

Pension | Pay and Incentives | Benefits

Pension Centre
PO BOX 2073
MISSISSAUGA ON L5B 3C6

Tel: 1 877 480-9220
Fax: 1 905 272-6300
TTY: 613-734-8265

Pension Information Bulletin Bridge Benefit

This document will be useful to plan members interested in knowing more about the Bridge Benefit provision of the Canada Post Corporation Registered Pension Plan (the "Plan").

You will find information on:

- ☐ What is a Bridge Benefit?
- ☐ What is the difference between a Lifetime Pension and a Bridge Benefit?
- ☐ What happens to my Bridge Benefit if I collect C/QPP at age 60?
- ☐ Can I see some examples of how the Lifetime Pension and the Bridge Benefit work?

Definitions

Average Maximum Pensionable Earnings (AMPE) The average of the year's maximum pensionable earnings (YMPE) for the year in which your employment with Canada Post terminates or you reach age 65, whichever is earlier, and each of the four preceding years.

C/QPP Canada Pension Plan / Quebec Pension Plan

Highest average earnings (HAE) The average of your annual earnings during your five consecutive highest-paid years of service during which you contribute to the Plan. If you have less than five years of service during which you have contributed to the Plan, the average of your actual earnings

Years' Maximum Pensionable Earnings (YMPE) The earnings ceiling set by the government each year, and used to determine employee and employer contributions to the Canada or Quebec Pension Plan.

The official name of the plan is Canada Post Corporation Registered Pension Plan. The official plan text governs your actual benefits from the plan and is the final authority in any case of dispute. You, your spouse or common-law partner or beneficiary, or an authorized person acting for you may see and copy the full plan text, annual financial information, and other relevant documents by contacting the Pension Centre.

If you have any questions relating to the Bridge benefit, please call the Pension Centre. Please make sure you have your employee identification number (ID) and personal identification number (PIN) handy when accessing the pension calculator website or the voice response unit (VRU).

What is the difference between a Lifetime Pension and a Bridge Benefit?

The Plan provides a benefit made up of a Lifetime Pension and a Bridge Benefit.

- The Lifetime Pension is a monthly annuity that is payable for your entire lifetime.
- The Bridge Benefit is a temporary payment that is provided to you from your retirement until the month in which you:
 - reach 65 years of age
 - become entitled to a disability pension from C/QPP
 - diewhichever happens first.

What is a Bridge Benefit?

A Bridge Benefit is a temporary pension that is designed to fill the financial gap between early retirement and age 65 (when unreduced C/QPP is available). Your Bridge Benefit is calculated as .7% of the HAE to the maximum AMPE, times your years of service. Once you retire, your Bridge Benefit will be indexed annually in the same manner as your Lifetime Pension. Examples of the Bridge Benefit calculation have been provided for illustration purposes.

What happens to my Bridge Benefits if I collect C/QPP at age 60?

Your full Bridge Benefit under the Canada Post Pension Plan will continue to be paid until you reach age 65, your death, or you become entitled to a disability pension from C/QPP (whichever occurs first).

Careful consideration should be given to the financial implications associated with this option. At age 65, your Bridge Benefit will cease, irrespective of the decision you have made regarding the early commencement of the C/QPP.

Can I see some examples of how the Lifetime Pension and the Bridge benefit work?

Example #1 Receiving an unreduced pension

Member Status	Full time
Age at Retirement	60 years of age
Eligibility Service	30 years
Pensionable Service	30 years
HAE	\$46,000
2008 AMPE	\$42,460 (the average of the YMPE for 2004, 2005, 2006, 2007 and 2008)

Annual lifetime pension

**Formula = 1.3% x AMPE
+ 2% x (HAE-AMPE) x years of pensionable service**

$$\begin{array}{rcl}
 1.3\% \times \$42,460(\text{AMPE}) & = & \$ 551.98 \\
 + 2\% \times (\$46,000 - \$42,460) & = & \$ 70.80 \\
 \quad \quad \quad (\text{HAE} \quad \quad \quad \text{AMPE}) & & \text{-----} \\
 & = & \$622.78 \times 30 \text{ years} = \mathbf{\$18,683.40}
 \end{array}$$

Payable until death

Annual bridge pension

Formula = 0.7% x HAE to the maximum AMPE x years of pensionable service

$$0.7\% \times \$42,460(\text{AMPE}) = \$297.22 \times 30 \text{ years} = \mathbf{\$ 8916.60}$$

Payable until:

- **age 65, or**
- **become entitled to disability pension from C/QPP, or**
- **death**

whichever happens first

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Lifetime Pension	=	\$18,683.40
Bridge Benefit	=	\$ 8,916.60

Total	=	\$27,600.00 until age 65

At age 65 the Bridge Benefit of \$8,916.60 is no longer paid

Example #2 Receiving an unreduced pension

Member Status	Part Time
Age at Retirement	60 years of age
Eligibility Service	25 years (20 hours/40 hours)
Pensionable Service	12.5 years
HAE	\$46,000
2008 AMPE	\$42,460 (the average of the YMPE for 2004, 2005, 2006, 2007 and 2008)

Annual lifetime pension

**Formula = 1.3% x AMPE
+ 2% x (HAE-AMPE) x years of pensionable service**

$$\begin{array}{rcl}
 1.3\% \times \$42,460(\text{AMPE}) & = & \$ 551.98 \\
 + 2\% \times (\$46,000 - \$42,460) & = & \$ 70.80 \\
 \quad \quad \quad (\text{HAE} \quad \quad \quad \text{AMPE}) & & \text{-----} \\
 & = & \$622.78 \times 12.5 \text{ years} = \underline{\underline{\$ 7,784.75}}
 \end{array}$$

Payable until death

Annual bridge pension

Formula = 0.7% x HAE to the maximum AMPE x years of pensionable service

$$0.7\% \times \$42,460(\text{AMPE}) = \$297.22 \times 12.5 \text{ years} = \underline{\underline{\$ 3,715.25}}$$

Payable until:

- **age 65, or**
- **become entitled to disability pension from C/QPP, or**
- **death**

whichever happens first

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Lifetime Pension	=	\$ 7,784.75
Bridge Benefit	=	\$ 3,715.25

Total	=	\$11,500.00 until age 65

At age 65 the Bridge Benefit of \$3,715.25 is no longer paid

Example #3 Receiving an immediate reduced pension

Member Status	Full Time
Age at Retirement	56 years of age
Eligibility Service	21 years
Pensionable Service	21 years
HAE	\$46,000
2008 AMPE	\$42,460 (the average of the YMPE for 2004, 2005, 2006, 2007 and 2008)

Annual lifetime pension

**Formula = 1.3% x AMPE
+ 2% x (HAE-AMPE) x years of pensionable service**

1.3% x \$42,460(AMPE)	= \$ 551.98	
+ 2% x (\$46,000 - \$42,460)	= \$ 70.80	
(HAE AMPE)	-----	
	= \$622.78 x 21 years =	\$13,078.38

minus a reduction

5% x {60 (age eligible for unreduced pension) - 56 (retirement age)}		
= 20% x (\$13,078.38 + \$6,241.62)	-	\$ 3,864.00

		= \$ 9,214.38

Payable until death

Annual bridge pension

Formula = 0.7% x HAE to the maximum AMPE x years of pensionable service

0.7% x \$42,460(AMPE)	= \$297.22 x 21 years =	\$ 6,241.62
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Payable until:

- **age 65, or**
- **become entitled to disability pension from C/QPP, or**
- **death**

whichever happens first

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Lifetime Pension	=	\$ 9,214.38
Bridge Benefit	=	\$ 6,241.62

Total	=	\$15,456.00 until age 65

At age 65 the Bridge Benefit of \$6,241.62 is no longer paid

Example #4 Selecting a deferred pension

Member Status	Full Time
Age at termination	56 years of age – taking a deferred pension at age 60
Eligibility Service	21 years
Pensionable Service	21 years
HAE	\$46,000
2008 AMPE	\$42,460 (the average of the YMPE for 2004, 2005, 2006, 2007 and 2008)

Annual lifetime pension (payable at age 60)

**Formula = 1.3% x AMPE
+ 2% x (HAE-AMPE) x years of pensionable service**

$$\begin{array}{rcl}
 1.3\% \times \$42,460(\text{AMPE}) & = & \$ 551.98 \\
 + 2\% \times (\$46,000 - \$42,460) & = & \$ 70.80 \\
 \quad \quad \quad (\text{HAE} \quad \quad \quad \text{AMPE}) & & \text{-----} \\
 & = & \$622.78 \times 21 \text{ years} = \underline{\underline{\$13,078.38}}
 \end{array}$$

Payable until death

Annual bridge pension (payable at age 60)

Formula = 0.7% x HAE to the maximum AMPE x years of pensionable service

$$0.7\% \times \$42,460(\text{AMPE}) = \$297.22 \times 21 \text{ years} = \underline{\underline{\$ 6,241.62}}$$

Payable until:

- **age 65, or**
- **become entitled to disability pension from C/QPP, or**
- **death**

whichever happens first

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Lifetime Pension	=	\$13,078.38
Bridge Benefit	=	\$ 6,241.62

Total (payable at age 60)=		\$19,320.00 until age 65

At age 65 the Bridge Benefit of \$6,241.62 is no longer paid

Note *Deferred pensions are indexed during deferral period.*