

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 2010 the unit price of the Balanced Fund increased from \$12.324526 to \$12.639216 for a return of 2.55%. Over the same period, the unit price of the Money Market Fund increased from \$11.554481 to \$11.558592 or by 0.036%.

BALANCED FUND

Investment Managers	1 st Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	1.98%	1.26%	1.98%	1.26%
TD Asset Mgmt: Canadian Bonds	1.34%	1.26%	1.34%	1.26%
Addenda: Can. Equities	1.91%	3.14%	1.91%	3.14%
Scheer Rowlett: Can. Equities	3.34%	3.14%	3.34%	3.14%
SSgA: U.S. Mid Cap Equities	5.56%	5.58%	5.56%	5.58%
SSgA: U.S. Lg Cap Equities	2.01%	1.99%	2.01%	1.99%
Brandes: Global Equities	0.24%	-0.09%	0.24%	-0.09%
Sprucegrove: Non-NA Equities	1.25%	-2.39%	1.25%	-2.39%
Thornburg: World (ex U.S.) Equities	-1.14%	-1.69%	-1.14%	-1.69%
Total Return	2.55%	2.05%	2.55%	2.05%

* all returns in Canadian dollars

Asset Mix (Weightings)

	<u>31/03/2010</u>	<u>31/03/2009</u>
Equities:		
Canadian equities	20.5%	
Foreign equities	<u>38.4%</u>	
Total Equities:	58.9%	53.9%
Fixed Income:		
Bonds	37.1%	
Short term	<u>4.0%</u>	
Total Fixed Income:	41.1%	<u>46.1%</u>
	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.	0.09%*	0.05%	0.09%*	0.05%

*Gross of fees

Asset Mix (Weightings)

	<u>31/03/2010</u>	<u>31/03/2009</u>
Fixed Income		
Canadian Short Term:	100%	100%

See page 2 over . . .

COMMENTARY

The first quarter of 2010 began on a positive note as the economy posted modest growth and the unemployment rate began to ease slightly. The S&P/TSX was led by healthcare and financials as nine of ten sectors rose. Long term bonds were the best performing segment of the Canadian bond market.

Canadian bonds, as represented by the DEX Universe Bond Index rose 1.26%, while the S&P/TSX was up 3.14% for a fourth consecutive quarterly gain. The S&P 500 Index (U.S. Large Cap Equities) improved by 1.99%, while the S&P 400 Index (U.S. Mid Cap Equities) posted a gain of 5.58%. The MSCI EAFE Index (Non-North American Equities) declined by 2.39%. The MSCI World Index (Global Equities) was off by 0.09%, while the ACWI (ex US) index lost 1.69%.

The Canadian dollar gained 3.6% against the U.S. dollar over the first quarter, reaching a high of 98.97 cents in mid-March. For Canadian investors, a stronger Canadian dollar reduces the returns on unhedged foreign investments. To reduce the impact of currency fluctuations on Balanced Fund returns the Plan now hedges one half of its foreign currency exposure on all foreign equity mandates.

Equities: Equities generally gained value in the first quarter of 2010. One of the Plan's active Canadian equity managers, Addenda Capital, under performed the market, with a return of 1.91%, while the other, SRA, out performed with a return of 3.34%. The active Non-North American equity manager, Sprucegrove, was able to add substantial value over the quarter, earning 1.25%. The active Global equity manager slightly out performed its benchmark, earning 0.24%. The active ACWI equity manager also outperformed, posting a loss of -1.14%, while the passive U.S. equity manager, SSgA, closely tracked the S&P 400 and S&P 500.

Fixed Income: Bond prices continued to rise during the first quarter as the Bank of Canada held its target rate steady at 0.25%, 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, out performed its benchmark slightly, producing a return of 1.98%. The passive bond manager, TD Asset Management closely tracked its benchmark, with a return of 1.34%.

TWO MORE INVESTMENT FUNDS

At the 2010 Annual Meeting, the CSS Board and Management reviewed with Delegates their intention to add two more funds to the Plan's investment fund menu. Preparations are underway to add an Equity Fund and a Bond Fund to the Plan's current investment fund choices which are the CSS Balanced Fund and the Money Market Fund. Changes to the Plan's systems, forms and communications are already under development. If all goes well, the Plan's new "four fund" investment menu should be ready for members by early 2011.

NEW MANITOBA PENSION REGULATION

The Government of Manitoba has finally proclaimed its new Pension Benefit Regulation in force effective May 31, 2010. The new Regulation includes many significant changes. Of particular interest to CSS members will be new provisions that:

- permit "phased retirement" for Manitoba members who wish to start a CSS pension rather than a VB payment;
- change the prescribed pension for spouses from a 66.6% survivor benefit to a 60% survivor benefit;
- change the maximum annual withdrawal from a Manitoba Life Income Fund (LIF) to the greater of the normal 6% calculation and the prior year's investment earnings;
- increase the amount that may be unlocked as a "small balance" from \$1,888 to \$9,440;
- permit CSS members to unlock up to 50% of their CSS pension accounts at retirement without requiring a transfer to a LIF. Unfortunately, the new Regulation will still require the unlocked funds to be transferred out of the Plan and then back if that is the member's wish.

Watch for more information about Manitoba's new Pension Benefit Regulation on the Plan's website at www.csspen.com.

SEMINARS & WORKSHOPS

Retirement Income Options (RIO) Workshops for the remainder of 2010 are TENTATIVELY scheduled as follows:

Portage La Prairie, MB	May 8, 2010
Calgary, AB	September 11, 2010
Winnipeg, MB	October 30, 2010
Saskatoon, SK	November 20, 2010

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 2010 are TENTATIVELY scheduled as follows:

Brandon, MB	April 27, 2010
Saskatoon, SK	May 14, 2010
Regina, SK	October 6, 2010
Edmonton, AB	November 16, 2010

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.