CANADA POST POSTES CANADA
From anywhere... to anyone

Intouch Retiree Pension Bulletin **Defined Benefit**

Cost of living increase

To help ensure that your pension keeps pace with the cost of living, it is indexed in January by a percentage that reflects the average increase in the Consumer Price Index (CPI), calculated from October 1 to September 30 of the preceding year.

The cost of living increase effective January 1, 2012, is 2.81 per cent.

Your first indexing increase after retirement will be pro-rated based on the number of complete months following the month in which you retired.

For example: If you retired on September 1, 2011, your first increase, (January 1, 2012) would be 3/12 (October to December) of the total indexation percentage (2.81% x 3/12 = 0.7025%).

Indexing also applies to survivor benefits that are payable on a monthly basis and to deferred pensions.

2012 pension payment schedule

January 31	July 31
February 29	August 31
March 30	September 28
April 30	October 31
May 31	November 30
June 29	December 31

Disclaimer:
The Canada Post Corporation Registered Pension Plan is referred to as the Plan in this publication. The official Plan text governs your actual benefits from the Plan and is the final authority in any case of dispute. For more information on terms used in this publication, please visit **cpcpension.com**.

Table of Contents

Do you have a topic in mind for our next "Intouch" bulletin?
Please submit any suggestions or comments in writing to:

PENSION SERVICES
2701 RIVERSIDE DR
SUITE B320
OTTAWA ON K1A 0B1

OR send an email directly to:
pension.services@canadapost.ca

Pension Advisory Council (PAC) 2nd retiree election results

Congratulations to **Mary Bishop** of **Ottawa, Ontario**, the successful candidate elected to be one of the two representatives of the retired members of the Plan on the PAC. You may contact Ms. Bishop on general pension issues through pension.services@canadapost.ca.

The top five candidates were:

Rank	Candidate
1	Mary Bishop
2	Rick Irving
3	Jamie Esler
4	Donald Bouchard
5	John Barrowclough

All elected representatives on the PAC have a three-year mandate. The next elections for both retiree representatives will take place in 2014.

Corporate performance results – September 2011

"The impact of the labour disruption and the weak economy have left all three lines of business behind plan" as of the beginning of October 2011, said Jacques Côté, group president, Physical Delivery Network. "Our service performance and customer value targets are also not being met and we are all working on initiatives to improve service while delivering on our Postal Transformation targets." Volumes for the first nine months of the year in Transaction Mail, Parcels and Direct Marketing were all down from the same period a year earlier, driven in large part by the labour disruption. In order to meet the needs of customers during the 2011 holiday season, the company invested across the network to help employees deliver the holidays, by adding more air transport capacity and extra ground transportation, and by extending hours in plants, delivery and call centres and employing approximately 2,400 casual employees to help during the season.

Changes to the Plan

On November 24, 2011, the Canada Post Board of Directors approved changes to the Plan, which were required following a vote by Parliament to amend the legislation that governs it.

The changes affecting members' pension benefits are:

- A pension benefit is available to all members who terminate employment, regardless of their length of service. The benefit may be an immediate pension, a deferred pension or, in certain cases, the commuted value of the earned pension benefit. Returns of employee contributions are no longer allowed.

- The commuted value of the pension benefit is payable as a lump sum to a member who terminates employment for any reason other than disability when its value is less than 20 per cent of the Year's Maximum Pensionable Earnings (YMPE). This also applies to a benefit that may be payable to a member's survivor. Disabled members may select a lump sum payment as well, but it is not mandatory.

- The spouse or common-law partner of a member who dies before retirement is entitled to a minimum benefit equal to the commuted value of the member's pension benefit, whether the member was eligible for an immediate pension or not. If there is no spouse or common-law partner, the commuted value will be paid to the beneficiary or, if there is no beneficiary, the estate.

Other amendments related to administration, funding and general housekeeping were also made.

Full details of the Plan amendments were mailed to members in January 2012. For additional information about the Plan and your pension benefits, including definitions of terms that may be unfamiliar, visit **cpcpension.com** or call the Pension Centre at 1-877-480-9220 (TTY 613-734-8265).

Update your Plan beneficiaries

Keep your beneficiaries current and stay informed about survivor benefits.

If you are in receipt of a pension benefit, your spouse or common-law partner at the time of your retirement is eligible for survivor benefits under the Plan and does not have to be added as a beneficiary.

If you have postponed (deferred) receipt of your pension benefit to a later date, your spouse or common-law partner at the time of your death is eligible for survivor benefits under the Plan and does not have to be added as a beneficiary.

Whether you are currently receiving a pension benefit or have deferred it, your children may be eligible for survivor benefits under the Plan. If you want your children to receive the maximum allowable survivor benefits under the Plan, designate them as beneficiaries.

You can designate or change your beneficiaries by completing the Designation of Beneficiary(ies) form found on **cpcpension.com** under Forms and Publications.

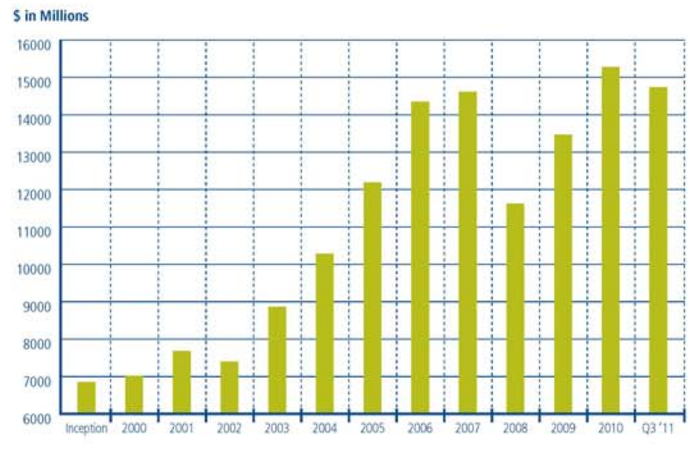
Market Conditions

Equity markets were lower in the third quarter of 2011. The Canadian S&P/TSX Composite index was down 12.0 per cent, while in Canadian dollar terms the U.S. S&P 500 index was down 7.0 per cent and the international EAFE index was down 12.5 per cent. The DEX Bond Universe was up 5.1 per cent on the quarter. The Bank of Canada held interest rates steady at 1.0 per cent. The following table depicts the fund's performance (per cent return).

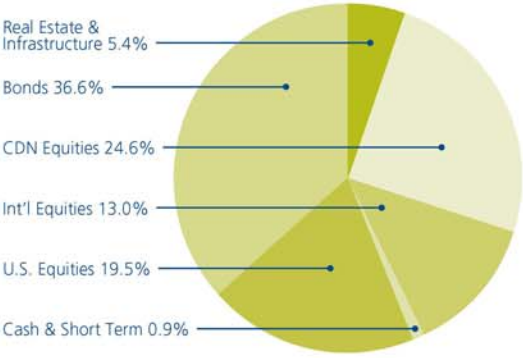
ASSET CLASS	MARKET VALUE ($ IN MILLIONS)	2011 JUL–SEP (%)	2011 YTD (%)	2010 ANNUAL (%)	2009 ANNUAL (%)	2008 ANNUAL (%)	2007 ANNUAL (%)	2006 ANNUAL (%)
Fixed Income								
Cash & Short Term	134.3	0.3	0.8	1.0	1.7	3.0	3.2	4.1
Bonds	5,389.9	4.4	7.4	7.7	8.7	3.7	3.5	2.4
Equities								
Canadian Equities	3,616.8	-13.2	-13.1	15.2	33.0	-32.0	9.0	18.9
U.S. Equities	2,876.1	-9.0	-5.8	9.5	9.9	-21.6	-10.7	16.9
International Equities	1,916.7	-13.7	-12.3	4.0	16.3	-37.4	-5.1	28.4
Real Estate & Infrastructure	802.4	1.8	7.4	15.1	-9.1	-1.5	16.8	24.8
Total Registered Pension Plan	**14,736.2**	**-6.33**	**-4.20**	**10.38**	**16.19**	**-19.27**	**2.09**	**14.25**
Benchmark		**-5.02**	**-3.14**	**9.85**	**15.79**	**-17.58**	**0.91**	**12.98**

Investment Highlights

- The fund's third quarter return was minus 6.33 per cent versus our benchmark of minus 5.02 per cent. Year to date the fund's return is minus 4.20 per cent against our benchmark return of minus 3.14 per cent.
- As at September 30, 2011, the fund held assets of $14,736.2 million.
- The fund had net cash outflows of $39.7 million in the third quarter. We reduced nominal bonds by $25.0 million and cash & short-term investments by $178.9 million. We allocated $62.5 million to U.S. equity, $12.5 million to international equity and $2.9 million to our currency overlay account. We also allocated $87.4 million to alternative assets with $78.7 million going to real estate, $7.5 million to private equity and $1.2 million to infrastructure investments.



ASSET MIX



Asset-mix Highlights

- As at September 30, 2011, 62.5 per cent of assets were invested in equities and real estate & infrastructure, matching the asset-mix target of 62.5 per cent. This was composed of 24.6 per cent Canadian equities, 19.5 per cent U.S. equities, 13.0 per cent international equities and 5.4 per cent real estate & infrastructure.
- 37.5 per cent of assets were invested in bonds and short-term investments, compared to an asset-mix target of 37.5 per cent. This included 8.2 per cent in real return bonds, 28.4 per cent in nominal bonds and 0.9 per cent in cash & short-term investments.