



May 29, 2017

OSFI Plan ID: P-C393

Mr. François Paradis  
National President  
Union of Postal Communications Employees  
701-233 Gilmour St.  
Ottawa, ON K2P 0P2

**Subject: Canada Post Corporation Registered Pension Plan (the “Plan”)**  
**Registration Number: 57136**  
***Pension Benefits Standards Act, 1985 (“PBSA”)***  
***Pension Benefits Standards Regulations, 1985 (“PBSR”)***

Dear Mr. Paradis,

Thank you for your letter dated April 6, 2017 to the Superintendent of Financial Institutions, Jeremy Rudin. Mr. Rudin has asked that I respond on his behalf. Please be assured that we have carefully considered and appreciate the concerns you raised. On May 23, 2017, I sent a letter to Scott McDonald, Chief Human Resources Officer of the Canada Post Corporation (CPC) requesting an update on the options CPC is considering to address any funding issues that CPC may experience should the Canada Post Corporation Pension Plan Funding Regulations expire without further relief from the government. The letter also requests a description of the process that they are undertaking to ensure that members are informed, in a timely and transparent manner, of the actions considered or carried out. We expect that this letter and its response will be shared with the Communications and Consultation Group (CCG).

Please note that OSFI does not intend to attend CCG meetings, but will continue to review the minutes provided.

Regards,

Tamara DeMos  
Managing Director  
Private Pensions Plans Division



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Canada



April 6, 2017

Jeremy Rudin  
Superintendent  
Office of the Superintendent of Financial Institutions  
255 Albert Street  
Ottawa, Ontario  
K1A 0H2

Dear Mr. Rudin,

My apologies in advance for the tone and length of my letter. I have ever growing concerns about Canada Post and our Plan.

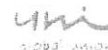
I have written at length to OSFI, many times, regarding the careless implementation of the defined contribution "DC" component of the Plan, which has essentially done nothing positive for our Plan. In fact, it has lowered the retirement security for new employees, future generations, and Canadians overall.

While Canada Post has stated publicly that it is consulting with its stakeholders, the opposite is actually the case.

It is no secret that we have serious concerns with bill C-27, and with the intention behind the proposed legislation. Personally, I do not know where you stand on some of these issues, politically or otherwise. That being said, I believe that Canada Post, through the mandate provided by OSFI, has a certain obligation to consider (or at least discuss) the questions and options brought forward by members of the Communications and Consultation Group "CCG."

For example, many of the stakeholders have taken the position that Canada Post, through discussion with the Government of Canada, should explore the permanent exemption from solvency funding, a position that Canada Post recommended in 2009. My request to look into this option, through the CCG, has thus far been ignored.

Furthermore, I would argue that a prudent Administrator would have by now established a contingency fund, or at least have had some discussions with the Government of Canada regarding an extension to the temporary solvency relief while options are being considered. Canada Post states that it is waiting for the government. What precludes Canada Post from requesting an extension of the temporary relief? It certainly would not conflict with any of the recommendations



from the Standing Committee on Government Operations and Estimates "OGGO" report.

Prior to the recommendations from the OGGO, the Taskforce released a discussion paper. The discussion paper contained a number of options for the Plan, some of which could be implemented without major changes to the Plan. I asked if Canada Post could ask Mercer to conduct an analysis of the options presented by the Taskforce, since some of the them could potentially be implemented separately from the recommendations from the OGGO report. Canada Post replied as follows:

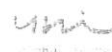
*"The government has been presented with a number of options for addressing the pension issue (by both the Task Force as well as the parliamentary committee). At this time, the corporation is awaiting direction from the government as to how it wants to proceed, whether it be through any of the options identified or some other means. In the meantime, the Corporation is not intending to have Mercer conduct an analysis of the various options proposed."*

I have received very few answers of substance from Canada Post. My original questions to Canada Post, through the CCG, were sent on January 6, 2017. I eventually received a response on February 7, 2017. I then asked some further clarification questions on February 8, 2017. It is now April, and I have yet to hear back from Canada Post.

On December 16, 2016, the chair of the CCG sent an email to the group as an "FYI only" with some information on bill C-27 (amongst other things) stating that "The government has provided no indication on what it intends to do with the TBP's. The introduction of this bill has no immediate impact on the Canada Post pension plan and the Corporation is not intending to communicate broadly to employees on this matter at this time."

We did not receive any information or follow-ups through the CCG, Pension Advisory Council "PAC," or any another vehicle.

On March 15, 2017, Canada Post met with the Canadian Union of Postal Workers "CUPW," and stated that they "would like to discuss a shared risk model", even though that was stated without any further substantive discussion on the matter. We were only made aware of Canada Post's intentions through a CUPW bulletin, not from Canada Post itself.



In my letters dated July 5, 2016, and August 10, 2016, I had raised significant concerns regarding transparency and the fact that, I continue to believe, Canada Post is failing in the mandate provided to it by OSFI. I asked for "general" updates at the CCG meetings in regards to any discussions that were "pension oriented" with CUPW during negotiations. The response I received from Canada Post and OSFI, was that the bargaining process was separate from the CCG meetings, and that the bargaining process had to be respected. I similarly agree that the bargaining process has to be respected, and I have no intentions of negotiating through the CCG. And we certainly have no intentions of trying to interfere with another bargaining agent's negotiations. The reason for the request, was that any pension concessions brought forward by Canada Post during negotiations with any group, could have significant impacts on other stakeholders, and upon the Plan as a whole.

Of further note, Canada Post is no longer in negotiations with CUPW. The corporation's discussion item of March 15, 2017, could have significant impacts on all stakeholders, and weaken retirement security for close to 90,000 current and past employees. Canada Post has failed to approach the CCG or the PAC with this, and continues to leave everyone in the dark.

Are the above examples of a thoughtful, respectful, and transparent employer or Administrator? I think not. Do the above actions meet the mandate provided to Canada Post through the CCG by OSFI? Again, I think not.

We are yet to see an increase in transparency, and have yet to participate in substantive discussions regarding our Plan. What is OSFI doing with all of this? I believe that OSFI should, at the very least, be present at some of our meetings to see "first hand" the challenges we continue to endure.

Yours truly,



François Paradis  
UPCE National President

