

# Intouch

## Retiree pension bulletin Defined benefit

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

## 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 amendments to the Plan at its last meeting, August 23, 2017:

1. Due to a change in guidance from the federal pension regulator, the Office of the Superintendent of Financial Institutions (OSFI), benefits for members of the DC component (or their survivors or beneficiaries) who remain in the Plan after the prescribed election period following the member's termination of employment or death could be settled through the purchase by Canada Post of a deferred life annuity.
2. In the rare event that your total employee contributions with interest are greater than 50% of the lump sum value of your pension benefit at retirement,



your monthly pension benefit will be increased to reflect the excess contributions you made.

3. Employees actively participating in the Canada Post Group RSP will join the DC component of the Plan on March 1, 2018.

## Retiree content at [cpcpension.com](http://cpcpension.com)



We recognize that Canada Post retirees need a space to easily find information and resources.

Starting January 2018, you'll have access to more information about health and pension benefits at **cpcpension.com**. It's important we use this space to stay in touch and get you this information when you need it.

Stay tuned.

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**Note:** In this publication, "Plan" refers to the Canada Post Corporation Registered Pension Plan and "DB" refers to the defined benefit component.  
**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](http://cpcpension.com).

## Corporate performance results

### Canada Post segment records \$31 million Q2 profit before tax

The Canada Post segment reported a \$31 million profit before tax for the second quarter, which ended July 1. We delivered one million or more parcels on a single day 25 times in the first half of the year, putting us on pace to beat last year's record of 34 days on which we delivered one million or more parcels.

While the growth in parcels is encouraging, structural challenges such as Lettermail™ decline and pension funding obligations remain significant long-term threats to our financial self-sustainability.

### Key results for the Canada Post segment in Q2 2017 compared to Q2 2016

#### Parcels

- Revenue increased by \$83 million or 20.5%.
- Volumes increased by 10 million pieces or 23.0%.

#### Transaction Mail

- Revenue decreased by \$63 million or 8.0%.
  - Volumes decreased by 95 million pieces or 10.9%.
- The erosion was similar to previous periods, once you exclude the large census mailings in Q2 2016 from the comparison.
- Lettermail decline, like the pension funding obligation, is a structural challenge that remains a significant long-term threat to our financial self-sustainability.

#### Direct Marketing

- Revenue decreased by \$11 million or 3.8%, largely reflecting declines in Personalized Mail™ and Publications Mail™ volumes and revenue.
- Overall volumes increased by 23 million pieces or 1.8%, because Neighbourhood Mail™ volumes increased by 54 million pieces or 5.7%. Neighbourhood Mail revenue increased by \$5 million or 5.2%.

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## Reminder for B.C. retirees

### Reimbursement of provincial health care premiums



Residents of British Columbia are required to pay monthly premiums for their provincial health care coverage, known as the BC Medical Services Plan. Retired Canada Post employees who were hired prior to November 1, 2009, may be eligible for a 50% reimbursement of the premiums they paid during the year,

provided they meet all the eligibility criteria. Reimbursements will only be made in the year following the year in which the premiums were paid. For complete details on this program and how to request a reimbursement, contact AccessHR at 1-877-807-9090 or [accesshr@canadapost.ca](mailto:accesshr@canadapost.ca).

## Switch to direct deposit payments

### Pension payments deposited directly to your bank account

You know that the Corporation continues to provide important services to Canadians, including the timely delivery of your pension cheque every month. However, there are circumstances beyond our control that can cause delays. So why not arrange to receive your cheque by direct deposit – it's free and easy to do. Contact the Pension Centre at 1-877-480-9220 to make the switch.

# Saskatchewan insurance premiums now taxable

Since August 1, 2017, Saskatchewan's provincial sales tax (PST) is charged to all insurance premiums under the *Saskatchewan Insurance Act*.

The 6% PST applies to all insurance premiums including life, accident

and health insurance policies, where the insured person or business is a resident of Saskatchewan or the insurance contract concerns property located in Saskatchewan.

PST isn't applicable on reinsurance, self-insurance, annuity contracts, contributions or premiums paid under the Canada Pension Plan, the federal *Employment Insurance Act* and *Saskatchewan's Workers' Compensation Act, 2013*.

As premium taxes vary by province, make sure your insurance provider has your correct address of residence.



## You asked

### How do I confirm my designated beneficiaries?

Find this information on page 1 of *Your Personalized Pension Statement* mailed to you in April and May. It is listed under "Your personal information."

If your beneficiaries are incorrect or not up to date, or you have not yet made a designation, complete the *Designation of beneficiaries* form and send it to the Canada Post Pension Centre.

You can download the form at [cpcpension.com](http://cpcpension.com) in the forms section.



## Do we have your current address?

It's important to inform us when you change your address:

Pension Centre  
1-877-480-9220  
1-866-370-2725 (TTY)  
613-683-5908 (Outside North America)

**For your post-retirement health and dental benefit plans, contact**

Great-West Life Assurance Co.  
1-866-249-5723

## Send us your feedback

If you have comments or want to suggest a topic for our next issues of *Intouch*, please **submit your ideas in writing to**

[pension.services@canadapost.ca](mailto:pension.services@canadapost.ca) or  
CANADA POST PENSION SERVICES  
2701 RIVERSIDE DRIVE  
SUITE N0660  
OTTAWA ON K1A 0B1



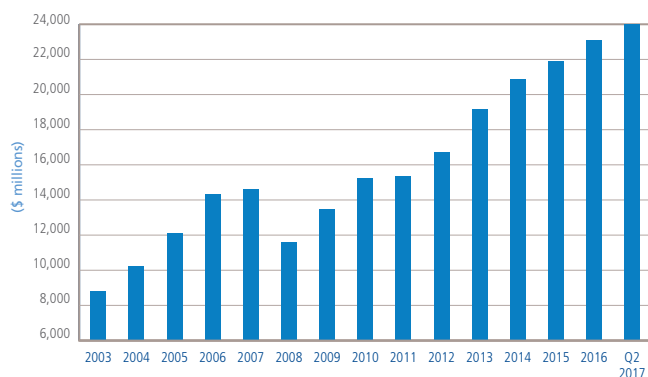
## Investment performance results from April 1 to June 30, 2017

### Market conditions

The international equity market was the best performer in the second quarter of 2017, up 3.34% in Canadian dollar terms. The FTSE TMX Bond Universe was up 1.11%. The S&P 500 Index was up 0.39% in CAD terms. The Canadian S&P/TSX Composite Index was down 1.64% during 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 (percentage return).

Asset class	Market value (\$ millions)	2017 Apr-Jun (%)	2017 YTD (%)	2016 Annual (%)	2015 Annual (%)	2014 Annual (%)	2013 Annual (%)	2012 Annual (%)
<b>Fixed income</b>								
Cash and short-term	15.1	0.1	0.1	0.4	0.8	1.1	1.0	1.0
Bonds	8,714.1	1.7	1.8	7.2	3.1	8.3	-2.0	4.6
<b>Equities</b>								
Canadian equities	3,921.1	-1.1	6.0	14.3	-4.0	11.6	20.3	7.3
U.S. equities	3,915.2	0.5	6.5	-0.7	21.8	22.3	44.2	14.7
International equities	3,229.2	5.6	9.0	3.6	16.3	3.9	24.0	17.8
Real estate, private equity and infrastructure	3,706.5	3.0	2.5	4.8	16.6	8.3	11.3	15.2
<b>Currency overlay</b>	45.9							
<b>Total Registered Pension Plan*</b>	<b>24,006.9</b>	<b>1.7</b>	<b>5.0</b>	<b>7.93</b>	<b>7.27</b>	<b>10.86</b>	<b>16.88</b>	<b>10.13</b>
<b>Benchmark</b>		<b>1.3</b>	<b>4.2</b>	<b>6.72</b>	<b>5.12</b>	<b>10.99</b>	<b>14.00</b>	<b>8.51</b>

### Investment highlights



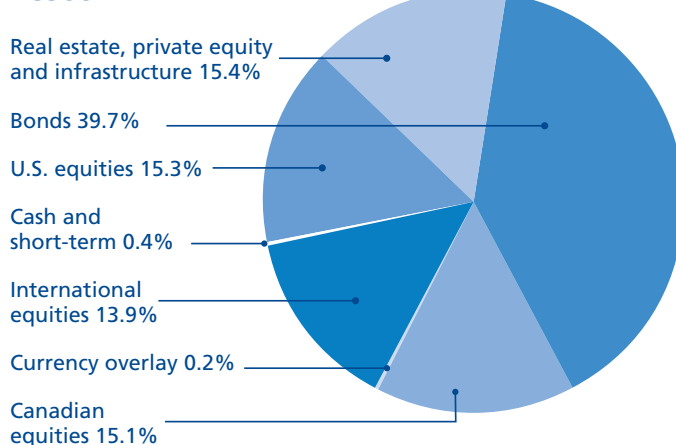
- The fund's second quarter return was 1.70% compared to our benchmark of 1.31%.
- As at June 30, 2017, the fund held assets of \$24.0 billion.
- The fund had net cash outflow of \$152.7 million in the second quarter.
- We reduced Canadian and U.S. equities by \$375 million each, and international equities by \$100 million.
- We added \$700 million to the long duration bonds and allocated \$200 million from universe to real return bonds.
- In the alternative assets, we added \$87.9 million to real estate, \$56.7 million to infrastructure and \$25.6 million to private equity during the quarter.

\*Numbers may not add up due to rounding.

### Asset mix highlights

- As at June 30, 2017, 59.8% of assets were invested in equities and alternative investments compared to the asset mix target of 58%. This was made up of 15.1% in Canadian equities, 15.3% in U.S. equities, 13.9% in international equities, 9.7% in real estate, 3.0% in private equity and 2.8% in infrastructure.
- 40.2% of assets were invested in bonds and short-term investments, compared to an asset mix target of 42%. This included 9.6% in real return bonds, 30.0% in nominal bonds and private debt, 0.4% in cash and short-term investments, and 0.2% in currency overlay.

#### Asset mix



# Survivor benefits



Survivor benefits are an important element of the DB component of the Plan, which is a financial partnership that can ensure your family's long-term financial security.

## Who is entitled to survivor benefits?

As a Canada Post Plan member, your survivor and your eligible children may be entitled to survivor benefits under the Plan. A benefit payment varies depending on whether you die while employed (pre-retirement) or after your pension starts (post-retirement).

Your survivor post-retirement (your spouse or common-law partner at the time you start receiving a

pension benefit) will receive a monthly pension from the Plan after your death. Dependent children may also be eligible to receive benefits. Your dependent children are your children, stepchildren and children adopted either legally, or in fact, who, at the time of your death, are dependent on you for support and are either less than age 18, or age 18 or more but less than age 25 and in full-time attendance at a school or university substantially without interruption since age

18 or your death, whichever occurred later. Children acquired after your pension commencement date are not eligible for any survivor benefits.

## Why designate a beneficiary?

Designating one beneficiary or more is extremely important to ensure your pension benefits go to the right people when you die and avoids any conflict among survivors.

Unless your marital status has changed after retirement, you must not name your spouse or common-law partner as your beneficiary, since this person is automatically your survivor. If you do not have eligible survivors or a designated beneficiary and your children are no longer eligible as dependents at the time of death, your estate automatically receives your survivor benefits. For your children to receive the maximum allowable survivor benefits under the Plan, you should designate them as beneficiaries, whether they are dependent children or not. In the event that you and your spouse or common-law partner die at the same time, or that you are not survived by your spouse or common-law partner, having designated beneficiaries will accelerate the pension benefit settlement. Eligible benefits are paid directly to your designated beneficiaries, avoiding potential delays or fees associated with the processing of an estate. These benefits are subject to provincial and federal tax laws.

## Quebec residents

If you designate as beneficiary a person who became your spouse (whether through marriage or civil union) after you started receiving pension payments, the designation of your spouse may be irrevocable, preventing future requests to change beneficiaries, unless your spouse provides written consent.

By completing sections 2 and 3 of the *Designation of beneficiaries* form, you can confirm your civil status and specify whether or not you want the designation of your spouse as beneficiary to be revocable or irrevocable.

## Who can witness your *Designation of beneficiaries* form?

Other than your spouse or common-law partner and listed beneficiary, anyone can witness your signature on the *Designation of beneficiaries* form. Please ensure that your witness is present at the time you sign your form.

## How to change your designated beneficiaries

Complete the *Designation of beneficiaries* form and mail it to the Pension Centre. You can download the form at [cpcpension.com](http://cpcpension.com) in the forms section.

## Who should your family contact in the event of your death?

They must contact the Pension Centre and be ready to provide the following information:

- your employee identification number,
- an **original** death certificate,
- a copy of the will,
- any documents appointing an executor.

In the event of your death, your survivors are left with the onerous task of closing your affairs. Putting your papers in order and setting a plan for your beneficiaries in case you die are steps you can take today. For estate planning, contact an estate lawyer (or notary in Quebec).

