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## Canada Post Corporation Registered Pension Plan Indexing of Canada Post pension benefits

This illustration describes the terms of the Canada Post Corporation Registered Pension Plan (the Plan) relating to indexing and provides a detailed sample calculation of an indexed pension. You can use this example to confirm your indexed amount by substituting your lifetime pension amount, bridge benefit amount (if applicable) and retirement date.

The method to calculate the first year's partial indexing of the pension is not as simple as prorating the "annual indexing rate" by the number of months you have been retired in that year. The actual indexing rate for each member is calculated using a pension index, a benefit index and the member's initial benefit index.

### Pension index

The pension index for any year is equal to the 12-month average of the monthly Canadian Consumer Price Index (CPI) ending on September 30<sup>th</sup> of the previous year.

Year*	2016	2017	2018	2019	2020	2021
Pension index	150.20	152.32	154.61	158.03	161.08	162.76

\* The base year used by Statistics Canada to calculate the CPI changed in 2008. To accommodate this change, the pension index from 2008 onward is increased by the percentage increase in the average CPI, for the two previous years ending September 30<sup>th</sup>.

The ratios of the pension indexes for the five most recent years are as follows:

$$2021/2020 = 162.76/161.08 = 1.01042960$$

$$2020/2019 = 161.08/158.03 = 1.01930013$$

$$2019/2018 = 158.03/154.61 = 1.02212017$$

$$2018/2017 = 154.61/152.32 = 1.01503414$$

$$2017/2016 = 152.32/150.20 = 1.01411451$$

These figures do not necessarily represent the "indexing rate" but are used to calculate the benefit indexes.

**Benefit index**

The first year members began retiring under the Plan was 2000. The benefit index for that year is equal to 1.00. The benefit index for every year after that is equal to the previous year's benefit index multiplied by the ratio of the pension index for the year to the pension index for the previous year.

For example:

$$\begin{aligned} \text{Benefit index for 2021} &= \text{benefit index for 2020} \times (\text{pension index for 2021/pension index for 2020}) \\ &= 1.46598 \times (162.76/161.08) \\ &= 1.46598 \times 1.01042960 \text{ (ratio found on page 1)} \\ &= 1.48127 \end{aligned}$$

Here are the calculations of benefit indexes for 2017 to 2021:

$$\begin{aligned} \text{Benefit index for 2017 is:} & \dots\dots\dots = 1.36696 \times 1.01411451 = 1.38625 \\ \text{Benefit index for 2018 is:} & \dots\dots\dots = 1.38625 \times 1.01503414 = 1.40709 \\ \text{Benefit index for 2019 is:} & \dots\dots\dots = 1.40709 \times 1.02212017 = 1.43822 \\ \text{Benefit index for 2020 is:} & \dots\dots\dots = 1.43822 \times 1.01930013 = 1.46598 \\ \text{Benefit index for 2021 is:} & \dots\dots\dots = 1.46598 \times 1.01042960 = 1.48127 \end{aligned}$$

Year	2017	2018	2019	2020	2021
Benefit index	1.38625	1.40709	1.43822	1.46598	1.48127

**Initial benefit index**

The initial benefit index for a member is based on their actual retirement month and year. A member's initial benefit index is a weighted average of the benefit indexes for the member's year of retirement and the following year, where the weighting is based on the number of months after the retirement month, in the first year.

For example, the initial benefit index for a member who retired in April of 2017 will be 8/12 of the 2017 benefit index plus 4/12 of the 2018 benefit index.

To calculate this number, you need to know the benefit index for the year of retirement and for the year after retirement, as well as the number of months in the retirement year, after the member's retirement month.

Example:

Month of retirement:	April 2017
Benefit index for 2017:	1.38625
Benefit index for 2018:	1.40709
Months in 2017 after retirement month:	8
Initial benefit index:	8/12 of 1.38625 plus 4/12 of 1.40709
	= 1.39320

**Pension payable – sample calculation**

To determine the indexing for a given year, multiply the initial pension amount by the ratio of the benefit index for the year to the initial benefit index. *Note that the ratio of the benefit indexes is rounded to 4 decimals.*

Example (continued from the previous example):

Initial lifetime pension: = \$955.55  
Initial bridge benefit: = \$ 0.00\*

Ratio of benefit index for 2018 to initial benefit index: ...= 1.40709 ÷ 1.39320 = 1.0100

Lifetime pension payable in 2018: .....= \$955.55 × 1.0100 = \$965.11

Ratio of benefit index for 2019 to initial benefit index: ...= 1.43822 ÷ 1.39320 = 1.0323

Lifetime pension payable in 2019: .....= \$955.55 × 1.0323 = \$986.41

Ratio of benefit index for 2020 to initial benefit index: ...= 1.46598 ÷ 1.39320 = 1.0522

Lifetime pension payable in 2020: .....= \$955.55 × 1.0522 = \$1,005.43

Ratio of benefit index for 2021 to initial benefit index: ...= 1.48127 ÷ 1.39320 = 1.0632

Lifetime pension payable in 2021: .....= \$955.55 × 1.0632 = \$1,015.94

\* If there is a bridge benefit, the same formula applies. Multiply the initial bridge benefit by the ratio of the benefit index for the year to the initial benefit index.

**Note:** *The real increase in pension benefit payments is always calculated as described above. Due to the complexity of these calculations, each year we provide information that enables you to use a simpler method to approximate the result. Keep in mind that the result of this approximation may be different from your actual pension benefit amount.*

The official Plan text governs the actual benefits from the Plan and is the final authority in any case of dispute.