

Pension Plan News

Survivor Benefits

The Canada Post Pension Plan is designed to provide a survivor benefit to your eligible spouse or children in case of your death. The type of benefit depends on whether or not you were receiving a pension at death.

Table A: Pre-Retirement Death

Table A applies to active and inactive plan members, and plan members who have terminated employment and deferred their pension.

If you were not receiving a pension:

- | | |
|--|--|
| your eligible spouse⁽¹⁾ could opt for... | <ul style="list-style-type: none"> • a lump sum payment equal to the commuted value of your accrued pension at death (must be transferred to a locked-in RRSP), or • a survivor allowance (also referred to as a basic allowance) • a refund of contributions with interest⁽²⁾ |
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- | | |
|--|--|
| your eligible children⁽¹⁾ would receive... | <ul style="list-style-type: none"> • a survivor allowance |
|--|--|

Table B: Post-Retirement Death

Table B applies to plan members who are retired and receiving a pension.

If you were receiving a pension:

- | | |
|---|--|
| your eligible spouse and children would receive... | <ul style="list-style-type: none"> • a survivor allowance |
|---|--|

(1) Refer to the pension plan's *Your Information Booklet* for a definition of an eligible *spouse* and *children* eligible for survivor benefits and other terminologies in this bulletin.

(2) A refund of your total contributions with interest up to the date of your death is the only benefit option available to your *spouse* and *children*, beneficiary or estate, if, upon your death, you have less than 2 years of eligibility service.



Spouse's Survivor Allowance (Basic Allowance):

Your spouse's basic allowance is a lifetime monthly pension, which is based on your pensionable service credit and highest average earnings (HAE) that you accrued to the date of termination or death (whichever occurs first) multiplied by 1%. Unlike your own pension, the survivor allowance does not have a bridge benefit component.

Example of formula for spouse's survivor allowance:
(pensionable service: 30 years, HAE: \$40,000)

$$30 \times \$40,000 \times 1\% = \$12,000$$

(lifetime monthly pension = \$1,000)

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Pension Advisory Council (PAC) – The results are in!

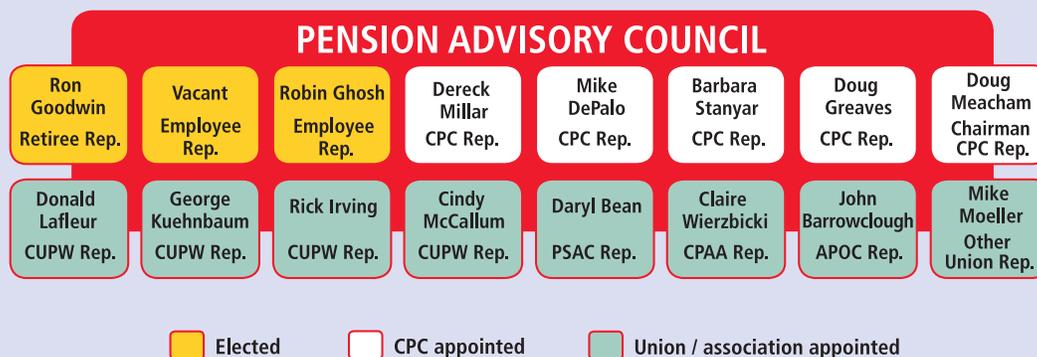
We are pleased to announce that Robin Ghosh was the successful candidate as Representative of the Management and Exempt Members.

An election took place in November, with the actual ballot count completed under the supervision of the Canada Post Internal Audit department on December 23, 2002.

Robin Ghosh started his career at Canada Post in 1983 and presently occupies an important role in the Finance department in Ottawa. He brings many years of experience, which

will certainly serve the Council and pension plan members well. Robin lives in Ottawa with his wife and three teenaged children and is active in community events. Join us in congratulating Robin and wishing him all the best with his new responsibilities.

The PAC is composed of 16 members as identified in the chart below:



Retirement Announcement:

Bill Price, former elected representative of all active members retired on February 3rd, 2003. Join us in wishing all the best to Bill in his retirement. An election will be held later this year to find a replacement for Bill.

Coming soon!

The Canada Post *Registered Pension Plan 2002 Annual Report* and *Your Personalized Pension Statement* as at 31 December 2002, are soon to be published. Look for the Annual Report in early May and Your Personalized Pension Statement later in June 2003.

The Pension Plan News is published by:

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Survivor Benefits (cont'd)

Children's Survivor Allowance:

Your children's survivor allowance is a monthly benefit based on the basic allowance. Each child will receive 20% of the basic allowance. If you have no spouse, each child will receive 40%. If you have more than four children, the maximum payable (80% if you have a spouse or 160% if you do not have a spouse) is divided equally among all children.

Minimum Survivor Benefit:

If you do not have an eligible spouse or children, a lump sum amount equal to five times your annual pension accrued to the date of your death—minus the total of any pension benefit already paid—will be paid to your beneficiary. Naming a beneficiary ensures that a person you choose receives

this payment. If you do not name a beneficiary, the lump sum payment will go to your estate. This minimum lump sum benefit, or any remaining portion, is not paid until all children cease to be eligible to a survivor allowance.

Example of the minimum lump sum paid at death during retirement, with no spouse:

Total annual pension: \$24,000

Minimum lump sum benefit: \$120,000 (5 X \$24,000)

Minus: total lifetime pension + bridge benefit paid to retiree, to the date of death: \$72,000 (3 years)

Minus: total survivor allowance paid to an eligible child: \$4,800 (1 year)

Lump sum benefit payable: \$43,200