



Pension Plan News

Your Pension Benefits are Secure

The Canada Post Corporation Board of Directors has authorized Canada Post to resume making employer contributions to the Canada Post Corporation Registered Pension Plan (the "Plan") effective November 1, 2008.

Given the volatility in the financial markets, it is important to realize that these conditions do not affect your Canada Post pension benefit. The Plan is a "defined benefit" pension plan. This means that our benefit formula is based on a member's

pensionable earnings and pensionable service rather than the Plan's rate of investment return.

Pension plans operate on a long-term view and it is not unusual to have financial shortfalls in some years and surpluses in others.

The Plan is regulated under the federal *Pension Benefits Standards Act (PBSA, 1985)*, which sets out rules for the prudent management of plan funds and rules to safeguard the security of pension benefits.

Under the *PBSA*, the Plan is subject to actuarial valuations on a going-concern and solvency basis. Currently, the Plan is more than fully funded on a going-concern basis, which means that on a long-term basis, our pension assets exceed future obligations to be paid to pensioners. The solvency valuation is based on current market conditions and interest rates which are used to measure the pension liability. These interest rates can fluctuate substantially.

Through prudent investment and careful management, Canada Post is committed to making sure your pension benefit will be there when you need it.

How we Measured Up

The Pension Services group participated in a benchmarking study with CEM Benchmarking Inc. in 2007. CEM provides independent and objective information by comparing how we administer our pension plan against similar public and private sector defined benefit pension plans. The results provide insights into administration costs, service levels, and industry best practices.

Our 2007 total service score ranked fourth out of eleven similar plans that participated in the survey. The study demonstrated that we are providing higher service at a lower average cost per member.

Our goal is to continuously improve service for our members in a cost-effective way. We look forward to participating in the 2008 benchmarking exercise.



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Am I Ready?

As you approach your retirement date, you will want to start looking for some information about your pension. Start by visiting the Canada Post pension plan website at www.cpcpension.com. Here you will find valuable information about your pension benefit, lists of documents you will need and a handy retirement checklist to ensure you are ready.

PLAN AHEAD

Review the retirement checklist to help you gather the necessary documents you require. Make sure that your designation of beneficiary forms are completed for **pension, basic life insurance** and the **Canada Post paid death benefit**. Blank forms are available at www.cpcpension.com. Also, your marital status and address information should be kept current. Be sure to contact your local HPM office for any changes.

ELECTIVE SERVICE

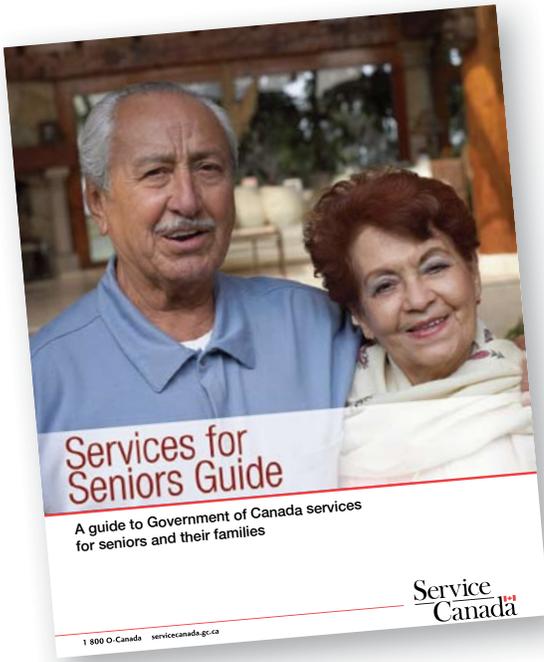
Find out how much elective service you could purchase and how much it costs. Remember, you can no longer purchase elective service once your retirement date has passed.

NOTIFICATION

Letting your supervisor know your retirement date at least three months ahead of time can help ensure your pension payments will begin as soon as you retire. You will be sent a retirement kit three months prior to your retirement date. Be sure to promptly return the required documents. Make sure all forms are completed correctly. Once you have returned your forms, the Pension Centre will notify you of any missing information that is needed to finalize your pension benefit.

QUESTIONS?

Visit www.cpcpension.com for additional information. Be sure to contact the Pension Centre at **1-877-480-9220 (TTY – 613-734-8265)** with any questions that you might have. We're here to help!



Services for Seniors Guide

When planning for your retirement, there are many considerations. From important financial decisions to lifestyle expectations, retirement planning can be time-consuming and confusing at times.

The Government of Canada has published a guide to their services for seniors and their families. The guide is designed to provide useful information about Canada's pension system to those 50 years of age and older or those planning for retirement. It also offers helpful advice on retirement income planning as well as tax assistance.

You can get a copy of the *Services for Seniors Guide* by calling **1 800 O-Canada (1-800-622-6232)** or by visiting the Seniors Canada web site at www.seniors.gc.ca which is a valuable source for those planning their retirement.

Also, be sure to visit the Planning for Retirement (Plan Ahead) section of our website at www.cpcpension.com where you will find information on retirement planning, a retirement checklist as well as some helpful links.

Updates to our Pension Website

The Planning for Retirement menu has changed to include more information on how to plan ahead, pension options and lifestyle changes.

The Contact Us section has also been updated and includes a new Pension Centre number for callers who are outside North America.

For...	Contact...
Member specific pension inquiries <ul style="list-style-type: none"> Active Members Retirees Survivors Beneficiaries 	Pension Centre 1-877-480-9220 613-734-8265 (TTY) 613-683-6108 (Outside North America)
Members wishing to calculate their pension estimate	Pension Centre 1-877-480-9220 613-734-8265 (TTY) 613-683-6108 (Outside North America) or click on Calculate my pension
Comments or questions on this website	Pension Services Suite B320 2701 Riverside Drive Ottawa ON K1A 0B1 or by emailing pension.services@canadapost.ca
Pensioners wishing to contact their current representative to the Pension Advisory Council	Your pensioner representative by emailing pension.services@canadapost.ca
Inquiries for RBC Dexia Investor Services related to your pension payments including: <ul style="list-style-type: none"> Income Tax T4A Garnishments 	Benefit Payment Services East Wing 5th Floor 1 Place Ville Marie Montreal QC H3B 1Z3 1-800-876-4498
	Group Member Information

Myths & Facts

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

I can retire with an unreduced pension when I reach "85" points (ie. Age + Service = 85).

Fact

Under the Canada Post pension plan, you can retire with an unreduced pension at your pensionable age.

You will reach pensionable age at

- age 60 with at least 2 years of eligibility service or plan membership, or
- age 55 with at least 30 years of eligibility service

Myth

I can receive a commuted value when I terminate as long as I am under age 50.

Fact

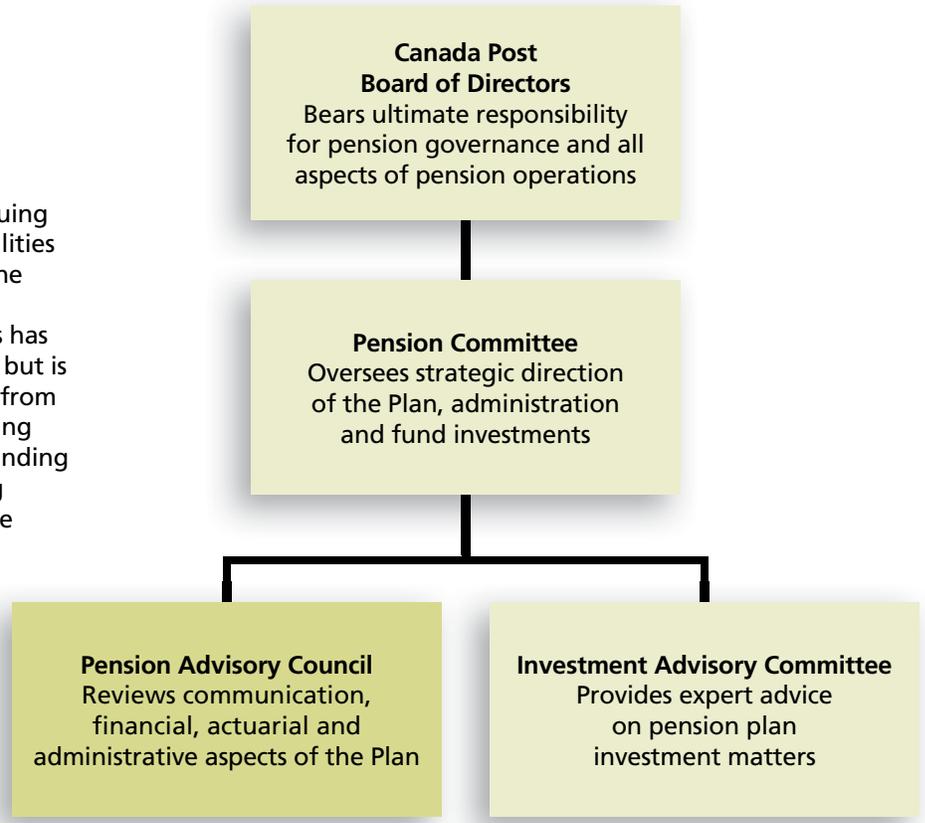
If you are under age 50, you may not be eligible for a commuted value. The following chart provides your pension options:

Service Credits	Pension Options
At least 2 years of eligibility service or plan membership and less than 30 years of eligibility service	<ul style="list-style-type: none"> • Commuted Value • Deferred pension • If you are within 10 years of pensionable age, you can receive an immediate reduced pension
30 years or more of eligibility service	<ul style="list-style-type: none"> • Deferred pension • Immediate reduced pension

Pension Plan Governance

The governance of our pension plan is very important to all stakeholders. We are continuing our series describing the roles and responsibilities of the committees and councils involved in the governance of our pension plan.

Canada Post through its Board of Directors has the ultimate pension fiduciary responsibility, but is provided with advice and recommendations from other committees and councils. Recommending steps for promoting awareness and understanding of the pension plan and its operation among members, both active and retired is a key role of the Pension Advisory Council (PAC).



Pension Advisory Council

PENSION ADVISORY COUNCIL MEMBERSHIP	
8 positions representing the following unions and associations:	8 positions:
<ul style="list-style-type: none"> • CUPW (4) • UPCE / PSAC (1) • CPAA (1) • APOC (1) • UPCE / CPAA / APOC (1) 	5 positions representing Canada Post, including the Chairperson: <ul style="list-style-type: none"> • Chairperson • Canada Post Representatives (4)
	3 elected positions representing: <ul style="list-style-type: none"> • Retired members • All Active members • Management and Exempt members

Canada Post established the Pension Advisory Council (PAC) in 2000. The PAC regularly reviews communications to active and retired members of the Plan, and, at least annually, reviews the Plan's financial statements and administrative reports on Plan operations. The PAC provides feedback to Canada Post on ways to improve and enhance the overall services provided to Plan members. The PAC normally meets three times per year, but has to meet at least once per year.

Based on the Council's operating protocol, there are sixteen PAC members appointed by the Pension Committee of the Board of Directors. Five members including the Chairperson are selected by Canada Post and serve on the PAC for a period determined

by the Pension Committee. Eight members are selected by the unions and associations and serve on the PAC for a period determined by their respective union/association. Three representatives are elected by the following groups of Plan members, respectively: one elected representative for all active members; a second for all retired members; and the third for all management and exempt members. These elected representatives serve on the PAC for a three-year term. In 2009, elections will be held for the management and exempt representative as well as for the representative of all active members.

Each PAC member, with the exception of elected representatives, has an appointed alternate in the event that the PAC member cannot attend a meeting.

In our next issue we will highlight the Pension Committee.



Marriage Breakdown & Your Pension: What You Need To Know

Your pension is one of your most valuable assets. In the event of a marriage breakdown, your pension benefit is often included in the property calculation when it is valued and settled as part of your divorce or separation agreement. It's important to understand how your pension benefit is affected when your marriage ends.

The Pension Centre will provide data relating to your pension, but will not assist either spouse in preparing an agreement or providing legal advice. It is recommended that you request assistance from a specialized consultant such as an actuary or a lawyer. The Pension Centre will only process pension divisions according to valid separation agreements or court orders.

For more information or to request a marriage breakdown kit, please contact the Pension Centre at **1-877-480-9220 (TTY – 613-734-8265)**.

Revised Standards Proposed for Calculating Commuted Values

The Actuarial Standards Board of the Canadian Institute of Actuaries (CIA) has proposed changes to the current standards of practice to calculate commuted values.

The CIA standards define how pension plan administrators calculate commuted value payments. If the proposed changes are approved, they could go into effect as early as February 2009. These proposed changes would generally lead to lower commuted values as well as lower solvency and wind-up liabilities for most pension plans.

Updates on how these changes will relate to the Canada Post pension plan will be posted on www.cpcpension.com and through the *Pension Plan News* in the coming year.



Market Conditions

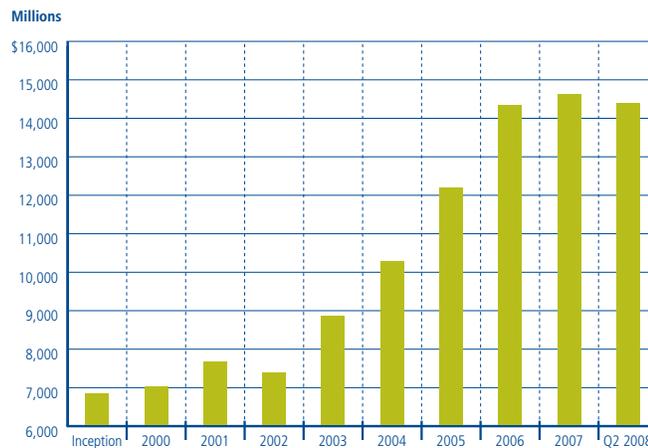
Equity markets were mixed in the second quarter with the Canadian S&P/TSX Composite Index up 9.1%, as oil prices surged, while in Canadian dollar terms the US S&P 500 was down 3.8%, and the international EAFE index was down 3.4%. The DEX Bond Universe was down 0.7% as the Bank of Canada lowered its interest rate 50 basis points to 3.0% during the quarter. The following table depicts the Plan's performance (% return).

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2008 APR-JUN	2008 YTD	2007 ANNUAL	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL
Fixed Income								
Cash & Short Term	\$ 308.4	0.7%	1.8%	3.2%	4.1%	2.7%	2.4%	2.9%
Canadian Bonds	4,631.4	0.6%	4.0%	3.5%	2.4%	8.6%	9.6%	8.4%
Equities								
Canadian Equities	4,314.2	7.4%	2.6%	9.0%	18.9%	25.2%	15.6%	25.5%
U.S. Equities	2,378.6	-0.7%	-7.7%	-10.7%	16.9%	3.4%	4.9%	7.5%
International Equities	2,210.3	-1.9%	-8.3%	-5.1%	28.4%	13.2%	13.3%	7.3%
Real Estate	554.2	2.4%	3.8%	16.8%	24.8%	17.2%	—	—
Total Registered Pension Plan—	\$ 14,397.1	2.07%	-0.73%	2.09%	14.25%	13.73%	11.13%	13.87%
Benchmark—		0.93%	-1.30%	0.91%	12.98%	11.17%	9.23%	13.48%

Canada Post
Corporation
Registered
Pension Plan
**Investment
Performance
Results for
April 1 to
June 30, 2008**

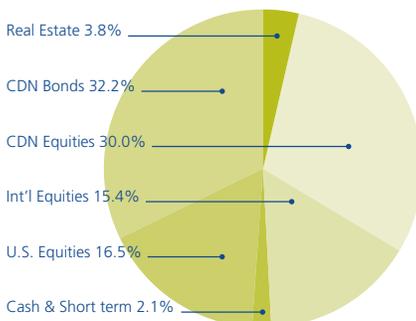
Investment Highlights

- The fund's second quarter return was 2.07% versus our benchmark of 0.93%.
- As at June 30, 2008, the fund held assets of \$14,397.1 million.
- The fund had net outflows of \$42.9 million in the second quarter. We reduced cash and short-term by \$18.3 million and Canadian equity by \$80.0 million. We allocated \$12.4 million to real estate, \$25.5 million to U.S. equities, \$1.4 million to private equity and \$15.4 million to the currency overlay account.



Asset Mix Highlights

ASSET MIX



- As at June 30, 2008, 65.7% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 30.0%, U.S. equities 16.5%, international equities 15.4% and real estate 3.8%.
- 34.3% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.8% in real return bonds, 24.4% in Canadian bonds and 2.1% in cash and short-term investments.

Did you Know?

Your Canada Post pension benefit is integrated with your Canada / Québec Pension Plan (C/QPP). C/QPP benefit integration reduces your Canada Post pension contributions and pension amount to reflect the fact that you also contribute to and receive a C/QPP benefit.

In 2008, once your pensionable earnings exceed the Year's Maximum Pensionable Earnings (YMPE) limit, your C/QPP deductions will cease and your Canada Post pension plan contributions will increase from 5.77% to 9.27%. The YMPE is an earnings ceiling set by the government each year to use in determining C/QPP contribution rates. The YMPE for 2008 is \$44,900.

Example:

- 2008 pensionable earnings: \$46,000
- 2008 YMPE: \$44,900

$5.77\% \times \$44,900 = \$2,590.73$
plus
$9.27\% \times (\$46,000 - \$44,900) = \$101.97$
Total 2008 contribution = \$2,692.70

Employee Contribution Rate for 2009

The actuary for the Canada Post Registered Pension Plan (the "Plan") has calculated the 2009 employer and employee cost sharing ratio. Based on the legislated 60% / 40% cost sharing ratio, employees will contribute:

- 5.7% of pensionable earnings up to the 2009 YMPE plus
- 9.2% of pensionable earnings over the 2009 YMPE

This reflects a 0.07% decrease to the 2008 employee contribution rate. The YMPE (Year's Maximum Pensionable Earnings) limit is an earnings ceiling set by the government each year to determine Canada / Québec Pension Plan contribution rates. The amount of the 2009 YMPE will be available soon.



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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

Q. How do I get a new PIN to access the Canada Post pension plan website calculator?

A. There are two options:

1. www.cpcpension.com
 - Click on 'Calculate my pension' on the left hand menu
 - Click on 'Have you forgotten your PIN?'; Enter your Employee number (no leading zeroes).
 - You will be asked a 'Forgotten PIN Help' question that you would have set-up the first time you accessed the calculator. If you cannot remember your answer, please go to option 2. If you are locked out after three tries, you must wait 24 hours before trying to log in again.
 - You will be provided with a temporary PIN (case sensitive) and instructions on how to change your temporary PIN prior to continuing onto the calculator.

2. By Phone
Please call the Pension Centre at 1-877-480-9220 (TTY – 613-734-8265). A letter with your new PIN number will be mailed to you.

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

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