



# Pension Plan News

## When to Retire?

This is very much a personal decision. But on which side of the equation do you begin—how much money will I have, against how much will I need? The latter approach is what retirement planners call the “bottom up approach”—what lifestyle do I want to lead during retirement and what income level do I need to maintain that lifestyle? The lifestyle approach requires that the individual ask themselves some basic questions. Am I intending to stop working completely or do I intend to undertake some form of part-time work?

Some individuals take the other approach and first determine their income during retirement, and then adapt their lifestyle accordingly. No one way is better than the other, but both require that you plan ahead. To assist you in the planning process, the following questions are designed to frame some of the areas you should consider.

- What is my lifestyle today?**
- What lifestyle do I want when I retire?**
- How much personal savings do I have?**
- How much money will I need to have the lifestyle I want?**
- Do I have adequate life insurance coverage?**
- At what age will I want to retire?**
- Will I be able to afford to retire?**
- Do I want to retire early?**
- Can I afford to retire early?**



- Will my children still be living at home?**
- Will I still be paying for post-secondary education?**
- What will I do with all my free time?**
- Will my spouse be retired?**
- Do I want to take a part-time job?**
- Do I need to take a part-time job?**

The Canada Post Pension Plan website ([www.cpcpension.com](http://www.cpcpension.com)) can help you plan for your retirement. The website provides pension information based on your accrued pension benefit and on an estimated pension projected to a future date. The website also provides other useful tips for planning a successful retirement. However, the website is only a piece of the retirement planning puzzle. As retirement is a very personal decision, in order to be able to make an informed choice, you should consult with a retirement planning professional prior to retirement. This person will be able to review your personal information and provide you with retirement advice that will meet your future lifestyle needs.

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## Holiday Wishes

All of us at Pension Services wish you and your families a happy and healthy holiday season.

**Performance  
Results for  
April 1 to  
June 30, 2006**

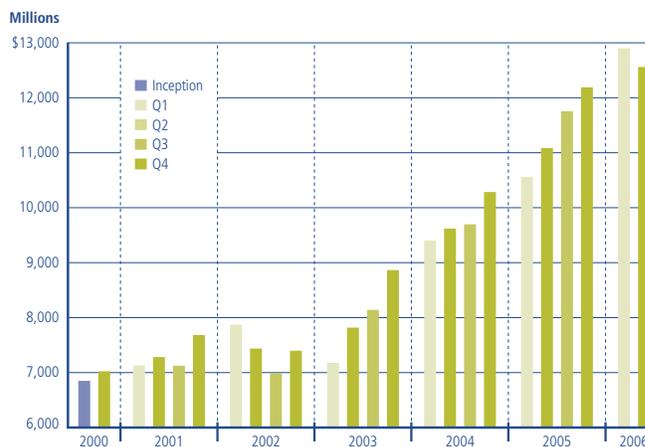
# Market Conditions

Markets corrected in the second quarter with the benchmark Canadian S&P/TSX Composite Index down 3.5%. In the U.S., the S&P 500 fell 5.8% in Canadian dollar terms as the U.S. dollar lost 4.6%, while international markets were off 3.8% on the quarter. Bond markets also fell slightly, off 1%, as the Bank of Canada raised rates from 3.75% to 4.25%. The following table depicts the plan's performance since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2006 APR-JUN	2006 YTD	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
<b>Fixed Income</b>								
Cash & Short Term	\$ 469.2	1.0%	1.9%	2.7%	2.4%	2.9%	2.4%	4.3%
Canadian Bonds	3,652.5	-1.4%	-2.1%	8.6%	9.6%	8.4%	10.2%	7.3%
<b>Equities</b>								
Canadian Equities	4,163.8	-3.7%	3.4%	25.2%	15.6%	25.5%	-11.6%	-7.7%
U.S. Equities	2,229.6	-5.7%	0.2%	3.4%	4.9%	7.5%	-20.9%	—
International Equities	1,868.1	-4.0%	6.1%	13.2%	13.3%	7.3%	-21.6%	—
Real Estate	126.6	3.1%	10.1%	17.2%	—	—	—	—
<b>Total Registered Pension Plan</b>	<b>\$ 12,509.8</b>	<b>-3.19%</b>	<b>1.67%</b>	<b>13.73%</b>	<b>11.13%</b>	<b>13.87%</b>	<b>-6.99%</b>	<b>5.10%</b>

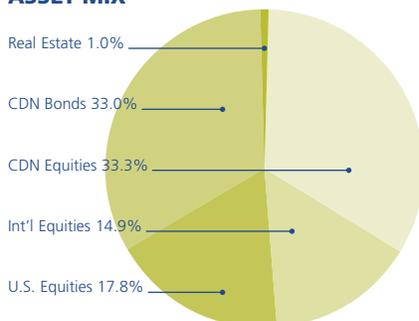
## Investment Highlights

- The fund's second quarter return was -3.19% versus our benchmark of -3.02%.
- As at June 30, 2006, the fund held assets of \$12,509.8 million.
- The fund received net contributions of \$64.5 million in the second quarter, including \$22.4 million in special solvency payments. We reduced the Canadian equity allocation by \$50.0 million and allocated \$175.0 million to Canadian nominal bonds, \$25.0 million to U.S. equities and \$35.0 million to international equity. \$9.0 million was added to real estate, and short-term investments were reduced by \$133.1 million.



## Asset Mix Highlights

### ASSET MIX



- As at June 30, 2006, 67.0% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 33.3%, U.S. equities 17.8%, international equities 14.9%, and real estate 1.0%.
- 33.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 6.6% in real return bonds, 22.6% in Canadian bonds, and 3.8% in cash and short-term investments.

# Myths & Facts About Your Pension Plan

The following information will guide you through some widely held myths about the Canada Post Pension Plan and shine a light on the facts.

Myth	Fact
If your pensionable service years and your age add up to 85, you are entitled to an unreduced pension.	Although it is true that you are entitled to an unreduced pension after age 55 with 30 years of eligibility service, it is not so of any other combination of years totalling 85. For example, you are not eligible for an unreduced pension at age 54 with 31 years of eligibility service, even though they add up to 85. You must be at least 55 years of age with at least 30 years of eligibility service, or 60 years of age with 2 or more years of eligibility service or plan membership.
An unreduced pension is always 70% of your Highest Average Earnings (HAE).	While this is true for those with 35 years of pensionable service, it is not for everyone. An unreduced pension means that you get 2% of your HAE for every year of pensionable service you've accrued. Therefore, if you retire at age 60 with only 2 years of pensionable service, you get 4% of your HAE (2 years x 2%)
When you have 35 years of eligibility service you stop contributing to your Canada Post Pension Plan.	Once you have 35 years of eligibility service your contribution to the Canada Post Pension Plan declines to 1% of your earnings.

## Pension Advisory Council Updates



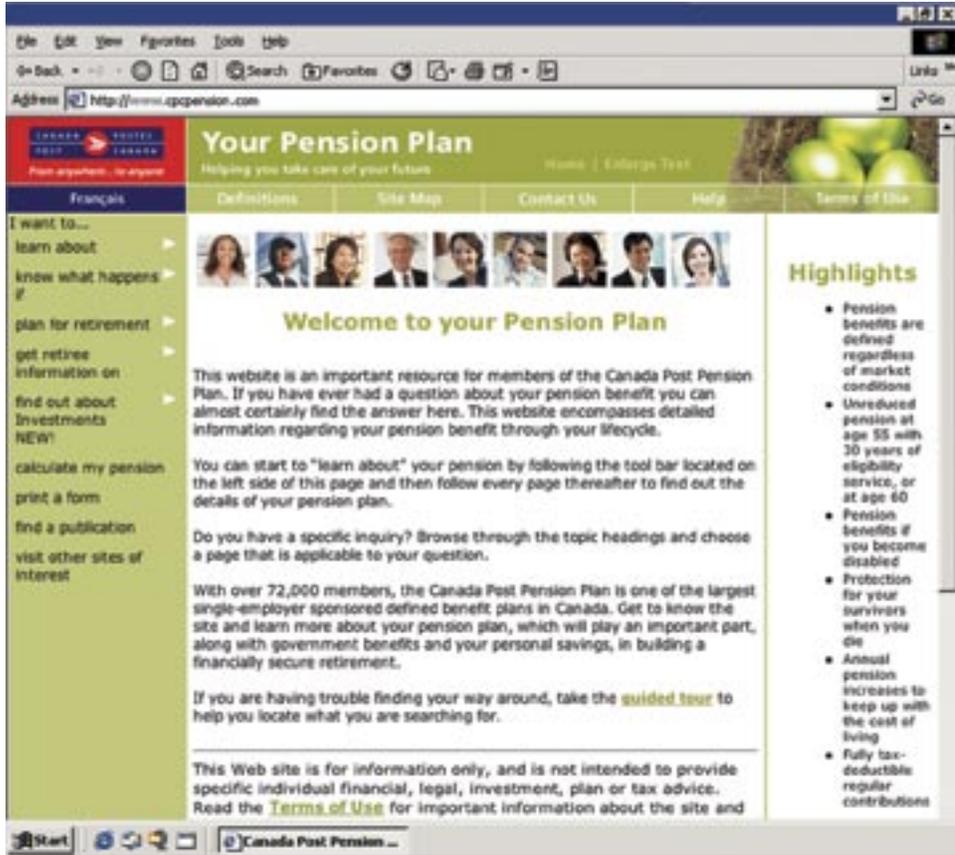
We are pleased to announce that Micki McCune was re-elected to the Pension Advisory Council as the Representative of All Active Members. Micki served for the previous three years and was the successful candidate in the recent election.

## Issuance of Tax Receipts for Pension Contributions

Under the Income Tax Regulations, tax receipts can only be issued for contributions received and deposited to the pension fund within the taxation year. Any payments received after the end of a taxation year will be reported on a receipt for the following taxation year. The plan administrator does not have any discretion to make exceptions to this rule, as it is a legislated requirement.

# New Look for Pension Website

Have you had a chance to check out the new look of [www.cpcpension.com](http://www.cpcpension.com) yet? If you haven't, be sure to do so, as recent upgrades have made this your best resource for pension information. Not only has its appearance been completely transformed, but now you can learn about the plan's investments, find countless easy-to-find publications or download and print forms, just to name a few of the many resources the website offers. Look for further improvements in 2007.



## You Asked?

This space is reserved for Q&As. We will answer one or two questions we hope will interest the majority. Please send your questions to [pension.services@canadapost.ca](mailto:pension.services@canadapost.ca)

I have signed up to attend a retirement seminar and require an estimate of service I would like to buy back. How do I go about doing this?

You must contact the Pension Centre at 1-877-480-9220 at least 2 to 3 weeks in advance, to allow for calculation and forwarding the results to you.

## Contributions Increase

### PENSION CONTRIBUTION INCREASE JANUARY 1, 2007

Effective January 1, 2007, contribution rates will increase by 0.4% of your pensionable earnings. As previously communicated, member contributions to the Canada Post Registered Pension Plan and the Supplementary Retirement Arrangement will increase by 0.4% each year until the member contribution rates reach 40% of the annual current service costs. The current member contribution percentage rate is 36%. The increase in pension contributions is important in helping to preserve the financial security of our pension plan, ensuring a viable and healthy plan for current and future retirees. The rate increase will not affect employees who have completed 35 years of pensionable service and who are currently contributing at a rate of 1% on earnings.

**We appreciate your feedback. If you have a comment or a suggested topic, please contact:**

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## Did you Know?

The Canada Post Pension Plan ranked 13<sup>th</sup> by asset size value in Benefits Canada's Top 100 Pension Funds of 2005. This places your pension plan ahead of similar plans such as Canadian Pacific Railway, the Canadian Broadcasting Corporation and Bell Canada. The Canada Post Pension Plan was ranked 16<sup>th</sup> by asset value as of December 31, 2004.