

Disability after retirement

Disability benefits

If you opted for an early retirement or deferred pension and become disabled before age 65, you may be eligible for disability pension benefits. A disability under the Canada Post Pension Plan is defined as a physical or mental condition that prevents you from engaging in any employment for which you are suited by virtue of education, training or experience and where such impairment can be expected to last for your entire lifetime. The determination of a disability is based on medical evidence provided in writing by a medical doctor licensed to practise in Canada.

What is a disability pension?

A disability pension is based on your pensionable service credit on the date you retired and your highest average earnings for your best five consecutive years. The (early retirement) reduction to your pension benefits is removed when your application for disability benefits is approved. However, if approved, your pension will be recalculated to take into account pension benefits already paid to you. The adjustment involves multiplying the number of full and partial years for which a pension was paid by the amount of your annual disability benefits, then multiplying that number by 5%.

The table on the right illustrates the difference between an early retirement pension and a disability pension after the adjustment is performed. The example considers four years and 95 days (or 4.3 years) of pension payments paid before the disability.

Early retirement pension at 52, and pensionable service credits of 24 years	Disability pension at 56
<p>\$17,856</p> <p>Lifetime pension: $24 \times 1.3\% \times \\$37,200 =$ \$11,606</p> <p>Bridge benefit: $24 \times 0.7\% \times \\$37,200 =$ \$6,250</p>	\$17,856
<p>Early retirement reduction: \$7,142</p> <p>$60 - 52 = 8$</p> <p>$8 \times 5\% = 40\%$</p> <p>$\\$17,856 \times 40\% = \\$7,142$</p>	<p>Adjustment: $\\$17,856 \times 4.3 \times 5\% =$ \$3,839</p>
Total annual (reduced) pension: \$10,714	Total annual (adjusted) disability pension: \$14,017
Difference: \$3,303	

How to apply for disability benefits?

Call the Canada Post Pension Centre at **1-877-480-9220** to ask for a disability benefits application kit. You must undergo a medical examination and ask your doctor to complete the medical reports provided to you by the Pension Centre. Your completed medical report must be sent to the Canada Life Assurance Company at the address provided in the kit.

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Note: In this publication, "Plan" refers to the Canada Post Corporation Registered Pension Plan and "DB" refers to the defined benefit component.
Disclaimer: The official Plan text governs your actual benefits from the Plan and is the final authority in any case of dispute. For more information, visit cpcpension.com.

Eligibility to Canada Pension Plan or Quebec Pension Plan (CPP/QPP) disability benefits

When approved for disability benefits under the CPP/QPP, you are no longer eligible for the Canada Post bridge benefit. To avoid being overpaid from the Canada Post

Pension Plan, you must advise the Canada Post Pension Centre in writing at PO Box 2073 MISSISSAUGA ON L5B 3C6 of your approval under the CPP/QPP for disability benefits. Overpayments from the Canada Post Pension Plan will be recovered. Your bridge benefit is not affected by early retirement benefits payable under the CPP/QPP from age 60 to age 64.

Corporate performance results

Canada Post segment reports \$378 million loss before tax in Q2

Canada Post recorded a loss before tax of \$378 million in the second quarter of 2020. This increased loss was largely due to the significant impact COVID-19 had on revenue and costs, combined with added costs from the June 2020 arbitrator's ruling that gave us new collective agreements with the Canadian Union of Postal Workers (CUPW).

With people at home and businesses closed, we saw a dramatic shift in what we were asked to deliver. Online shopping drove unprecedented growth in Parcels volumes and revenue, but Transaction Mail and Direct Marketing volumes and revenue declines exceeded the growth in Parcels. The estimated total revenue shortfall due to COVID-19 was \$46 million. In addition, Canada Post's costs related to COVID-19 increased by an estimated \$118 million. The total negative financial impact due to COVID-19 was an estimated \$164 million.

Although COVID-19 and the new collective agreements with CUPW contributed to the loss, the Canada Post segment would have still incurred a loss without these factors.

Key results for the Canada Post segment in Q2 2020 compared to Q2 2019

Parcels

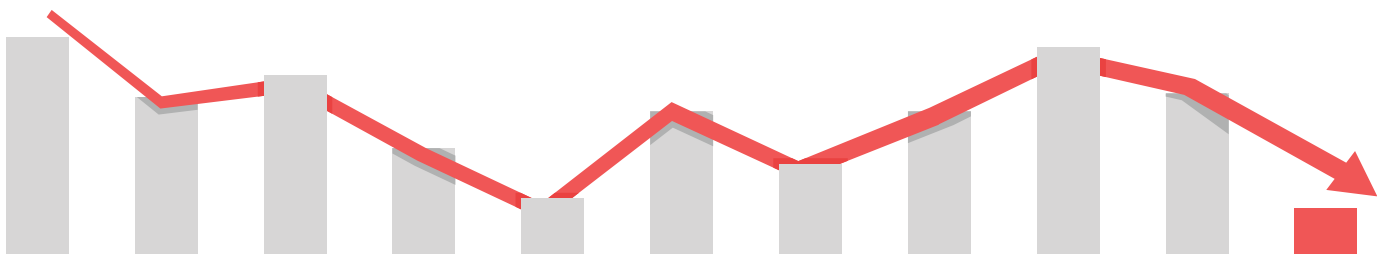
- Early in the second quarter, Parcels volumes were as high as in past peak Christmas seasons. With physical stores closed due to COVID-19, Canadians shopped significantly more online.
- Volumes grew by 26 million pieces or 35.5%.
- Revenue grew by \$226 million or 35.4%.

Transaction Mail

- Ongoing revenue and volume declines accelerated as businesses and Canadians used digital alternatives even more during COVID-19.
- Volumes fell by 102 million pieces or 14.7%.
- Revenue decreased by \$104 million or 15.4%.

Direct Marketing

- Customers were already delaying or cancelling marketing campaigns due to COVID-19 as the quarter began, adding to the impact of ongoing digital substitution.
- Volumes fell by 652 million pieces or 53.4%.



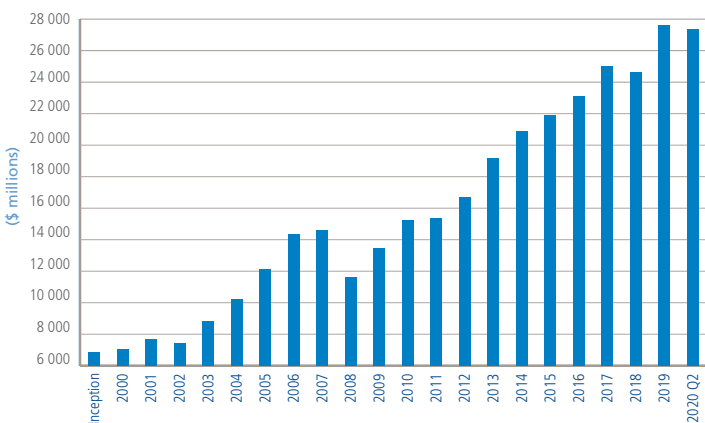
Investment results from April 1 to June 30, 2020

Market conditions

Within the Plan, U.S. equities were the best performer in the second quarter, returning 16.88%. The S&P/TSX Composite Index was up 16.97%. The S&P 500 index was up 15.35%. The MSCI EAFE Index was up 9.93%. The FTSE Canada Universe Bond Index was up 5.87%.

Asset class	Market value (\$ millions)	2020 Q2 (%)	2020 YTD (%)	2019 Annual (%)	2018 Annual (%)	2017 Annual (%)	2016 Annual (%)	2015 Annual (%)
Fixed income								
Cash and short-term	229.0	0.1	1.5	1.6	1.3	0.7	0.7	0.8
Bonds	11,827.7	8.4	7.9	10.3	0.5	3.4	3.2	3.1
Equities								
Canadian equities	3,249.1	12.2	-13.6	20.4	-8.3	9.3	21.5	-4.0
U.S. equities	3,563.5	16.9	0.4	23.9	3.0	14.1	6.3	21.8
International equities	2,922.2	13.1	-8.8	17.1	-8.1	25.4	3.7	16.3
Real estate, private equity and infrastructure	5,603.8	-3.2	1.7	11.8	17.4	13.1	10.0	16.6
Currency overlay	-9.1							
Total Registered Pension Plan¹	27,054.2	7.82	0.29	14.69	0.89	10.42	7.93	7.27
Benchmark		11.19	2.03	15.79	-1.94	8.59	6.72	5.12

Investment highlights



The above graph represents the investments highlights of the DB component of the Plan from its inception (6,000 millions of dollars) to Q2 2020 (27,400 millions of dollars).

- The fund's second quarter return was 7.82%.
- As of June 30, 2020, the fund held assets of \$27.4 billion.
- The fund had net cash outflows of \$338.0 million in the second quarter.
- We added \$3.6 million to private debt, \$23.1 million to real estate, \$33.5 million to private equity, and \$46.6 million to infrastructure.
- We withdrew \$200.0 million from transition bonds, \$20 million from high yield, \$98.8 million from U.S. equities and \$126.0 million from international equities.

Asset mix highlights

- As at June 30, 2020, 56.0% of assets were invested in equities and alternative investments compared to the asset mix target of 54.9%. These investments were within the allowable range and were made up of 11.9% Canadian equities, 13.0% U.S. equities, 10.7% international equities, 11.3% real estate, 4.7% private equity and 4.4% infrastructure.
- 44.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 45.1%. This included 11.5% real return bonds, 31.6% nominal bonds and private debt and 0.8% in cash and short-term investments and currency overlay.

Asset mix¹

Real estate, private equity and infrastructure 20.4%

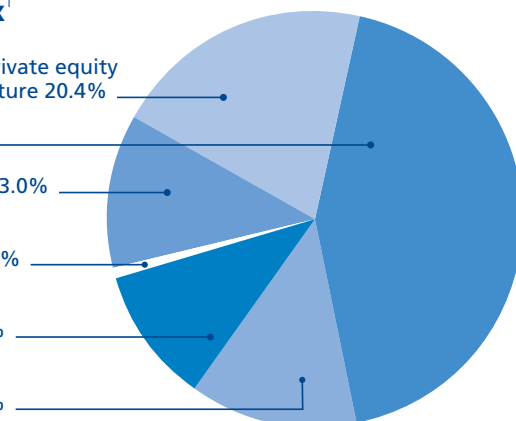
Bonds 43.2%

U.S. equities 13.0%

Cash and short-term 0.8%

International equities 10.7%

Canadian equities 11.9%



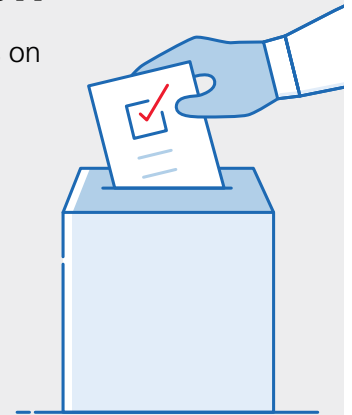
1. Numbers may not add up due to rounding.

2020 Pension Advisory Council (PAC) Election

An election was held in early 2020 for the retirees to elect three retiree representatives on the PAC. There was a delay in finalizing the results due to COVID-19. The results are finally in. Congratulations to the following candidates:

- **Karen Kennedy**
- **David Taylor**
- **Peter Whitaker**

Visit cpcpension.com ▶ DB ▶ Governance ▶ Pension Advisory Council, for more information on the elections. You can contact your elected representatives at pension.services@canadapost.ca.



Do we have your current address?

When you change your address, it's important to inform us:

Pension Centre

1-877-480-9220

1-866-370-2725 (TTY)

613-683-5908 (outside North America)

For your post-retirement health and dental benefit plans, contact Canada Life at 1-866-249-5723.



Send us your feedback

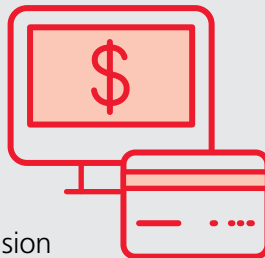
If you have comments or want to suggest a topic for our next *Intouch* bulletin, please submit your ideas in writing to

pension.services@canadapost.ca

or

CANADA POST PENSION SERVICES
2701 RIVERSIDE DRIVE
SUITE N0660
OTTAWA ON K1A 0B1

Making changes to your banking information?



Avoid delays with your pension benefit payments. Inform the Canada Post Pension Centre of any changes to your banking information as soon as they occur.

Complete the form Canada Post Corporation Registered Pension Plan – Authorization for Direct Deposit at cpcpension.com ▶ Defined Benefit ▶ Forms ▶ Direct deposit of pension payments.