

# PENSION PLAN

VOLUME 2, NUMBER 2 • MARCH 2001

# NEWS

## Your Information Booklet

We would like to thank you for your input during the period leading up to the implementation of our new plan. Your feedback helped us create various communication materials related to the new plan, including the Canada Post Corporation Registered Pension Plan: Your Information Booklet.

In addition to lots of positive comments regarding this booklet, employees have also had a few questions. We would like to take this opportunity to clarify some aspects of how your pension plan works, and to draw your attention to a correction required in the French section of the booklet.

### Correction to the French version



A typographical error has been noted in the pension formulas found on page 7 in the French section of Your Information Booklet.

In the formulas at the bottom of this page, "votre RME" should read "votre MMGAP". The formulas at the top of that page are correct.

To allow you to permanently correct the French formulas in your copy of the booklet, we have enclosed a convenient sticker. This sticker should be placed directly over the two pension formulas found at the bottom of page 7 in

the French section of the booklet.

Please note that the English section is correct.

### If I leave Canada Post, when do I need to notify the corporation that I want to receive the commuted value of my pension?

If you terminate employment before you are entitled to an immediate pension, and you have two or more years of plan membership, you will receive a pension plan option statement from Canada Post. At that time, you will need to choose between:

- transferring the commuted value of your pension benefit (a lump-sum amount), or
- receiving a pension from the plan at a later date.

If you wish to transfer the commuted value of your benefit rather than receive a pension from the plan, you must notify Canada Post of your decision during the 90-day period following the receipt of your pension plan option statement.

More details about your options at termination can be found on page 12 of Your Information Booklet.

### What are my options if I want to retire early?

You can retire early, up to ten (10) years before normal retirement.

Normal retirement, which provides you with an immediate unreduced pension benefit, occurs when

you terminate employment and have reached the pensionable age of:

- 60 years of age or over with at least two years of eligibility service, or
- 55 years of age or over with at least 30 years of eligibility service

Early retirement offers the possibility of retiring as early as:

- age 50, if you have at least two years of eligibility service or,
- age 45, if you have at least 30 years of eligibility service.

If you choose to retire early, you have the options indicated on the next page.

Canada Post's new pension plan has been in place since October 1, 2000. Already, a number of annuitants—employees who retired from Canada Post—are receiving pension benefits from this new plan.

Also, your contributions, and those of Canada Post, are now invested in our own, professionally managed pension fund since October 1, 2000. Assets from the federal government are in the process of being transferred to our pension fund based on the benefits employees have earned under the *Public Service Superannuation Act*, our previous pension plan.

## Option A) Immediate Reduced Pension

You can choose to receive an immediate pension benefit that is reduced since it will be paid for a longer period of time.

When you terminate employment, IF you are...	AND have eligibility service of...	THEN the reduction will be...	EXAMPLE
<b>age 45 to 49</b>	at least 30 years	<ul style="list-style-type: none"> <li>• 5% x (55 minus your actual age at retirement)</li> </ul>	If you retire at age 48, the reduction would be: <ul style="list-style-type: none"> <li>• 5% x (55 - 48) = 35%</li> </ul>
<b>age 50 to 59</b>	at least two years but less than 25 years	<ul style="list-style-type: none"> <li>• 5% x (60 minus your actual age at retirement)</li> </ul>	If you retire at age 52, the reduction would be: <ul style="list-style-type: none"> <li>• 5% x (60 - 52) = 40%</li> </ul>
<b>age 50 to 54</b>	at least 25 years but less than 30 years	The greater of: <ul style="list-style-type: none"> <li>• 5% x (55 minus your actual age at retirement), and</li> <li>• 5% x (30 minus your eligibility service)</li> </ul>	If you retire at age 54 with 27 years of eligibility service, the reduction would be 15%, the greater of: <ul style="list-style-type: none"> <li>• 5% x (55 - 54) = 5%, and</li> <li>• 5% x (30 - 27) = 15%</li> </ul>
	at least 30 years	<ul style="list-style-type: none"> <li>• 5% x (55 minus your actual age at retirement)</li> </ul>	If you retire at age 52, the reduction would be: <ul style="list-style-type: none"> <li>• 5% x (55 - 52) = 15%</li> </ul>
<b>age 55 to 59</b>	at least 25 years but less than 30 years	The lower of: <ul style="list-style-type: none"> <li>• 5% x (60 minus your actual age at retirement), and</li> <li>• 5% x (30 minus your eligibility service)</li> </ul>	If you retire at age 58 with 26 years of eligibility service, the reduction would be 10%, the lower of: <ul style="list-style-type: none"> <li>• 5% x (60 - 58) = 10%, and</li> <li>• 5% x (30 - 26) = 20%</li> </ul>

## Future Pension Plan News

We want to continue to keep you informed about your Canada Post Pension Plan. Watch for future editions of *Pension Plan News* for more updates and information. In the meantime, if you have any questions or concerns about your pension plan, please contact the Canada Post Pension Administration Centre at 1-877-480-9220.

## Option B) Deferred Pension

You can choose to postpone receiving your pension benefit until a later date. Based on your decision to defer, you can select from the following options:

When you terminate employment IF you are...	AND have eligibility service of...	THEN you can defer receiving your pension benefit until...	WITH ...	EXAMPLE
<b>less than age 50</b>	at least two years	age 60	no reduction	Not applicable
		age 60; however, you may, at a later date, change your option and request to receive your benefit as early as age 50	a reduction of: <ul style="list-style-type: none"> <li>• 5% x (60 minus your age at the time you apply to receive your benefit)</li> </ul>	If you choose to receive your benefit at age 52, the reduction will be: <ul style="list-style-type: none"> <li>• 5% x (60 - 52) = 40%</li> </ul>
<b>at least age 50 but less than age 60</b>	at least two years	age 60	no reduction	Not applicable
		age 60; however, you may, at a later date, change your option and request to receive your benefit as early as age 50	a reduction based on your age and years of eligibility service at the time you apply to receive your benefit. See the table in option A for the different reduction calculations, but replace "your actual age at retirement" with "your age at the time you apply to receive your benefit"	See the table in option A for different examples of reduction calculations
<b>at least age 45</b>	at least 30 years	age 55	no reduction	Not applicable
		age 55; however, you may, at a later date, change your option and request to receive your benefit as early as age 45	a reduction of: <ul style="list-style-type: none"> <li>• 5% x (55 minus age at the time you apply to receive your benefit)</li> </ul>	If you choose to receive your benefit at age 51, the reduction will be: <ul style="list-style-type: none"> <li>• 5% x (55 - 51) = 20%</li> </ul>