

Intouch

Retiree Pension Bulletin Defined Benefit

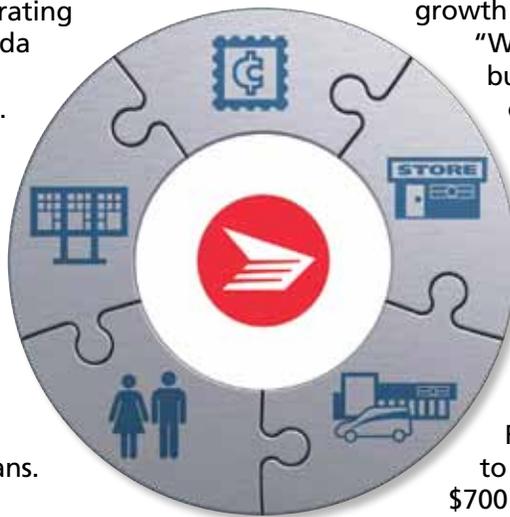
Corporate performance results – 2013

As Transaction Mail volumes continued to erode, the Canada Post segment reported an operating loss of \$269 million for 2013. The Canada Post Group of Companies reported an operating loss of \$193 million for 2013.

These operating losses were reduced primarily from gains on the sale of corporate real estate. As a result of these gains, the Canada Post segment reported a loss before tax of \$125 million and the Group of Companies reported a loss before tax of \$58 million for 2013.

The results highlight the need for a bold and realistic plan to secure the future of the postal service for Canadians.

In December 2013, Canada Post introduced a Five-point Action Plan to deal with



declining mail volumes and capitalize on growth in e-commerce and parcel delivery.

"We are confident we can grow the business, especially if our employees can continue to deliver exceptional results in service performance and safety," said Jacques Côté, Group President, Physical Delivery Network.

Parcel revenues, which increased by \$93 million over 2012, illustrate that promise.

Once fully implemented, four of the five initiatives in the Five-point Action Plan are expected to contribute an estimated \$700 million to \$900 million per year to the bottom line.

Pension Advisory Council retiree election results

Congratulations to Mary Bishop and William (Bill) R. Price both of Ottawa, Ontario, the two successful candidates elected to represent the retired members of the Plan on the Pension Advisory Council (PAC).

You can contact your elected PAC representatives on general pension issues through pension.services@canadapost.ca.

To view the election results (top five candidates), visit cpcpension.com under Recent News.

All elected representatives on the PAC have a three-year mandate. The next elections for both retiree representatives will take place in 2017.



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 B320
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OR send an email directly to:
pension.services@canadapost.ca

Disclaimer: The Canada Post Corporation Registered Pension Plan is referred to as the Plan in this publication. The official Plan text governs the actual benefits from the Plan and is the final authority in any case of dispute. For more information, visit cpcpension.com.

Pension Plan 2013 financial results

The Plan achieved a rate of return of 16.9 per cent in 2013. This is the best rate of return since 2000. Despite this, the Plan's estimated solvency deficit to be funded grew by \$400 million to \$6.3 billion.

Companies are required to do solvency valuations to answer the hypothetical question, "Could the pension plan fully meet its obligations to plan members if it were terminated today?" A solvency deficit occurs when the pension obligations are higher than the assets available for benefits.

Two factors contributed to the rise in the deficit. First, the Plan is more costly to fund than many defined benefit plans because it guarantees that pension benefits will match increases in the cost of living. This is called full indexing. Second, in 2013, our Plan actuaries had to start using new estimates for how long people will collect pension benefits because they are living longer.

The deficit amount, which is an estimate, is subject to review under the normal process and the final amount will be filed in June with the federal pension plans regulator.



2013 Report to Members coming soon to your mailbox

The Canada Post Pension Plan 2013 Report to Members will be mailed to homes in June. It will also be posted on cpcpension.com.

Read the Report to learn about:

- why the deficits have grown despite good investment returns in 2013;
- the pension deficit funding relief granted by the federal government, as communicated in the past few months and posted on cpcpension.com; and
- how Canada Post will approach the structural changes needed to make sure the Plan is sustainable and affordable for all Plan members.

Do you have questions about the Plan's funding relief?

We received questions from members about the pension plan funding relief announced by the federal government in December 2013 and approved in February 2014.

To make the answers available to everyone, we posted frequently asked questions at cpcpension.com. Refer to the FAQ for more information on this topic.

If you can't find an answer to your question, send it to pension.services@canadapost.ca.



The Pension Advisory Council on the web

The Pension Advisory Council invites you to visit its new section at cpcpension.com. It offers information about the members of the PAC, its mandate and summaries of meetings. You can find the new PAC section under Governance on the website.