

May 2020

Canada Post Corporation Registered Pension Plan

Re: OSFI announces restrictions on transfers from the Defined Benefit Component

Dear Defined Benefit Member:

As we continue to navigate through the unprecedented developments of the COVID-19 pandemic our first priority remains the health and safety of our employees and their families.

This letter is to inform you of an important new restriction on the Defined Benefit component of the Canada Post Corporation Registered Pension Plan (the Plan). The restriction is the result of a recent directive from the Office of the Superintendent of Financial Institutions (OSFI), the agency that monitors all federal pension plans. As the administrator of the Plan, it is Canada Post's responsibility to communicate this information to Plan members in a timely manner.

If an individual's employment at Canada Post ends before he or she becomes eligible for an immediate pension, the Plan would normally allow that person the option to receive a lump-sum transfer instead of a monthly pension to be paid later. The amount of the transfer is called a Commuted Value (the definition of this term is included at the end of this letter). It is the estimated value of the employee's future pension benefit expressed in today's dollars.

The option of a lump-sum transfer remains available to these members. However, the actual transfer of those benefits out of the Plan has been temporarily restricted by OSFI's directive. This restriction applies until further notice. During the period of delay, the Commuted Value will be credited with interest.

This restriction does not affect monthly pension payments. It only restricts lump-sum transfers of Commuted Values. Roughly 900 Plan members elect this option each year.

What is not affected:

- Monthly pension payments to current retirees are not affected and will continue to be made as usual.
- Monthly pension payments to future retirees will not be affected by this restriction.
- Payments of pension benefits to survivors of Plan members are not affected.
- Persons who have left employment with Canada Post prior to retirement will continue to be eligible for a pension at their pensionable age or up to ten years before that age.
- Small benefits, where the total commuted value must be taken in cash

We understand that pension matters can be complex and that Plan members may have questions about this restriction. We continue to work with OSFI to better understand its implications. Plan members whose employment ends will be informed of this restriction and of their options in the termination kit sent by the Canada Post Pension Centre at that time.

Why this restriction is effective:

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.

OSFI has therefore implemented a full freeze on portability transfers and annuity purchases relating to defined benefit provisions of pension plans. You can read the letter from OSFI at [cpcpension.com](https://www.cpcpension.com). If you have questions about your pension benefits, you can visit [cpcpension.com](https://www.cpcpension.com) or call the Pension Centre at 1-877-480-9220 (TTY 1-866-370-2725).

Sincerely,

A handwritten signature in black ink that reads "Julie Philippe". The signature is written in a cursive style with a large, looping initial "J".

Julie Philippe
General Manager, Total Compensation
Canada Post

Note: 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 paid as a lump sum, subject to locking-in and tax rules.