2007 Year-end Edition

Attention General Manager

CSS Quarterly Update

CSS Pension Plan

A balanced and planned approach to successful retirement for co-operative and credit union employees

Fourth Quarter
December 31, 2007
Volume10, Issue 4

Inside this Issue

Co-operative Superannuation Society Pension Plan
PO Box 1850
Saskatoon, SK S7K 3S2
Phone: (306)244-1539
Fax: (306)244-1088
Internet: www.csspen.com
e-mail: csspen@csspen.com

UNIT PRICES

Over the 4th Quarter of 2007 the unit price of the Balanced Fund fell from $13.0498 to $12.8990 or 1.16%. Over the same period, the unit price of the Money Market Fund rose from $10.9408 to $11.0788 or 1.26%. Component returns for the Balanced Fund and Money Market Fund appear below.

BALANCED FUND

Investment Managers	4th Quarter Returns (%)		2007 Returns (%)	
	CSS	Index	CSS	Index
CICL: Canadian Bonds	2.48%	2.74%	3.31%	3.68%
TD Asset Mgmt: Canadian Bonds	2.73%	2.74%	3.65%	3.68%
CICL: Canadian Equities	-1.07%	-1.25%	9.45%	9.82%
TD Asset Mgmt: Canadian Equities	-1.23%	-1.25%	9.90%	9.82%
Northwater: U.S. Mid Cap Equities	-4.84%	-3.24%	4.53%	6.08%
Northwater: U.S. Lg Cap Equities	-5.61%	-3.75%	1.71%	3.66%
Brandes: Global Equities	-7.02%	-3.08%	-12.90%	-7.53%
Sprucegrove: Non-NA Equities	-3.06%	-2.42%	-9.98%	-5.71%
Thornburg: World Equities	-0.03%	-1.33%	N/A	N/A
Total Return	-1.16%	-0.25%	2.20%	3.44%

Asset Mix (Weightings)

		Dec 31, 2007	Dec 31, 2006
Equities:			
Canadian equities	21.2%		
Foreign equities	39.1%		
Total Equities:		60.3%	60.4%
Fixed Income:			
Bonds	38.0%		
Short term	1.7%		
Total Fixed Income:		39.7%	39.6%
		100.0%	100.0%

MONEY MARKET FUND

Investment Manager	4th Quarter Return (%)		2007 Return (%)	
	CSS	Index	CSS	Index
TD Asst Mgmt: Short Term Inv.	1.30%	1.08%	4.61%	4.43%

* Return gross of administrative expenses.

Asset Mix (Weightings)

	Dec 31, 2007	Dec 31, 2006
Fixed Income:		
Short Term:	100.0%	100.0%

2007 FUND RETURNS

The Plan offers members two unitized funds for the investment of their contributions and accumulated benefits – a Balanced Fund and a Money Market Fund. Realized and unrealized gains, losses, dividends, interest and expenses relating to the investment and administration of these funds are allocated to members through daily changes in each fund's unit price. A fund unit price allocates true market returns in real time. A fund unit price also serves as an index, so that the percentage change in the unit price over time is the fund's rate of return. For example, if a fund unit price at the start of the year is $10 and at the end of the year is $11.00, the fund has earned a 10% return (e.g. ($11.00 - $10.00) / $10.00). Using the actual 2007 opening and closing unit prices for the Balanced Fund and Money Market Fund produced the following **2007 fund rates of return**:

Balanced Fund: 2.20%
Money Market Fund: 4.36%

The Balanced Fund's 10-year annualized return, as shown in members' 2007 Annual Statements, is 7.24%. This compares favorably with the fund's benchmark, which earned an annualized return of 6.96% over the same period. For more information on the Plan's Balanced Fund or the Money Market Fund, please visit the Plan's website or contact our office.

EQUITY RETURNS

Most of the developed world's equity markets struggled in the second half of 2007 as investors responded to growing fears of a U.S. recession caused by tighter credit, soaring oil prices, falling real estate values and slower consumer spending. Canadian equities, as represented by the S&P TSX Composite Index, proved to be one of the best performers in 2007, posting a return of 9.82%. Energy, information technology and consumer staples led the Canadian equity markets, with financials and consumer discretionary stocks losing value. Co-operators Investment Counselling Limited, the Plan's active Canadian equity manager, slightly under performed its benchmark, earning a return of 9.45%.

The Looney's rise in 2007 significantly reduced foreign returns for Canadian investors. A weak year for "value" stocks and a strong currency "head wind" contributed to under performance by the Plan's Global equity manager, Brandes Investment Partners, who was unable to add value to its benchmark (the MSCI World Index), earning a return of -12.9%. Our active EAFE Non-North American equity manager, Sprucegrove Investment Management Ltd., was also unable to add value to its benchmark (the MSCI EAFE Index), posting a return of -9.98%. The Plan's new All Countries World Equities manager, Thornburg Investment Management, was able to add value to its benchmark as emerging market equities significantly out performed developed markets in 2007. For the fourth quarter, Thornburg posted a return of -0.03%. The Plan's passive Canadian equity manager tracked its benchmark within acceptable limits. The Plan's passive U.S. equity manager, however, under performed its benchmarks as a result of losses on Asset-Backed Commercial Paper, which were estimated to be about 2%.

BOND RETURNS

The Canadian bond market also produced weak returns in 2007, with the PC Bond Index showing a total return of 3.68%. Although central banks in Europe and North America boosted liquidity while maintaining or reducing their target lending rates in the second half of the year, bonds produced modest price losses that detracted from coupon interest payments. Over the year, longer maturities under performed and corporate bonds lagged. Our active bond manager, Co-operators Investment Counselling Limited, produced a return of 3.31%, under performing the index. The passive bond manager, TD Asset Management, also under performed the index by a narrow margin, earning a total return of 3.65%.

ANNUAL STATEMENTS

2007 Annual Statements for active contributors will be delivered to employers for distribution in early February 2008. When the statements are received they should be distributed **immediately** to member employees. Employers receiving statements for employees who have recently terminated employment, should: (i) forward those statements to their former employees **AND** (ii) immediately notify the Pension Plan of the termination date and home address for each former employee. Occasionally, members may notice a difference in the pension contribution amount shown on their Annual Statement and the pension contribution amount on their T4 slip from their employer. If this occurs, it is because the member's final 2007 contributions arrived at the Pension Plan's office after December 31. Due to unit pricing, contributions must now be recorded in the same year that they are received at the Plan's office. Any 2007 contributions received after December 31 will therefore be included on the member's 2008 Annual Statement, although they may be recorded on the member's T4 slip for 2007.

Member's Annual Statements include information on the Money Market Fund for members who have elected to hold part of their accumulated benefits in this fund. The 2007 Annual Statements also include personal rates of return for most members. Members should note that depending on the length and particulars of their account transaction history, their personal rate of return might be different from the returns earned by the Plan's investment funds. **Personal rates of return are not estimated for members with less than two years in the Plan.** We encourage these members to use fund returns when projecting future balances for purposes of retirement planning.

Because the Plan offers more than one investment fund, not all members will earn the same investment return. The 2007 Annual Statements therefore include pension projections at four different potential rates of return. **Remember that these projections are only estimates!** Members' pension projections are re-calculated every year, based on the *actual* contributions received and the *actual* returns for the year. However, the calculations are also based upon economic assumptions that change from year to year with current economic conditions. Therefore, your projected pension may vary from that shown on past Annual Statements.

You should keep your 2007 Annual Statement in a safe place. If you have any questions about your pension account and wish to contact the Plan by telephone, please have your 2007 Annual Statement ready for reference purposes.

CSS asks all employers to make a special effort to bring the information contained in this newsletter to the attention of their employees prior to the receipt of their 2007 Annual Statements. Your co-operation in this regard is appreciated.