

July, 2005

BULLETIN

CANADA POST PENSION PLAN

As you are all aware from the communications that you have received, the Canada Post Pension Plan posted better rates of returns of our investments in the stock markets, etc., than the benchmark for 2004. However, we also have recently been advised that there is a solvency deficit of about 1.2 billion dollars at the end of 2004 that was determined by the Actuaries of the Plan. This is higher than anticipated and must **legally be funded by the employer**, as they are bound by law to ensure that there is always enough money in the Plan for all employees and retirees, if Canada Post were to cease to exist, or to become solvent. Canada Post is the Trustee, and with over 1 billion dollars projected to be being placed in the Plan from them over the next five (5) years, we should anticipate CPC trying to increase our employee contribution through both the .4% increase that the law allows each, year until they reach a maximum of 40% employee to 60% employer contribution ratio in the coming years. When the Plan was implemented in 2000 from Superannuation, it was at approximately 27% to 73% employee/employer, but the Law allows an increase of .4% per year for employee contribution to a maximum of 40%. It also should be expected that the employer will try to "negotiate" at our future rounds of bargaining, either rollbacks or increases above and beyond the .4% in contributions from Plan members. But it is also important to remember that when the actuary's do the prediction for the Plan and the solvency, that it could change dramatically after December 31st 2005, if various factors change. This could actually lead to a large difference in the deficit in a positive manner, but because there are contributing factors, we will have to wait until after 2005 to see what the Actuary's determine. Our Plan is in good financial shape, and also is a very attractive one, as it is a defined benefit plan, with full ation. But we the members need to be very aware of what occurs on a contribution basis, as well as the importance of taking a full personal interest, and being up to date on matters that affect or may affect us for our future. This is our money, and we need to keep remember to take the time to check regularly on how it is doing. In Solidarity,

Mike Moeller
Pension Advisory Council Member