

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



Special issue: Beneficiary drive

In this special issue of *Pension Plan News*, you will find useful information about naming a beneficiary for your pension and basic life insurance.

If you don't have eligible survivors (for your pension) or a designated beneficiary (for your pension and your life insurance) the benefits will be paid to your estate. This means that your executor will be responsible for distributing the pension and life insurance benefits according to your will and testament.

You can also name your estate as your beneficiary. If you do, the pension and life insurance benefits will be paid to your estate and distributed according to the instructions in your will. If you do not have a legal will, an administrator will be appointed. It's a good idea to

talk with an estate planner, lawyer or other adviser to determine the best choice for you when it comes to naming beneficiaries.

You must not name your spouse or common-law partner as your beneficiary, since this person is automatically your survivor at the time of your retirement for your pension benefit. If you do not have eligible survivors or a designated beneficiary and your children are no longer eligible as dependents at the time of death, your estate automatically receives your pension death benefit. For your children to receive the maximum allowable pension survivor benefits under the Plan, you should designate them as beneficiaries, whether they are dependent children or not.

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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.

The importance of naming a beneficiary for your pension

Q1: What is a designated beneficiary?

A designated beneficiary is an individual or organization you choose to receive the benefits payable from the Plan after you die.

Q2: What is the definition of a spouse or common-law partner?

A spouse is the person who is married to you or is party to a void or null marriage with you.

A common-law partner is a person who is cohabiting with you in a conjugal relationship, having so cohabited for a period of at least one year.

Q3: Why can't I choose my spouse or common-law partner to be my beneficiary?

Your spouse or common-law partner is automatically considered your survivor under the Plan and is entitled to the benefits payable after you die.

Q4: If my spouse or common-law partner is entitled to benefits payable from the Plan after I die, why do I need to designate a beneficiary?

In the event that you and your spouse or common-law partner die at the same time, or that you are not survived by your spouse or common-law partner, your heirs could save time and money by being designated as your beneficiaries. Any eligible benefits are paid directly to the beneficiaries, without the delays or probate fees associated with the processing of an estate. Estate taxes may also be avoided, although your heirs will pay tax on benefits payable from the Plan, if applicable.

Q5: Who should I designate as my pension beneficiary?

You may designate any person (other than your spouse or common-law partner) or organization, or your estate as your beneficiary. You may name more than one person as your beneficiary.

Q6: What is a revocable or irrevocable beneficiary designation? (Applicable to Quebec residents only)

A revocable beneficiary designation means the beneficiary can be changed at any time without the authorization of the named beneficiary. An irrevocable beneficiary designation cannot be changed, unless the named beneficiary authorizes the change in writing.

Q7: Who can witness the Designation of Beneficiaries form? (For DB Plan members only)

Aside from your spouse or common-law partner and listed beneficiary, anyone can witness your signature on the Designation of Beneficiaries form. Please ensure that your witness is present at the time you sign the form.

Q8: What happens if I die before I begin receiving my pension?

Death benefit payable to designated beneficiaries should death occur before retirement:

- **With less than two years of eligibility service and Plan membership:** In the event you die before you retire and do not have a survivor, the commuted value of your pension will be paid to your beneficiary or estate. The commuted value is the estimated value of your future pension benefit expressed in today's dollars. It is a calculation based on actuarial assumptions and market interest rates, which may fluctuate over time.
- **With two or more years of eligibility service or Plan membership:** In the event you die before you retire and do not have an eligible survivor, your beneficiaries or estate will receive the commuted value of your accrued pension. The commuted value is the estimated value of your future pension benefit expressed in today's dollars. It is a calculation based on actuarial assumptions and market interest rates, which may fluctuate over time.

Death benefit payable to designated beneficiaries should death occur during retirement:

- **If you have no survivor when you die after you have retired and there are no dependent children:** Your beneficiaries or estate will receive the greater of all your Plan contributions with interest to your pension commencement date, and five times your unreduced annual accrued pension at the date of your death (minus any benefits paid up to the date of your death).

The importance of naming a beneficiary for your life insurance

Q1: Who should I designate as my life insurance beneficiary?

You may designate any person or organization, or your estate as your beneficiary. You may name more than one person as your beneficiaries.

Q2: What if I do not designate a life insurance beneficiary?

If you do not have a designated beneficiary on file for your life insurance, the benefit will be paid to your estate.

Q3: What type of life insurance coverage do I have?

Depending on your age, you may have coverage under the two policies or only under one:

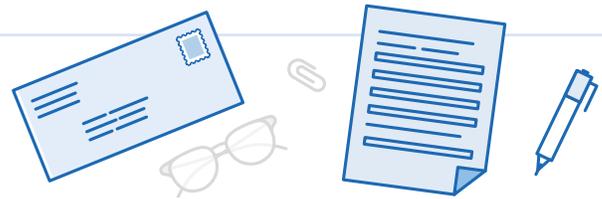
- only the Basic Life Insurance Plan (BLIP) if you are under the age of 65;
- the BLIP and the Canada Post Paid Death Benefit (CPPDB) if you are aged 65 or over, and your BLIP is still in effect; or
- only the CPPDB if your BLIP coverage is reduced to \$0.

At the time of your retirement you will be provided with an information package, including applicable forms, describing your life insurance entitlement.

Q4: Where can I find information and forms about life insurance benefits?

You can find information about life insurance benefits on Intrapost by accessing the Employee Self Service or by calling AccessHR at **1-877-807-9090** or visiting **cpcpension.com** and following these steps:

- click on Defined Benefit (DB)
- place cursor over Retirement, click on Post-retirement benefits
- click on Summaries of benefits
- select Life Insurance Coverage.



Please use the enclosed form and return envelope to designate your beneficiaries.

For any questions about your pension beneficiaries:

DB Plan members, contact the Canada Post Pension Centre at **1-877-480-9220**.

DC Plan members, contact the Sun Life Financial Customer Care Centre at **1-866-733-8612**.

For any questions about your beneficiaries under the Basic Life Insurance Plan or Canada Post Paid Death Benefit, contact AccessHR at **1-877-807-9090**.

2021 Pension Advisory Council (PAC) elections

Two separate elections will take place in 2021 for the PAC representative of

- management and exempt members of the Plan (winter and spring),
- all active members of the Plan (summer and fall).

Both positions represent Plan members of the DB and DC components. Eligible members will receive nomination and voting information accordingly. Visit **cpcpension.com** ▶ DB ▶ Governance ▶ Pension Advisory Council, for more information on these upcoming elections. You can contact your representative at **pension.services@canadapost.ca**.



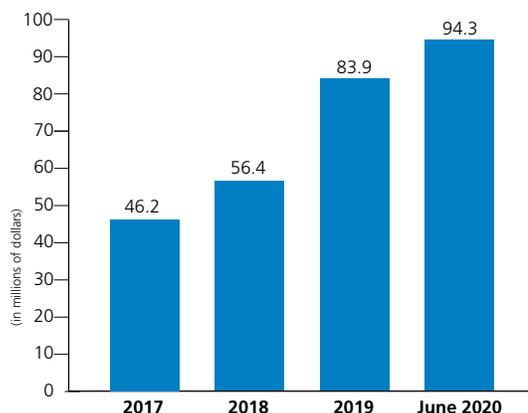
Investment results as at June 30, 2020

Market conditions

Within the Plan, U.S. equities were the best performer in the second quarter, returning 16.88%. The S&P/TSX Composite Index was up 16.97%. The S&P 500 index was up 15.35%. The MSCI EAFE Index was up 9.93%. The FTSE Canada Universe Bond Index was up 5.87%.

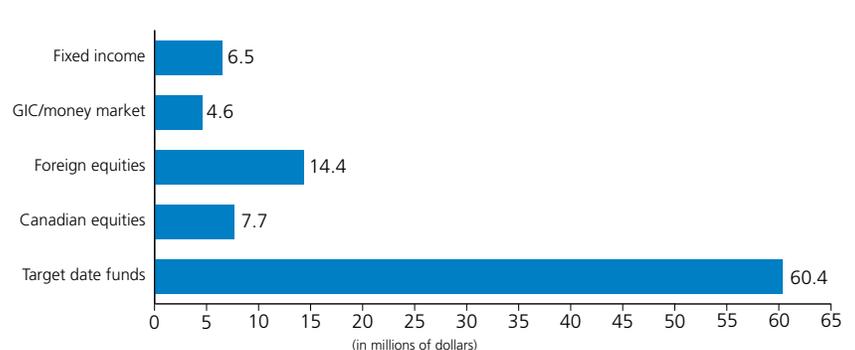
Asset class	Market value (\$ millions)	2020 Q2 (%)	2020 YTD (%)	2019 Annual (%)	2018 Annual (%)	2017 Annual (%)	2016 Annual (%)
Fixed income							
TDAM Canadian Bond Index	6,451.5	5.5	7.5	7.3	0.6	-0.1	5.1
GIC/money market							
Sun Life Financial Money Market	3,073.1	0.2	0.6	1.8	1.1	0.7	0.6
SLA 5YR Guaranteed Fund	1,624.3	n/a	n/a	n/a	n/a	n/a	n/a
Equities							
BlackRock U.S. Equity Index	6,299.8	14.8	1.8	9.7	15.8	17.8	8.1
CC&L Group Canadian Equity	3,012.7	18.2	-4.5	2.0	12.8	9.7	0.7
MFS Global Equity	4,838.5	12.9	-4.4	12.1	7.6	21.8	2.2
MFS International Equity	3,238.6	10.4	-3.9	7.8	9.6	23.9	-6.8
TDAM Canadian Equity Index	4,713.1	16.3	-7.4	3.9	10.4	11.0	-0.2
Target date funds							
BlackRock LifePath® Index 2020	1,757.9	8.7	2.5	5.5	6.8	5.9	3.0
BlackRock LifePath® Index 2025	6,565.9	9.5	0.9	5.6	7.7	7.3	3.2
BlackRock LifePath® Index 2030	8,078.5	10.3	-0.4	5.5	8.5	8.5	2.9
BlackRock LifePath® Index 2035	10,412.2	11.1	-1.7	5.6	9.2	9.8	2.9
BlackRock LifePath® Index 2040	10,657.4	11.9	-3.0	5.5	10.0	11.0	3.2
BlackRock LifePath® Index 2045	10,287.1	12.6	-3.9	5.6	10.6	12.0	3.4
BlackRock LifePath® Index 2050	8,379.9	12.9	-4.4	5.6	11.0	12.4	3.5
BlackRock LifePath® Index 2055	3,084.6	13.0	-4.4	5.5	11.0	12.5	n/a
BlackRock LifePath® Index 2060	380.6	12.8	-4.3	n/a	n/a	n/a	n/a
BlackRock LifePath® Index Retirement	1,449.5	8.7	2.5	5.5	6.1	4.4	2.4
Total market value¹	94,305.20						

Investment assets



The above graph represents the investment assets in the DC component of the Plan from 2017 (46.2 millions of dollars) to June 2020 (94.3 millions of dollars).

Asset mix



The above graph represents the Asset mix of the DC component of the Plan in millions of dollars with Fixed income at 6.5, GIC/money market at 4.6, Foreign equities at 14.4, Canadian equities at 7.7 and Target date funds at 60.4 millions of dollars.

1. Numbers may not add up due to rounding.

DB members

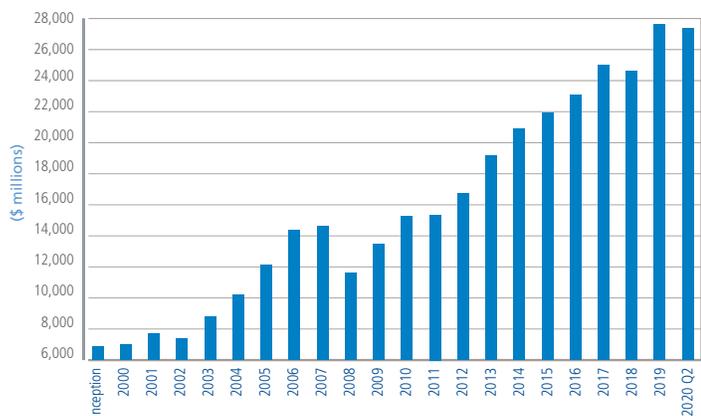
Investment results from April 1 to June 30, 2020

Market conditions

Within the Plan, U.S. equities were the best performer in the second quarter, returning 16.88%. The S&P/TSX Composite Index was up 16.97%. The S&P 500 index was up 15.35%. The MSCI EAFE Index was up 9.93%. The FTSE Canada Universe Bond Index was up 5.87%.

Asset class	Market value (\$ millions)	2020 Q2 (%)	2020 YTD (%)	2019 Annual (%)	2018 Annual (%)	2017 Annual (%)	2016 Annual (%)	2015 Annual (%)
Fixed income								
Cash and short-term	229.3	0.1	1.5	1.6	1.3	0.7	0.7	0.8
Bonds	11,827.7	8.4	7.9	10.3	0.5	3.4	3.2	3.1
Equities								
Canadian equities	3,249.1	12.2	-13.6	20.4	-8.3	9.3	21.5	-4.0
U.S. equities	3,563.5	16.9	0.4	23.9	3.0	14.1	6.3	21.8
International equities	2,922.2	13.1	-8.8	17.1	-8.1	25.4	3.7	16.3
Real estate, private equity and infrastructure	5,603.8	-3.2	1.7	11.8	17.4	13.1	10.0	16.6
Currency overlay	-9.1							
Total Registered Pension Plan¹	27,386.5	7.82	0.29	14.69	0.89	10.42	7.93	7.27
Benchmark		11.19	2.03	15.79	-1.94	8.59	6.72	5.12

Investment highlights



The above graph represents the investments highlights of the DB component of the Plan from its inception (6,000 millions of dollars) to Q2 2020 (27, 400 millions of dollars).

- The fund's second quarter return was 7.82%.
- As of June 30, 2020, the fund held assets of \$27.4 billion.
- The fund had net cash outflows of \$338.0 million in the second quarter.
- We added \$3.6 million to private debt, \$23.1 million to real estate, \$33.5 million to private equity, and \$46.6 million to infrastructure.
- We withdrew \$200.0 million from transition bonds, \$20 million from high yield, \$98.8 million from U.S. equities and \$126.0 million from international equities.

Asset mix highlights

- As at June 30, 2020, 56.0% of assets were invested in equities and alternative investments compared to the asset mix target of 54.9%. These investments were within the allowable range and were made up of 11.9% Canadian equities, 13.0% U.S. equities, 10.7% international equities, 11.3% real estate, 4.7% private equity and 4.4% infrastructure.
- 44.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 45.1%. This included 11.5% real return bonds, 31.6% nominal bonds and private debt and 0.8% in cash and short-term investments and currency overlay.

Asset mix¹

Real estate, private equity and infrastructure 20.4%

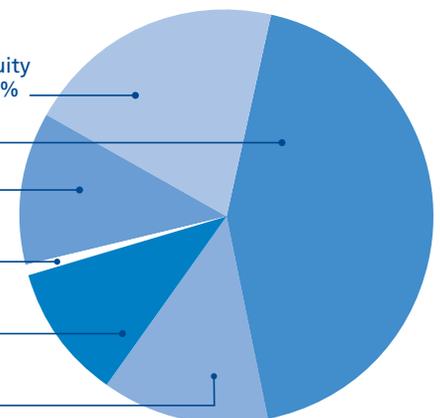
Bonds 43.2%

U.S. equities 13.0%

Cash and short-term 0.8%

International equities 10.7%

Canadian equities 11.9%



1. Numbers may not add up due to rounding.

DB and DC members

Have you seen your Retirement Planner?



The tool allows you to calculate real-time pension estimates to draw a full picture of your retirement. It takes into account your Canada Post Pension Plan benefits, personal savings and government programs. You can choose an annual retirement income target that is catered to your desired lifestyle.

Where to find it

DB members

For access to your new Retirement Planner, visit cpcpension.com ► Retirement ► Calculate my Pension. Once you've calculated your estimate, click on **Retirement Planner**.

DC members

For access to your new Retirement Planner, log into the member website at mysunlife.ca and create a retirement plan under **my action plan**.

DB members

2020 tax receipt: Cheque deadline is December 14

If you wish to make a payment toward your leave without pay or elective service balance to appear on your 2020 tax receipt, please send your cheque by December 14. If your cheque isn't recorded by the Pension Centre by that date, a tax receipt for that payment will not be issued for 2020. It will be included with your 2021 tax receipt.



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 or

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