

## FREQUENTLY ASKED QUESTIONS – TRANSFER RESTRICTIONS

<b>About the transfer restriction...</b>	
Q. 1	<b>What is the restriction that has been applied to the Canada Post Pension Plan?</b>
A. 1	<p>The transfer of lump-sum amounts out of the Canada Post Corporation Registered Pension Plan (the Plan) is not available until further notice.</p> <p>On March 27, 2020, the Office of the Superintendent of Financial Institutions (OSFI) advised all federal pension plans, including the Canada Post Pension Plan, that it will no longer allow lump-sum transfers and annuity purchases, effective immediately. This means that the commuted value (CV) of pension benefits cannot be paid when a member's employment ends.</p> <p>Please refer to question 12 below for more information about commuted values.</p> <p>This restriction applies until further notice. It does <b>not</b> affect monthly pension payments and survivor monthly pension benefits. It only restricts lump-sum transfers of CVs.</p> <p>The restriction does not remove or reduce the entitlements members have earned to pension benefits. Eligible members may still choose, after their employment ends with Canada Post, to receive either a monthly pension or a CV. If a CV is chosen, it will be paid at a later date once the restriction is removed by OSFI.</p>
Q. 2	<b>Did Canada Post ask OSFI to restrict the transfer of commuted values out of the pension plan?</b>
A. 2	<p>No, Canada Post did not ask for this restriction. This directive is from OSFI and applies to all federal pension plans, including the Canada Post Pension Plan.</p> <p>As a result of the COVID-19 crisis, OSFI has made adjustments to its policies to protect the interests of pension plan members and beneficiaries and to allow administrators of federally regulated pension plans to focus their efforts on addressing the many challenges posed by this crisis, including its impact on financial markets.</p> <p>OSFI has therefore implemented a full temporary freeze on portability transfers and annuity purchases relating to defined benefit provisions of pension plans.</p>
Q. 3	<b>Does the restriction apply to members of the Defined Benefit (DB) and the Defined Contribution (DC) component, or only DB members?</b>
A. 3	<p>This restriction does not apply to DC benefits. The contributions of DC members are held separate from those of DB members and are subject to different rules under the <i>Pension Benefits Standards Act, 1985</i> (PBSA).</p>
Q. 4	<b>How long will the restriction last? When and under which conditions will OSFI remove it?</b>

A. 4	<p>The restriction is temporary and applies until further notice.</p> <p>OSFI will review this temporary measure in the coming months as they continue to monitor the impact of this crisis on defined benefit pension plans.</p>
<b>Questions about members' benefits...</b>	
Q. 5	<b>According to my termination information kit, I am entitled to a CV option. Will I still be entitled to the CV option once the OSFI restriction is lifted?</b>
A. 5	<p>Yes, you are still entitled to your full pension benefit during this time and to all pension options you may currently have in your termination information kit, provided you return your election within the prescribed time.</p> <p>Once the restriction is lifted, we will contact you.</p> <p>For example, if you are age 49 when you receive your termination information kit and you choose within the prescribed time to receive a CV, Canada Post will not be able to pay it to you immediately because of the OSFI restriction. You will be eligible to receive it once the restriction is removed, even if you are age 51 and within 10 years of your pensionable age at the time.</p>
Q. 6	<b>I receive a monthly pension, will my pension be affected?</b>
A. 6	All regular monthly pension payments payable to retirees and survivors are not affected by this restriction and will continue to be paid as usual.
Q. 7	<b>I will be retiring soon and I plan on receiving a monthly pension. Will this restriction affect the pension benefits I will be receiving?</b>
A. 7	Monthly pension benefits can be paid to future retirees in the usual manner.
Q. 8	<b>I plan to leave Canada Post in the near future. Will I still be entitled to the CV option?</b>
A. 8	<p>You will be entitled to the same options as if there were no restriction, although the timing of any CV transfer may be delayed.</p> <p>The restriction prevents all federal pension plans, including Canada Post, from transferring funds out of their pension plans. The Canada Post Pension Centre will contact members affected by the restriction once OSFI removes it.</p> <p>The CV at that time will be calculated based on the terms of the Plan and the PBSA.</p> <p>To know if you may be eligible for a CV option, see question 13.</p>
Q. 9	<b>Are my contributions to the pension plan affected by this restriction?</b>

A. 9	Employees will continue to contribute at the applicable rate.
Q. 10	<b>Will members be advised once the restriction is lifted?</b>
A. 10	Yes, members will be advised when the restriction is lifted.
Q. 11	<b>Does this restriction apply to Reciprocal Pension Transfer Agreements with the Federal Government?</b>
A. 11	<p>Reciprocal Pension Transfer Agreements with the Federal Government may be impacted by the transfer restriction.</p> <p>If you plan to apply for a Reciprocal Pension Transfer, you should continue to submit your request within the prescribed timeline and you will be advised accordingly if your request will be impacted.</p>
<b>Understanding commuted values...</b>	
Q. 12	<b>What is a commuted value or CV?</b>
A. 12	A Commuted Value (CV) is an 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. Subject to certain age and service restrictions, members can normally choose to receive their CV (instead of a monthly pension to be paid later once they are eligible to receive an immediate pension). CVs are usually paid as a lump sum transfer, subject to locking-in and tax rules.
Q. 13	<b>Who is eligible to choose a CV upon termination of employment?</b>
A. 13	<p>If your employment with Canada Post ends and you are more than 10 years away from your pensionable age, you may choose the CV option. Once you are within 10 years of your pensionable age, that option is no longer available to you.</p> <p>For example, if your employment ends at age 48, with 15 years of eligibility service, the CV option is available to you. In this case, your pensionable age is 60 and you are more than 10 years away from that age.</p>
Q. 14	<b>Can a CV be paid in cash?</b>
A. 14	<p>In most cases the CV is transferred to a locked-in retirement savings plan or life income fund, to an insurance company for the purchase of an annuity, or to a new employer's registered pension plan, according to the rules of our plan.</p> <p>There are cases where a CV is paid in cash, in part or in full. These are usually for small amounts that meet specific conditions. CV payments that meet those conditions can continue to be made, as they are not affected by the new restriction. The money is paid only after income tax is deducted at source.</p>

Q. 15	<b>Where can I get more information?</b>
A. 15	<p>For more information on this new temporary restriction, we invite you to read the letter from OSFI at <a href="https://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/Pages/Pen20200327_let.aspx">https://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/Pages/Pen20200327_let.aspx</a>, and their FAQs at <a href="https://www.osfi-bsif.gc.ca/Eng/pp-rr/Pages/PenFAQ_Cov.aspx">https://www.osfi-bsif.gc.ca/Eng/pp-rr/Pages/PenFAQ_Cov.aspx</a>.</p> <p>If you have questions about your own pension benefits, call the Pension Centre at 1-877-480-9220 (TTY 1-866-370-2725).</p>