



in touch

retiree
pension
bulletin



Canada Post Heritage Club – Connecting you to your community

Keeping yourself active and involved in your local community can be very rewarding. The Canada Post Heritage Clubs brings you closer to your neighbourhood by organizing various social and community activities such as telethons, raising money for health services and coordinating food drives, to name just a few.

Established in 1989, the Heritage Club has always had a strong commitment to community involvement. It was established as a way of recognizing the contributions of Canada Post employees through a formal program to commemorate long

service and retirement. There are currently 31 chapters located across Canada with membership of more than 30,000 associates.

There is always a need for eager volunteers to continue the social practices that the Heritage Club exemplifies. To be eligible for a Heritage Club membership, a retiree must have had at least 10 years of service with Canada Post Corporation and be receiving a monthly Canada Post pension. Interested persons must apply for membership if they wish to join the club. For more information regarding Heritage Club activities and how to become a member, please visit www.heritageclub.ca

Cost-of-Living Increase

Your pension increases with the cost of living. Every January 1, your pension increases by a percentage that reflects the average monthly increase in the Consumer Price Index for the previous 12-month period, calculated from October to September. This increase is known as *indexing*.

If you have been retired less than one full year on January 1, you get a fraction of the increase equal to the complete months you've been retired. For example, if you retired on September 25, 2006, your first increase, on January 1, 2007, would be $\frac{3}{12}$ (October to December) of the total indexation percentage.

Indexing also applies to survivor pensions paid to your spouse and dependent children, and deferred pensions, between the date your employment terminates and the date you begin receiving your pension.

The Cost-of-Living Increase effective January 1, 2007 is 2.25%.



DID YOU KNOW...

that if you enter into a spousal relationship after retirement, your new Spouse or Common-Law Partner will not automatically be eligible for survivor benefits from the plan.

In order to provide a survivor benefit for your new Spouse or Common-Law Partner, your pension will be reduced. For more information on this option, contact the Pension Centre.

Remember, you have one year from the later of:

- a) The day on which the other person becomes your Spouse or Common-Law Partner, and
- b) The day on which your annuity becomes payable to elect for a survivor benefit.

HOLIDAY WISHES

All of us at Pension Services wish you and your families a happy and healthy holiday season.

**Performance
Results for
April 1 to
June 30, 2006**

Market Conditions

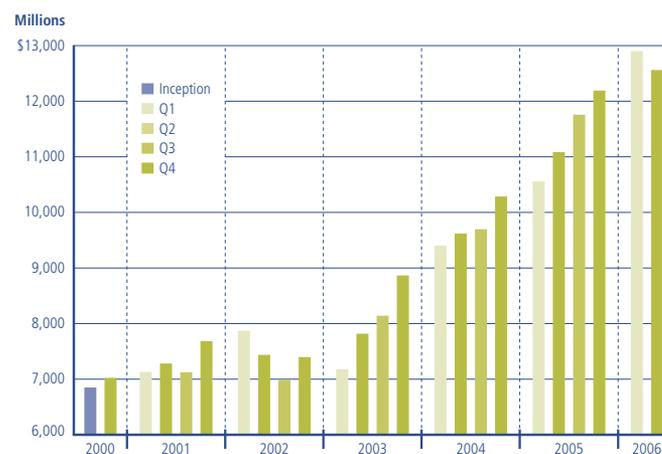
Markets corrected in the second quarter with the benchmark Canadian S&P/TSX Composite Index down 3.5%. In the U.S., the S&P 500 fell 5.8% in Canadian dollar terms as the U.S. dollar lost 4.6%, while international markets were off 3.8% on the quarter. Bond markets also fell slightly, off 1%, as the Bank of Canada raised rates from 3.75% to 4.25%. The following table depicts the plan's performance since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2006 APR-JUN	2006 YTD	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income								
Cash & Short Term	\$ 469.2	1.0%	1.9%	2.7%	2.4%	2.9%	2.4%	4.3%
Canadian Bonds	3,652.5	-1.4%	-2.1%	8.6%	9.6%	8.4%	10.2%	7.3%
Equities								
Canadian Equities	4,163.8	-3.7%	3.4%	25.2%	15.6%	25.5%	-11.6%	-7.7%
U.S. Equities	2,229.6	-5.7%	0.2%	3.4%	4.9%	7.5%	-20.9%	—
International Equities	1,868.1	-4.0%	6.1%	13.2%	13.3%	7.3%	-21.6%	—
Real Estate	126.6	3.1%	10.1%	17.2%	—	—	—	—
Total Registered Pension Plan	\$ 12,509.8	-3.19%	1.67%	13.73%	11.13%	13.87%	-6.99%	5.10%

Investment Highlights

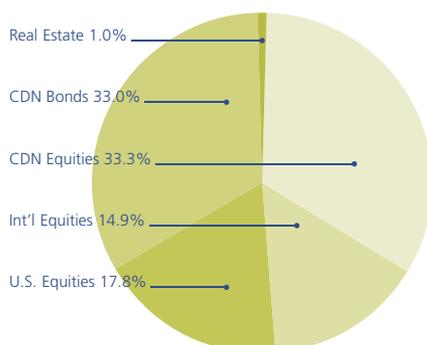
- The fund's second quarter return was -3.19% versus our benchmark of -3.02%.
- As at June 30, 2006, the fund held assets of \$12,509.8 million.
- The fund received net contributions of \$64.5 million in the second quarter, including \$22.4 million in special solvency payments. We reduced the Canadian equity allocation by \$50.0 million and allocated \$175.0 million to Canadian nominal bonds, \$25.0 million to U.S. equities and \$35.0 million to international equity. \$9.0 million was added to real estate, and short-term investments were reduced by \$133.1 million.

FUND ASSETS - OCT 2000 TO JUN 2006



Asset Mix Highlights

ASSET MIX



- As at June 30, 2006, 67.0% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 33.3%, U.S. equities 17.8%, international equities 14.9%, and real estate 1.0%.
- 33.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 6.6% in real return bonds, 22.6% in Canadian bonds, and 3.8% in cash and short-term investments.

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