

Pension Plan News **Defined Benefit**

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, 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.

Your spouse or common-law partner is eligible for survivor benefits under the Plan and does not have to be added as a beneficiary.

Your dependent children may be eligible for survivor benefits under the Plan. To make sure that your children receive the maximum allowable survivor benefits under the Plan, designate them as beneficiaries, whether they are dependent children or not.

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

Disclaimer:

The Canada Post Corporation Registered Pension Plan is referred to as the Plan in the Pension Plan News section. 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 section, please visit cpcpension.com. More information can also be found in Your Personalized Pension Statement and Your Information Booklet.

Collection of spousal information

This is a reminder that all active members should ensure that the name and date of birth of their spouse (including common-law partner) are recorded in the Employee Self Service (ESS) module of SAP.

A new Marital Status and Spousal Information page has been added to ESS. You can log on to ESS by visiting canadapost.ca and selecting "I'm an employee" or through My SAP on Intrapost.

1. Select the "Personal Information" tab;
2. Choose "Marital Status and Spousal Information" from the left-hand menu; and
3. Enter the information about your spouse.

Information in ESS is protected and access is controlled via your User ID and password.

Canada Post has been directed to collect this information by the Office of the Superintendent of Financial Institutions (OSFI), the federal pension regulator. The information you provide will only be used for communications and administration purposes; for example, to prepare and mail your annual personalized pension statement and your pension kit at the time of retirement. It may also be used to further improve the accuracy of the calculation of Plan liabilities.

Note that due to processing timelines, your spouse's name may not appear on the personalized pension statement to be issued in April 2012.

For frequently asked questions (FAQ) regarding the requirement to collect spousal information, visit cpcpension.com under Recent News.

2012 Pension Advisory Council (PAC) elections

The three-year terms of two elected positions on the PAC will expire in 2012. As a result, two separate elections will be held this year: the first one to elect the representative of Plan members from the Management and Exempt group and the second to elect the representative of All Active Plan members. Both elections will be open to eligible members of the Defined Benefit component and Defined Contribution component of the Plan.

Plan members from the Management and Exempt group will soon receive further information regarding the election through a corporate email.

New functions on the pension plan calculator

The pension plan calculator offers two new functions:

- an Elective Service (Buyback) Cost Estimator, which allows you to estimate the cost to buy back a period of service, and
- a Leave Without Pay (LWOP) Cost Estimator, which allows you to estimate the amount of contributions to pay for a period of leave without pay.

You can access the calculator by selecting "Calculate my pension" in the Quick Links box on the Home page of cpcpension.com. To log on to the calculator, you need a personal identification number (PIN). Instructions on how to get a PIN were published in the summer 2011 Pension Plan News which is available on cpcpension.com under Forms and Publications.



Canada Post Pension Centre Login
https://cpc-pension.beneficiarycenter.com/globalwar/pub/login.jsp?TYPE=33554433&REALMID=01

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From anywhere... to anyone

Canada Post Pension Plan Calculator

What's Inside?

- Accrued Pension Benefit
- Projected Pension Benefit
- Retirement Estimate
- Elective Service (Buyback) Cost Estimator
- Leave Without Pay (LWOP) Cost Estimator
- Logout

What's Inside?

Your Accrued Pension Benefit:
The estimated amount of your pension benefit accrued to date.

Your Projected Pension Benefit:
The estimated amount of your pension benefit at a future date of your choice allows you to include salary or assigned workweek modifications and pension increases in your pension estimate. These additional features make it a more accurate estimating pension benefits in future years.

Your Retirement Estimate:
The estimated amount of your pension benefit at your retirement date. For members who plan to retire in the current year or very near future. It provides an estimate as of your earliest retirement date, based on your current salary and workweek.

NEW
Elective Service (Buyback) Cost Estimator:
The estimated cost of buying elective service. This option allows you to estimate the cost of buying back a period of service which may or may not be covered by your pension plan.

NEW
Leave Without Pay (LWOP) Cost Estimator:
The estimated amount of pension contributions owed while on leave of absence.

Market Conditions

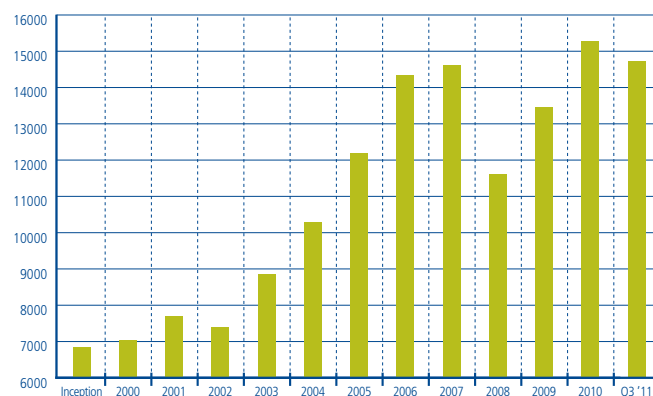
Equity markets were lower in the third quarter of 2011. The Canadian S&P/TSX Composite index was down 12.0 per cent, while in Canadian dollar terms the U.S. S&P 500 index was down 7.0 per cent and the international EAFE index was down 12.5 per cent. The DEX Bond Universe was up 5.1 per cent on the quarter. 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

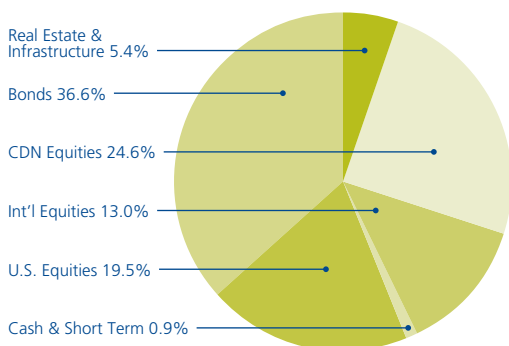
Investment Highlights

- 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.

\$ in Millions



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.

Employee contribution rate for 2012

As we communicated to Plan members last November, the employee contribution rate increased by 0.4 per cent effective January 1, 2012.

This increase will not affect members who have completed 35 years of eligibility service and who are contributing at a rate of one per cent on pensionable earnings.

For 2012, employees will contribute:

- 6.5 per cent of pensionable earnings up to the 2012 YMPE* plus
- 10.0 per cent of pensionable earnings over the 2012 YMPE*

See calculation example below.



How are your contributions calculated?

Your Canada Post pension benefit is integrated with the Canada/Quebec Pension Plan (C/QPP). This means that your contributions to the Plan take into account that you also contribute to and will receive a C/QPP benefit.

Once your contributions reach the C/QPP maximum, your C/QPP deductions stop and your contributions to the Plan increase.

Here's how contributions are calculated for a member with pensionable earnings of \$50,500 a year:

2011				2012					
6.1%	x	\$48,300 (YMPE*)	=	\$2,946.30	6.5%	x	\$50,100 (YMPE*)	=	\$3,256.50
9.6%	x	2,200 (50,500 – 48,300) (YMPE*)	=	211.20	10.0%	x	400 (50,500 – 50,100) (YMPE*)	=	40.00
Total annual contributions				\$3,157.50	Total annual contributions				\$3,296.50
Approximate contributions per paycheque				\$121.44	Approximate contributions per paycheque				\$126.79

*The YMPE (Year's Maximum Pensionable Earnings) is an earnings limit set by the Government of Canada each year to determine Canada/Quebec Pension Plan (C/QPP) contribution rates. The amount of the YMPE was \$48,300 in 2011 and is \$50,100 in 2012.

We appreciate your feedback. If you have a comment or a suggested topic, please contact:

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