



## Understanding your commuted value



*This article is intended for members belonging to the defined benefit component of the Plan.*

When you leave Canada Post, you may be eligible for a commuted value of your pension benefit (CV) as part of your termination options.

Here's a Q&A to help you understand.

### What is a CV?

A CV is a lump sum amount payable to you today, which equals the monthly pension benefit that would have been payable at a future date. The CV is based on actuarial assumptions and current interest rates, which fluctuate over time. Generally, when interest rates decrease, your CV increases. Similarly, an increase in interest rates will result in a decrease of your CV. If you are eligible and choose to withdraw your CV, you will not be eligible to any future monthly pension benefit payments.

### Am I eligible for a CV if my employment is terminated?

If your employment terminates with less than two years of eligibility service and Plan membership, and you are not entitled to an immediate reduced or unreduced pension, then you are entitled to receive a deferred pension or the commuted value of your pension benefit either as a transfer to a non-locked-in registered retirement savings plan (RRSP) or as a lump-sum payment (less withholding tax).

If your employment terminates with two or more years of eligibility service or Plan membership, and you are not entitled to an immediate reduced or unreduced pension, then you are entitled to receive a deferred pension or the commuted value of your pension benefit. Subject to the *Pension Benefits Standards Act, 1985* (PBSA), the CV must

*(continued page 2)*

### IN THIS ISSUE

- 2 DC – BlackRock LifePath® Funds to integrate ESG
- 2 2022 tax receipt: Cheque deadline is December 9
- 2 DC Sharia-compliant fund
- 3 DC investment results
- 4 DB investment results

### 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 POLICY, 2701 RIVERSIDE DRIVE, SUITE N0660, OTTAWA ON K1A 0B1

**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).

be transferred to either a locked-in retirement savings vehicle, your new employer's registered pension plan (if permitted) or an insurance company to purchase a life annuity. Any amount in excess of the *Income Tax Act* transfer limit will be paid in cash (less withholding tax).

#### How is a CV calculated?

The CV of a pension benefit is calculated in accordance with the federal PBSA. The prescribed method is described in the Canadian Institute of Actuaries Standards of Practice for Pension Commuted Values.

**Note:** The CV is a complicated calculation that includes many factors and special tables; therefore, the calculation cannot be performed manually by you or a Pension Centre representative. A breakdown of the calculation cannot be provided because the factors and tables used are far too lengthy to be made generally available.

The calculation is based on a deferred pension that would be payable at pensionable age using the following factors and assumptions:

#### Salary and years of service

The deferred pension is based on your highest average earnings and pensionable service.

#### Canada Pension Plan / Quebec Pension Plan (CPP/QPP) reduction

The CPP/QPP reduction is applied to account for the integration of the Plan formula and CPP/QPP contributions and benefits.

#### Pension indexing

It includes future indexing and indexing from your date of termination to the date of calculation.

#### Demographic assumptions

These include the probability of your being alive in each future year, as well as the probability of a spousal, dependent child or disability benefit being paid.

#### Economic assumptions

They are based on the Canadian Institute of Actuaries (CIA) recommendations for fully indexed pension plans and reflect current market conditions as well as expected long-term rates. The CIA rate is updated monthly.

These assumptions pertain to the real rate of return that the lump sum payment could be expected to earn. The real rate of return is the difference between the gross interest rate and the inflation rate.

The lump sum payment is calculated using economic assumptions to account for it being payable today, instead of monthly over any eligible survivor's lifetime. The lump sum payment is expected to earn interest from the payment date until the date you would have received a pension benefit if the funds had remained in the Plan.

For more information about your CV, contact the Pension Centre or visit [cpcpension.com](https://www.cpcpension.com).

---

## DC – BlackRock LifePath® Funds to integrate ESG

Earlier this year, BlackRock announced they will be integrating an environmental, social and governance (ESG) approach into their LifePath target date funds. The transition of equity components to sustainable building blocks will start in the fourth quarter of 2022 and will take place over several months due to the size of assets that will be changing.

BlackRock believes this change will help to deliver on investors' sustainability objectives and improve portfolio resiliency in the long term.

No action is required from you. This communication is for your awareness and more detail will be included with your 2022 year-end statement.

DB members

### 2022 tax receipt: Cheque deadline is December 9

If you wish to make a payment toward your leave without pay or elective service balance to appear on your 2022 tax receipt, send your cheque by December 9. If your cheque isn't recorded by the Pension Centre by that date, a tax receipt for that payment will not be issued for 2022. It will be included with your 2023 tax receipt.

## DC Sharia-compliant fund

Canada Post is committed to supporting an equitable, diverse and inclusive workplace. The Pension Policy team is pleased to inform you that there is now an investment option that conforms to the guiding principles of Sharia law.

For more information, visit [cpcpension.com](https://www.cpcpension.com) > investments > Investments Overview and click on What investment choices do I have?

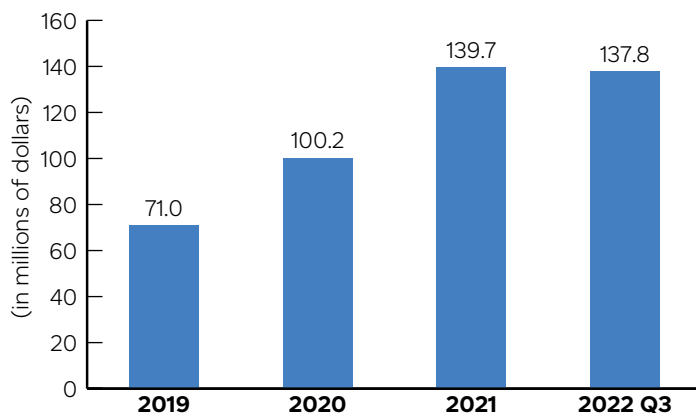
## Investment results as at September 30, 2022

### Market conditions

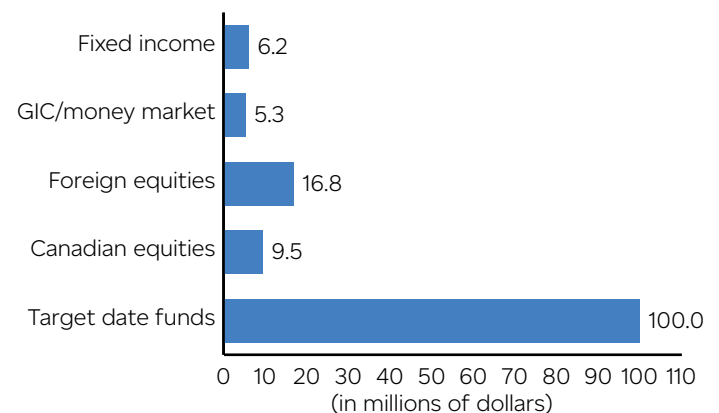
Within the Plan, private equity was the best performer in the third quarter, returning 11.34%. Marketwise, the S&P/TSX Composite Index was down 1.41%. S&P 500 index was up 1.32%. The MSCI EAFE Index was down 3.45%. The FTSE Canada Universe Bond Index was down 0.52%. The following table depicts the performance of the Plan's fund (percentage return).

Asset class	Market value (\$ millions)	2022 Q3 (%)	2022 Year to date (%)	2021 Annual (%)	2020 Annual (%)	2019 Annual (%)	2018 Annual (%)
<b>Fixed income</b>							
TDAM Canadian Bond Index	6,208,162	0.5	-11.8	-2.7	-3.6	7.3	0.6
<b>GIC/money market</b>							
Mackenzie Money Market	3,174,305	0.7	1.0	0.2	0.2	1.8	1.1
SLA 5YR Guaranteed Fund	2,103,747	n/a	n/a	n/a	n/a	n/a	n/a
<b>Equities</b>							
BlackRock U.S. Equity Index	8,289,783	1.3	-17.1	27.5	23.3	9.7	15.8
CC&L Group Canadian Equity	3,745,401	-1.0	-10.3	26.5	31.1	2.0	12.8
MFS Global Equity	5,284,822	-0.2	-18.1	18.2	18.5	12.1	7.6
MFS International Equity	3,220,222	-1.8	-19.5	15.2	17.6	7.8	9.6
TDAM Canadian Equity Index	5,785,089	-1.4	-11.1	25.1	28.0	3.9	10.4
<b>Target date funds</b>							
BlackRock LifePath® Index 2020	9,256,858	-0.4	-13.9	8.3	9.1	5.6	7.7
BlackRock LifePath® Index 2025	11,764,341	-0.6	-14.5	10.9	12.1	5.5	8.5
BlackRock LifePath® Index 2030	16,234,031	-0.9	-15.1	13.5	15.1	5.6	9.2
BlackRock LifePath® Index 2035	17,246,469	-1.1	-15.8	16.0	18.0	5.5	10.0
BlackRock LifePath® Index 2040	17,323,358	-1.3	-16.4	18.2	20.4	5.6	10.6
BlackRock LifePath® Index 2045	15,308,566	-1.4	-16.9	19.5	21.9	5.6	11.0
BlackRock LifePath® Index 2050	7,741,247	-1.4	-17.1	19.7	22.1	5.5	11.0
BlackRock LifePath® Index 2055	1,856,147	-1.4	-17.0	19.6	22.0	n/a	n/a
BlackRock LifePath® Index 2060	60,909	-1.2	n/a	n/a	n/a	n/a	n/a
BlackRock LifePath® Index Retirement	3,267,269	-0.3	-13.5	6.2	6.5	5.5	6.1
<b>Total market value<sup>1</sup></b>	<b>137,870,726</b>						

### Investment assets



### Asset mix



1. Numbers may not add up due to rounding.

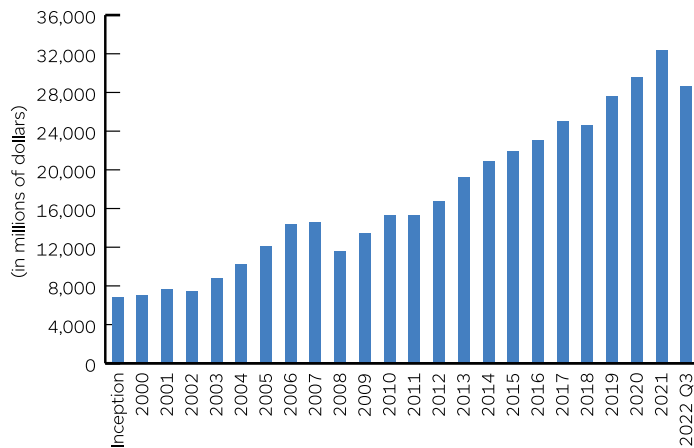
## Investment results as at September 30, 2022

### Market conditions

Within the Plan, private equity was the best performer in the third quarter, returning 11.34%. Marketwise, the S&P/TSX Composite Index was down 1.41%. S&P 500 index was up 1.32%. The MSCI EAFE Index was down 3.45%. The FTSE Canada Universe Bond Index was down 0.52%. The following table depicts the performance of the Plan's fund (percentage return).

Asset class	Market value (\$ millions)	2022 Q3 (%)	2022 Year to date (%)	2021 Annual (%)	2020 Annual (%)	2019 Annual (%)	2018 Annual (%)	2017 Annual (%)
<b>Fixed income</b>								
Cash and short-term	50.0	0.6	0.8	-0.2	0.4	1.6	1.3	0.7
Bonds and bond overlay	12,275.6	1.2	-17.4	-1.4	11.3	10.3	0.5	3.4
<b>Equities</b>								
Canadian equities	2,946.4	-1.7	-11.2	27.1	1.6	20.4	-8.3	9.3
U.S. equities	2,514.4	1.8	-17.0	24.9	15.4	23.9	3.0	14.1
International equities	2,912.0	-3.3	-21.3	4.6	10.8	17.1	-8.1	25.4
Real estate, private equity and infrastructure	7,951.7	4.8	17.0	26.6	7.4	11.8	17.4	13.1
<b>Currency hedging</b>	-8.57							
<b>Total Registered Pension Plan<sup>1</sup></b>	<b>28,641.6</b>	<b>1.32</b>	<b>-9.90</b>	<b>11.31</b>	<b>9.43</b>	<b>14.69</b>	<b>0.89</b>	<b>10.42</b>
<b>Benchmark</b>		<b>-0.75</b>	<b>-12.70</b>	<b>8.58</b>	<b>10.25</b>	<b>15.79</b>	<b>-1.94</b>	<b>8.59</b>

### Investment highlights



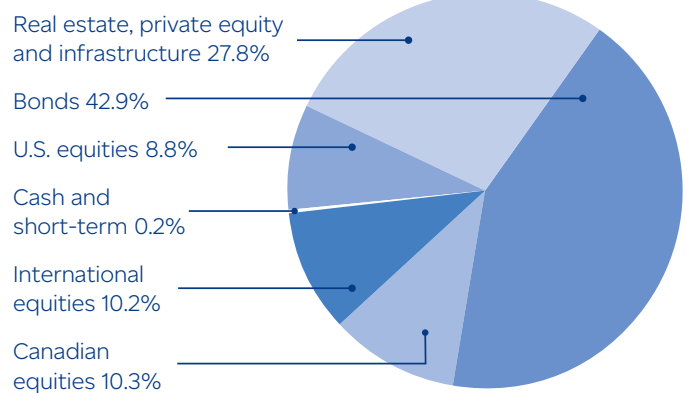
- The fund's third quarter return was 1.32%.
- As of September 30, 2022, the fund held assets of \$28.6 billion.
- The fund had net cash outflows of \$57.7 million in the third quarter.
- We added \$500 million to long bonds, \$47.6 million to private debt, \$124.3 million to bond overlay, \$17.6 million to real estate, \$3.0 million to private equity, \$102.2 million to infrastructure, and \$10.5 million to currency hedging.
- We withdrew \$128.0 million from the transition bond account, \$476.3 million from Canadian equity, \$85.2 million from U.S. equity, and \$173.5 million from international equity.

1. Numbers may not add up due to rounding.

### Asset mix highlights

- As at September 30, 2022, 57.0% of assets were invested in equities and alternative investments compared to the asset mix target of 55.9%. These investments were within the allowable range and were made up of 10.3% Canadian equities, 8.8% U.S. equities, 10.2% international equities, 14.1% real estate, 7.2% private equity and 6.4% infrastructure.
- 43.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 44.1%. This included 10.5% real return bonds, 32.4% nominal bonds, private debt and bond overlay, and 0.2% in cash, short-term investments and currency hedging.

#### Asset mix<sup>1</sup>



## Investment assets – DC data

Date	Value (in millions of dollars)
2019	71.0
2020	100.2
2021	139.7
2022 Q3	137.8

[Back to “Investment assets” graph \(DC component\), page 3](#)

## Asset mix – DC data

Asset	Value (in millions of dollars)
Fixed income	6.2
GIC/money market	5.3
Foreign equities	16.8
Canadian equities	9.5
Target date funds	100.0

[Back to “Asset mix” graph \(DC component\), page 3](#)

## Investment highlights – DB data

Date	Value (in millions of dollars)
Inception	6,850
2000	7,024
2001	7,683
2002	7,398
2003	8,797
2004	10,214
2005	12,131
2006	14,349
2007	14,612
2008	11,618
2009	13,466
2010	15,257
2011	15,357
2012	16,712
2013	19,191
2014	20,868
2015	21,919
2016	23,091
2017	24,980
2018	24,610
2019	27,635
2020	29,597
2021	32,322
2022 Q3	28,642

[Back to “Asset mix highlights” graph \(DB component\), page 4](#)

## Asset mix highlights – DB data

Asset	Value (in millions of dollars)
Real estate, private equity and infrastructure	27.8%
Bonds	42.9%
U.S. equities	8.8%
Cash and short-term	0.2%
International equities	10.2%
Canadian equities	10.3%

[Back to “Asset mix highlights” graph \(DB component\), page 4](#)