



TimeWise

FALL • 2006

INSIDE:

Yearend Procedures for 2006
Pension Contributions

2007 Saskatchewan Employee
Delegate Nomination Form



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Board of Directors

President – Peter Zakreski
Vice-President – Wayne King
Directors – Earl Hanson
Gerry St. Pierre
Laura Vance
Audri Wilkinson

Staff

General Manager – Bill Turnbull
Investment Manager – Eldon Brauns
Accounting/Investment Officer – Joel Sawatsky
Member Services Manager – David Kapeluck
Information Officer – Muriel Baribeau
Systems Administrator – Vaun John
Visual Basic Programmer – Rob Peddle
Office Administrator – Fiona May
Office Administrator – Rhonda Ens
Office Administrator (Part-time) – Joanne Monk



YEAREND PROCEDURES FOR 2006 PENSION CONTRIBUTIONS

Attention Managers and Payroll Departments

Contribution Deadline for 2006

The deadline for 2006 pension contributions is **Friday, December 29, 2006**. Because the unit price for the Balanced Fund and the Money Market Fund are updated daily, the Pension Plan can no longer extend the year-end contribution deadline into the new year. Therefore, there could be a slight difference between the pension contributions shown on members' 2006 Annual Statements and the pension contributions shown on their 2006 T4 slips.

Any 2006 pension contributions received in 2007 (i.e., after December 29, 2006) will be included on members' 2007 Annual Statements.

Remitting Contributions

Managers and payroll departments should keep in mind that pension legislation generally requires that all contributions be remitted to the Pension Plan **within 30 days** after being deducted from an employee's pay. Thus, any delays in remitting pension contributions to the Plan may be contrary to pension legislation.

CSS Pension Plan Registration Number and T4 Information

The CSS Pension Plan's RPP registration number is 0345868. This number must be indicated in "Box 50 - RPP or DPSP Registration Number" on all employee T4 slips.

The amount reported in "Box 20 - RPP Contributions" on an employee's 2006 T4 slip must include the combined total of the employee's regular required pension

contributions, plus any employee additional voluntary contributions made to the Plan for 2006. (Amounts contributed by the employer are not included in Box 20).

Employers must report the 2006 Pension Adjustment (PA) amount in "Box 52 - Pension Adjustment" on all employees' T4 slips for 2006. The 2006 PA amount is simply the **combined total** of all required (matched) employee and employer contributions, **plus** any employee additional voluntary contributions, **plus** any voluntary employer contributions for 2006. In other words, the amount reported in Box 52 of an employee's 2006 T4 slip includes ALL contributions to the Pension Plan made by and on behalf of the employee for 2006. Canada Revenue Agency (CRA) uses the 2006 PA amount when calculating an employee's 2007 RRSP contribution limit, which is reported on the employee's 2006 Notice of Assessment (the 2006 PA amount reduces the amount that an employee can contribute to an RRSP for 2007).

Pension Adjustment Reversal (PAR)

If an employee member terminates his/her employment before obtaining vesting (i.e., ownership) of the employer contributions, and subsequently withdraws his/her own employee contributions from the Plan, the employer contributions made on his/her behalf are forfeited. (Vesting is obtained after completing two years of continuous working service).

These forfeited employer contributions are reported as a PAR in order to re-establish the employee member's RRSP room that would otherwise be lost. The CSS Pension Plan is required to submit PARs for the appropriate employee members to CRA, thus no action is required by the employer members.

CSS Pension Plan

Contribution limit for 2007

As announced in the 2005 Federal Budget, for 2007 the CRA maximum pension plan contribution limit for employee members of defined contribution pension plans, such as the CSS Pension Plan, is scheduled to be the LESSER of:

- 18% of the employee's compensation for the year, or
- \$20,000 (the maximum dollar limit for the year).

Please note that this maximum dollar limit is \$1,000 more than the 2006 maximum dollar limit of \$19,000.

For example, if an employee will have an annual salary of \$30,000 in 2007, his/her pension plan contribution limit for the year will be \$5,400 (i.e., 18% of \$30,000). However, if the employee terminates his/her employment on June 30, 2007 and earns \$15,000 year-to-date, then his/her year-to-date pension plan contribution limit at June 30, 2007 will be \$2,700 (i.e., 18% of \$15,000). If an employee will earn more than \$111,111 in 2007, his/her pension contribution limit will be \$20,000 for 2007.

The CSS Pension Plan does not know an individual employee's compensation for the year. Therefore, it's the responsibility of the employer (i.e., payroll department) to ensure that the **combined employee and employer contributions, plus any additional voluntary contributions** to the Plan are within each employee's own pension plan contribution limit for the year. An employee's 2007 CRA maximum contribution limit to the CSS Pension Plan is separate from the maximum amount that he/she can contribute to a personal RRSP for 2007. 📌

“I Know That!” Contest Update

Congratulations to the 10 lucky winners of the Spring 2006 “I Know That!” contest. Each winner has either received a copy of Patricia Lovett-Reid’s book “Live Well – Retire Well” or Eric Kizner’s and Richard Croft’s book “Protect Your Nest Egg”. The 10 lucky winners whose names were drawn at random on May 23 are: Lani Dear, Saskatoon SK; Tina Fehr, Winkler MB; Vi Gara, Courtney BC; Karen Harrington, Lethbridge AB; Carolyn Jameson, Rocky Mountain House AB; Diane Jordet, Hazenmore SK; Kim Kruzeniski, Regina SK; Dean Layman, Woodrow SK; Elsie Pascal, Winnipegosis MB; and Brenda Rolles, Melfort SK.

Across:

4. The oldest of five children – four girls and a boy – Audri was no stranger to hard work.
7. From January 1 to December 31, 2005, the unit price of the Balanced Fund increased from \$10.00 to \$11.2172.
8. The Plan’s investment in actively managed non-North American equities consists of units in a pooled fund holding a diverse portfolio of companies located in Europe, and the Pacific Basin.
9. The average age of the non-retired members of the Plan increased to 44.61 at the end of 2005, from 44.31 at the end of 2004.
10. The objective of the RPS is to provide information and help participants search for their own answers in planning for a meaningful, successful and happy retirement.

Down:

1. Since his retirement from the Pension Plan in January 1998, Mike has been one of the Plan’s presenters at its Retirement Income Options (RIO) workshops.
2. High crude prices generally have a mixed effect on the Canadian economy.
3. At the 2006 Annual Meeting the Delegates approved amendments to the CSS Pension Plan’s Rules & Regulations to enable the Plan to offer Variable Benefit Payments.
5. The Money Market Fund’s primary objective is to protect capital.
6. Despite historically low long-term interest rates, 219 retiring members started a monthly pension directly from the Plan in 2005 at an average age of 60.78 years.

Details of the latest contest appear on page 18.

WANTED

The CSS Pension Plan wants the following individuals. They are “guilty” of not advising the Plan of their current address after moving. As a result they have not received their most recent Annual Statement. All of the following members have or will soon reach the Plan’s normal retirement age of 60.

Rosemarie Bone	Vanderhoof Co-op
Stan Bury	Credit Union Central of Saskatchewan
Charles Bylow	Credit Union Central of Alberta
Janet Carswell	Arctic Co-op
M. Lloyd Davies	Canfarm Co-op
Harold Elliott	Calgary Co-op
Huguette Fillion	Edmonton Co-op
Blaine H. Franks	Federated Co-op, Saskatoon
Gordon Green	Federated Co-op, Calgary
Robert T. Heigh	Prince Albert Co-op
Donald W. Johnson	Federated Co-op, Regina
Stuart R. Johnson	Edmonton Co-op
Peter A. Kootchin	Salmon Arm Credit Union
Joan Kuss	Credit Union Central of Alberta
Douglas Lalande	Federated Co-op, Canoe
Freivald Lind	Peace Country Co-op
Josephine Lloyd	Arctic Co-op
M. Jean MacLeod	Arctic Co-op
Richard Meyer	North of 53 Co-op
Carol Robbins	Credit Union Central of Canada
Lyn Roberts	Rimbey Co-op
Clarence Rott	Strome Co-op Seed Cleaning Plant
William D. Smith	Red Deer Co-op
Dianne M. Strube	Arctic Co-op
Lorraine Toews	Arborg Co-op
Eleanor Trischuk	Tuxedo Credit Union
W. Bernard Wood	Federated Co-op, Saskatoon

If you know the whereabouts of any of the above, please advise the CSS Pension Plan, or have them contact the Pension Plan directly. Sorry no reward will be offered for their discovery.

OPERATIONS UPDATE - August 31, 2006

	31/08/2006	31/08/2005	Change
Net Assets Available for Benefits	\$2,352,135,879	\$2,196,575,681	7.08%
Repayments & Transfers Out	\$66,921,202	\$57,211,597	16.97%
New Contributions	\$53,638,254	\$50,594,925	6.02%
Pension Payments	\$26,083,854	\$25,269,299	3.22%
Administrative Expense	\$1,081,517	\$957,253	12.98%
Investment Expense	\$2,054,488	\$1,957,249	4.97%

With the unitization of the Plan's investment funds in 2005, "net assets available for benefits" now includes interests, gains and losses for the current year.

Selectd information relating to the CSS Pension Plan's operations for the first 8 months of 2006 (to August 31st) appears above. The regular *Quarterly Update* for the third quarter of 2006 will be distributed to all employer members in mid to late October. As always, employers are asked to share the *Quarterly Update* with their employees. Members who have Internet access can find the Plan's *Quarterly Update* in the "What's New" section of the Plan's web site at www.csspen.com

Plan Growth

The Plan experienced moderate growth over the twelve months from September 1, 2005 to August 31, 2006. Repayments and transfers to inactive members increased significantly over the first eight months of the year, while investment expenses increased more slowly. Most of the increase in administrative expense over the past year resulted from refilling a staff position that had been vacant during the first half of 2005, together with the addition of a second network server.

Investment Markets¹

War in the Middle East, record high oil prices, and fears of rising inflation have

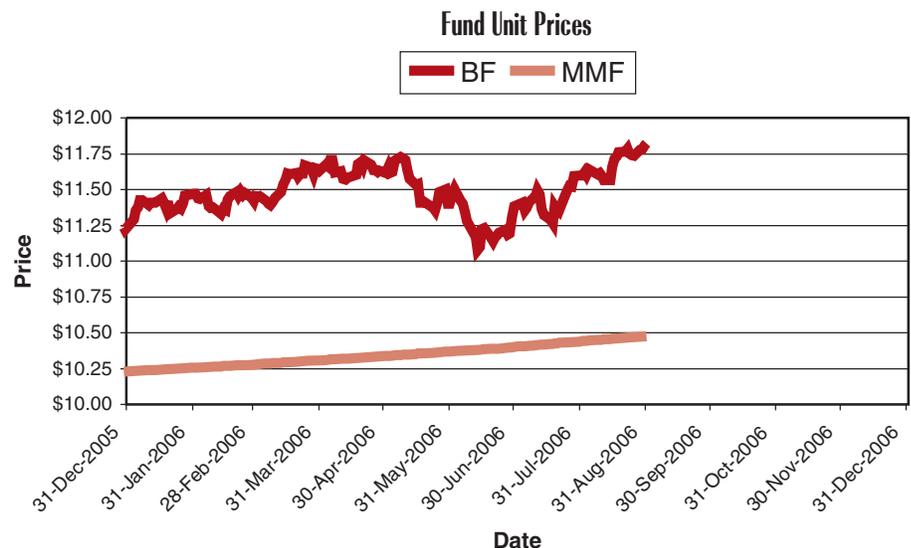
resulted in market volatility in 2006. The S&P/TSX (Canadian equities) again produced the strongest return of the developed markets during the first eight months of 2006. The Canadian bond market experienced weakness in the first half of the year, as central banks in the U.S., Europe and Canada increased interest rates. To August 31st, the S&P/TSX Index (Canadian Equities) rose by 8.72% while the Scotia Capital Universe Bond Index increased by only 2.25%.

Non-North American equity markets also produced strong returns while U.S. equities earned more modest gains. From January 1 to August 31, the S&P 500

Index (U.S. Large Cap Equities) gained 5.05% while the S&P 400 Index (U.S. Mid Cap Equities) rose by 1.66%, both hedged to Canadian dollars. The EAFE Index (Non-North American Equities) appreciated by 8.6% and the MSCI World Index (Global Equities) improved by 4.01%. Foreign equity returns to Canadian investors were slightly reduced again this year by a stronger Canadian dollar, which rose by 5.22% against the U.S. dollar.

Fund Unit Prices

Dividends, interest, and investment gains and losses for the current year are



now allocated continuously to members through changes in fund unit prices. In January, the opening unit price for the Balanced Fund was \$11.22 while the Money Market Fund opened the year at \$10.23. On August 31st, 2006, the unit price for the Balanced Fund was \$11.82, while the unit price for the Money Market Fund was \$10.47. The percentage change in each fund's unit price for the current year-to-date is its investment return. For the first eight months of 2006, the return on the Balanced Fund was 5.38%, while the return on the Money Market Fund was 2.43%.

Return Expectations

So far this year, markets have been more volatile. Although the economy in western Canada continues to show strength due to record-high energy and commodity prices, the manufacturing sector in eastern Canada is feeling the pain of a stronger dollar and higher input costs.

No one knows how long the current strength in energy and commodity stocks will continue. Stock and bond investors remain concerned about the possibility of higher inflation and lower levels of corporate profitability in the second half of 2006 and into 2007. Finally, geo-political uncertainty continues, with the U.S. led "war on terrorism" now into its fifth year with no end in sight. Notwithstanding this uncertain outlook, the Balanced Fund has produced a reasonable, if more modest return for the first eight months of 2006. As always, however, it is not clear, whether markets will rise or fall from now to December 31st.

As we have been telling you for several years now, investment forecasters expect single-digit returns for stocks and bonds to become the norm in the future. Markets have produced solid gains over the past three and one half years. It is reasonable to expect, therefore, that there will be a short-term pause or even a

decline sometime soon, although the timing of such a market shift is impossible to forecast accurately.

To August 31st, the Balanced Fund has gained more than 45% on a cumulative basis since its last annual loss in 2002. On occasion, however, it will experience short-term losses. With this in mind, members nearing retirement have the option of moving some or all of their account into the Money Market Fund to reduce this risk, although basing such a decision on short-term market conditions is not recommended. Rather, members near retirement should base this decision on how and when they intend to start converting their account into retirement income. Members who are not near retirement are encouraged to take a longer-term view.

Variable Benefit Payments

For many years, the Plan has offered a monthly pension option. However, members who wished to stay invested in equities after retirement, or who wished to leave unspent funds to their beneficiaries or as part of their estate, had to leave the Plan. On September 1, 2006, a second retirement income option became available – Variable Benefit (VB) Payments.

Legislation has now been passed in Canada's three most western provinces to permit CSS members to remain in the Plan throughout retirement, taking periodic withdrawals from their CSS Pension Plan account. These periodic withdrawals are called VB Payments, because their amount is not fixed or guaranteed, but will vary with the member's investment returns and payment choices. The Plan continues to offer the traditional fixed monthly pension option. And of course, members also continue to have the freedom to transfer their account balances out of the Plan if they wish.

Members who choose to remain in the Plan and receive VB Payments continue to



have ownership and control over their account after retirement. With ownership and control, however, comes responsibility. They will continue to be responsible for the allocation of their account among the investment funds offered by the Plan. They will also be responsible to manage their payment amount to ensure that their account balance lasts as long as needed.

VB Payments have been "a long time coming" and are a welcome addition to the retirement income options available to Plan members. Thanks to the Co-operative Superannuation Society's Delegates and Directors, Plan members, the Plan's staff and some responsive regulators and elected officials, VB Payments are now a reality in Saskatchewan, British Columbia and Alberta. They are expected to become available in Manitoba in the future. The CSS Pension Plan will be pressing for the adoption of this new retirement income option across the rest of Canada as pension legislation comes up for review. 🍷

¹ All returns are stated in Canadian dollars. All indices quoted are "total returns" including price changes and interest or dividends accrued to August 31.

VARIABLE BENEFIT PAYMENTS = FLEXIBLE RETIREMENT INCOME

What are Variable Benefit Payments?

Plan members whose accounts are governed by Saskatchewan, Alberta or British Columbia pension legislation now have the option of keeping their contribution accounts open after they retire, withdrawing periodic payments called Variable Benefit (VB) Payments. VB Payments are simply periodic withdrawals from your account. The funds withdrawn are deposited electronically to your credit union or bank account.¹

Not a Pension!

VB Payments are different from monthly pension payments. A pension is a fixed, guaranteed payment for life. VB Payments, as the name suggests, can change from year to year and will stop when your account balance reaches zero. A summary of the differences appears below:

You Remain in Control

If you choose VB Payments, you will maintain ownership and control of your account during your retirement. Depending on your tolerance for risk, therefore, you will have the opportunity to

earn a higher retirement income than you might receive as a pension. You will also have limited flexibility to vary your retirement income from year to year.

But Control Involves Responsibility

If you choose VB Payments you will take on responsibilities and face risks that do not apply to a pension payment. You will remain responsible for choosing how to allocate your account among the Plan's investment funds during retirement. And you will take on the responsibility of choosing how quickly to spend your balance. Both of these choices involve risks.

Investment Risk: If you choose VB Payments, you will continue to face investment risk after you retire. Starting VB Payments does not change how your account is invested. Your pension funds will remain in the same fund(s) as before you retired, unless you contact the Plan and make a change. If your balance is invested mostly or only in the Balanced Fund (BF), you will have the opportunity to earn a higher income, but will face the risk of suffering occasional short-term losses. As

A New Retirement Income Option for CSS Pension Plan Members

At the 2006 Annual Meeting in March, a new retirement income option was added to the Plan's Rules – Variable Benefit (VB) Payments. In May of 2006, the Saskatchewan pension legislation was amended to permit VB Payments in Saskatchewan. Similar amendments were passed in Alberta on August 10, 2006, and in British Columbia in 2004. Therefore, the Plan can now offer VB Payments to its members whose accounts are governed by Saskatchewan, Alberta and British Columbia pension legislation. Similar amendments are expected in Manitoba in the future. For more information, read on!

shown in Table 1 on page 7, adjusting your fund mix can reduce the risk / return profile of your account.

Inflation Risk: Whether you choose to receive a monthly pension or VB Payments you will face inflation risk in retirement. Prices generally increase each year. The investments supporting your VB Payments may or may not produce adequate returns to keep up with inflation. By continuing to hold some of your account balance in the BF, you could partially offset the impact of inflation in retirement.

Mortality Risk: Once you retire and begin to spend your account you will face mortality risk. This is the risk that your funds will run out and your VB Payments will stop during your life-

Monthly Pension	Variable Benefit Payments
<ul style="list-style-type: none"> Member can't change payment 	<ul style="list-style-type: none"> Member can change payment (within limits)
<ul style="list-style-type: none"> Member's account balance is transferred to the Annuity Fund and is invested in long-term bonds 	<ul style="list-style-type: none"> Member's account balance stays invested in the BF and/or the MMF as instructed by the member
<ul style="list-style-type: none"> Payments continue for life 	<ul style="list-style-type: none"> Payments stop when the account balance reaches zero
<ul style="list-style-type: none"> The entire account balance is "spent" to buy a fixed monthly payment 	<ul style="list-style-type: none"> Unspent funds belong to the member and can be left to a spouse or beneficiaries
<ul style="list-style-type: none"> Annual retirement income is fixed for life based on long-term interest rate at retirement 	<ul style="list-style-type: none"> Annual retirement income may vary with the investment returns on the member's contribution account

time. Most provinces impose maximum withdrawal limits to reduce this risk. However, your balance could still be impaired, or even exhausted, through investment losses. If you continue to withdraw the maximum amount, or even a specified amount, regardless of your investment returns, your entire balance might be spent much sooner than you think. Reducing the amount of your VB Payments following a year when returns are low can help to reduce this risk.

Adjusting Your Fund Mix in Retirement

The CSS Pension Plan offers two investment funds – a Balanced Fund (BF) and a Money Market Fund (MMF). The BF holds roughly equal portions of stocks and bonds. It is structured to produce moderate growth over the long-term, but can suffer occasional short-term losses. The MMF holds short-term investments issued by the Government of Canada, by Canadian provinces and by Canadian corporations. It is structured to preserve capital and is therefore expected to produce lower average returns than the BF.

As you contemplate retirement, you may feel comfortable remaining fully invested in the BF. You should remember, however, that the BF will experience short-term losses that can impact your retirement income. If you are planning to choose VB Payments, you should re-examine your fund mix. Retirees have shorter time horizons and different needs. Older investors typically move to less risky investments.

This is because a retiree generally cannot make more contributions to replace lost capital. Further, a retiree needs a regular income and may not be able to postpone withdrawals when markets are down. Transferring part of your account into the MMF could help. By holding 1 to 3 year's spending in the MMF, you can reduce the risk of being forced to sell BF

Fund Mix %	Years with Loss	Average Loss	Worst Loss	Average Return*
100% BF & 0% MMF	3	-2.30%	-5.04%	10.48%
80% BF & 20% MMF	2	-1.92%	-3.53%	9.38%
60% BF & 40% MMF	1	-2.02%	-2.02%	8.28%
50% BF & 50% MMF	1	-1.26%	-1.26%	7.73%
40% BF & 60% MMF	1	-0.50%	-0.50%	7.18%
20% BF & 80% MMF	0	—	—	6.08%
0% BF & 100% MMF	0	—	—	4.98%

* Based on T-bill index and BF benchmark blended returns. T-bill returns (i.e., short-term interest rates) were unusually high in the early 1990s. Current T-bill returns are much lower. Past returns are not an indicator of future returns.

units in a “down” market to meet your retirement income needs.

Although using the MMF can help to stabilize your retirement income, moving your entire balance to the MMF might be too conservative – even for a retiree. The expected return of the MMF can be too low to offset inflation. It can also actually be lower than the rate at which you could convert your balance into a regular pension. By holding a portion of your balance in the BF you will have the opportunity to earn higher average returns. Further, the equities in the BF will usually tend to earn better returns during periods of inflation. A retiree receiving VB Payments, therefore, might want to hold some BF units for many years into retirement. Table 1 above shows how adjusting your fund mix between the BF and MMF can affect your expected returns as well as your risk of loss.

As you approach retirement, you should review with a qualified financial advisor the proportion of your account held in each of the Plan's Investment Funds. If you wish to move some or all of your balance between Funds, you must complete an Investment Instructions form and pay a \$75 processing fee. Forms are available by contacting the Plan or on the “Forms” area of our web site at www.csspen.com

Payment Choices

As noted above, if you elect to receive VB Payments you will maintain ownership and control of your account. You will also

have some flexibility in terms of your payment amount. The downside of this control and flexibility, however, is that there is no guarantee of a lifetime retirement income. You will remain exposed to investment risk and will face mortality risk after you retire.

In most provinces, pension legislation tries to limit mortality risk – the risk of running out of funds – by setting a maximum annual withdrawal limit. But even in provinces where a maximum limit applies, there is a chance that weak investment returns could cause you to run out of money.² You should also remember that withdrawing the maximum each year will definitely exhaust your balance by age 85 (Alberta) or age 90 (most other provinces, except Saskatchewan, which has no maximum). Prudent payment choices can help to reduce the risk that you will outlive your VB Payments.

Your investment returns are an important factor when setting the amount of your VB Payments amount. You should therefore consider how your investment returns might change during retirement. It is generally recommended that a retiree should move to more conservative investments to reduce risk and create a steadier income stream. As you reduce risk, however, you can expect to earn lower average returns. You might therefore want to assume a lower average return when you initially set your VB Payments. In addition, remember that your annual returns

Continued on page 8

Continued from page 7

will be a random series. They will not be constant, like an average, but will vary up and down with the markets. You should therefore carefully monitor your returns each year, so that you can reduce your VB Payments following a year when your investment return was lower than average.

Consider Professional Advice

Converting your account into retire-

ment income is an important part of your retirement plan. The Plan's newest retirement income option – Variable Benefit Payments – offers greater control and flexibility but involves risks. The amount of your VB Payments and investment fund mix will require careful monitoring and occasional adjustment. We recommend that you consult a qualified financial advisor.³ With professional advice and careful management, you can reduce the risk that

your Variable Benefit Payments might come to an unplanned and early end. ❗

¹ For more detailed information about VB Payments, including information on how to apply, contact the Plan or visit the What's New area of our website at <http://www.csspen.com>.

² For examples of how different payment amounts and return assumptions can affect the time until your whole account balance is spent, see the Plan's "I'm Ready to Retire" booklet.

³ For help identifying and locating a qualified financial advisor, please see the Plan's "Investment Choice" booklet.

LEGISLATION UPDATE

SASKATCHEWAN

Variable Benefit (VB) Payments

The CSS Pension Plan can now also offer VB Payments to its Saskatchewan members (in addition to its members in BC and Alberta).

VB Payments are subject to the same minimum withdrawal limit as a RRIF, and like a PRRIF there is no maximum withdrawal limit. Retiring Saskatchewan members, who in the past were attracted to the features of the PRRIF, no longer have to transfer their pension funds out of the Plan. They can now set up VB payments with the CSS Pension Plan and experience the same flexibility offered by a PRRIF.

For more information on VB Payments please refer to the article starting on page 6 of the issue of *TimeWise*.

ALBERTA

One time 50% unlocking option

Effective November 1, 2006 Alberta members will have a one-time option to unlock up to 50% of their locked-in (restricted) pension funds upon retirement. This option will provide more flexibility and control over this portion of ones pension funds.

To qualify for this unlocking option, an Alberta member must be at least age 50 and his/her spouse (if applicable) must sign the appropriate consent form. The

unlocking option can only be exercised when setting up a retirement income with the locked-in funds.

The unlocked funds can be paid as cash (subject to income tax), or transferred to an RRSP or RRIF with a financial institution. Alberta pension legislation does not permit the unlocked funds to remain in the CSS Pension Plan.

New rules for LIFs

LIF holders are no longer required to convert their remaining LIF balance into a life annuity at age 80.

The maximum yearly withdrawal limit for Life Income Funds (LIFs) has been improved to allow greater flexibility. The LIF maximum withdrawal limit is now the greater of the previous year's investment earnings or the maximum withdrawal percentage as published by Alberta Finance each year. For 2006, this maximum withdrawal percentage ranges from 6.51% for someone aged 50, and gradually increases by age to 100% for someone aged 84. Under the new provisions the LIF can be exhausted by age 85.

The improvements to the LIF maximum withdrawal limit has eliminated the need for LRIFs, which will be discontinued effective December 31, 2007.

Variable Benefit (VB) Payments

The CSS Pension Plan can now also

offer VB Payments to its Alberta members (in addition to its members in BC and Saskatchewan).

VB Payments are subject to the same minimum withdrawal limit as a RRIF, and the same maximum withdrawal limit as a LIF Retiring Alberta members, who in the past were attracted to the features of the LIF, no longer have to transfer their pension funds out of the Plan. They can now set up VB payments with the CSS Pension Plan and experience the same flexibility offered by a LIF.

For more information on VB Payments please refer to the article starting on page 6 of the issue of *TimeWise*.

Waiver of Pre-Retirement Death Benefits

A person who is the spouse (i.e., "pension partner" as defined by Alberta pension legislation) of a member may prior to the member's death sign the appropriate waiver form, thereby giving up their rights to any pre-retirement death benefits¹.

Once this waiver is completed and filed with the CSS Pension Plan, the member is free to designate whoever he/she wishes as the beneficiary(ies) of any pre-retirement death benefits.

This option may be of particular interest to members who have children from a previous relationship. ❗

¹ Pre-retirement death benefits become payable if the plan member dies before converting his/her pension funds into a retirement income.



ATTENTION PENSIONERS!



The CSS Pension Plan is pleased to announce that it is continuing its tradition of providing the December pension payments to pensioners prior to the holiday season. Accordingly:

- Pensioners whose pension payment is deposited directly into a credit union or bank account: your pension payment will be deposited into your account on Tuesday, December 19 instead of December 26.
- Pensioners receiving monthly cheques by mail: your cheque will be mailed from the Pension Plan's office on Friday, December 15.

2007 Income Tax Changes

Income tax changes effective January 1, 2007 may mean that the after-tax amount of monthly pension you receive in 2007 could be different than the amount you received in 2006.

If you are turning 65 in 2007, the CSS Pension Plan will be sending you federal and provincial Personal Tax Credits Return (TD1) forms early in 2007. Once you receive these forms you should complete and return them as you may be eligible for all or part of the federal and provincial Age Exemption amounts.

Someone aged 65 or older whose total net income in 2007 is less than the federal and provincial minimum threshold amount can claim the full Age Exemption when calculating his/her federal and provincial income tax payable for 2007. However, someone aged 65 or older whose total net income exceeds the minimum threshold in 2007, will have their Age Exemption reduced by 15% of their net income in excess of the minimum threshold. Someone aged 65 or older whose total net income exceeds the maximum threshold amount in 2007, will not be eligible for any of the Age Exemption amounts.

Pensioners wishing to find out how much of the federal and provincial Age Exemption they may be eligible for should get the federal and appropriate provincial Personal Tax Credits Return forms (TD1) and applicable worksheets. In addition to the CSS Pension Plan's office, the

2007 TD1 forms will be available on the Canada Revenue Agency (CRA) Web site at www.cra-arc.gc.ca, or by calling CRA at 1-800-959-2221, but not until late 2006 or early 2007. Pensioners who need help completing the TD1 forms can call the CRA general enquiries line, toll free, at: 1-800-959-8281.

If you are already 65 or older you should keep the above in mind if you expect your 2007 total net income to exceed the minimum threshold amount. If you fall into this category, you can arrange to have extra income tax withheld from your monthly pension.

T4A Slips

The T4A slips for 2006 will be mailed directly to pensioners by early February 2007. Watch your mail, as you will require the T4A slip when filing your 2006 Income Tax Return. CRA regulations state that a T4A slip must only be issued when total payments for the year are more than \$500.

If your total pension payments from the CSS Pension Plan for 2006 are less than \$500, you will not receive a T4A for 2006. However, you still must declare the total of your pension payments that you received in 2006 on your Income Tax Return.

Pension payments from the CSS Pension Plan qualify for the Pension Income Exemption (i.e., when calculating the tax credits) on your Income Tax Return. The maximum exemption that may be claimed is now \$2,000 as announced in the 2006 Federal Budget. 



IN OUR CONTINUING SERIES OF PROFILES ON THE STAFF OF THE CSS PENSION PLAN, FEATURED IN THIS ISSUE IS FIONA MAY, ONE OF THE PLANS' OFFICE ADMINISTRATORS.

Fiona May

"I really, really want to give you the best service I can."

Highway collisions involving cars and snowplows seem unlikely fodder for funny stories. But Fiona May's tale about her family's move to Saskatchewan in 1975 is, indeed, amusing. In hindsight.

Fiona, the senior office administrator at the Co-operative Superannuation Society's (CSS) Pension Plan Pension Plan office in Saskatoon, was 14 years old when her family packed up everything and moved from the Winnipeg area to Saskatoon.

Fiona was far from gleeful that snowy winter day as her dad piloted the family station wagon toward his new job in Saskatchewan. After all, she was leaving behind a group of close friends at a time in life when friendship was most precious. And she was trading her senior status at a junior high school in Selkirk, MB, for "freshie" status at a huge, composite high school in Saskatoon.

And if all of that was not enough to make the Trans-Canada Highway look bleak, the big move was taking place in December, well past the beginning of the school year when making new friends would have been a little less daunting. And then her dad ran into the back of a snowplow.

No one suffered serious injuries, although the station wagon was badly damaged. The snowstorm they encountered between Brandon and Portage la Prairie had slowed traffic. But not enough, apparently, for the driver behind them to avoid hitting the rear of the station wagon



and forcing it into the back of the snowplow. Fiona, who had front-seat dibs as the eldest of four kids, came face to face with the middle of the dashboard.

"We were all pretty shaken up," says Fiona. "But I think as far as the most visible wounds go, that would have been me. I broke my nose, so I had two black eyes."

It didn't take long for the young teenager to picture the effects of her injuries.

Fiona laughs heartily as she remembers telling her parents: "Please don't make me go to school like this!". But alas, Fiona began attending Saskatoon's Mount Royal High School as the new girl with two black eyes.

"I found out later that some of the kids thought I came from an abusive household," Fiona says, still chuckling. "They thought that my dad must be beating us or something. Of course, nothing could have

been further from the truth."

In the years following that difficult move, Fiona's view of Saskatoon improved significantly. She gained new friends – who also came to know her loving family – and she grew up. In later years, she married Norm, who works at Mitchell's Gourmet Meats in Saskatoon. She and Norm have three kids: Sarah, 21, Caitlin, 17; and Andrew, 15.

"Saskatoon's a great place to raise a family," says Fiona. "And just about anything you could be interested in pursuing; you can probably pursue it here. Of course, your perceptions change over time."

That move to Saskatoon was quite a change. But like all of us, to one degree another, Fiona has been adjusting to change throughout her life.

Born in England, Fiona celebrated her fifth birthday aboard a ship bound for Canada. Her father was seeking better employment opportunities for himself and a better life for his family. The family settled and lived in Winnipeg for a number of years, but spent about 18 months in the nearby community of Selkirk before moving to Saskatoon.

After Fiona graduated from Grade 12, she worked for a year before attending the University of Saskatchewan in Saskatoon, where she aimed to become a teacher.

"I thought I'd teach English and history – that's where my interests were. I was probably half way to finishing my third year when I realized I didn't really want to

do that. I knew I wasn't going to like it."

With her dad's encouragement, Fiona persevered. She completed her bachelor of education degree, even though she knew she'd never use it in a classroom. Since then, she's become a firm believer in the notion there's no such thing as wasted education. She says she uses some of the skills and knowledge she learned at university in her day-to-day work at the office.

"I draw on that here, when I'm dealing with the members," she says. "I like being able to discuss their options with them. It's not all of what I do, but it's the most interesting part. It's not teaching in a classroom, but (there are similarities)."

Starting a career with the Plan

Fiona has worked at the CSS Pension Plan for 12 years. She began as a part-time employee with a part-time job at a Saskatoon department store. Her duties at the Plan involved front desk reception, filing, data entry and helping with the many other office tasks that "somebody has to do." But with three kids in elementary school, two jobs became one too many. Fiona quit her job at the department store to focus on her family and work with the Pension Plan. Two years later, with the kids a little older, she accepted a full-time position as an office administrator with the Pension Plan.

Her duties and responsibilities have changed a lot since then. When Fiona started working as an office administrator, her typical day involved opening the mail, doing the daily deposits and keying in the contribution data submitted by employers.

"The employer would send in a cheque with a list of all the employees who were members of the Plan, and all their individual contributions. So first, you entered the cheques and then you entered the summary, which included the matched contributions and voluntary contributions, because (employees) can make contributions above

what they're required to. And then you'd make sure the summary added up to the cheque, and then you'd key in the details."

Today, Fiona spends about two days a week doing deposits, data entry and front reception – another full-time and one part-time office administrator have since been added to the staff. And the work is much more automated, as well as varied.

"I also look after the 5,500 people across Canada who receive a (CSS) month-

"A lot of the baby boomers are either retiring or beginning to look at retiring."

ly pension," says Fiona. "And every month, we set up between 15 to 20 new people who've become pensioners. My job involves making sure we have everything we need to do that."

An important part of Fiona's job relates to the recent changes in provincial and federal pension legislation that allow members of defined contribution plans to opt for variable benefits. She says the changes give members much more flexibility over the way they receive their pension funds. However, increased flexibility equals more options. And more options means Fiona can expect more opportunities in the years ahead to practise some of her teaching skills.

"A lot of the baby boomers are either retiring or beginning to look at retiring. That's where the growth is going to come from in the next few years. Most of the telephone calls for projections and options are

going to come from these members who are getting closer to retirement."

Studying for her CFP

To prepare for these changes, Fiona has completed the Certified Financial Planner (CFP) course. However, there would be lots of hard work and a few rude surprises before she successfully completed the course.

"The CFP training started out pretty good because the very first course was in retirement planning," Fiona recalled. "That was in 2002. I'd been here about eight or nine years by that time, so I had some background in that."

Nothing could prepare her for her first, three-hour, 100-question, multiple-choice exam.

"It was like 'what was that? I was shell-shocked. I'm still not sure how I got home.'"

Fiona did well on that exam. And then she did well in the following courses on strategic investment planning, risk management and (the dreaded) income tax planning: "Pardon me to anyone who likes income tax work, but it's very dry." The last course exam was followed by a comprehensive exam covering all four sections. And that test, in turn, was followed by the final six-hour CFP examination. It ran for three hours in the morning and three more hours in the afternoon.

Fiona says her CFP training is part of the evolution of her job. She expects that she will spend more and more of her time providing members with information about their pension options.

"We need to have the background and information required to give members the best possible service we can. I mean, that's really what we're here for. We wouldn't exist without the members."

Well, not in an employment sense, anyway. But there's more to Fiona's life than work. There is also, for example, soccer!

Continued on page 12

More to life than work

“We’re the Majestics!,” Fiona says of her soccer team, which competes in a league for women over the age of 35. “It started as a bunch of women whose kids were playing soccer. We’ve been playing for seven years now.”

She’s quick to point out that she is not particularly athletic and she didn’t play organized sports as a child or teenager. However, the team, one of about half a dozen in their division, seems to have struck a happy balance between fun and competition.

“We have a core group that’s been there since the beginning, and the people who’ve joined since that time tend to stay,” she says. “We have a fun team. We all support each other and we never get down on each other. In the back of our minds, we always want to win – we try to put our best foot forward. But if we lose, well, the beer’s still cold.”

Fiona says the Majestics won their division a few years ago, but “we tend to finish somewhere in the middle of the pack.” And if she ever happens to find herself feeling a little smug about her team’s performance out on the soccer pitch, she simply remembers the words of her son Andrew, who told her a couple of years ago that “whatever it is you’re playing, it isn’t soccer.” That little quip was spoken “like a true 13-year-old boy,” she says. “But of course, he’s been playing since he was four. He’s much better than I could ever hope to be.”

Fiona plays soccer year ‘round – the Majestics play at an indoor soccer facility in wintertime. She supplements her soccer with lunchtime walks along a popular downtown route that leads her across the South Saskatchewan River on one bridge, and back to her downtown office over another. “I try to do it every (work) day,

but it probably averages about four times a week over the course of a year.”

In spite of her sense of humour and easy laugh, Fiona says she’s a quiet person. Her favourite pastimes bear this out. She enjoys reading: “I really like historical fiction and mysteries. Diana Gabaldon (author of the *Outlander* series) writes very good historical fiction, but it’s kind of about time travel, as well. It’s well written and very well researched, with huge attention to detail.”

And she’s a music lover, too: “I love U2. *Vertigo* is a very good song – that’s from their newest album. And *Sunday*

“Overall, talking to members is the most enjoyable part of my job.”

Bloody Sunday – it’s about a historical event.” And as for movies, Fiona says it’s hard to beat *Raiders of the Lost Ark*. “I love Harrison Ford.”

Family

In the final analysis, however, it’s family and work that occupy most of Fiona’s time and thoughts.

“Family is important,” she says, and she provides a thumbnail sketch of each of her “awesome” kids.

Andrew is a grade 10 student in the French immersion program at E.D. Feehan High School. In addition to soccer, Fiona says, he enjoys playing basketball and football.

“He just made the junior football team. He’s pretty excited about that.”

Caitlin is a Grade 12 honour-roll student at Saskatoon’s Bedford Road Collegiate. She’s taking an advanced stud-

ies course and she volunteers at a local hospital once a week. According to Fiona, Caitlin just loves playing the Irish fiddle.

“It’s just something she took a real shine to. When she was younger, she did a little bit of Irish dancing and (the fiddle is) just something that caught her interest.”

Sarah is the first to leave the nest. Fiona says Sarah finished a heavy-duty mechanic course in May and just recently returned from Canadian Forces Base Shilo, MB, where she completed her basic training with the Canadian Army Reserve. She moved away from home just two weeks before Fiona’s interview for this profile.

“She’s the first to leave home and we’re going to miss her. But it was time for her. It was time for everybody.”

Fiona enjoys her job at the Pension Plan. And she’s not about to lose sight of the fact she’s one of the lucky ones in this regard.

“It’s a really nice place to work and we have a lot of autonomy. It’s not a big organization, so that gives us a lot of opportunity to do a lot of different things that we would not be able to do if we worked at a big company. Overall, talking to members is the most enjoyable part of my job.”

In fact, Fiona says that if there were a message she could pass along to members, it would be this: “I really, really want to give you the best service I can. I like to go above and beyond!” 🍷

Changes to Plan Rules!

The most recent version of the Bylaws of the Co-operative Superannuation Society (CSS), and the rules and regulations of the CSS Pension Plan can be found on the Plan’s website at www.csspen.com, or obtained by contacting the Plan’s office.

The new version includes the Rule changes that were passed at the 2006 Annual Meeting in March that permit the Plan to offer Variable Benefit Payments.

In **R**emembrance

IN THIS REGULAR COLUMN WE ACKNOWLEDGE THOSE PENSIONERS WHO ARE NO LONGER WITH US. TO THEIR FAMILY AND FRIENDS WE EXTEND OUR SINCERE CONDOLENCES.

Shirley Armstrong
Biggar Credit Union, Biggar SK

Leo H. Bendfeld
Innisfail Co-op, Innisfail AB

T. Donald Bonertz
Pincher Creek Co-op,
Pincher Creek AB

Betty Bonyai
Delton Co-op, Edmonton AB

Gladys Breland
North of 53 Co-op, Flin Flon MB

Joan Brown
Carpathia Housing Co-op,
Winnipeg MB

Ronald J. Brown
Terrace Co-op, Terrace BC

Jean M. Burke
Arctic Co-op, Winnipeg MB

Verna Byford
Moose Jaw Co-op, Moose Jaw SK

Harold E. Carlberg
Southern Plains Co-op, Estevan SK

Carl W. Christenson
Co-op Fisheries, La Ronge SK

Earl L. Chubb
Southland Co-op, Assiniboia SK

Emma M. Churchill
Southwest Co-op, Maple Creek SK

John Clark
Brooks Co-op, Brooks AB

Lloyd G. Clearwater
Portage Co-op,
Portage la Prairie MB

Robert Crawford
Killarney-Cartwright Co-op,
Killarney MB

Anna M. Damen
Calgary Co-op, Calgary AB

Frank Delurey
The Grocery People, Edmonton AB

Marjorie Detjen
Community Credit Union,
Ponoka AB

Mary Dixon
Macoun Co-op, Macoun SK

Maria Doucet
Falher Co-op, Falher AB

Violet R. Dunsmoor
Calgary Co-op, Calgary AB

Frederick W. Durfey
Tugaske Co-op, Tugaske, SK

S. Glennis Eliasson-Hein
Southern Plains Co-op, Estevan SK

Harold Engman
Red Deer Co-op, Red Deer AB

Earl E. Fields
Battlefords Co-op,
North Battleford SK

H. M. Fitch
Consumer Co-operative Refineries,
Regina SK

John Friesen
Pembina Co-op, St. Leon MB

Alfred K. Glanville
Moose Jaw Co-op, Moose Jaw SK

Erica Gurski
Meadow Lake Co-op,
Meadow Lake SK

Joseph J. Hagel
Saskatoon Co-op, Saskatoon SK

Elsie M. Haldorson
Co-operative Health Centre,
Prince Albert SK

Edith Hawkins
Manitoba Co-op Honey Producers,
Winnipeg MB

Gayle B. Henry
Mainline Co-op, Salmon Arm BC

Florence M. Hoffos
Assiniboia Credit Union,
Assiniboia SK

Elizabeth Johnson
Community Health Services,
Saskatoon SK

Harold R. Johnson
Nokomis Credit Union,
Nokomis SK

Delbert Kaun
Prince Albert Co-op,
Prince Albert SK

Howard A. Kennedy
Prince Albert Co-op,
Prince Albert SK

Carol A. Kidd
Prince Albert Credit Union,
Prince Albert SK

Viola E. Kraft
Vanguard Co-op, Vanguard SK

Viola Kuffler
Calgary Co-op, Calgary AB

George Lafrance
Red River Co-op, Winnipeg MB

Adele G. Lakatos
Calgary Co-op, Calgary AB

N. Kay Lindgren
Conexus Credit Union, Regina SK

Ann M. Litke
Eckville Co-op, Eckville AB

Ervin A. Lorentz
Edmonton Co-op, Edmonton AB

Harriet McDonald
Calgary Co-op, Calgary AB

George A. McIntosh
Conexus Credit Union, Regina, SK

R. W. McKechnie
Consumer Co-operative Refineries,
Regina SK

Eleanor L. Meredith
Federated Co-op, Calgary AB

W. Neil Millar
Calgary Co-op, Calgary AB

Elva A. Millard
Prairie Diamond Credit Union,
Davidson SK

Ivan Mohagen
Pineland Co-op, Nipawin SK

Elfair Morris
Moose Jaw Co-op, Moose Jaw SK

William Palmer
Stony Plain Co-op, Stony Plain AB

Alfonce T. Penno
Rosthern Co-op, Rosthern SK

Lydia Redekopp
Birsay Co-op, Birsay SK

Norman E. Rhodes
Federated Co-op, Canoe BC

Gerald Richards
Calgary Co-op, Calgary AB

Andrew Schwab
Battlefords Co-op,
North Battleford SK

Steve Shular
Wynyard Co-op, Wynyard SK

William M. Slipp
First Calgary Financial,
Calgary AB

John W. Smith
Federated Co-op, Calgary AB

Sylvia J. Towriss
Moose Jaw Co-op, Moose Jaw SK

Mary J. Vaux
Camrose Co-op, Camrose AB

Arthur E. Ward
Kindersley Co-op, Kindersley SK

Verna C. Weishaar
Bella Coola Co-op, Bella Coola BC

Erma Wesloski
Red River Co-op, Winnipeg MB

Beverly White
Credit Union Central, Calgary AB

Victor Yaroslowsky
Dawson Co-op, Dawson Creek BC

Peter Yur
Saskatoon Co-op, Saskatoon SK

Michael M. Zurevell
Battlefords Co-op,
North Battleford SK

WHICH RETIREMENT INCOME “VEHICLE” IS RIGHT FOR YOU?

As a Defined Contribution (DC) Registered Pension Plan (RPP), the mission of the CSS Pension Plan is to help employee members (along with employer members), accumulate savings for their retirement. It is up to you, the employee, to learn about the different retirement products and then decide how to use the money accumulated in your account for your retirement, subject to the constraints of pension legislation.

What are the options?

One of your retirement income options is, of course, a monthly pension from the Plan, which is similar to a life annuity from a life insurance company. Depending on legislation, your retirement income options could also include the new Variable Benefit (VB) Payments, which are similar to the income funds such as PRRIFs, LIFs, LRIFs, and RRIFs that are offered by credit unions and other financial institutions.¹

Roughly speaking, a retirement income options can be a “pension” type product or an “income fund” type product. What’s the difference?

Retirement is a bit like a Road Trip.

Suppose you’ve saved up a considerable sum to take a twenty-year road trip. You plan to visit a different place every month for the next twenty years. A travel agency offers to sell you twenty years worth of tickets in advance. At the end of any particular month, you would receive one of your tickets to get to the next place. Would you buy the tickets? Or would you buy your own car?

If you bought a car, you might be able to visit two or three different places every month, if you felt like it. You might see

many more places than you dreamed of. It’s possible that your car may still be in good running order at the end of all your trips, and you could leave it to your heirs. However, you’d have to take good care of your car, so that it doesn’t break down. You would also face the risk that your car would turn out to be a “lemon” and fall apart long before you finish all your trips.

Choosing a monthly pension is rather like buying all the tickets for your twenty-year road trip at once and then receiving one ticket each month. You would have no flexibility, but you could be almost certain that you would be able to complete your trip as planned. A monthly pension is a stream of monthly payments that will last you for the rest of your life. It is a “worry-free” retirement income option.

Choosing an “income fund” type of product is more like buying a car. You have the flexibility to spend more or less, depending on legislation², but you also have to monitor and manage your investments. You may be obliged to reduce your withdrawals if your investments do poorly (if your investment turns out to be a lemon). On the positive side, if your investments do well, there may be lots of money left over for your estate.

A monthly pension and a life annuity from a life insurance company are both “pension” type products, similar in nature. VB Payments, PRRIFs, LIFs and LRIFs (depending on the legislation) from your financial institution are “income fund” type products, are similar in nature. Below, we focus on the retirement income “vehicles” offered by the CSS Pension Plan.

Different Retirement Income “Vehicles” Require Different Investments

If you choose to set up a monthly pen-

sion from the Plan, you would, in effect, be spending all your retirement savings in advance to purchase lifetime monthly pension payments. The underlying investment for a monthly pension is long-term bonds, which are held in the Pensions Fund.

The Pensions Fund holds mainly long-term Canadian bonds and debentures that are rated “A” or better by recognized bond rating agencies. These bonds fund the monthly pensions. The pension payments consist of interest from the long-term bond as well as a portion of the original principal, each month.

If you choose to set up Variable Benefit Payments, the funds in your account would remain **under your control**. VB Payments are very different from a monthly pension in this regard.³ Since the funds remain in your control, you must decide how you wish your funds to be invested **during retirement**, either in the Balanced Fund (BF) or the Money Market Fund (MMF), or some combination. The monthly payments out of your Variable Benefit Account could be either purely investment income, or a mix of investment income and principal, or purely a draining down of principal, depending on how much investment income you’ve accumulated at the time of the VB payment. Depending on the pension legislation governing your pension funds, the monthly payments may be subject to minimum and maximum constraints.

If you choose to set up Variable Benefit Payments, you must consider what your investment objectives will be during retirement; they may differ from what they were while you were employed. The Balanced Fund and the Money Market Fund have different investment objectives. Whether you choose to invest in either one of these, or both, will depend on *your* investment objectives.

The objective of the Balanced Fund is long-term growth. It is expected to produce moderate growth over the long-term, with occasional short-term losses. The BF is a broadly diversified portfolio of roughly half stocks (both domestic and foreign) and half bonds. The growth is derived both from interest and dividend payments and also from overall increases in the market value of the stocks and bonds themselves.

The main objectives of the Money Market Fund are to *preserve capital* and to earn modest interest income. The MMF is expected to produce a modest, stable rate of return. The MMF holds only one type of asset only—short-term investments.

Which Retirement Income “Vehicle” is right for you?

The answer to this question depends on your financial objectives in retirement. Once you’ve determined your objectives, you’ll be in a position to decide which retirement income “vehicle” is right for you, either a “pension” type product, an “income fund” type product, or a combination of both. Depending on this choice, you will then be able to decide which Investment Fund(s) may be right for you.

Are you willing to give up control of your pension funds in exchange for a guaranteed income in retirement? If so, you may choose a monthly pension, which means you are buying into the Pensions Fund.

Do you want to try to *preserve your capital* in retirement? If so, you may choose VB Payments and invest in the BF and/or MMF and live off the earnings, at least until CRA’s required minimum annual withdrawal forces you to withdraw more than the earnings. Be aware that the BF will experience occasional short-term losses and the rate of return for the MMF is rather modest (although the risk of losing some of your capital is minimal). Depending on the size of your nest egg, the earnings may not provide sufficient retirement income.

Do you want to try to *grow your capital* in retirement? If so, you may choose VB Payments and leave your retirement savings invested in the BF. As you know, the BF has its ups and downs. Are you willing to accept “ups and downs” after you start making regular withdrawals? You could end up withdrawing money faster than you’re earning it, in which case, you could outlive your funds.

What type of Retirement Income “Vehicle” does everyone else choose?

Last year, there were 221 “pension” type options chosen and 205 “income fund” type options chosen. Some members chose more than one type of option. Each member who starts a retirement income option has to consider their own financial objectives in retirement and choose the retirement income “vehicle(s)” appropriate for their situation. When you’re ready to retire, please contact our office for more information on your retirement income options. 

- 1 Note that the jurisdiction on your funds in the CSS Pension Plan will determine which of these income funds would be available to you.
- 2 If Saskatchewan pension laws govern your account, you may spend the money as fast as you wish, keeping in mind that you must pay tax as you take your retirement savings into income. Pension law in other jurisdictions places limits on how fast you may spend your retirement savings. Recently Manitoba and Alberta have relaxed their constraints somewhat.
- 3 When you set up a monthly pension, you cannot change the terms of your pension after it starts. When you set up VB payments, you may change your asset mix from time to time, and also change the amount and frequency of your payments, depending on pension regulations and the rules of the Plan.

BALANCED FUND BENCHMARK CHANGE

Since 1995, the Balanced Fund (BF) benchmark has been 50% equities (stocks) and 50% fixed income (bonds). Most pension plans hold at least 60% equities in the hope of earning higher average returns. Over the long-term, holding more equities in a portfolio provides the opportunity for a higher average return. However, it will also produce more volatility in the short-term.

The Balanced Fund’s current benchmark was set in 1995 with the purpose of protecting members nearing retirement against downside risk. However, the Plan

now offers the Money Market Fund (MMF) for this purpose. It is therefore reasonable to increase the BF equity weighting to 60% equities. In fact, due to strong equity performance over the past three years, the actual proportion of the BF invested in equities has grown to approximately 55%.

With the assistance of the Plan’s investment consultant, James P. Marshall, the Plan has modeled the impact of this change using historical returns as well as assumed rates of return going forward. This analysis suggests that 60% equities

will create an opportunity to increase the BF’s long-term return by about 1/4 of 1%. It will also slightly increase the volatility of the BF’s short-term returns. When compounded over a working lifetime, 1/4 of 1% each year has the potential to add as much as 9% to a member’s final balance. Although each member’s circumstances may be different, the CSS Pension Plan continues to encourage consideration of the MMF as a way to reduce risk as retirement nears. The Plan also encourages members to seek retirement planning advice from a qualified financial advisor. 

New Pensions

A TOTAL OF 158 NEW PENSIONS STARTED DURING THE FIRST NINE MONTHS OF 2006. THIS IS DOWN SOMEWHAT FROM THE 169 NEW PENSIONS COMMENCED DURING THE FIRST NINE MONTHS OF 2005. THE FOLLOWING 120 NAMES REPRESENT THE NEW PENSIONS COMMENCED FROM MARCH 2006 TO SEPTEMBER 2006 INCLUSIVE.

BRITISH COLUMBIA

David A. Andrew
Federated Co-op, Canoe

Elizabeth Dupley
Dairyworld Foods, Vancouver

J. Keith Elliott
Revelstoke Co-op

Marlene Larson
Fort St. John Co-op

Annie E. McKave
Williams Lake Credit Union

ALBERTA

Doreen Bennett
Edmonton Co-op

Joyce Blonski
First Calgary Financial

James E. Derzaph
The Grocery People, Edmonton

Lorne Downes
Edmonton Co-op

Georgette M. Duperron
Boyle Co-op

Antal Fakli
The Grocery People, Edmonton

***Engelberto T. Francisco**
Credit Union Central, Calgary

Alva Frost
Calgary Co-op

M. Ruth Gabert
Calgary Co-op

Rita Gill
St. Paul Co-op

Barbara Gillis
Credit Union Central, Calgary

Greg M. Goldade
Red Deer Co-op

Marjorie Grant
First Calgary Financial

Grace Hansler
Calgary Co-op

Pryde Harris
Calgary Co-op

Gladys E. Hutchins
Credit Union Central, Calgary

Barry Jacks
Calgary Co-op

Shakuntla Kashyap
Calgary Co-op

Miodrag Kostic
Calgary Co-op

Mary Kroeker
Stony Plain Co-op

Peter Labanic
Calgary Co-op

Elsie Laflamme
Olds Co-op

Thomas Lawson
Calgary Co-op

Philip Lee
Credit Union Central, Calgary

Brian Levy
Calgary Co-op

Gabriella Lorincz
Calgary Co-op

Leonard McKetiak
Calgary Co-op

Johannes Menks
Calgary Co-op

Lillian Newman
Calgary Co-op

Gordon Olmstead
Calgary Co-op

Calvin T. Olsen
*Southern Alberta Co-op,
Lethbridge*

Wally W. Ostercamp
Innisfail Seed Cleaning Co-op

William Palmer
Stony Plain Co-op

Elvira Priolo
Calgary Co-op

Lorraine J. Rankin
Innisfail Co-op

Lila Roth
Calgary Co-op

Shelley Schadlich
Calgary Co-op

David R. Shorrocks
Federated Co-op, Calgary

Ramendra Singh
Edmonton Co-op

James H. Taylor
Calgary Co-op

Maryann Tychkowsky
St. Paul Co-op

Josephine A. Walcer
Eastalta Co-op, Vermilion

John D. Whyte
*Peace Country Co-op,
Peace River*

John Wood
Calgary Co-op

Albert G. Wurtz
Grande Prairie Co-op

SASKATCHEWAN

Douglas F. Ask
Turtleford Co-op

Maxine J. M. Avery
*Community Health Services,
Saskatoon*

Ruth I. Bell
Conexus Credit Union, Regina

Darlaine Bentley
*Community Health Services,
Saskatoon*

Charlotte Boucher
*TCU Financial Group,
Saskatoon*

Sam Boychuk
Yorkton Co-op

John R. Campbell
Saskatoon Co-op

Ralph Carlson
Sherwood Co-op, Regina

Dwight Cross
Pioneer Co-op, Swift Current

Kendra G. Declare
Moose Jaw Co-op

Ronald Dunn
Weyburn Co-op

Bruce Fairman
Saskatoon Co-op

Lynne C. Fowke
Community Health Services,
Saskatoon

Sharon Gossky
Weyburn Co-op

Kenneth Hartle
Battlefords Co-op,
North Battleford

Audrey Heebner
Pioneer Co-op, Swift Current

David Hobman
Federated Co-op, Regina

Ralph Jacobsen
Shaunavon Co-op

Richard Janzen
Prince Albert Co-op

Graham Jeckway
Concentra Financial, Saskatoon

Rita J. Joki
Riverbend Co-op, Outlook

Stuart Joule
Federated Co-op, Saskatoon

Garry Lynch
Weyburn Co-op

David Marshall
Eastshore Credit Union,
Strasbourg

Justine Mezey
Community Health Services,
Saskatoon

Joseph M. Miazga
Pineland Co-op, Nipawin

Noel Morris
Southland Co-op, Assiniboia

Ida Neufeld
Saskatoon Co-op

Martin J. Outhwaite
Concentra Financial, Saskatoon

Sandra Pinkerton
Lintlaw Credit Union

M. L. Dorilda Preece
Battlefords Co-op,
North Battleford

Lavern Regehr
Saskatoon Co-op

Sharon L. Regie
Advantage Credit Union, Melfort

Senan Schermann
Wadena Co-op

Nadia Strelloff
Canora Credit Union

Donald R. Sutherland
Federated Co-op, Saskatoon

Alvin R. Thomas
Delta Co-op, Unity

Lynne G. Todd
Concentra Financial, Regina

Adam L. Tomaschefski
Prairie Co-op, Melville

Phyllis M. Ukrainetz
Hudson Bay Credit Union

Evelyn K. Van Cleemput
Lloydminster Co-op

MANITOBA

Jackie B. Bonkowski
Cambrian Credit Union,
Winnipeg

Doreen Bouchard
Casera Credit Union, Winnipeg

***Robert Boyachek**
Swan Valley Credit Union

John A. Bursey
Arctic Co-op, Winnipeg

L. Joanna Campbell
Westoba Credit Union, Brandon

Frank Conway
Cambrian Credit Union,
Winnipeg

Gail Coombs
Leaf Rapids Co-op

Pat Downey
Cambrian Credit Union,
Winnipeg

Doreen Giesbrecht
Village Canadian Co-op,
Winnipeg

Dermie Handregan
Federated Co-op, Winnipeg

Julius Hofstatter
Swan Valley Credit Union,
Swan River

Wesley Jabusch
Manitoba Co-op Honey
Producers, Winnipeg

Phillip A. Janz
Kenton Co-op

Roderick F. Lewandoski
Heritage Co-op, Minnedosa

Sylvia G. Libitka
Celerio, Winnipeg

Judith McCallum
Gillam Co-op

Joan E. Neumann
Edward Co-op, Pierson

Lori Oakley
Portage Co-op,
Portage la Prairie

Myrna Oliver
Marquette Co-op

Marc Ouellette
Interprovincial Co-op, Winnipeg

Helen Penner
Winkler Co-op

Hilda M. Price
Federated Co-op, Winnipeg

Marjorie Sass
Dauphin Plains Credit Union,
Dauphin

Libby Schatz
Minnedosa Credit Union

Shirley Watson
Westoba Credit Union, Brandon

ONTARIO

Peter Kehoe
Canfarm Co-op, Guelph

Anne V. Stenabaugh
Northland Credit Union,
Kapuskasing

Heather Westergard
Vermilion Bay Co-op

“I Know That!” Contest

Enter Our “I Know That!” Contest and You Could Win a Copy of “Personal Finance for Canadians” or “The Canadian Retirement Guide”

Complete the crossword puzzle below and mail your entry to the address below. Entry forms must be received no later than Friday, November 24, 2006. The first ten correct entries drawn at random on November 27 will each win a copy of Eric Tyson’s book “Personal Finance for Canadians for Dummies” or Jill O’Donnell’s, Graham McWaters’, and John A. Page’s book “The Canadian Retirement Guide”. “Personal Finance for Canadians for Dummies” is a best selling book that uses friendly, plain English to guide readers on the road to financial independence. “The Canadian Retirement Guide” is a comprehensive handbook on aging, retirement, care giving and health. Answers to all of the crossword puzzle clues below can be found in this issue of *TimeWise*. See page 3 for a list of winners and the correct crossword puzzle solution to the Spring 2006 “I Know That!” Contest.

ACROSS

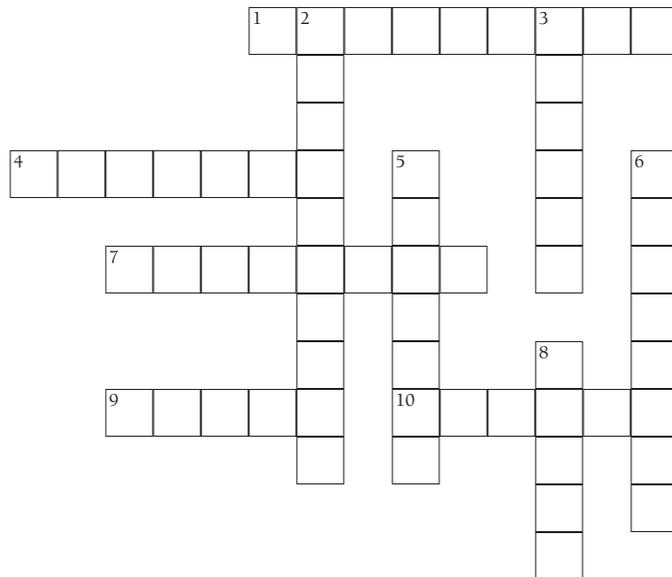
1. Fiona says her CFP training is part of the _____ of her job.
4. Effective November 1, 2006 _____ members will have a one-time option to unlock up to 50% of their locked-in (restricted) pension funds upon retirement.
7. A total of 158 new _____ started during the first nine months of 2006.
9. For the first _____ months of 2006, the return on the Balanced Fund was 5.38%.
10. At the 2006 Annual Meeting in March, a new retirement income _____ was added to the Plan’s Rules – Variable Benefit (VB) Payments.

Down

2. War in the Middle East, record high oil prices, and fears of rising inflation have resulted in market _____ in 2006.
3. Last year, there were 221 “pension” type options chosen and 205 “_____ fund” type options chosen.
5. If you choose VB Payments, you will maintain ownership and _____ of your account during your retirement.
6. The CSS Pension Plan can now also offer VB _____ to its Saskatchewan members (in addition to its members in BC and Alberta).
8. Born in England, Fiona celebrated her _____ birthday aboard a ship bound for Canada.

ENTRY FORM

Mail to: “I Know That!” Contest, CSS Pension Plan
P.O. Box 1850, Saskatoon, Sask. S7K 3S2



Name (Please print): _____

Employer: _____

Home Address: _____

City: _____ Province: _____ Postal Code: _____

If my entry is one of the first 10 correct entries drawn on November 27, 2006, I wish to receive a copy of:

“Personal Finance for Canadians for Dummies” or “The Canadian Retirement Guide” (Please check one)

Election of Saskatchewan Employee Delegates

Employee delegate elections are held on a rotating two year basis by region or group. In January 2006, delegates representing the pensioner group, and all regions, other than Saskatchewan, were elected for a 2 year term.

For 2007, the election of employee delegates will be held only for the Saskatchewan region.

This is the official notice of the calling of an election for January 19, 2007 to elect 7 employee delegates for a 2 year term, representing the Saskatchewan region.

All delegates will be expected to

attend the Co-operative Superannuation Society annual meeting on Friday, March 30, 2007.

A nomination form for employee members in the Saskatchewan region is printed below. In addition to completing the nomination form, candidates are requested to forward a recent photo to appear in the information sheet accompanying the ballot.

Nominations are to be forwarded to the Returning Officer, and received by no later than 4:30 p.m., Friday, December 1, 2006.

Upon close of nominations the Returning Officer will prepare the necessary ballot, containing the names of the qualified nominees, and arrange distribution of such ballots to employee members in Saskatchewan for whom contributions and a completed application for membership has been received by CSS prior to November 1, 2006.

Bill Turnbull
Returning Officer

PLEASE CLIP

**DON'T
DELAY**

CO-OPERATIVE SUPERANNUATION SOCIETY
BOX 1850, SASKATOON, SASKATCHEWAN S7K 3S2

**LATE
NOMINATIONS
WILL BE
REJECTED**

NOMINATION FOR SASKATCHEWAN REGION DELEGATES

Must be received by December 1, 2006

Date: _____

We, the undersigned, nominate _____

(Candidate's Name)

of _____ in **SASKATCHEWAN** for delegate.

(Address)

Name of Employee Member (Please Print)

Signature of Employee Member

- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____

N.B. - To be valid nominations must be signed by five voting employee members.

I hereby consent to allow my name to stand for election as an employee delegate to the Co-operative Superannuation Society.

Signature of Candidate

Occupation of Candidate

Everything You Wanted To Know About Being a Delegate - But Were Afraid To Ask!

- Delegates are required to attend the annual meeting of CSS (1 day), and any special delegate meeting necessary during their term. The need for such special meetings has been all but non-existent in recent years.
- Delegates, as representatives of the members, are the only ones able to effect a change in the bylaws or rules of the Plan as such bylaws and rules affect benefit provisions.
- Delegates elect the Board of Directors. While each delegate has the right to be nominated for such elections, each delegate also has the right to refuse such nomination.
- Delegates receive a per diem of \$180 for attending meetings plus out-of-pocket expenses.
- Being a delegate is a responsible position – however it does not require a significant time commitment.

CONSIDER BEING A CANDIDATE FOR ELECTION AS A DELEGATE THIS YEAR!

PLEASE CLIP

QUESTIONNAIRE TO BE COMPLETED BY EACH CANDIDATE

NOTE: The purpose of this questionnaire is to provide information for the voters and to give them some knowledge of employee members who have been nominated.

Name of Candidate _____ Social Insurance Number _____

Present employer _____

Position now held _____

Co-op or Credit Union experience: _____

Educational Achievements: _____

Please provide any brief comments you may have about the future direction of CSS in areas such as investments, member education, plan provisions, etc.

A) Plan Provisions: _____

B) Investment Strategy: _____

C) Member Education & Services: _____

My photo is enclosed

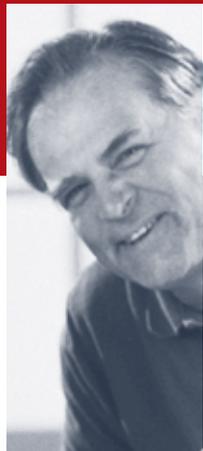
_____ Date

_____ Signature

PLAN

with the people you

TRUST



You don't need convincing that a Retirement Plan is a necessity. But there is something you might not know:

We have Certified Financial Planners on staff.

Just as important is the trust: You know us - and we know you.

We will develop a Retirement Plan that's right for you. We'll take the time to give you the best possible advice, free of charge.

You know you'll receive what you expect from your credit union and no less.

Every step of the way, we're dedicated to your financial health and wealth. Today, as always, we want to ensure you receive the full benefit of credit union expertise.

Contact your Certified Financial Planner today for your Retirement Plan.

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1-800-667-7477

BCU FINANCIAL

www.bcufinancial.ca
446-7000
1-866-446-7001

ADVANTAGE CREDIT UNION

www.advantagecu.com
287-3730 extension 22

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www.swcu.sk.ca
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1-800-381-5502

SASKATOON CREDIT UNION

www.saskatooncreditunion.com
934-4000
1-866-863-6237



