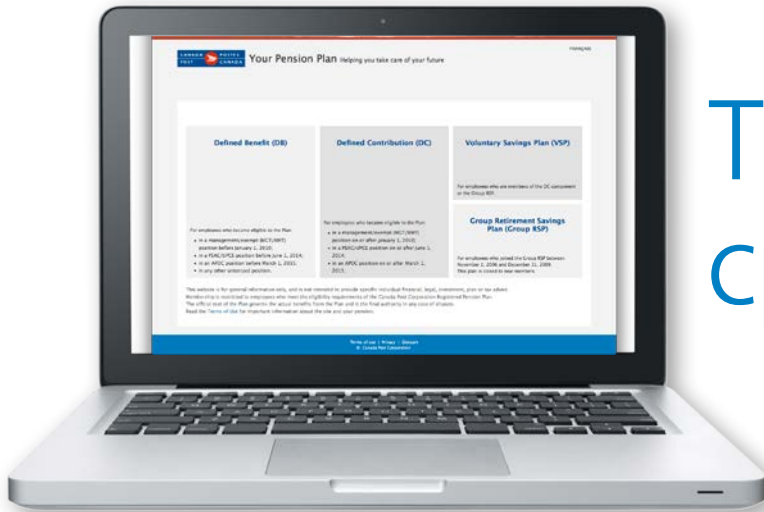


# Intouch Retiree Pension Bulletin

## Defined benefit

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



# The new look of cpcpension.com

If you've visited **cpcpension.com** over the last several months, you've likely noticed something's different. We've updated the site with a newer, simpler look – the first major refresh since 2006. But don't worry, we didn't remove any of the important information the site provided before.

In fact, we expanded the site to include all four Canada Post pension programs: defined benefit, defined contribution, Voluntary Savings Plan and Group Retirement Savings Plan. You'll need to select your pension program from the **cpcpension.com** landing page to view the information you're looking for.

The site features a new colour scheme and layout with improved navigation and detailed drop-down menus. The content is now organized in an easy-to-follow question-and-answer format.

**We expanded the site to include all four Canada Post pension programs: defined benefit, defined contribution, Voluntary Savings Plan and Group Retirement Savings Plan.**

"I'm proud of our new website and what it offers to our users. It was a challenge to make sure the conversion went smoothly and new information was integrated correctly. With the collaboration of my colleagues here at Canada Post and at Innovapost, this project was a success," said Nicole Brisson, Officer Member Information, who led the pension website redesign project.

We would love to hear your feedback and suggestions for the site. Send them to [pension.services@canadapost.ca](mailto:pension.services@canadapost.ca). Visit **cpcpension.com** today.

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**Disclaimer:** The Canada Post Corporation Registered Pension Plan is referred to as the Plan in this publication. 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**.

# Introducing the Communications and Consultation Group

Last October, Canada Post announced the creation of the Communications and Consultation (C&C) Group, supporting the commitment to keep all DB Plan members and stakeholders engaged in understanding and addressing the challenges of the Pension Plan.

The C&C Group is now in place to provide input on how best to inform and consult Pension Plan members about the Plan's current situation and any proposals that may affect Plan members.

The C&C Group is made up of 12 members, five elected and seven appointed, to represent their stakeholder groups.

The first C&C Group meeting is being scheduled. Visit [cpcpension.com](http://cpcpension.com) for updates and frequently asked questions.

Stakeholder	Representative
Management and exempt defined benefit (DB) members	<i>Elected</i> Fred Pollard
Unionized active DB members APOC CPAA CUPW (UPO and RSMC)	<i>Appointed</i> Darrin Kohut Daniel Maheux To be announced* To be announced*
PSAC/UPCE	François Paradis
Retirees, including survivors and deferred DB members	<i>Elected</i> Mary Bishop Lynn Bue Jean-Claude Parrot William (Bill) R. Price
Canada Post as Plan administrator	<i>Appointed</i> Mike Garvey Amanda Maltby

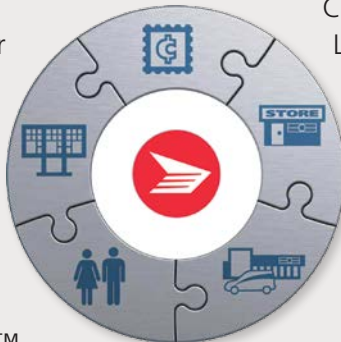
\*Name of appointed representative was not available at the time of printing.

## Corporate performance results

The Canada Post segment reported a profit before tax of \$24 million for the first quarter of 2015, compared to a loss before tax of \$27 million in the first quarter of 2014.

The positive results were mainly due to continued growth in the Parcels business and tiered pricing for Transaction Mail. The first quarter profit shows that the Five-point Action Plan is delivering results.

The ongoing decline in Domestic Lettermail™, our core business, accelerated during the quarter. It was one of the steepest quarterly rates of decline since 2006, when Domestic Lettermail volumes peaked.



Canada Post needs to outpace this ongoing Lettermail decline by completing all the initiatives in the Five-point Action Plan to create a financially sustainable postal service.

For 2014, the Canada Post segment reported a profit before tax of \$194 million, compared to a loss before tax of \$125 million in 2013.

"The dedication and hard work of our employees is helping us achieve good results as we transition our business," said Jacques Côté, Group President, Physical Delivery Network.

Do you have a topic in mind for our next **Intouch** bulletin?

**Submit your comments in writing to**

[pension.services@canadapost.ca](mailto:pension.services@canadapost.ca) or

PENSION SERVICES  
2701 RIVERSIDE DR SUITE B320  
OTTAWA ON K1A 0B1





## Pension Plan 2014 financial results

The Canada Post Pension Plan defined benefit (DB) component recorded a rate of return of 10.9% in 2014, and the Plan's net investment assets reached \$20.9 billion. The current estimate of the Plan's financial position as at December 31, 2014, is a going-concern surplus of \$481 million and a solvency deficit to be funded of \$6.8 billion. The solvency deficit when using market value of Plan assets is estimated at \$6.9 billion.

Without deficit funding relief, Canada Post would have had to contribute an additional \$1.3 billion to the Plan in 2014, over and above the regular contributions of \$251 million and special payments of \$41 million. Plan members contributed \$244 million.

Canada Post continues to face significant challenges with the Pension Plan due to the roller-coaster ride of market volatility and low discount rates, in addition to people living longer and receiving their pensions over a longer period.

We will file final year-end actuarial valuation results for the Plan with the Office of the Superintendent of Financial Institutions (OSFI) and the Canada Revenue Agency (CRA), our pension regulators, by the end of June.

For more information, refer to the *Canada Post Pension Plan 2014 Report to Members*, mailed to all members' homes and posted at [cpcpension.com](http://cpcpension.com) in May 2015. It contains information about the Plan's performance, investments and services to members, as well as an explanation of the actuarial valuation results. Refer also to Canada Post's 2014 Annual Report at [canadapost.ca](http://canadapost.ca).

## You asked?

From time to time, we receive suggestions for topics to include in our newsletter. Recently, a retired Plan member asked us to help make investment terms easier to understand. Starting in this issue, we are launching this new column.

### Investment terms explained: **benchmark**

A benchmark is a point of reference used as a basis for evaluation or comparison. In the investment field, a stock or bond index is used as a standard against which the performance of a group of similar assets can be compared or measured. Some examples of indexes (also called indices) that are commonly reported in the news are the S&P/TSX Index (a Canadian stock market index) and the S&P 500 Index (a U.S. stock market index).

The Canada Post Investment Division uses benchmarks to measure the performance of the Plan's investment returns. The team also uses other benchmarks, such as the index from RBC Investor Services to compare the rate of return earned by our Plan assets to the rates earned by other large Canadian pension plans. The index is called the RBC Investor Services universe of large Canadian pension plans, and it reports on Canadian pension plans with assets over \$1 billion.

If there are other terms you would like us to explain, let us know or check the glossary at [cpcpension.com](http://cpcpension.com).

## PSAC pay equity

Canada Post is finalizing the payment to eligible employees following the ruling of the Supreme Court of Canada. **If you worked in a CR-2, CR-3, CR-4 or CR-5 position represented by the PSAC/UPCE bargaining unit between August 24, 1982, and June 2, 2002**, you may be eligible for a payment.

If you have not yet been contacted, notify Canada Post by email at [payequity@canadapost.ca](mailto:payequity@canadapost.ca) or by mail at

PAY EQUITY TEAM AT CANADA POST  
2701 RIVERSIDE DR SUITE B432  
OTTAWA ON K1A 0B1

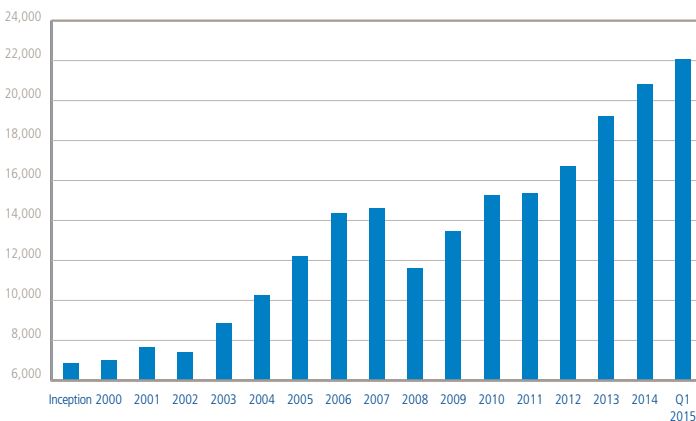
For more information, visit [canadapostpayequity.ca](http://canadapostpayequity.ca).

# Market conditions

Equity markets were up in the first quarter of 2015. The Canadian S&P/TSX Composite Index was up 2.6%, while in Canadian dollar terms the U.S. S&P 500 Index was up 10.4% and the international EAFE Index was up 14.7%. The FTSE TMX Canada Universe Bond Index was up 4.2% on the quarter. The Bank of Canada lowered interest rates from 1.0% to 0.75% during the quarter. The following table depicts the performance of the Plan's fund (per cent return).

Asset class	Market value (in millions of dollars)	2015 Jan-Mar (%)	2014 Annual (%)	2013 Annual (%)	2012 Annual (%)	2011 Annual (%)	2010 Annual (%)	2009 Annual (%)
<b>Fixed income</b>								
Cash and short-term	209.8	0.2	1.1	1.0	1.0	1.0	1.0	1.7
Bonds	6,709.0	4.2	8.3	-2.0	4.6	10.5	7.7	8.7
<b>Equities</b>								
Canadian equities	4,698.1	2.8	11.6	20.3	7.3	-9.1	15.2	33.0
U.S. equities	5,165.4	12.3	22.3	44.2	14.7	3.1	9.5	9.9
International equities	3,486.1	12.9	3.9	24.0	17.8	-12.7	4.0	16.3
Real estate and infrastructure	1,801.7	2.1	8.3	11.3	15.2	15.0	15.1	-9.1
<b>Total Registered Pension Plan</b>	<b>22,070.1</b>	<b>6.26</b>	<b>10.86</b>	<b>16.88</b>	<b>10.13</b>	<b>0.19</b>	<b>10.38</b>	<b>16.19</b>
<b>Benchmark</b>		<b>6.07</b>	<b>10.99</b>	<b>14.00</b>	<b>8.51</b>	<b>0.78</b>	<b>9.85</b>	<b>15.79</b>

## Investment highlights



- The fund's first quarter return was 6.26%, compared to our benchmark of 6.07%.
- As at March 31, 2015, the fund held assets of \$22,070 million.
- The fund had net cash outflows of \$98.3 million in the first quarter. U.S. equities were reduced by \$403.7 million. We added \$97.9 million to nominal bonds, \$96.8 million to the currency overlay account, \$25.0 million to international equities and \$27.2 million to cash and short-term investments. In the alternative assets space, we added \$66.4 million to real estate and \$0.8 million to infrastructure, while reducing private equities by \$8.7 million during the quarter.

## Asset mix highlights

- As at March 31, 2015, 68.6% of assets were invested in equities and real estate and infrastructure, compared to the asset mix target of 62.5%. This was made up of 21.3% Canadian equities, 23.3% U.S. equities, 15.8% international equities and 8.2% real estate and infrastructure.
- 31.4% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 5.7% in real return bonds, 24.7% in nominal bonds and 1.0% in cash and short-term investments.

### Asset mix

