

# Pension Plan News

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

## Are you retirement ready?

Many financial planners estimate that you will need 60 to 80 per cent of pre-retirement earnings to maintain the same lifestyle after you retire. While some expenses typically disappear in retirement (e.g. mortgage payments), others, such as travel or leisure, often increase. You should estimate how much you expect to receive from all your income sources.

Your retirement income can come from three sources:

Employer	Government	Personal savings
<ul style="list-style-type: none"> <li>Your Canada Post pension plan</li> <li>Other pension plans in which you participated</li> </ul>	<ul style="list-style-type: none"> <li>Canada Pension Plan/Quebec Pension Plan (CPP/QPP)</li> <li>Old Age Security (OAS)</li> <li>Guaranteed Income Supplement (GIS)</li> </ul>	<ul style="list-style-type: none"> <li>Registered Retirement Savings Plan (RRSP)</li> <li>Tax-Free Savings Account (TFSA)</li> <li>Equity in home</li> <li>Non-registered investments and savings</li> </ul>

You can calculate how much you can expect to receive from all retirement income sources, including CPP/QPP, OAS, the Canada Post Pension Plan, other employer-sponsored pension plans and your personal savings, with Service Canada's Canadian Retirement Income Calculator. Visit [servicecanada.gc.ca](http://servicecanada.gc.ca) to find out more.

### Example

Paul makes \$58,000 a year and plans to retire at age 65. He is planning for a monthly retirement income of \$3,385 per month in today's dollars, 70% of what he earns now. Paul expects his retirement income to come from these sources:

Employer pension plan (Canada Post and other)	Government programs		Personal savings	Total retirement income
	CPP	OAS		
\$1,610 <sup>1</sup> per month	\$1,115 <sup>1</sup> per month	\$585 <sup>1</sup> per month	\$75 <sup>1</sup> per month	\$3,385 <sup>1</sup> per month

Paul will need to have approximately \$14,000<sup>1</sup> in personal savings, in today's dollars, to receive \$75<sup>1</sup> per month starting at age 65.

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**Note:** In this publication, "Plan" refers to the Canada Post Corporation Registered Pension Plan, "DB" refers to the defined benefit component and "DC" to the defined contribution component.

**Disclaimer:** 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](http://cpcpension.com).

You may wish to discuss your retirement plans and retirement planning options with a personal financial advisor. You are responsible for any costs associated with seeking such advice. If you don't have a financial advisor, the Employee Assistance Program (EAP) at [homeweb.ca](http://homeweb.ca) can help you.

1. These numbers are used for illustration purposes only. CPP and OAS amounts are based on 2017 maximum benefits. The net rate of return is estimated at 5.75% per year and personal savings are not indexed for inflation.

### Pre-retirement planning tools for DC members

- Familiarize yourself with your DC pension, the **Sun Life member website** and all the resources available to you.
- Set realistic goals. Refer to tools like the **Sun Life Retirement planner**. The planner helps you determine how much you need to save now to provide you with your desired income level at retirement. It will show you if you are on track to reach your desired retirement income, based on the information you enter about your current income, additional savings and investment risk tolerance. The information you enter will be saved each time you visit the planner, helping you track your progress.
- Develop your plan. For help, refer to the **My Investments guide**, the **Investment risk profiler** and the Sun Life webinars.
- Contribute and save as early as you can. Maximize your contributions to ensure that you take advantage of Canada Post's matching contributions. Consider complementing your pension savings with the **Voluntary Savings Plan (VSP)**.
- Review your investment choices regularly.

### Pre-retirement planning tools for DB members

There are a number of tools on [cpcpension.com](http://cpcpension.com) to help you start planning your retirement today:

- **The eLearning module** is conveniently accessible to you 24/7 and offers information on the Canada Post Pension Plan. It explains government pension programs and the importance of estate and retirement planning.
- Access the **pension calculator** to get a personalized estimate of your pension benefit.
- **Your Information Booklet** helps you understand your Canada Post Pension Plan.
- There are tools such as an income and expenses worksheet, booklets and brochures and a list of federal and provincial resources.
- **Your Personalized Pension Statement** mailed to you once a year (in May) is a comprehensive document that provides you with your accumulated pension benefits from the previous calendar year and an estimate of your projected pension benefit.



## Communications and Consultation Group elections

Two separate elections will take place in 2019 for the following positions:

- one representative for active defined benefit (DB) members of the Plan not represented by a bargaining agent,
- four representatives for all retirees, survivors and deferred DB members.

The Communications and Consultation Group (CCG) is made up of 12 persons, five elected and seven appointed, who represent their stakeholder groups. Their role is to facilitate the exchange of information between the Corporation and Plan members they represent.

It's important to note that your CCG representative does not replace your representative on the Pension Advisory Council (PAC).

To learn more about the CCG and to view representatives' bios, go to [cpcpension.com](http://cpcpension.com) > C&C Group. You can reach your CCG representative at [groupeccgroup@canadapost.ca](mailto:groupeccgroup@canadapost.ca).

# When can you retire?

Here are some examples to illustrate your retirement options.

Maximum pension	Maximum pension	Unreduced (or full) pension	Reduced pension
Louis is 60 years old and retires after 37 years of full-time service. Louis will receive a maximum pension calculated using 35 years of pensionable service.	Liz is 60 years old and retires after 38 years of part-time service. Liz earned 17.5 years of pensionable service in her first 35 years of part-time service. Liz will receive a maximum pension calculated using 17.5 years of pensionable service.	Steve is 61 years old and has 32 years of full-time eligibility service. Steve will receive an unreduced (or full) pension. No early retirement reductions are applied, and his pension benefit will be the full amount calculated using the pension benefit formula.	Sara is 58 years old and has 28 years of full-time eligibility service. Sara will receive a reduced pension. Sara is within 10 years of her pensionable age and eligible to retire with a reduced pension.

The DB component of the Plan offers a monthly pension benefit when you qualify to retire based on your age and eligibility service<sup>1</sup> The pension benefit is calculated using a predetermined formula that considers your pensionable earnings and years of pensionable service.<sup>2</sup>

A **maximum pension** is based on a maximum of 35 years of eligibility service. If you have service with Canada Post after 35 years of eligibility service, it will not be included in your pension calculation.

An **unreduced (or full) pension** is the pension you are entitled to receive when you reach pensionable age.<sup>3</sup> This means that no early retirement reductions are applied, and your pension benefit will be the full amount calculated using the pension benefit formula.

A **reduced pension** is the pension payable if you retire before reaching pensionable age. The Plan allows you to retire with a reduced pension up to 10 years before your pensionable age. Your pension is reduced because you have not attained either the age, or both the age and eligibility service required for an unreduced pension. Your pension is also reduced as you will receive it over a longer period of time.

For more information on the pension formula, visit [cpcpension.com](http://cpcpension.com) > DB > Members > Pension overview

1. Eligibility service: Service while you are a member and contributing to the Plan, including service that you purchased and service transferred from another employer under a pension transfer agreement, to a maximum of 35 years. Eligibility service is measured the same for full-time and part-time service.
2. Pensionable service, in brief (for full details visit [cpcpension.com](http://cpcpension.com)): Same as your eligibility service except if you occupy or have occupied a part-time position. If your eligibility service includes periods of part-time service, the part-time eligibility service period is multiplied by the ratio of your assigned or actual hours to the normal hours of a full-time employee in the same occupational group.
3. Pensionable age, in brief (for full details visit [cpcpension.com](http://cpcpension.com)): Members represented by the Canadian Union of Postal Workers (CUPW), who became eligible to join the Plan on or after December 21, 2012, reach pensionable age at 60 with 30 years of eligibility service, or 65 with at least two years of eligibility service. All other members reach pensionable age at age 55 with 30 years of eligibility service, or 60 with at least two years of eligibility service.

## Send us your feedback

Do you have a topic in mind for our next *Pension Plan News* bulletin? **Submit your comments in writing to** [pension.services@canadapost.ca](mailto:pension.services@canadapost.ca)

or

CANADA POST PENSION SERVICES  
2701 RIVERSIDE DRIVE  
SUITE N0660  
OTTAWA ON K1A 0B1

## Are you within five years of an unreduced pension?

Look for your pre-retirement seminar invitation in the mail coming in February 2019.



## Changes to your marital status

Did you know that according to applicable pension legislation, you must make sure that your pension administrator is informed of your current marital status?

**If your spousal or common-law relationship changes prior to retirement**, update your personal data on the Employee Self Service (ESS) page on Intrapost or contact AccessHR.

**If you enter into a spousal or common-law relationship after retirement**, your new spouse or common-law partner will not automatically be eligible for survivor benefits from the Plan.

You can reduce your pension to provide survivor benefits to your spouse or common-law partner acquired after retirement. You have one year to do so from the later of the following:

- the day on which the other person becomes your spouse or common-law partner,
- the day on which your pension benefit becomes payable.

**If your spousal or common-law relationship ends**, you may have to share some or all of the pension you have accrued during your spousal relationship, subject to applicable provincial property law. The pension benefit can be divided according to a court order, a separation agreement or a written agreement between the spouses.

### **Important documents.**

In the event of separation, annulment or divorce (past or present) you should inform the Pension Centre and send the following:

- A written request to divide the pension, submitted by you,

your current/former spouse or common-law partner, or lawyer.

- Certified copies of any legal documents. We require the full court order or written agreement requiring division of pension at source. Most commonly a separation agreement or any written agreement between you and your spouse or common-law partner assigning a share of the pension.
- If there are no legal documents that deal with the division of family property, we will accept a sworn affidavit, witnessed by a notary, confirming that there is no requirement to divide your pension at source due to the end of your spousal or common-law relationship and there is no change to your full entitlement to your pension benefit.

Please include your employee number on all documents.

### DC members

## Fund management fee reduction

We're delighted to let you know that we recently worked with Sun Life to streamline and reduce the fund management fees (FMFs) you pay on the investments offered under the defined contribution (DC) component of the Canada Post Pension Plan and Voluntary Savings Plan (VSP). Your new, lower fees took effect on June 1, 2018. Find information about your funds and fees online at any time. Sign in to **mysunlife.ca** using your sign-in/access ID and password, and select my financial centre > Accounts > Account fees. If you've forgotten your access ID or password, go to **mysunlife.ca** and select the appropriate link from the sign-in help box.

### DC members

## Coming December 14 for DC members

Members of the defined contribution (DC) component of the Pension Plan will receive an email invitation on December 14 to view a webinar designed for DC participants of the Plan. You'll learn more about

- sources of retirement income,
- your plan,
- your choice of investments,
- next steps.

The presentation will be available online at **cpcpension.com** and at **mysunlife.ca** when you log into your account. The webinar, presented by a Sun Life education specialist, will also review the online tools available for enrolment and investment changes. Look for the invitation in your inbox soon!



## The improved GroupNet™ for eligible participants is here!

You must register as a new user if you would like to submit drug and benefit claims online.

Go to [greatwestlife.com/register](http://greatwestlife.com/register) and follow the instructions.

Great-West Life and the key design and GroupNet are trademarks of the Great-West Life Assurance Company.



DB members

### 2018 tax receipt: Cheque deadline is December 15

If you wish to make a payment toward your leave without pay or elective service balance to appear on your 2018 tax receipt, please send your cheque by December 15. If your cheque isn't recorded by the Pension Centre by that date, a tax receipt for that payment will not be issued for 2018. It will be included with your 2019 tax receipt.

## Your Pension Advisory Council

The Pension Advisory Council or PAC is an advisory council that was established in 2001, following the inception of the Canada Post Corporation Registered Pension Plan in 2000. It is where elected and appointed representatives of Canada Post, unions, associations, retirees and all Plan members come together to make recommendations on ways to promote awareness and understanding of the Pension Plan. The PAC provides advice on communications and matters related to the defined benefit (DB) and defined contribution (DC) components of the Plan. Most recently, the PAC gave valuable feedback on the following matters:

- DB – Improvements to the contents of the pre-retirement seminars.
- DC – Additional retirement planning webinars on the Sun Life website.

### 2018 PAC elections

Congratulations to **Chantal Séguin Flamand** and **Max LeBreton**, who were elected to respectively represent management and exempt employees and all active members of the Pension Plan. Contact your elected PAC representative at [pension.services@canadapost.ca](mailto:pension.services@canadapost.ca).



Electronic voting (e-voting) was introduced this year. To elect the representatives of all active Plan participants, eligible voters had the option to vote online, by telephone or by mail.

Visit [cpcpension.com](http://cpcpension.com) > Governance to learn more.

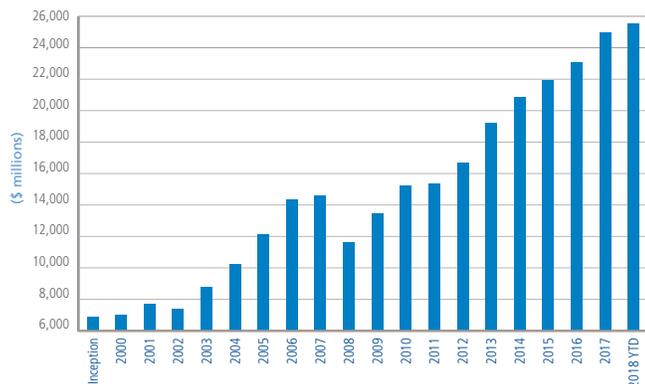
## Investment performance results from July 1 to September 30, 2018

### Market conditions

U.S. equities were the best performers in the third quarter of 2018, with the S&P 500 Index up by 5.84% in CAD terms. The FTSE Canada Universe Bond Index was down 0.96%. The Canadian S&P/TSX Composite Index was down 0.57% and the MSCI EAFE Index was down 0.41% during the quarter. The Bank of Canada raised its policy interest rate by 0.25% to 1.50% on July 11, 2018. Within the plan, U.S. equities and infrastructure performed the best. The following table depicts the performance of the Plan's fund (per cent return).

Asset class	Market value (\$ millions)	2018 Apr-Jun (%)	2018 YTD (%)	2017 Annual (%)	2016 Annual (%)	2015 Annual (%)	2014 Annual (%)	2013 Annual (%)
<b>Fixed income</b>								
Cash and short-term	209.1	0.4	0.9	0.7	0.7	0.8	1.1	1.0
Bonds	9,988.4	-1.5	0.0	3.4	3.2	3.1	8.3	-2.0
<b>Equities</b>								
Canadian equities	3,695.9	0.8	1.8	9.3	21.5	-4.0	11.6	20.3
U.S. equities	3,927.1	5.3	16.2	14.1	6.3	21.8	22.3	44.2
International equities	3,192.7	-2.1	-0.2	25.4	3.7	16.3	3.9	24.0
Real estate, private equity and infrastructure	4,481.4	2.4	9.6	13.1	10.0	16.6	8.3	11.3
<b>Currency overlay</b>	10.6							
<b>Total Registered Pension Plan<sup>1</sup></b>	<b>25,505.1</b>	<b>0.55</b>	<b>3.94</b>	<b>10.42</b>	<b>7.93</b>	<b>7.27</b>	<b>10.86</b>	<b>16.88</b>
<b>Benchmark</b>		<b>0.02</b>	<b>2.43</b>	<b>8.59</b>	<b>6.72</b>	<b>5.12</b>	<b>10.99</b>	<b>14.00</b>

### Investment highlights



- The fund's third quarter return was 0.55% compared to our benchmark of 0.02%.
- As at September 30, 2018, the fund held assets of \$25.5 billion.
- The fund had net cash outflows of \$45.5 million in the third quarter.
- We reduced Canadian equities by \$26.0 million, U.S. equities by \$48.5 million and international equities by \$25.0 million.
- We added \$920.9 million, \$90.0 million and \$12.2 million to long bonds, real return bonds and private debt, respectively. We withdrew \$751.9 million from universe bonds. In total, \$150.6 million was added to fixed income.
- In alternative assets, we had net distributions of \$39.9 million from real estate, \$7.3 million from infrastructure and \$49.4 million from private equity during the quarter.

1. Numbers may not add up due to rounding.

### Asset mix highlights

- As at September 30, 2018, 60% of assets were invested in equities and alternative investments compared to the asset mix target of 56%. These investments were within the allowable range and were made up of 14.5% in Canadian equities, 15.4% in U.S. equities, 12.5% in international equities, 10.3% in real estate, 3.5% in infrastructure and 3.8% in private equity.
- 40% of assets were invested in bonds and short-term investments, compared to an asset mix target of 44%. This included 10.3% in real return bonds, 28.9% in nominal bonds and private debt and 0.9% in cash and short-term investments and currency overlay.

#### Asset mix

Real estate, private equity and infrastructure 17.6%

Bonds 39.2%

U.S. equities 15.4%

Cash and short-term 0.8%

International equities 12.5%

Currency overlay 0.1%

Canadian equities 14.5%

