



intouch

retiree
pension
bulletin



Life after retirement

Andrew Notley

Kathy Day has more time for scuba diving and bartending since she retired as a mail dispatcher at the South Central Letter Processing Plant in Toronto with 42 years of service behind her. On December 30, 2006, she became the 10,000th person to retire since the start of the Canada Post pension plan on October 1, 2000. She says the retirement process was very easy: All she had to do was sign the papers and she could retire worry-free.

"It's one of the best pension plans in Canada," says Laurie Ryan, manager, Pension Centre. "It's there until the day you die – and beyond if you have survivors." This plan takes care of retirees by allowing them to set their post-work lifestyles with confidence. They'll always know how much they're getting and when. For more details, the annual pension plan report and Personalized Pension Statements will become available this spring.

As for Day, retirement doesn't equal slowing down. When she's not scuba diving in the Bahamas, she manages and bartends at



her restaurant – The Junction – in Scarborough, Ontario. Sometimes, she says, it doesn't feel like retirement, because her "postie-friends are always dropping in to visit."

"Retirement's been great, but I can't just sit at home," she adds. "I've got too much energy."

(This article is from the January/February 2007 issue of *Performance Magazine* and is reprinted with permission.)

DID YOU KNOW...

that the 2007 Federal Budget has implemented a change to the maximum retirement age?

Effective as of the 2007 calendar year, the age at which payments must commence under RPPs (includes the Canada Post Registered Pension Plan), Deferred Profit Sharing Plans (DPSPs) and Registered Retirement Savings Plans (RRSPs) will be increased from age 69 to age 71.

Pension Income splitting

In our January 2007 edition of *intouch*, we advised you that the Federal Minister of Finance had proposed legislation that would allow Canadian residents in receipt of pension income to split their retirement income as of the 2007 taxation year. This bill has now been passed and details of how this will be treated are as follows:

Spouses will need to complete and file an "Annual Joint Election" form with the Canada Revenue Agency. The form will automatically be included with annual tax returns. When preparing income tax returns, retirees will be responsible for determining the optimal amount of pension income that should be transferred to their spouse, taking into account tax brackets, various tax credits (including credits that can be transferred between spouses) and OAS refund rules.



**Performance
Results for
January 1 to
March 31, 2007**

Market Conditions

Canadian and international equity markets rose in the first quarter with the benchmark Canadian S&P/TSX Composite Index up 2.6% and international markets up 3.0% in Canadian dollar terms. In the US the S&P 500 fell 0.2%, while bond market returns were modest, up 0.9% as the Bank of Canada held rates steady at 4.25%. The following table depicts the Plan's performance since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2007 JAN-MAR	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income								
Cash & Short Term	\$ 641.9	1.1%	4.1%	2.7%	2.4%	2.9%	2.4%	4.3%
Canadian Bonds	4,060.8	1.1%	2.4%	8.6%	9.6%	8.4%	10.2%	7.3%
Equities								
Canadian Equities	4,348.4	3.1%	18.9%	25.2%	15.6%	25.5%	-11.6%	-7.7%
U.S. Equities	2,804.2	0.3%	16.9%	3.4%	4.9%	7.5%	-20.9%	—
International Equities	2,644.6	3.5%	28.4%	13.2%	13.3%	7.3%	-21.6%	—
Real Estate	164.2	3.4%	24.8%	17.2%	—	—	—	—
Total Registered Pension Plan	\$ 14,664.1	2.00%	14.25%	13.73%	11.13%	13.87%	-6.99%	5.10%

FYI

In 2006 we had over 55,000 visits to our pension website. New information is added on a regular basis so please visit us at cpcpension.com.

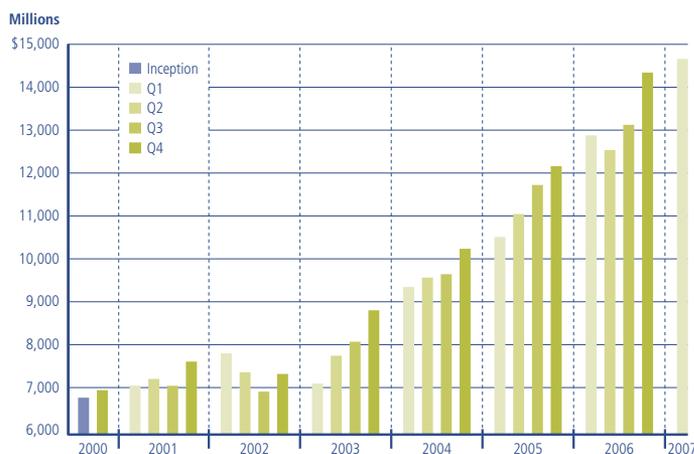
We welcome any comments or suggestions about our website.

Please email us at pension.services@canadapost.ca.

Investment Highlights

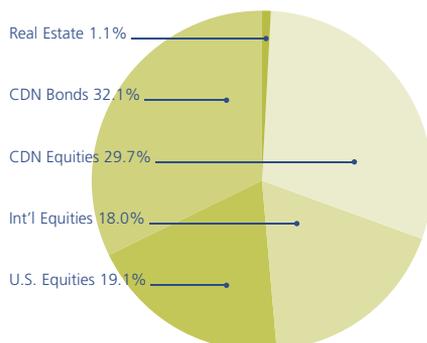
- The fund's first quarter return was 2.00% versus our benchmark of 1.40%.
- As at March 31, 2007, the fund held assets of \$14,664.1 million.
- The fund received net contributions of \$34.6 million in the first quarter. We reduced the Canadian equity allocation by \$150.0 million and real estate by \$3.1 million and allocated \$29.9 million to real return bonds, \$75.0 million to nominal bonds and \$39.2 million to our currency overlay program. \$44.2 million was added to short-term investments.

FUND ASSETS – OCT 2000 TO MAR 2007



Asset Mix Highlights

ASSET MIX



- As at March 31, 2007, 67.9% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 29.7%, U.S. equities 19.1%, international equities 18.0% and real estate 1.1%.
- 32.1% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 6.4% in real return bonds, 21.3% in Canadian bonds and 4.4% 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:

**PENSION SERVICES
2701 RIVERSIDE DR
SUITE B320E
OTTAWA ON K1A 0B1**

Publication Mail Agreement No. 40020903

OR send an email directly to:
pension.services@canadapost.ca