Urban Operations and RSMC
Negotiations
2023-2024

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PENSION PLAN OFFER

In the employer's September 25, 2024, offer they propose to change the pension plan for future employees to Defined Contribution (DC), but they fail to realize or to acknowledge that the proposed changes would also affect the members of the current Defined Benefit (DB) Pension Plan.

In the current DB Plan your money and **Canada Post's matching amount** are deposited into the plan and the plan invests and manages to provide a predetermined percentage multiplied by your years of service, based on the best five (5) years of your gross salary. There is a lifetime pension of 1.3 % per and a bridge pension of .7 % year based on year of pensionable service.

In the employer's offer, Defined Contribution means your money **and a smaller amount from Canada Post** are deposited into the DC Plan and it is invested and managed by the plan. You will not know what you are going to receive at retirement because it is dependent on the return on the investments of the plan. If someone is about to retire or has just retired, and they encounter a market crash like 2008 or the start of the pandemic, they would be in trouble to fund their retirement. For someone that was about to retire it might mean not retiring and waiting for the market to recover. For someone that retired before the crash it is a worst-case scenario; it means you will use the amount left in your pension, which could be less than was put in, and there will be less in your account when the market recovers.

For those in the current DB plan, having no new people paying into that part of the plan is the start of a "winding up" or ending of the plan.

The "going concern" test percentage would drop quickly and within a relatively short period there would be more people receiving money from the plan than the number paying into the plan.

When the last person paying into the DB plan retires the plan would have to use the wind-up "solvency" test to know if there was enough money to pay everyone what is promised. Both of these outcomes could force Canada Post into a worse financial position than today.

The current Defined Benefit Pension Plan is over funded at 131% using the going concern test and 107 % on the "wind-up" solvency test. This "over-funding" has allowed Canada Post a pay holiday of their matching portion since May 2023, and it will continue until at least May 2025.

Over the years, there have been ups and downs, but the plan is in great shape today and doing what it is supposed to. The safest way forward for all current and future members in the Plan is for all employees to continue to contribute to the existing plan in the same manner as today. **Canada Post's offer to move all risk to employees is unacceptable!**

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In Solidarity,

J Simpson

Jan Simpson
National President

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The struggle continues
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