



Pension Plan News

Life after retirement

Andrew Notley

Kathy Day has more time for scuba diving and bartending since she retired as a mail dispatcher at the South Central Letter Processing Plant in Toronto with 42 years of service behind her. On December 30, 2006, she became the 10,000th person to retire since the start of the Canada Post pension plan on October 1, 2000. She says the retirement process was very easy: All she had to do was sign the papers and she could retire worry-free.

"It's one of the best pension plans in Canada," says Laurie Ryan, manager, Pension Centre. "It's there until the day you die – and beyond if you have survivors." This plan takes care of retirees by allowing them to set their post-work lifestyles with confidence. They'll always know how much they're getting and when. For more details, the annual pension plan report and Personalized Pension Statements will become available this spring.

As for Day, retirement doesn't equal slowing down. When she's not scuba diving in the Bahamas, she manages and bartends at her restaurant – The Junction – in Scarborough, Ontario. Sometimes, she says, it doesn't feel like retirement, because her "postie-friends are always dropping in to visit."

"Retirement's been great, but I can't just sit at home," she adds. "I've got too much energy."



(This article is from the January/February 2007 issue of *Performance Magazine* and is reprinted with permission.)

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Maximum retirement age changed

The 2007 Federal Budget has implemented a change to the maximum retirement age.

Effective January 1, 2007, the age at which payments must commence under RPP's (includes the Canada Post Corporation Registered Pension Plan), Deferred Profit Sharing Plans (DPSP's) and Registered Retirement Savings Plans (RRSP's) has increased from age 69 to age 71.

**Performance
Results for
January 1 to
March 31, 2007**

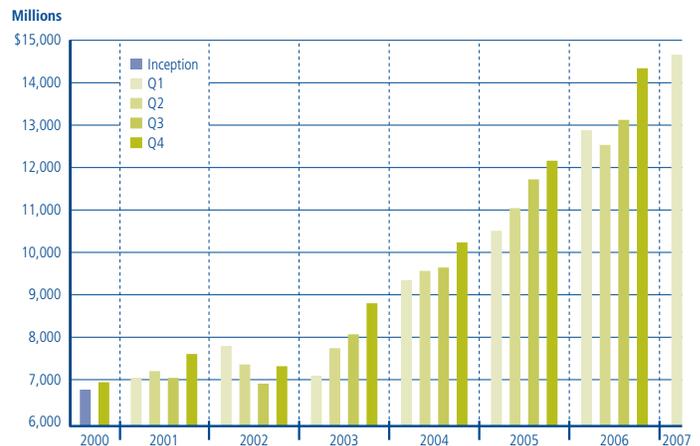
Market Conditions

Canadian and international equity markets rose in the first quarter with the benchmark Canadian S&P/TSX Composite Index up 2.6% and international markets up 3.0% in Canadian dollar terms. In the US the S&P 500 fell 0.2%, while bond market returns were modest, up 0.9% as the Bank of Canada held rates steady at 4.25%. The following table depicts the Plan's performance since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2007 JAN-MAR	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income								
Cash & Short Term	\$ 641.9	1.1%	4.1%	2.7%	2.4%	2.9%	2.4%	4.3%
Canadian Bonds	4,060.8	1.1%	2.4%	8.6%	9.6%	8.4%	10.2%	7.3%
Equities								
Canadian Equities	4,348.4	3.1%	18.9%	25.2%	15.6%	25.5%	-11.6%	-7.7%
U.S. Equities	2,804.2	0.3%	16.9%	3.4%	4.9%	7.5%	-20.9%	—
International Equities	2,644.6	3.5%	28.4%	13.2%	13.3%	7.3%	-21.6%	—
Real Estate	164.2	3.4%	24.8%	17.2%	—	—	—	—
Total Registered Pension Plan	\$ 14,664.1	2.00%	14.25%	13.73%	11.13%	13.87%	- 6.99%	5.10%

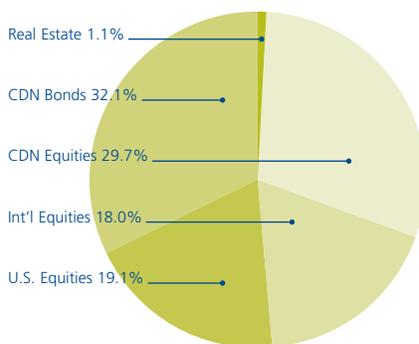
Investment Highlights

- The fund's first quarter return was 2.00% versus our benchmark of 1.40%.
- As at March 31, 2007, the fund held assets of \$14,664.1 million.
- The fund received net contributions of \$34.6 million in the first quarter. We reduced the Canadian equity allocation by \$150.0 million and real estate by \$3.1 million and allocated \$29.9 million to real return bonds, \$75.0 million to nominal bonds and \$39.2 million to our currency overlay program. \$44.2 million was added to short-term investments.



Asset Mix Highlights

ASSET MIX



- As at March 31, 2007, 67.9% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 29.7%, U.S. equities 19.1%, international equities 18.0% and real estate 1.1%.
- 32.1% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 6.4% in real return bonds, 21.3% in Canadian bonds and 4.4% in cash and short-term investments.

Myths & Facts About Your Pension Plan

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	Fact
Overtime earnings are used to calculate my pension.	Pensionable Earnings do not include overtime hours. They do however, include acting pay, lead hand differential, Corporate Team Incentive payments/CPAA Corporate achievement bonus, bilingual bonus, compression allowance, rest period allowance, CPAA administration allowance and CPAA field support allowance.
The amount of retirement pension I receive does not increase by the Cost of Living.	Every January 1, your pension increases by a percentage that reflects the average monthly increase in the Consumer Price Index for the previous 12-month period, calculated from October to September. This increase is known as indexing. If you have been retired less than one full year, your indexation will be pro-rated to reflect the number of complete months you've been retired.
Our pension is a lifetime payment that is calculated at 2% of my pay.	<p>Our pension is made up of two parts:</p> <ul style="list-style-type: none"> • the lifetime pension (1.3%), payable from the date you start receiving pension benefits until your death, and • the bridge benefit (0.7%), payable from the date you start receiving pension benefits until age 65 (unless you receive a CPP/QPP disability pension) <p>The bridge benefit is designed to supplement your income until benefits are payable from the CPP/QPP on an unreduced basis, at age 65.</p>

Pension Income Splitting

In our January 2007 edition of Pension Plan News, we advised you that the Federal Minister of Finance had proposed legislation that would allow Canadian residents to split their pension income as of the 2007 taxation year. This bill has now been passed.

To take advantage of pension income splitting, spouses can complete,

and file, an "Annual Joint Election" form with the Canada Revenue Agency. The form will automatically be included with annual income tax return kits. Pensioners will be responsible for determining the optimal amount of pension income that should be transferred to their spouse, taking into account tax brackets, various tax credits

(including credits that can be transferred between spouses) and Old Age Security refund rules. Additional information can be obtained at <http://www.cra-arc.gc.ca/agency/budget/2007/pension-e.html> or by calling 1-800-959-8281.



**For the security
of your personal
data.**

The security of your personal information is very important to us. To ensure that only authorized persons receive information about your pension data, it is the Pension Centre's policy to authenticate each caller. Please have your employee identification number on hand before calling. Should you call to request a new Personal Identification Number (PIN), the number will be sent to you in the mail. We cannot give you a PIN over the phone or by email. If you wish to give authorization to discuss your pension data to someone else, you must send a written, witnessed authorization to the Pension Centre.

FYI

In 2006 we had over 55,000 visits to our pension website. New information is added on a regular basis so please visit us at cpcpension.com.

We welcome any comments or suggestions about our website at pension.services@canadapost.ca.



Contribution Holiday

As reported in the 2006 Pension Plan Annual Report, the Canada Post Registered Pension Plan is fully funded on all actuarial measures. This positive development allows the Corporation to recover a portion of the special payments (in excess of 748 million dollars) that have been made to the Plan since 2005. The Corporation can now make additional investments in core business activities.

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

I am terminating but not entitled to an immediate pension benefit. What should I expect?

You will receive a termination kit, with your options, once the final payroll data has been uploaded to the pension database. This can take up to four weeks after your termination date.

Can I elect for service during a period when I was temporary or on-call?

No. You cannot elect for this service.

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

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Email: pension.services@canadapost.ca

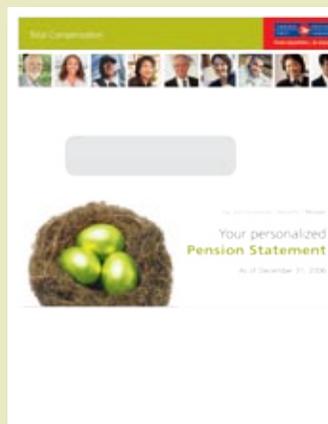


2006 Annual Report

By now you should have received your 2006 Registered Pension Plan Annual Report. If you have any questions please email us at pension.services@canadapost.ca

2006 Personalized Pension Statements

were mailed out in April and May 2007. Please review this statement carefully as it includes valuable information on your pension plan and a summary of the pension benefits you have earned as at December 31, 2006.



Did you Know?

If you are thinking about purchasing prior service and you plan to retire, please be reminded that this procedure takes time. You should start the process at least 2 to 3 months prior to your retirement date. This will ensure that all proper documentation is complete and validated. Your retirement application should be returned at least 30 days prior to retirement.