the year you turn 71.
- Your spouse is entitled to a benefit. If no spouse, the beneficiary or estate will receive the benefit.

### Optional Pension Plan

- Optional Pension Plan (Enhancement Account)

- Optional Pension Plan (Enhancement Account)

- Optional Pension Plan (Enhancement Account)

- Optional Pension Plan (Enhancement Account)
### In The Event..

<table>
<thead>
<tr>
<th>Event Description</th>
<th>TransCanada Savings Plan Contributions</th>
<th>Vacation Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are Ill or Injured (STD)</td>
<td>Contributions continue.</td>
<td>Coverage continues and any required deductions continue.</td>
</tr>
<tr>
<td>You are Totally Disabled (LTD)</td>
<td>Contributions continue.</td>
<td>Coverage stops. Any unused vacation is paid out. Vacation taken not accrued will be deducted.</td>
</tr>
<tr>
<td>You Take Maternity/Parental Leave</td>
<td>Contributions continue for up to one year.</td>
<td>Coverage stops. Any unused vacation is paid out. Vacation taken not accrued will be deducted.</td>
</tr>
<tr>
<td>You Take Personal Leave (30 days to max. of 12 months) (unpaid)</td>
<td>Contributions continue for up to one year.</td>
<td>Coverage continues provided you continue to pay the required contributions.</td>
</tr>
<tr>
<td>You Leave the Company</td>
<td>Contributions stop.</td>
<td>Coverage stops on your termination date. Any unused vacation time is paid out to you. Vacation taken not accrued will be deducted.</td>
</tr>
<tr>
<td>You Retire</td>
<td>Contributions stop.</td>
<td>Coverage stops on your termination date. Any unused vacation time is paid out to you. Vacation taken not accrued will be deducted.</td>
</tr>
<tr>
<td>You Die</td>
<td>Contributions stop.</td>
<td>Coverage stops. Any unused vacation will be paid out to your beneficiary/estate. Vacation taken not accrued will be deducted.</td>
</tr>
<tr>
<td>You Turn Age 65</td>
<td>Contributions continue.</td>
<td>Coverage continues based on your open enrollment salary.</td>
</tr>
<tr>
<td>You Transfer to a Part-Time Position</td>
<td>Contributions continue based on part-time salary.</td>
<td>Coverage continues based on part-time salary.</td>
</tr>
<tr>
<td>You Transfer to a Partial Year Work Program</td>
<td>Contributions continue based on prorated salary.</td>
<td>Coverage continues based on prorated salary.</td>
</tr>
</tbody>
</table>
Glossary of Terms

**Accident** – a bodily injury that occurs solely as the direct result of a violent, sudden and unexpected action from an outside source.

**Actively at Work for Benefits** – means you are at work, on vacation or on a regularly scheduled day off. You are not considered actively at work if you’re away from work because of injury or illness.

**Actuary** – a professional, designated by the Canadian Institute of Actuaries, who is trained in mathematics and economics, and who specializes in evaluating risk. An actuary designs insurance and pension plans and determines the amount of contributions needed to ensure the plans are funded to provide for the promised benefits as required by law.

**Ancillary Pension Benefits** – under the Pension Plan, your primary benefit is the monthly pension amount that is based on a defined formula. Other benefits are called ancillary or “add-on” benefits that increase the value of your overall pension. For example, improved early retirement provisions, indexing, and bridging are considered ancillary benefits.

**Annuity** – similar to a pension; a series of monthly payments, guaranteed for a fixed number of years or the lifetime of the employee and surviving spouse if a joint and survivor option is elected.

**Base Salary** – your regular base salary. It does not include incentive pay, overtime, shift differential, or premium pay. Base salary is used to calculate your Flex Credits, Stock Plan contributions, Savings Plan and optional pension contributions (if any).

**Benefit Year** – the period your benefits are in effect and the period that certain health and dental maximums and deductibles apply. TransCanada’s Benefit Year is January 1 to December 31.

**Beneficiary** – the person or persons you designate to receive your life and accident insurance if you die. You must name a beneficiary – a person or your estate – to receive the proceeds of your insurance in the event of your death. Note that your life insurance and pension plan beneficiaries may be different.

**Canada Revenue Agency (CRA)** – a federal government agency accountable to the Minister of National Revenue and Parliament, formerly known as Revenue Canada.

**Co-insurance** – the cost is shared by TransCanada and you. For example, if you have Core coverage, Tier 1 prescription drugs are paid at 80%. If your drugs cost $100, the plan pays $80 and you pay $20.
Committed Value – the lump sum needed today to fund the stream of monthly pension benefits that are payable to you in the future. The commuted value is calculated using expected investment returns (set by pension legislation) and probable lifespan factors. Commuted value is also called the present value (today's value) of your earned pension benefit.

Consumer Price Index (CPI) – a price index produced by Statistics Canada that measures the percentage of change, over time, in the cost of purchasing a specified basket of goods.

Continuous Service – this means your uninterrupted period of employment, starting with the day you were last hired by TransCanada or another approved company. Certain approved leaves of absence, such as maternity leave or disability leave, do not interrupt your Continuous Service.

Earned Income – a term used by Canada Revenue Agency to define the earnings on which you can make RRSP contributions. Earned income:

- Refers to your employment income, rental income, business profits and taxable alimony/maintenance payments you receive;
- Is reduced by your professional dues, employment expenses, rental losses, business losses and deductible alimony/maintenance payments you make; and
- Excludes investment income, capital gains or losses, and pension income you receive.

Evidence of Good Health – insurance companies require information or medical evidence about the status of your health, if you are obtaining new or increased coverage. You may be asked to complete either a health questionnaire or participate in a medical examination. This information is confidential. When Sun Life accepts this medical evidence, your new or increased coverage becomes effective. This is also called Medical Evidence of Insurability.

Pension Adjustment Reversal (PAR) – Canada Revenue Agency introduced Pension Adjustment Reversals (or PARs) as a way of restoring lost RRSP contribution room for some members who leave the Pension Plan. Each year, CRA reduces your RRSP contribution room by a Pension Adjustment. In some cases, the PA overstates the value of your pension benefits and reduces your RRSP room unnecessarily. When you leave TransCanada, you will receive the true value of your pension benefits. If your true pension value is lower than your PAs, you may be able to recover some of the lost RRSP room through the Pension Adjustment Reversal.
**Pension Adjustment (PA)** – Canada Revenue Agency’s estimate of the value of the pension benefits earned under TransCanada’s Pension Plan in the last year. The PA is reported on your T4 slip and then used to determine your individual RRSP contribution room. Each year:

- TransCanada reports your Pension Adjustment on your T4 slip; and
- CRA notifies you of your maximum allowable RRSP contribution room on your Notice of Assessment.

**Registered Retirement Savings Plan (RRSP)** – A voluntary individual retirement plan funded with an individual’s own earnings. Contributions to an RRSP are tax-deductible and investment income is tax-free until withdrawn.
Considerations

Health Options

Q. Do you have only a few health-related expenses and need just emergency coverage?
A. If so, consider the core health plan. Expenses incurred under the core plan are 80% covered for most expenses depending on the Tier level your prescription will fall under. You can use the PHSA to pay for expenses not covered such as paramedical services and prescription glasses.

Q. Do you or any of your dependents make frequent visits to a chiropractor or other paramedical practitioner?
A. The Top-up Plan offers paramedical services up to a combined maximum of $750 per year, per person for all paramedical practitioners.

Q. Do you have coverage through your spouse’s employer?
A. If the answer is yes, then consider comparing your spouse’s coverage and related costs to the options under TransCanada’s benefits plan and decide which program makes the most economic sense for you. If your spouse’s plan has sufficient coverage, you may want to stay with the core option.

Q. Will the Personal Health Spending Account (PHSA) work for you?
A. Look at how you might coordinate the PHSA with your choice of coverage. The PHSA permits you to use Flex Credits to pay for expenses not covered by any plan (e.g., your TransCanada option or your spouse’s plan). For example, the Top-up Plan covers glasses to a maximum of $200. If you and your family use glasses, you may want to allocate credits to PHSA to cover the additional cost of glasses or contact lenses.
Dental Options

Q. Do you use the Dental Plan primarily for cleanings and check-ups?
A. Option 1 covers only this type of dental service. Enrolling in Option 1 will cost you less than the other options and leave you with more Flex Credits to spend elsewhere. Or, you can choose not to have a dental plan and direct credits to your PHSA to pay for these services.

Note: All plans cover recall exams for adults every 12 months and 5 months for dependent children.

Q. Will you or any of your dependents require major dental services, such as crowns, during the next year or two?
A. Either Option 2 or Option 3 will provide coverage for major dental services at 50% or 80%, respectively. You need to determine whether the additional price tag for Option 3 is more than the difference you would pay if you chose Option 2. In addition, you may want to use the PHSA to help pay for major dental expenses.

Q. Do you have dependent children who require orthodontic treatment?
A. Only Option 3 covers orthodontic services for dependent children (with 50% coinsurance). You can also use the PHSA to help pay for the orthodontic expenses not covered by Option 3.

Q. Do you have dental coverage through your spouse’s employer?
A. If the answer is yes, then consider comparing your spouse’s coverage and related costs to the options under TransCanada’s benefit plan and decide which program makes the most economic sense for you. If your spouse’s plan has sufficient coverage, you may decide not to have dental coverage under TransCanada’s plan. Alternatively, you may select Option 1, 2 or 3 to complement the coverage you have through your spouse’s plan. The two plans together may provide 100% coverage for all services for all family members.
Personal Health Spending Account

Q. Will the Personal Health Spending Account (PHSA) work for you?

A. Look at how you might tailor the PHSA to your choice of medical or dental coverage. The PHSA permits you to use Flex Credits to pay for expenses not covered by the option you choose. You must use all of your credits by the end of each benefit year; otherwise, they will be forfeited.

This is called the “use it or lose it rule.”

You cannot change your PHSA allocation mid-way through the year. You must wait until the next annual enrollment. You can allocate money to cover your expenses from the previous calendar year and for the current year. If you leave TransCanada, you can use your PHSA balance to reimburse expenses incurred up to your termination date.

The PHSA is a tax-effective way to pay for health and dental expenses that would otherwise not be reimbursed. Credits allocated to or reimbursements from a PHSA are not subject to income tax except for provincial income tax for residents of Quebec. The list of eligible expenses that can be reimbursed using the PHSA is set by Canada Revenue Agency and is quite comprehensive. For detailed information refer to the Benefits and Retirement Program booklet.

Life Insurance

Q. What effect would your death or the death of a dependent have on your family’s financial situation?

A. You need to assess the level of income replacement you or your spouse would require in the event one of you dies.

Q. Is there an alternative income on which your family could rely in the event of your death?

A. If yes, you may not require much coverage for yourself. If no, you may want to enhance your life insurance coverage.

Q. What about significant long-term expenses such as a mortgage or post-secondary education?

A. You may have mortgage insurance, or you may have education funds already set up for your children. If you don’t, you may want to plan for these expenses in the event of your death.
Q. Do you or your spouse have life insurance from another source?

A. Is the coverage adequate for your needs? Is it competitively priced? Examine your current needs and coverage levels to make sure you and your spouse are adequately covered. Also, check the cost of your current coverage. Typically, life insurance through an employer is obtained at group rates and is less costly. That said, it may be a good idea to have some individual insurance in place no matter where you work.

Q. If you leave TransCanada, would you have trouble buying individual insurance because of a health condition?

A. Your life insurance under TransCanada’s benefit plan is term insurance. If you leave the company, your group life insurance coverage will stop on your termination date. However, you may convert your coverage up to a maximum of $200,000 to an individual policy with Sun Life without submitting evidence of good health. However, $200,000 of coverage may not be sufficient. You may wish to buy additional individual insurance while you are healthy to supplement the amount of life insurance you may convert.

Q. Do you have the resources to pay for a funeral in the event of your spouse or child’s death?

A. You may want to consider life insurance for your dependents to cover the funeral costs.

**Accident Insurance**

Q. What financial impact would a serious injury have on your family?

A. Do you have adequate insurance to cover a paralysis or other serious injury from an accident? Consider how much accident insurance, in combination with your long-term disability insurance, you need to adequately secure your family’s financial well-being in the event of a debilitating accidental injury. As with life insurance, consider the long-term expenses - such as mortgage payments and tuition - that would need to be covered if you were seriously injured or if you died as the result of an accident. Of course, in the event of death, benefits might also be payable from any life insurance you and your family members had. These benefits should be included in your consideration.
## Forms

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<th>When to Use This Form</th>
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<tr>
<td>Statement of Health</td>
<td>When you apply for more than $100,000 of Optional Employee Life Insurance. When you apply for more than $25,000 of Spousal Life Insurance for the first time, or to increase existing Spousal Life Insurance amounts above $25,000.</td>
<td>Sun Life Group Medical Underwriting 1155 Metcalfe Street Montreal, QC H3C 4T9 Ph: 1.800.361.6212</td>
</tr>
<tr>
<td>Smoking Status Declaration Form</td>
<td>To change your or your spouse’s status from smoker to non-smoker. To correct the smoking status information on your Confirmation Statement.</td>
<td>TransCanada Benefits Centre Morneau Shepell 895 Don Mills Road Tower One, Suite 700 Toronto, Ontario M3C 1W3 Ph: 1.855.429.TCHR (8247)</td>
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<tr>
<td>Medical Service Plan (MSP) Application for Group Enrollment</td>
<td>When you are applying for BC Provincial Health Care under the TransCanada Group Plan.</td>
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<td>Life and Accident Insurance Beneficiary Designation Form</td>
<td>To designate a beneficiary for employee life and accident insurance.</td>
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<td>Pension Beneficiary Designation Form</td>
<td>To designate a beneficiary for the Pension Plan.</td>
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<td>Great West Life Retirement Savings Plan Account</td>
<td>To apply to open an RSP account for your Savings Plan contributions. To designate a beneficiary for your RSP account. To choose the investment options for your RSP.</td>
<td>Great West Life Group Retirement Services 255 Dufferin Avenue T540 London, Ontario N6A 4K1 Ph: 1.800.724.3402</td>
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<tr>
<td>Great West Life Non-Registered Savings Plan Account</td>
<td>To open a non-registered account for your Savings Plan contributions. To designate a beneficiary for your non-registered account. To choose the investment options for your non-registered Savings Plan contributions.</td>
<td>Great West Life Group Retirement Services 255 Dufferin Avenue T540 London, Ontario N6A 4K1 Ph: 1.800.724.3402</td>
</tr>
<tr>
<td>Solium Capital Group Retirement (RSP) Account Employee and Spouse</td>
<td>To apply to hold your shares from the Stock Plan in an Employee and/or a Spousal RSP Account. For a Spousal Account, you are the contributor and receive RRSP contribution tax slip. Your spouse is the plan owner. For you or your spouse to designate your beneficiaries for your Employee and/or Spousal RSP Account.</td>
<td>TransCanada Benefits Centre Morneau Shepell 895 Don Mills Road Tower One, Suite 700 Toronto, Ontario M3C 1W3 Ph: 1.855.429.TCHR (8247)</td>
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