



PENSION POLICY
2701 RIVERSIDE DR SUITE N0660
OTTAWA ON K1A 0B1
CPCPENSION.CA

POLITIQUE DU RÉGIME
2701 PROM RIVERSIDE BUREAU N0660
OTTAWA ON K1A 0B1
RETRAITESCP.CA

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Employee contributions to decrease for the defined benefit component of the Canada Post Pension Plan

Dear Colleague,

As of the first pay in 2023, the employee contribution rate for members of the defined benefit (DB) component of the Canada Post Pension Plan will decrease by 1.5 per cent of pensionable earnings.

Employees contribute approximately 50 per cent to the Plan, and the Corporation, the other 50 per cent. To maintain a 50-50 split of regular contributions, it is necessary to adjust contributions from time to time. With this decrease, Canada Post will cover 51.6 per cent of the current service costs, with members contributing the remaining 48.4 per cent.

The decrease in employee contributions will not affect members who have completed 35 years of eligible service and who are contributing at a rate of one per cent of pensionable earnings.

Employees today contribute 9.9 per cent of pensionable earnings up to the year's maximum pensionable earnings (YMPE).^{*} Beginning in January 2023, employees will contribute 8.4 per cent up to the YMPE. Contributions on pensionable earnings over the YMPE will decrease from 13.4 per cent to 11.9 per cent.

Your Canada Post pension benefit is integrated with the Canada Pension Plan/Quebec Pension Plan (CPP/QPP). This means that your contributions to the Plan take into account that you also contribute to and will receive a CPP/QPP benefit. Once your pensionable earnings exceed the YMPE limit, your CPP/QPP deductions cease, and your contributions to the Plan increase.

What this means for you

With the decrease, a member of the DB component of the Plan earning \$55,000 a year will contribute approximately \$32 less per pay on average.

Where to find more information

Read the *Canada Post Pension Plan 2021 Report to Members* available at cpcpension.com.

Sincerely,

Julie Philippe, General Manager, Total Compensation

^{*} The YMPE is an earnings limit set by the Government of Canada each year to determine CPP/QPP contribution rates. The YMPE for 2023 is \$66,600.