

Pension Plan News

TOTAL COMPENSATION Pension | Benefits | Pay and Incentives | Health and Well-Being

DC members

Save more
today to enjoy
tomorrow
Enrol in the VSP



Waiting for the last minute to make contributions to your Registered Retirement Savings Plan (RRSP)? Tired of dealing with the stress and hassle during income tax time?

There's an easy way to save time and avoid the rush of last minute contributions: switch to automatic payroll deduction contributions with the Canada Post Voluntary Savings Plan (VSP).

As a DC member, all you have to do is complete an enrolment form once to select your contribution level and investment funds, and the saving will take care of itself. Your contributions are deducted before your income tax is calculated, so you benefit from the

tax savings right away. By contributing regularly, you'll be setting money aside that you might otherwise be tempted to spend, and growing your retirement savings faster.

When you contribute to the VSP, you also benefit from lower fund management fees than those offered to individuals by banks and financial institutions. Lower fees can save you a significant amount of money over the long term.

No rush, no stress, more benefits and time for you. Choose the VSP advantage.

For more information about the VSP, visit cpcpension.com > VSP.

Changes to terms of the Plan

Canada Post is required to notify members of all applicable changes to the Plan within 60 days of their approval.

The Canada Post Pension Committee approved the following amendment to the Plan at its last meeting, November 22, 2016:

- As a result of the latest collective agreement negotiation, employees who are represented by the Canadian Postmasters and Assistants Association (CPAA), and who become eligible to the Plan on or after September 1, 2016, participate in the DC component of the Plan.

For additional information about the Plan, your pension benefits or the full Plan text, visit cpcpension.com.

IN THIS ISSUE

2 PAC news

2 Update on the actuarial valuation results

3 Looking for information on post-retirement benefits?

3 Get quick reimbursement of your benefit claims

3 Did you know?

4 Investment performance results

5 You asked?

6 Build your financial plan

6 2016 personalized account statements

Note: In this publication, "Plan" refers to the Canada Post Corporation Registered Pension Plan, "DB" to defined benefit and "DC" to defined contribution.

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; you can also refer to Your Personalized Pension Statement and Your Information Booklet.

PAC news

In 2016, David Taylor joined the Pension Advisory Council (PAC) as the representative of management and exempt employees. He replaced Nelson Chan who left Canada Post before the end of his term.

Starting mid-2017, the PAC membership will increase from 17 to 18 members to better represent the growing population of retirees. Three retiree representatives will be determined during the 2017 PAC elections.

Other recent changes:

- Knowledge requirements are now applicable to all PAC members. Details of these requirements are available on cpcpension.com > DB or DC > Governance > Pension Advisory Council > Terms of PAC members.
- Elected representatives may have alternates to replace them when they're unable to attend a meeting.

For more information about the PAC, visit cpcpension.com, select the Governance tab under DB or DC, then choose Pension Advisory Council.

You can contact your elected representative at pension.services@canadapost.ca.

DB members

Update on the actuarial valuation results

The Plan's actuarial valuation as at December 31, 2015, was filed with federal regulators in June 2016.

Actuarial valuation	Actual 2015	2015 estimates in the Report to Members
Solvency deficit to be funded	\$6.3 billion 77.6% funded	\$6.2 billion 77.8% funded
Solvency deficit – Market value	\$6.1 billion 78.3% funded	\$5.9 billion 78.8% funded
Going-concern surplus	\$1.2 billion 106% funded	\$1.2 billion 106% funded

Estimated 2016 Q3 results

The solvency deficit of the Plan (using market value of Plan assets) had increased from \$6.1 billion at December 31, 2015, to an estimated \$8.1 billion at the end of the second quarter of 2016 due to a significant drop in the discount rate in the first half of 2016. However, as the discount rate remained stable in the third quarter, it is expected that the solvency deficit has not changed significantly from its second-quarter estimate.

For more information about the Plan and actuarial valuations, see the 2015 Report to Members mailed to your home in June 2016 and also available at cpcpension.com.

Looking for information on post-retirement benefits?

Whether you want to find out about post-retirement benefits coverage, the monthly cost or how to submit claims, the pension website provides all this information.

Visit cpcpension.com, select the Retirement tab under DB or DC, as applicable to you, then choose Post-retirement benefits.

Post-retirement benefits
Summaries of benefits
Claims – GroupNet and forms
Monthly contribution rates
Payment of premiums

Get quick reimbursement of your benefit claims

Sign up for GroupNet with Great-West Life



Your claim, your way

Get paid in as little as one day

Payments are deposited directly into your bank account

Details of your plan coverage and claims history are available online anytime

Here's how:

- » Go to groupnet.greatwestlife.com
- » Log in to your GroupNet account or click **Register now**
- » Click on **Your Profile** to set up Direct Deposit

DB members

Did you know?

An employee who receives a pension benefit from Canada Post or a related employer is not eligible to become a DB member, unless the employee suspends receipt of the pension benefit. A related employer is an employer who, under the *Income Tax Act*, does not deal at arm's length with Canada Post, including an employer for whom pension benefits are paid from the Consolidated Revenue Fund of the Government of Canada or by an agent of Her Majesty the Queen in Right of Canada.

If you are receiving or start receiving a pension benefit from a related employer while employed with Canada Post, you must immediately notify the Pension Centre at 1-877-480-9220 for non-executive members or at 1-866-275-9810 for executive members.

Season's greetings



Best wishes for the holiday season

We appreciate your feedback. Send your comments or suggestions for the newsletter in writing to pension.services@canadapost.ca or

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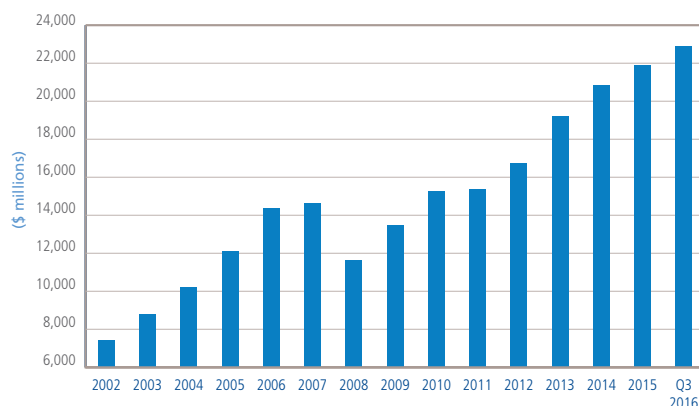
Investment performance results from July 1 to September 30, 2016

Market conditions

Equity markets were mostly up in the third quarter of 2016. The Canadian S&P/TSX Composite index was up 5.5%, while in Canadian dollar terms the U.S. S&P 500 index was up 5.1% and the international EAFE index was up 7.7%. The FTSE TMX Bond Universe was up 1.2% in the quarter. The Bank of Canada maintained interest rates at 0.50% during the quarter. The following table depicts the performance of the Plan's fund (per cent return).

Asset class	Market value (\$ millions)	2016 Jul-Sep (%)	2016 YTD (%)	2015 Annual (%)	2014 Annual (%)	2013 Annual (%)	2012 Annual (%)
Fixed income							
Cash and short-term	99.2	0.1	0.4	0.8	1.1	1.0	1.0
Bonds	8,714.1	1.8	7.2	3.1	8.3	-2.0	4.6
Equities							
Canadian equities	3,921.1	6.0	14.3	-4.0	11.6	20.3	7.3
U.S. equities	3,915.2	6.5	-0.7	21.8	22.3	44.2	14.7
International equities	3,229.2	9.0	3.6	16.3	3.9	24.0	17.8
Real estate, private equity and infrastructure	2,997.3	2.5	4.8	16.6	8.3	11.3	15.2
Currency overlay	-11.5						
Total (DB component)*	22,864.4	4.28	6.22	7.27	10.86	16.88	10.13
Benchmark		3.81	6.24	5.12	10.99	14.00	8.51

Investment highlights



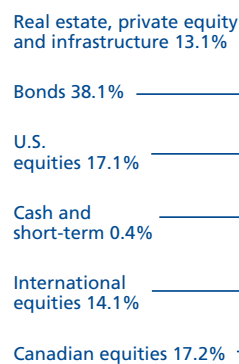
- The fund's third quarter return was 4.28% compared to our benchmark of 3.81%. Year to date, the fund return was 6.22% compared to our benchmark of 6.24%.
- As at September 30, 2016, the fund held assets of \$22.9 billion.
- The fund had net cash outflows of \$105.2 million in the third quarter. We reduced Canadian equity by \$175 million and U.S. equity by \$24.3 million. We added \$19.2 million to the currency overlay account and \$20.0 million to cash and short-term investments. In the alternative assets, we reduced real estate by \$5.9 million due to asset sales and added \$22.4 million to infrastructure and \$25.9 million to private equity during the quarter.

*Numbers may not add up due to rounding.

Asset mix highlights

- As at September 30, 2016, 61.5% of assets were invested in equities and alternative investments compared to the asset mix target of 60%. This was made up of 17.2% Canadian equities, 17.1% U.S. equities, 14.1% international equities, 8.1% real estate, 2.9% private equity and 2.1% infrastructure.
- 38.5% of assets were invested in bonds and short-term investments, compared to an asset mix target of 40%. This included 9.4% in real return bonds, 28.7% in nominal bonds and 0.4% in cash and short-term investments.

Asset mix



Note: Currency overlay -0.1%





You asked?

A DB member recently asked us to explain the terms **maximum pension**, **unreduced (or full) pension** and **reduced pension**.

The DB component of the Plan offers a monthly pension benefit when you qualify to retire based on your age and eligibility service.¹ The pension benefit is calculated using a pre-determined formula that considers your pensionable earnings and years of pensionable service.²

- A **maximum pension** is based on a maximum of 35 years of eligibility service. If you have service with Canada Post after 35 years of eligibility service, it will not be included in your pension calculation.

- An **unreduced (or full) pension** is the pension you are entitled to receive when you reach pensionable age.³ This means that no early retirement reductions are applied, and your pension benefit will be the full amount calculated using the pension benefit formula.
- A **reduced pension** is the pension payable if you retire before reaching pensionable age. The Plan allows you to retire with a reduced pension up to 10 years before your pensionable age. Your pension is reduced because you will be receiving it over a longer period of time.

Maximum pension Example 1	Maximum pension Example 2	Unreduced (or full) pension	Reduced pension
 <p>Jean-Claude is 60 years old and retires after 37 years of full-time service.</p>	 <p>Sally is 59 years old and retires after 38 years of part-time service. Sally earned 17.5 years of pensionable service in her first 35 years of part-time service.</p>	 <p>Dominique is 61 years old and has 32 years of full-time eligibility service.</p>	 <p>Dave is 58 years old and has 28 years of full-time eligibility service.</p>
<p>Jean-Claude will receive a maximum pension calculated using 35 years of pensionable service.</p>	<p>Sally will receive a maximum pension calculated using 17.5 years of pensionable service.</p>	<p>Dominique will receive an unreduced (or full) pension. No early retirement reductions are applied, and her pension benefit will be the full amount calculated using the pension benefit formula.</p>	<p>Dave will receive a reduced pension. Dave is within 10 years of his pensionable age and eligible to retire with a reduced pension.</p>

For more information on the pension formula, **visit cpcpension.com** > DB > Members > Pension overview

1. Eligibility service: Service while you are a member and contributing to the Plan, including service that you purchased and service transferred from another employer under a pension transfer agreement, to a maximum of 35 years. Eligibility service is measured the same for full-time and part-time service.
2. Pensionable service, in brief (for full details visit cpcpension.com): Same as your eligibility service except if you occupy or have occupied a part-time position. If your eligibility service includes periods of part-time service, the part-time eligibility service period is multiplied by the ratio of your assigned or actual hours to the normal hours of a full-time employee in the same occupational group.
3. Pensionable age, in brief (for full details visit cpcpension.com): Members represented by CUPW, who became eligible to join the Plan on or after December 21, 2012, reach pensionable age at age 60 with 30 years of eligibility service, or age 65 with at least two years of eligibility service. All other members reach pensionable age at age 55 with 30 years of eligibility service, or age 60 with at least two years of eligibility service.

If there are other terms you would like us to explain, let us know or check the glossary at cpcpension.com.

Build your financial plan

A financial plan will help you meet your needs today and in retirement, and help protect you from the unexpected along the way. It includes the right mix of income, savings and insurance protection products to help you meet your financial goals.

Where do you want your money to take you?

If you're like most people, your financial planning energy is focused on your day-to-day finances. A good financial plan will let you balance these priorities with your goals for the future.

What is a financial plan?

Simply a list of the things that are important to you now, the things you want to work towards and an outline of how you're going to use your money to achieve your goals.

A financial plan can help you:

- **Save** to meet your short- and long-term goals
- **Manage** your debt repayment
- **Protect** yourself and your loved ones
- **Plan** for retirement
- **Maximize** your estate
- **Leave a legacy** for your family

That's why people with a financial plan worry less and save more.¹

You can start planning today

Getting clear on your current financial situation will give you the starting point for your plan.

Take a look at where your money is going and find out if your habits today are working for or against you.

Take a look around the corner

As you're thinking about what's happening with your money today, think about what you're going to need as your life changes over time.

- Would you like to retire early?
- Do you have the financial protection you need in case something happens between now and then?
- Will you have enough money saved to last throughout retirement?
- Have you thought about how your financial needs will change along the way?

1. IFIC, The Value of Advice Report, 2012.

Original source: Build your Financial Plan, Sun Life Financial, BrighterLife.ca.

Need help?

Discuss your financial plan with your financial advisor. If you need help finding one, contact the Employee Assistance Program at 1-866-565-4903, or visit workhealthlife.com.

DC members

2016
personalized
account
statements
COMING SOON!

**Look for your statement to be mailed in January 2017.
Here's what it will show:**

- the value of your DC account on December 31, 2016,
- your personal rates of return,
- your investment gains and losses,
- the allocation of your invested contributions.

Take a moment to review your profile, including information about your spouse or common-law partner (if applicable) and beneficiaries. Contact the Sun Life Financial Customer Care Centre at 1-866-733-8612 to update your information, if needed.