FREQUENTLY ASKED QUESTIONS
PENSION RELIEF

Q. 1	**What led to the introduction of pension relief for the Canada Post Pension Plan (the Plan) in 2014?**
A. 1	▪ In February 2014, the Government of Canada introduced the *Canada Post Corporation Pension Plan Funding Regulations.* They provided relief to Canada Post from the need to make special payments into the Plan for four years (2014 to 2017). ▪ Without the pension relief, Canada Post would have been required to make significant special cash payments starting in 2014. ▪ The company simply did not have that money. The pension relief reduced the financial pressure on the company. ▪ Canada Post presented options to address the issue, including increasing the existing solvency relief cap available to all federally regulated plans and relief from making solvency payments. ▪ The Government of Canada introduced relief from special payments until the end of 2017 as a short-term solution.
Q. 2	**Why isn't Canada Post excluded from solvency requirements? Why doesn't the Government simply grant permanent relief?**
A. 2	▪ The Government expects Canada Post to operate on a financially self-sustaining basis including the funding of its Plan, in accordance with current solvency requirements under the *Pension Benefits Standards Act, 1985*.
Q. 3	**Are my pension benefits secure?**
A. 3	▪ The security of your pension benefits is directly linked to the financial health and sustainability of the Plan sponsor, Canada Post. ▪ That's why ensuring we return to financial self-sustainability as soon as possible is important for all of us. ▪ Pension relief adds a degree of potential risk for the Plan because Canada Post is not reducing the Plan's deficit during the relief period. ▪ In the unlikely event that the Plan was terminated while it is in a deficit position, pension benefits could be lower than if additional funding was put into the Plan.
Q. 4	**Why is the Government not funding the deficit?**
A. 4	▪ Canada Post's mandate is to be financially self-sustaining. ▪ The Government has been clear that Canada Post is accountable for the sound management of its financial obligations, including pension funding.

Q. 5	**Will the Government fund the deficit if Canada Post ceases to operate?**
A. 5	▪ The Government expects Canada Post to operate in a financially self-sustaining basis including the funding of its pension plan. ▪ Canada Post operates under the *Financial Administration Act*. ▪ In the unlikely event that Canada Post ever ceased operations, Parliament would determine what rules apply, including how payments to creditors and pension plan members would be handled. ▪ Winding up of Canada Post could only be done with an act of Parliament.
Q. 6	**How is the June 23, 2017 pension relief introduced by the Government different from the existing solvency relief that Canada Post is using?**
A. 6	▪ Under the revised regulations of June 23, 2017 the aggregate amount of relief is now limited to 15% of the plan's solvency liabilities. Previous regulations allowed Canada Post to use solvency relief measures that could not exceed 15% of the market value of the Plan's assets. ▪ As a result of the revised regulations, Canada Post does not expect to have to make special payments in 2018, provided that market conditions remain constant.
Q. 7	**What other alternatives were considered?**
A. 7	▪ Any decision related to pension relief is the responsibility of the Government.
Q. 8	**Will the pension relief affect the amount of pension benefits I'm receiving now?**
A. 8	▪ At this time, the Plan is fully funded on a going-concern basis and is able to pay all benefits to members as they become due.
Q. 9	**What happens after the relief period is over?**
A. 9	The Government of Canada's review of Canada Post is underway, and the Plan's sustainability is part of the review. The government has indicated it will make a decision about the future of postal service by the end of 2017. We do not yet know what the government will decide.

Q. 10	**Does the change in the regulation on pension relief introduced on June 23, 2017 affect only Canada Post?**
A. 10	▪ No, the regulations apply to all federally regulated pension plans subject to the *Pension Benefits Standards Regulations, 1985* which includes Canada Post.
Q. 11	**Why does the Plan have a large solvency deficit?**
A. 11	▪ The main reason why the Plan has a solvency deficit despite good investment returns, is low interest rates. This challenge is common to many defined benefit pension plans. When interest rates increase less money is required to be put aside. ▪ An increase in discount rates (long term interest rates) would result in a decrease in pension obligations.