

CSS Pension Plan

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

First Quarter
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Quarterly Update

UNIT PRICES

Over the 1st Quarter of 2009 the unit price of the Balanced Fund decreased from \$10.503422 to \$10.200202 for a return of -2.89%. Over the same period, the unit price of the Money Market Fund increased from \$11.473400 to \$11.509760 or by 0.32%.

BALANCED FUND

Investment Managers	1 st Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	1.00%	1.52%	1.00%	1.52%
TD Asset Mgmt: Canadian Bonds	1.46%	1.52%	1.46%	1.52%
Addenda: Can. Equities	-2.86%	-2.00%	-2.86%	-2.00%
Scheer Rowlett: Can. Equities	-2.89%	-2.00%	-2.89%	-2.00%
Northwater: U.S. Mid Cap Equities	-8.44%	-8.95%	-8.44%	-8.95%
Northwater: U.S. Lg Cap Equities	-10.75%	-11.33%	-10.75%	-11.33%
Brandes: Global Equities	-11.49%	-10.24%	-11.49%	-10.24%
Sprucegrove: Non-NA Equities	-7.57%	-12.29%	-7.57%	-12.29%
Thornburg: World (ex U.S.) Equities	-8.36%	-9.00%	-8.36%	-9.00%
Total Return	-2.89%	-3.95%	-2.89%	-3.95%

Asset Mix (Weightings)

	<u>31/03/2009</u>	<u>31/03/2008</u>
Equities:		
Canadian equities	18.2%	
Foreign equities	35.7%	
Total Equities:	53.9%	58.1%
Fixed Income:		
Bonds	44.2%	
Short term	1.8%	
Total Fixed Income:	46.1%	41.9%
	100%	100%

MONEY MARKET FUND

Investment Manager	1 st Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
TD Asst Mgmt: Short Term Inv.	0.39%	0.33%	0.39%	0.33%

Asset Mix (Weightings)

	<u>31/03/2009</u>	<u>31/03/2008</u>
Fixed Income		
Canadian Short Term:	100%	100%

See page 2 over . . .

COMMENTARY

A strong performance in March was not enough to lift global equity markets out of negative territory for the quarter as an ailing financial sector and a deepening world recession continued to worry investors. Bonds, however, posted positive returns, led by corporate issues, as credit spreads narrowed.

The S&P/TSX, led by information technology, lost 2%, as seven of ten sectors fell. The DEX Bond Universe Index rose by 1.52%. The S&P 500 Index (U.S. Large Cap Equities), hedged to Canadian dollars, lost 11.33%, while the S&P 400 Index (U.S. Mid Cap Equities), hedged to Canadian dollars, fell 8.95%. The MSCI EAFE Index (Non-North American Equities) valued in Canadian dollars declined by 12.29%. The MSCI World Index (Global Equities) valued in Canadian dollars was off by 10.24%, while the ACWI (ex US) index lost 9%.

The Canadian dollar was slightly weaker against the American dollar over the quarter, falling by 3.43%. For Canadian investors, a weaker Canadian dollar reduced the loss on unhedged U.S. investments.

Equities: Equities continued to lose value in the first quarter of 2009. The Plan's active Canadian equity managers under performed their benchmark, with Addenda Capital losing 2.86% while SRA produced a return of -2.89%. The active Non-North American equity manager, however, was able to add substantial value over the quarter, earning -7.57%. The active Global equity manager under performed its benchmark, earning -11.49%. The active ACWI equity manager outperformed, posting a return of -8.36%. The passive U.S. equity manager outperformed the S&P 400 and S&P 500 slightly due to the completion of the Asset Backed Commercial Paper settlement.

Fixed Income: Bond prices rose during the first quarter as the Bank of Canada cut the overnight rate to 0.5%: the lowest level in the Bank's 75-year history. Longer maturities under performed in the first quarter, while mid-term bonds were the best performing segment of the market. The Plan's active bond manager, Addenda Capital, under performed its benchmark slightly, producing a return of 1%. The passive bond manager, TD Asset Management closely tracked its benchmark, with a return of 1.46%.

Variable Benefits Taxation

The tax treatment of Variable Benefit (VB) payments has been changed by Finance Canada. Beginning in 2008, VB payments do not qualify for tax treatment as pension income until the member reaches age 65. As a result, CSS Pension Plan members who choose to receive VB payments will pay more tax on their retirement income than members who choose to receive a monthly pension until they reach age 65.

In 2005 when the Income Tax Regulations were first amended to permit DC pension plans, like the CSS Pension Plan, to pay

Variable Benefits directly to retired members, VB payments qualified for the \$2,000 pension income deduction immediately on retirement just like a traditional monthly pension. And when pension income splitting between spouses was first allowed in 2007, this change also applied to VB payments. In 2008, however, the reporting of VB payments for tax purposes was changed so that they would no longer qualify for the pension income deduction or for income splitting between spouses until the member reaches age 65.

The CSS Pension Plan is lobbying Finance Canada to reverse this unfair position. Pension Plan members are encouraged to add their voices to this call for change by contacting their Member of Parliament. To assist, the CSS Pension Plan has created letter templates that can be found on its Home Page, located at <http://www.csspen.com>. Separate letters have been created for a CEO / General Manager, for a Board President and for individual employees.

Please bring the information and the letters on the Home Page to the attention of any CSS Pension Plan members who you think might be interested in contacting their Member of Parliament.

SEMINARS & WORKSHOPS

Retirement Income Options (RIO) Workshops for the remainder of 2009 are TENTATIVELY scheduled as follows:

Edmonton AB	May 2, 2009
Red Deer AB	Sept 12, 2009
Brandon MB	Oct 24, 2009
Prince Albert SK	Nov 7, 2009
North Battleford SK	Nov 14, 2009

All Retirement Income Options (RIO) workshops are scheduled for Saturday mornings from 8:30am to 12:00 noon (local times). Members (and their spouses) receiving an invitation to a RIO are encouraged to attend.

Retirement Planning Seminars (RPS) for the remainder of 2009 are TENTATIVELY scheduled as follows:

Winnipeg MB	May 7, 2009
Saskatoon SK	June 4, 2009
Yorkton SK	Oct 28, 2009
Calgary AB	Nov 25, 2009

The RPS is designed for employees aged 50 and over and their spouses. Through group discussion, various exercises, presentations, and with the help of visiting resource authorities participants examine various retirement-related topics, including health, wills and estates, housing, the psychology of aging, sources of income and financial planning.

The CSS Pension Plan would greatly appreciate you sharing the information contained in this Quarterly Update with your employees and associates.