Gary Mearns – Pension Plan investments:
“It’s a long-term strategy. You don’t want to be dabbling or changing the approach mid-stream.”

SPECIAL FEATURES

The Road to Retirement:
The Middle Years

Investing with Four Funds:
Points of Interest on the Road to Retirement

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2 Changes to the Canada Pension Plan
3 Rule and Bylaw Changes
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TimeWise is published at least twice a year by the Co-operative Superannuation Society Pension Plan (registration no. 0345868), Box 1850, Saskatoon, Saskatchewan S7K 3S2. Phone (306) 244-1539. TimeWise is the official publication of the Co-operative Superannuation Society Pension Plan and is provided free to all active contributing members of the Pension Plan through the Pension Plan’s member organizations and to all retired members of the Pension Plan. Opinion and comment expressed in TimeWise does not necessarily reflect the official policy of the CSS Pension Plan.
YEAREND PROCEDURES FOR 2011 PENSION CONTRIBUTIONS

Attention Managers and Payroll Departments

Contribution Deadline for 2011

The deadline for 2011 pension contributions is Friday, December 30, 2011. Because the unit prices of the Plan’s investment funds are updated each day, the year-end contribution deadline is therefore the last business day of the year. In other words, if all of the 2011 contributions are not received before the end of the calendar year there will be a slight difference between the total pension contributions shown on a member’s 2011 Annual Statement and the pension contributions shown on his/her 2011 T4 slip.

Any 2011 pension contributions received in 2012 (i.e., after the December 30, 2011 cut-off) will be reflected on members’ 2012 Annual Statements.

Remitting Contributions

Managers and payroll departments should keep in mind that pension legislation 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 2011 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 2011. Amounts contributed by the employer are not included in Box 20.

Employers must report the 2011 Pension Adjustment (PA) amount in “Box 52 - Pension Adjustment” on all employees’ T4 slips for 2011. The 2011 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 2011. In other words, the amount reported in Box 52 of an employee’s T4 slip includes ALL contributions to the Pension Plan made by and on behalf of the employee for the year. Canada Revenue Agency (CRA) uses the 2011 PA amount when calculating an employee’s 2012 RRSP contribution limit, which is indicated on the employee’s 2011 Notice of Assessment (the 2011 PA amount reduces the RRSP contribution room for 2012).

CSS Pension Plan

Contribution limit for 2012

For 2012 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
- $22,970 plus the adjustment for the increase in the “Average Wage”. This maximum dollar limit for 2012 was not available at press time. Please check the CSS Pension Plan’s website at www.csspen.com later in the year for the 2012 maximum dollar limit.

For example, if an employee will have an annual salary of $30,000 in 2012, 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, 2012 and earns $15,000 year-to-date, then his/her year-to-date pension plan contribution limit will be $2,700 (i.e., 18% of $15,000).

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 2012 CRA contribution limit to the CSS Pension Plan is separate from the amount that he/she can contribute to a personal RRSP for 2012 (the amount that an employee can contribute to an RRSP for 2012 will be indicated on his/her 2011 Notice Assessment from CRA).
A number of changes to the Canada Pension Plan (CPP) are being phased in over the next few years.

Will you be affected by the changes?
You will not be affected by any of these changes if you were already receiving your CPP retirement pension before the end of 2010, and you do not return to work.

You will be affected by the changes if:
• you are currently contributing to CPP;
• if you are no longer contributing, but haven’t yet started your CPP retirement pension;
• you are between the ages of 60 and 70 and are receiving your CPP retirement pension and you return to work (or become self-employed).

These changes will also affect employers.

The normal age to start your CPP retirement pension is age 65. However, if you choose to start after age 65, your pension will be subject to an increase. Or, you can start your pension before you turn 65 (as early as age 60), but it will be subject to a decrease.

Starting CPP after age 65
People starting their CPP retirement pension between age 65 and 70 receive an increase in their monthly pension. For each month that someone is older than 65 the monthly pension increases by a set percentage. Up until 2011 it was 0.50% for each month someone was older than 65. Starting in 2011 this set percentage is scheduled to increase as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.57%</td>
</tr>
<tr>
<td>2012</td>
<td>0.64%</td>
</tr>
<tr>
<td>2013</td>
<td>0.70%</td>
</tr>
</tbody>
</table>

Example:
Joe has decided to start his CPP retirement pension in 2012 when he will be 66 years and 7 months old. Since he’ll be 19 months older than age 65, his retirement pension will be 12.16% (ie., 19 x 0.64%) higher than what it would have been at age 65.

Starting CPP before age 65
For people starting their CPP retirement pension between age 60 and 65 their monthly pension decreases by a set percentage for each month that they are younger than age 65. Up to the end 2011 the pension decreases by 0.50% for each month someone is younger than 65. Starting in 2012 the percentage decrease is scheduled to increase as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.52%</td>
</tr>
<tr>
<td>2013</td>
<td>0.54%</td>
</tr>
<tr>
<td>2014</td>
<td>0.56%</td>
</tr>
<tr>
<td>2015</td>
<td>0.58%</td>
</tr>
<tr>
<td>2016</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

Example:
Sally plans to start her CPP retirement pension in 2013 when she will be 63 years and 8 months old. Since she’ll be 16 months younger than 65, her retirement pension will be 8.64% (18 x 0.54%) less than what it would have been at age 65.

Working and receiving your CPP retirement pension
Starting in 2012, if you are under age 65 and work while receiving your CPP retirement pension, you and your employer must contribute to CPP.

Also, if you are over age 65 and receiving your retirement pension, then you can choose to make CPP contributions or opt out. If you choose to contribute, then your employer must also make contributions on your behalf.

The contributions that you (and your employer) make each year to CPP while you are receiving your retirement pension will go towards increasing your retirement pension starting in January of the following year.

Starting pension without quitting work
Starting in 2012, Canadians will no longer have to quit work (or reduce their earnings) in order to start their CPP retirement pension. In other words, you could start your retirement pension as early as age 60, without quitting your job (or reducing your earnings).

Drop out years to increase in 2012
If you start your CPP retirement pension before the end of 2011, 15% of your lowest earning years (up to 7 years) are dropped out when calculating your retirement pension. This “general drop-out provision” makes your retirement pension higher than it would be otherwise.

Starting in 2012, the “general drop-out provision” will increase to 16% of your years of lowest earnings (up to 7.5 years). In 2014 it will increase again to 17% of your lowest earning years (up to 8 years).

Questions?
If you have any questions or want more information about CPP benefits please go to the Service Canada web site at http://www.servicecanada.gc.ca/eng/isp/cpp/cpptoc.shtml.
RULE AND BYLAW CHANGES


Bylaws

The main change to the Bylaws was an increase in the number of delegates elected and appointed to represent employee and employer members of the Plan. Beginning in 2012, 36 delegates will attend the Annual Meeting, up from the current number of 30. The six new delegates will be distributed as follows:

- One new employee delegate to represent inactive, non-retired members;
- A second retiree delegate;
- One more employee delegate to represent a growing membership in the Manitoba/Eastern Canada region;
- One new employer delegate to represent the Manitoba Credit Union system; and
- Two more employer delegates to represent the Co-operative Retailing system.

The provisions of the Bylaws that provide a qualified indemnity for CSS directors, officers and the Plan’s staff were also amended to correspond with the current indemnity provisions in the Saskatchewan Non-Profit Corporations Act.

Rules

The Plan’s Rules were also amended as follows:

- The definition of continuous service was clarified. Plan members who terminate employment with one CSS employer and then start employment with another within 12 months must begin to contribute to the Plan immediately when they are hired.
- The Rule relating to phased retirement was amended to permit an employee aged 55 or older to draw retirement income without reducing his or her hours of work. Note that this is not generally recommended, since it will result in paying tax at the member’s maximum marginal rate on the retirement income. To qualify for phased retirement an employee must have his or her employer’s written consent.
- The Rule on indemnification was amended to reflect the changes made in the Bylaws, and to state that a written indemnity agreement will be provided.

These Rule changes have been reviewed and approved by the Superintendent of Pensions and are in effect.

The CSS Pension Plan wants the following individuals. They are “guilty” of not advising the Plan of their current mailing address after moving. As a result they are not receiving information about their funds in the Plan. All of the following members have reached the Plan’s normal retirement age of 60.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Bylow</td>
<td>Credit Union Central of Alberta</td>
</tr>
<tr>
<td>Ben G. Ehnis</td>
<td>Kelvington Credit Union</td>
</tr>
<tr>
<td>John Gislason</td>
<td>Federated Co-op, Saskatoon</td>
</tr>
<tr>
<td>Donald W. Johnson</td>
<td>Federated Co-op, Regina</td>
</tr>
<tr>
<td>Stuart R. Johnson</td>
<td>Edmonton Co-op</td>
</tr>
<tr>
<td>Geneva I. Johnston</td>
<td>Peace Country Co-op</td>
</tr>
<tr>
<td>Fred L. Kuntz</td>
<td>Drumheller Co-op</td>
</tr>
<tr>
<td>Martha MacDonald</td>
<td>Riverton Co-op</td>
</tr>
<tr>
<td>James Millar</td>
<td>Barrhead and District Co-op</td>
</tr>
<tr>
<td>Bonnie Milligan</td>
<td>Fort St. John Co-op</td>
</tr>
<tr>
<td>Nevin Netzel</td>
<td>New Horizon Co-op, Grande Prairie</td>
</tr>
<tr>
<td>Shirley O’Brien</td>
<td>Credit Union Central of Saskatchewan</td>
</tr>
<tr>
<td>Don O’Grady</td>
<td>Lloydminster Co-op</td>
</tr>
<tr>
<td>Phyllis Perry</td>
<td>Federated Co-op, Calgary</td>
</tr>
<tr>
<td>Nancy Price</td>
<td>Federated Co-op, Regina</td>
</tr>
<tr>
<td>Sharifa Rashid</td>
<td>Credit Union Central of Saskatchewan</td>
</tr>
<tr>
<td>Barb A. Rasmussen</td>
<td>The Grocery People, Edmonton</td>
</tr>
<tr>
<td>Colleen M. Slater</td>
<td>Fides Co-op, Saskatoon</td>
</tr>
<tr>
<td>William D. Smith</td>
<td>Red Deer Co-op Ltd.</td>
</tr>
<tr>
<td>Charles G. Spooner</td>
<td>Credit Union Central of Canada</td>
</tr>
<tr>
<td>Terry Vanidour</td>
<td>Norquay Co-op</td>
</tr>
<tr>
<td>W. Bernard Wood</td>
<td>Federated Co-op, Saskatoon</td>
</tr>
</tbody>
</table>

If you know the whereabouts of the above, please advise the CSS Pension Plan or have them contact the Plan directly at Phone: 306-244-1539 or Email: css@csspen.com

Sorry, no reward will be offered for their discovery.
Selected results for the first 8 months of 2011 appear above. The regular Quarterly Update for the third quarter of 2011 will be distributed to all employers in late October. As always, employers are asked to share the Quarterly Update with their employees. Members who have Internet access can find the Quarterly Update in the “What’s New” section of the Plan’s home page, located at www.csspen.com

Net Assets
After trading in a fairly narrow range from January to July, world equity markets suddenly came under serious pressure towards the end of July. Canadian bond markets, on the other hand, began the year showing a loss, but then began to rally in the 2nd quarter. Contributions to and repayments from the Plan both increased while payments to retirees also rose. The Plan’s net assets available for benefits have therefore increased fairly modestly since August 31 of last year.

The Plan’s investment expenses increased significantly, partly due to portfolio growth, but mainly as a result of adding a second active Canadian equity manager. Administrative expenses also increased slightly as the Plan continued to update its IT systems and communications to support the new “four fund” investment menu.

Fund Unit Prices
Dividends, interest, and investment gains and losses are allocated continuously to members through daily changes in fund unit prices. The percentage change in each Fund’s unit price for the current year is its investment return. For the first eight months of 2011, unit price changes and Fund returns were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Opening</th>
<th>Closing</th>
<th>Change</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced</td>
<td>$13.578054</td>
<td>$13.356992</td>
<td>-$0.221062</td>
<td>-1.63%</td>
</tr>
<tr>
<td>Money Market</td>
<td>$11.619315</td>
<td>$11.714332</td>
<td>$0.095017</td>
<td>0.82%</td>
</tr>
<tr>
<td>Equity</td>
<td>$10.000000</td>
<td>$9.438906</td>
<td>-$0.561094</td>
<td>-5.61%</td>
</tr>
<tr>
<td>Bond</td>
<td>$10.000000</td>
<td>$10.511870</td>
<td>$0.511870</td>
<td>5.12%</td>
</tr>
</tbody>
</table>

Investment Markets
Equity markets were generally range-bound until July 22, after which they began to sell off sharply. The tepid recovery of the past two years has become even weaker as government stimulus programs have ended. Although corporate profits are near record highs, the private sector is not hiring back previously laid off workers. Government finances are perceived to be in poor shape in the U.S. and in fringe Euro zone countries. On a more positive note, U.S. housing prices are beginning to stabilize and personal debt levels in the U.S. are slowing receding. The banking systems of the U.S. and Europe, however, have recently come under renewed scrutiny. They are believed to be exposed to the weakening sovereign debt of Greece, Spain, Portugal, Italy and Ireland. Should another banking crisis occur, investors fear that it may tip the world economy back into recession.

In the face of all this uncertainty, many economists have reduced their growth forecasts for 2011. Although bond returns
have shown some strength on “safe haven” buying, equity losses have more than offset bond gains. After trading in a range from 0% to 5% for most of this year, the S&P/TSX (Canadian equities) fell 14% from July 22 to August 8th. As a result, the Equity Fund showed a loss of 5.61% at the end of August. The Bond Fund, on the other hand, produced a gain of 5.12% after trading as low as -1.17% earlier in the year. Weak equity prices had a negative impact on the Balanced Fund’s return, which was -1.63% for the first eight months of 2011. The Money Market Fund’s return, however, was slightly better than this time last year, as the Bank of Canada held its target lending rate at 1%.

Currency impacts had a relatively modest impact on the Plan’s foreign equity returns over the first 8 months of 2011. Returns on U.S. equities were reduced by 1.66% due to an increase in the value of the Canadian dollar as compared to its U.S. counterpart. After allowing for currency, the EAFE Index (Non-North American Equities) decreased by 7.52%, the MSCI World Index (Global Equities) fell by 5.43% and the MSCI All Countries Index was down 7.87%. The Plan’s passive U.S. equity mandates closely tracked their benchmarks with the S&P 500 Index (U.S. Large Cap Equities), falling by 3.34%, while the S&P 400 Index (U.S. Mid Cap Equities) lost 4.27%.

The Balanced Fund’s foreign currency exposure is 50% hedged to Canadian dollars, to reduce volatility. In the current year, therefore, about one half of the losses resulting from a stronger Canadian dollar were recovered from counterparties under the Balanced Fund’s hedging program. Conversely, during periods when the Canadian dollar weakens, about one half of the gains accruing on the Plan’s foreign equities are paid to counterparties.

Return Expectations

Unfortunately, little has changed from this time last year, and much of what has changed seems to be somewhat worse. The risk of default within the Euro zone has increased, and it is now recognized that any default will have serious repercussions on the international banking system. The Chinese economy is slowing. Direct intervention in the U.S. bond market (Quantitative Easing) by the Federal Reserve has ended, at least for the time being, and U.S. growth has been slower than expected.

Recent U.S. political events have also been a source of concern to markets. The U.S. Government nearly went into default at the beginning of August due to political gamesmanship. More recently, the U.S. President has proposed a jobs program, although there remain serious doubts as to whether a dysfunctional U.S. Congress will be able to put this, or any other stimulus proposal into action.

Public and private debt levels remain high. U.S. consumers are still saving more and spending less, while U.S. businesses continue to defer hiring. As a result, unemployment remains high in the U.S. and is trickling upward again in Canada. It is now almost four years since the current banking crisis began. Comparing the economy’s current trajectory to an historical analysis of similar events suggests that it could be several more years before normal growth resumes.

Equity markets around the world have recently suffered double digit losses and are again approaching bear market territory. Bond prices, on the other hand, have continued to rise and bond yields have continued to fall to record lows. The CSS Balanced Fund’s return has fluctuated from +3.74% to -5.21% so far this year. These dramatic levels of volatility make it very difficult to predict where the Fund will finish by year-end.

For members still desiring further growth in their retirement savings, the Balanced Fund’s broad diversification, low cost, professional management and automatic rebalancing still offer the potential for a reasonable long-term average return at an acceptable level of risk. Recently, positive returns on the bonds held in the Balanced Fund have helped to reduce equity losses. This demonstrates how fixed income assets can act as a damper on equity market volatility. Although short-term losses are always difficult to bear, they are not unexpected given the 60% equity / 40% fixed income asset mix held in the Balanced Fund. After two very strong years, it appears likely that the 2011 return will be modest at best, and perhaps negative. The Balanced Fund and its predecessor, the Non-Retired Lives Portfolio, produced an average return of 6.19% over the 10 years from 2001 to 2010.

At the beginning of this year, two more options were added to the Plan’s investment menu – a Bond Fund and an Equity Fund. Members may now set their own asset mix by moving some or all of their pension benefits into these new funds. While the new funds offer members more flexibility, they also require members to take on more responsibility. Members using the new funds will have to monitor and adjust their asset mix in response to differential returns. Information on all of the Plan’s investment funds is posted on the Plan’s website at http://www.csspen.com/news/pager/?_id=investmentoptions. Points of interest relating to the use of the Plan’s four fund menu also appear in this issue of TimeWise beginning on page 14.

Members are reminded that basing investment decisions on short-term market conditions is not recommended. Rather, members are encouraged to allocate their pension account based on how and when they intend to start converting their CSS account into retirement income. Finally, given that investment returns are expected to be lower in the future, the Plan recommends that actively contributing members should regularly review their contribution level, planned retirement date and Fund mix with a qualified financial advisor at least annually.

For more information about the Plan’s investment funds, as well as how to find a qualified financial advisor, see the Plan’s Investment Choice booklet on our website, at http://www.csspen.com/Funds.aspx#investmentchoices, or call the Plan’s office at 306-244-1539.

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.
THE ROAD TO RETIREMENT: THE MIDDLE YEARS

Below is the second part of a series of three articles. The first part appeared in the spring 2011 issue of TimeWise and the third part will appear in the spring 2012 issue.

Most of us want to enjoy our retirement, but there is no easy-to-read road map to show us how to reach this milestone. The purpose of this article is to describe a way for you to chart a course for yourself. To do that, you must assess where you are now standing on the road to retirement and then figure out where you want to go. Based on this information, you can determine how much money you must save every month out of your current income so that you can afford to retire at some point down the road.

Below you'll find a general description of a step-by-step way to calculate how much money you would need to save every month in order to create an adequate nest egg for your retirement. You'll find quite a bit of math along the way. It's not the sort of math that you can do in your head or on a bit of scrap paper, but don't let that stop you. There are online calculators that will do the number crunching for you.

As you'll see, in our example we're going to ignore some rather important considerations so that we can cover a lot of ground in a hurry. We'll go through the assumptions and the calculations for an “Average Joe” or an “Average Josephine.” Let's call this average person “J,” which could stand for either “Joe” or “Josephine.”

The road to retirement starts with a budget

First, we must estimate how much monthly retirement income “J” is going to need to cover monthly expenses during retirement. For the sake of simplicity, let's ignore inflation. Let's assume that “J” wants $5,000 every month throughout retirement to pay for food, shelter, transportation, recreation, insurance, clothing, health, personal care, gifts, taxes and other expenses that may arise.

How long will retirement last?

Let's assume that “J” is 30 years old. For starters, we need to estimate how many years worth of retirement expenses must be covered. When does “J” expect to retire? Let's assume that “J” wants to retire at Age 65. How long might “J” expect to live? Average life expectancy depends on gender and on present age. Based on “average life expectancy” a female who is Age 30 is expected to live to about age 83 and a male who is Age 30 until about age 78. Let's be optimistic and assume that “J” is going to live longer than that, right up until Age 85. This means that “J” will need a retirement nest egg to cover twenty years worth of retirement expenses.

How much will pensions from the government pay?

Let's assume that both the Canada Pension Plan and Old Age Security will be in place for “J.” Let's assume that “J” will work right up until retirement age and will therefore be eligible for the maximum CPP. Let's assume that “J” will meet the residence requirements and will therefore be eligible for the maximum amount of OAS. At the time of writing, the maximum CPP is $960 per month and OAS is about $533 per month. Still ignoring inflation, let's use these figures. Adding up CPP and OAS, we find that these pensions will cover $1,493 worth of monthly expenses for as long as “J” lives. This means that “J” must somehow come up with $3,507 every month to cover the rest of the estimated monthly retirement expenses.

How big must a retirement nest egg be?

We've calculated that “J” needs a retirement nest egg to last twenty years. Since it's relatively simple to get an estimate of how much a lifetime monthly pension costs, let's assume that “J” wants an annuity-style pension rather than an “income fund” type of retirement income product. An annuity-style pension would pay equal monthly pension payments for the rest of “J’s” lifetime, not just for twenty years.

How much will the pension cost? It depends partly on what annuity rates happen to be at the time “J” retires. Let's...
assume that the annuity rate thirty-five years down the road will be the same as it is at the time of writing, which is 4.0%. (Relatively speaking, this is a fairly low annuity rate.) First, we can use the pension calculator on the Plan’s website to determine the cost of a small pension. We can use the calculator to “convert” a small lump sum, such as $10,000, to equal pension payments for life, starting at Age 65. Once we know the dollar value of the monthly pension payment that “J” could purchase with $10,000 at Age 65, then we can use this value to calculate how much money would be needed to purchase a pension that would pay $3,507 per month for life.

Completely ignoring the question of whether or not “J” has a spouse, let’s use an estimate for one of the “Single Life” pensions. The pension calculator tells us that if a 65 year-old were to spend $10,000 to buy a Single Life pension (with a 15 year guarantee period) at an annuity rate of 4.0%, the pensioner would get equal monthly pension payments of $58.80 for life. Using this cost figure as a reference point, we can calculate how many dollars “J” would need to buy an annuity-style pension that would pay $3,507 every month for life. Here is the logic: If $10,000 will generate a monthly pension of about $58 per month, then $100,000 would generate a monthly pension of about $580 per month, and $1,000,000 would generate a monthly pension of about $5,800 per month. Using the same sort of reasoning, we can calculate that “J” will need $604,655 in order to generate a monthly pension payment of $3,507 per month for life.

How much money must be set aside for retirement?

We are now about halfway through the calculations. How much money does “J” need to save every month, starting right away, in order to accumulate the target amount of $604,655 by Age 65? Since “J” is Age 30, there are 35 years over which to accumulate this sum. To start with, let’s use a handy table in the Plan’s Future Financial Freedom (FFF) booklet. The table is called “Monthly Savings required to Accumulate $100,000.”

Given a certain number of years to save and given a certain rate of return, this table shows the corresponding amount of required monthly savings. Let’s assume that “J” will earn an average rate of return of 6% over the 35 years. The table tells us that in order to accumulate a nest egg of $100,000, “J” would have to set aside $72.78 every month.

Can we therefore deduce that “J” would have to set aside more than six times as much, about $440 per month, in order to accumulate over $600,000 by Age 65.

Since this particular table shows figures only for five year increments, you’ll find it more convenient to refer to an online calculator instead. You can find a very good compound interest calculator at this website: www.thecalculatorsite.com

The road to retirement begins with a budget of current expenses

“J” will have to tinker with his or her current budget in order to find a way to divert $440 per month away from current expenses. “J” will also have to find appropriate investment products for the retirement savings. Eventually, if “J” manages to stick to the savings program, and if the investments provide a reasonable long-term average rate of return, then “J” could retire at Age 65. At that time, “J” could live off the carefully prepared retirement nest egg, supplemented by modest government pensions.

Because “J” is going to save regularly out of his/her employment income over many years, retirement will be far more comfortable than it otherwise would be. When “J” prepares a retirement budget at Age 65, there will be enough retirement income to cover retirement expenses.

Summary: Charting a course for “J”

Based on all sorts of assumptions, we can say that if “J” needs to invest $440 every month for the next 35 years, and if “J” can invest it in such a way that the savings earn an average rate of return of 6%, then “J” could accumulate a nest egg of over $600,000 which would be sufficient to generate $3,507 per month to help cover expected retirement expenses after Age 65. CPP and OAS will cover the rest.

A note on Saving

Registered Plans help you to save for retirement. Since you’re a member of the CSS Pension Plan, which is an employer-sponsored Registered Pension Plan (RPP), you are already setting aside a certain amount of money every month for retirement. As a member of the Plan, it is much easier for you to accumulate an adequate retirement nest egg because your employer is helping you save for your retirement by matching your required contributions to your CSS Account. So in “J”s case, his/her employer is also contributing part of the $440 per month.

If you make additional voluntary contributions to your CSS Account, you can reach your retirement savings goal quicker. Obviously, saving more money every month is easier said than done. We all know that it costs money to raise a family, to pay the mortgage, to take vacations, or to do renovations. Money that you set aside for retirement isn’t available for other things. However, if you give it a try, you

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2 If $10,000 will generate $58 per month, then $604,655 will generate $3,507 per month; (i.e., $3,507 divided by $58 equals a factor of 60.4655; 60.4655 multiplied by $10,000 equals $604,655).

3 FFF booklet (p 57)

4 If monthly Savings of $72.78 invested at 6% for 35 years will grow to $100,000, then $440 per month invested at 6% for 35 years will grow to $604,655 (i.e., $604,655 divided by $100,000 equals a factor of 6.0466; 6.0466 multiplied by $72.78 equals $440.07).

Continued from page 6

Continued on page 8
may find that it’s not so hard to set aside a little bit of extra money for retirement every month. After awhile, it becomes a habit and you don’t miss it. You can read more on the topic of additional voluntary contributions elsewhere in this issue.

RRSPs will also help you to save for retirement. If you also make contributions to an RRSP, obviously you will reach your retirement savings goal quicker. If you’re already making regular contributions to an RRSP, you are that much further ahead.

Be aware that there are limits on how much you may contribute to your CSS Account every year. There are also contribution limits for RRSPs. The contribution limit for your CSS Account and the contribution limit for your RRSPs are calculated differently. However, the two different contribution limits are integrated; the amount of contributions made to your CSS Account this year will affect the contribution limit to your RRSPs next year.

Please keep in mind that your personal contributions to the Pension Plan, and to an RRSP are deductible when calculating your income tax. In other words, they reduce the amount of income tax you'd otherwise have to pay. So in “J’s” case, each $100 contribution he/she makes to the Pension Plan would cost about $65 on an after-tax basis if “J” were in a 35% tax bracket, for example.

A note on Investing

We’ve all heard the expression “no risk, no reward” when it comes to making investments. If you take some risk, you would have a chance to reach your savings goal quicker. Calculations show that it would take a very long time to create a retirement nest egg if you invest your savings entirely in low-risk, low-return investments. Generally speaking, advisors say that you'll need a mix of stocks and bonds in your retirement portfolio. You can read more on the topic of investment choice elsewhere in this issue.

Things don’t always go according to plan

You may be thinking that things don’t always go according to plan, so why bother? The reason is that you’ll find that it’s worth the effort. If you have no retirement plan at all, then it’s doubtful that you could create a retirement nest egg, even if you do have 35 years to do it. Furthermore, it may be more difficult for you to figure out how to respond to sudden changes in your life. On the other hand, if you have a retirement plan, you can always adjust it when the unexpected happens.

For example, if there’s turmoil in the stock markets and you notice the value of your investments falling, what would you do? If you have no retirement plan, tumbling stock markets may be upsetting or discouraging. But if you have a retirement plan, it will help you decide what to do. If you have not saved very much in your nest egg, you may decide to continue to shoulder the ups and downs of the stock markets in hopes of capturing potentially higher investment returns in the future. If you’ve already accumulated a substantial retirement nest egg, you may decide that it’s no longer necessary to bear the risks of investing in the stock markets and you may change how your funds are invested.

The Canadian Retirement Income Calculator

If you’re a busy person, as most of us are, you might like to use the Canadian Retirement Income Calculator available at the Service Canada website. All you need to do is enter your information and the built-in calculators do the rest. It’s a very good retirement planning tool.

Conclusion

What happens if you do the calculations and find that the amount of monthly savings that would be required is too high? What happens if you find that there are no available investments that are likely to provide the required rate of return? Don’t be discouraged. You can start by saving just a small amount every month and when you get used to this, you can start saving a little bit more. If you make a plan and follow it through, then you’ll be able to retire sooner rather than later.

Additional Voluntary Contributions: Shortening the Road to Retirement

The CSS Pension Plan is a defined contribution (DC) pension plan. This means that the amount of your contributions are “defined” by the terms of the Plan and are known in advance, while the monthly income that you will receive when you retire is not. A defined benefit (DB) pension plan is just the opposite. The monthly retirement benefit you can expect is “defined” by the terms of the plan, but the amount you must contribute is unknown and will vary.

The CSS Pension Plan includes more than 400 co-ops and credit unions across Canada. Under the terms of the Plan, each of them is permitted to set a required matched contribution rate between 1% and 9% of salary. The Plan has a recommended rate, which is currently 6%. If your employer has adopted the Plan’s recommended rate as its required rate, then you contribute 6% from your pay. Your employer matches this with another 6% from its own funds. This makes a total required contribution of 12%.

In the CSS Pension Plan, your retirement income is based on the value of your pension funds when you retire. The Plan’s role is to provide information, products and services that you can use to plan, save for and fund your retirement. Your responsibility is to use this information and these products and services to develop a retirement plan, monitor your progress and make adjustments as required. You are the driver on the road to retirement.

To help you monitor your progress, each year the Plan provides you with an “on track”
What you need to know about Additional Voluntary Contributions

- To start making AVCs just contact your employer's payroll department and ask for an additional amount to be deducted from your paycheque and sent to the Plan each pay period.
- Your AVCs will be invested in the same funds and incur the same low costs as your required contributions.
- Your AVCs and the investment earnings on them will be “non-locked-in” pension funds.
- AVCs cannot be withdrawn from the Plan until you stop working and contributing.
- You can change the amount of your AVCs or stop making AVCs at any time.

A VC's Could Increase Your CSS Monthly Pension

<table>
<thead>
<tr>
<th>Required Contribution Rate</th>
<th>Required Contributions + Earnings</th>
<th>AVC Contribution Rate</th>
<th>AVCs + Earnings</th>
<th>Monthly CSS Pension Without AVCs</th>
<th>Monthly CSS Pension With AVCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>$226,183.84</td>
<td>2%</td>
<td>$37,697.31</td>
<td>$1,308.96</td>
<td>$1,527.12</td>
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<tr>
<td>12%</td>
<td>$226,183.84</td>
<td>4%</td>
<td>$75,394.61</td>
<td>$1,308.96</td>
<td>$1,745.27</td>
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<tr>
<td>12%</td>
<td>$226,183.84</td>
<td>6%</td>
<td>$113,091.92</td>
<td>$1,308.96</td>
<td>$1,963.44</td>
</tr>
</tbody>
</table>

*Starting Salary $30,000; Annual Salary Increase 2.5%; Investment Return 5%; 25 Yrs in the Plan, Retirement at 60; Annuity Rate 4.8%
Young people entering the workforce today have a much different approach to their careers than baby boomers did when they started out, says Gary Mearns, a leader in the human resources field and a first-time board member of the Co-operative Superannuation Society (CSS) Pension Plan.

Today’s young workforce

“They’ll ask questions like ‘why are you still working with this organization?’ or ‘what’s this organization’s corporate social responsibility philosophy?’” says Mearns, who is Vice President, Human Resources at Federated Co-operatives Limited (FCL) in Saskatoon. “It’s more important to them that they have a good fit between their values and those of the organization. We never really thought about those things when I was leaving university.”

And for those who take the view young people today don’t have the same work ethic as previous generations, Mearns reminds us that’s not a new opinion.

“That criticism has been there forever – I heard that when I came into the workforce,” says Mearns, whose first of two periods working for FCL began in 1974 after graduating from the University of Saskatchewan with a commerce degree. “I think we have lots of great potential with the employees coming into the workforce. Yes, they’re different from the generation before them, but that’s always been the case.”

Mearns, elected to the CSS board in March 2010, says a prime example of that difference is the way newer employees prefer to communicate. When baby boomers entered the workforce, the traditional way the organization communicated with them was through memos or letters. Today’s new employees would prefer to receive such information in electronic format, either by email or via their organization’s web portal. They’ll look at something on the computer before reading the same thing in paper format, he says.

These young employees also are much more social than many who came before them. Mearns suspects that’s due to social media, the web, and their inclination to do things in groups. And where boomers might be accustomed to an annual performance review, today’s young employees prefer feedback more frequently.

“They like to know, on a very regular basis, how they’re doing,” says Mearns, adding such meetings are shorter as well as more commonplace.

All this is part of the unique situation that exists in Saskatchewan’s workplace.

This is the first time Saskatchewan-based companies like FCL have had four generations of people working together. And Mearns says FCL, for one, is working to help everyone work better together, and understand one another.

“We’re offering seminars on the multi-generational workforce and what that means,” he says. “Because the thinking of the baby boomers is much different from that of Gen X and Gen Y. It is fascinating.”

For this and many other reasons, says Mearns, the field of human resources has changed a great deal, as well.

Starting a career

Mearns grew up in Regina and moved to Saskatoon with his family the same year he entered the U. of S. He majored in what was then called “industrial relations” and joined FCL as a job analyst on graduation – he’d already worked one summer doing market research for the company. He says his work at that time involved classifying jobs and managing the job evaluation process for in-scope employees. The job was not part of the human resources division at the time; it was in the treasury division.

“When I first came into human resources, it was viewed more as a transactional function – that’s in the days when it was still called ‘personnel.’ That’s the department that looked after employee records, did some hiring, but it was a lot more transactional.”

While there’s still a transactional component to human resources, Mearns says the role of human resources in the modern workplace is strategic. Issues human resources professionals are grappling with
today include training their organizations to deal with labour shortages, understanding the role people play in an organization's success and working toward accommodating them, and using incentive programs to help organizations become more competitive.

“Human resources has become much more complex and strategic than it used to be,” he says.

Mearns’ insights on human resources come from 37 years of experience in the field, the vast majority of it in leadership roles. After his first year at FCL’s head office in Saskatoon, he accepted a position as a personnel officer – “it’s now called a human resources advisor” – at the organization’s Winnipeg office. But an interest in labour relations resulted in a move back to Saskatoon in 1976 when the position of industrial relations officer came open at FCL’s head office. In 1978, he was promoted to industrial relations manager for FCL, a position he held for eight years.

Mearns spent more than a decade in the labour relations field before moving into a new position where his responsibilities included recruitment and staffing, and, eventually, coordinating the overall processes around staffing recruitment for all FCL employees. He spent a total of eight years in this position and his responsibilities included work on FCL’s compensation and benefits program. He also received exposure to the CSS Pension Place at this time, as an employer delegate to the CSS annual meeting.

Leaving & returning to FCL

In 1994, after 20 years, Mearns left FCL to take a position with the Saskatoon Public School Division as the organization’s superintendent of human resources.

“I was certainly not at all unhappy with (FCL),” he says. “I was looking for some career advancement, so I pursued employment elsewhere.”

Mearns arrived at the public school division just after the resolution of an acrimonious teacher strike and lockout. He says he likes to believe his experience in labour relations and human resources gave him the tools to help rebuild what was then a somewhat rocky relationship between teachers and the school board, as well as several grievances filed by CUPE that were heading to arbitration.

“However, the last seven years I spent there we never had a single grievance under our CUPE agreements go to arbitration. We used a lot of things that, I think, really helped the communications between the Union, employees and employer. That’s one of my prouder moments.”

After eight years with the public school system, Mearns moved to the Saskatchewan Institute of Applied Science and Technology (SIAST), where he served for four-and-a-half years as SIAST’s chief human resources officer. But in 2007, he was provided with an opportunity to return to FCL when the position of retail recruitment manager director came open. In 2010, he was promoted to his current position.

As Vice President, Human Resources, Mearns’s primary responsibility is providing leadership for all human resources programs at FCL, as well as those offered to employees of retail co-operatives in the cooperative retailing system.

Upgrading his education

Although it’s been a career of leadership roles with heavy responsibility, Mearns made time to upgrade his education. From 1991 to 1995, he earned a Master of Business Administration (MBA) degree from the Edwards School of Business at the U. of S. while continuing to work full-time. It’s something he admits “was probably the hardest thing I’ve ever done in my life.”

He says his undergraduate commerce degree gave him a broad perspective on business, but he was just out of high school when he obtained it and had little real-world experience. It was much different by the time he completed his MBA.

“Once you’ve seen a lot and experienced a lot, your understanding of what it all really means is just so much different. It’s just a totally different experience.”

Mearns believes his MBA has helped him achieve a broader understanding and appreciation of what constitutes success in business, and what makes various functions like accounting and marketing, for instance, so important.

Gary also stresses the importance of keeping current with information in the human resources field. With this in mind, he earned his Certified Human Resources Professional (CHRP) designation in 1997. To maintain the designation, there is an ongoing requirement to attend workshops and other professional development activities.

Involvement with pension plans

As for what he brings to the board of the CSS Pension Plan, Mearns says he believes his experience and education will assist the board in their performance appraisals of the Plan’s employees and general manager. He says he thinks he can bring his “special functional knowledge” to certain of the board’s activities. But he also brings some experience with large pension plans.

During his period of employment with the public school division, he served two-and-a-half years in a volunteer capacity on the City of Saskatoon’s pension advisory board. He says this gave him a view of how large pension plans are structured. He expects this and his growing knowledge of the CSS Pension Plan will assist him in his role on the CSS Board. The CSS Pension Plan has an important place in the compensation package of employees of the co-op retailing system.

As for the Plan’s performance, Mearns says CSS Pension Plan board members recognize the 2008 market dip and current volatility of world markets are cause for concern. But he reminds members that where there is potential for greater returns, one also must adopt some risk.

“It’s a long-term strategy. I believe – and I think the rest of the board members believe – the money will be there. But you

Continued on page 12
have to take that long-term approach to it.”

The Plan employs an investment strategy that’s executed by its investment managers and there’s continual review of the managers’ performance.

“You don’t want to be dabbling or changing the approach mid-stream,” says Mearns. “You let (the investment managers) do their thing and then, annually, you assess their performance. And we have changed some investment managers over the last few years.”

Generally speaking, Mearns says, the board is pleased with the kind of returns the Plan has generated in recent years, as well as the way the Plan has been administered. And on this latter point, Mearns says the CSS Pension Plan has one of the lowest levels of administration cost of any major pension plan in Canada.

“And don’t forget everyone on our board is a member of the Plan. So we have a vested interest to ensure the Plan does well, too. We’re thinking the way our employee members are thinking.”

Growing-up & sports

Long before human resources policies and pension plans were common topics of discussion and the world was filled with weighty responsibilities, Mearns was a just kid with a deep love of baseball growing up in Regina. He played pitcher and first base, and he played ball from Little League right through to bantam and midget – he played senior baseball when he moved to Saskatoon. His experience in sports – he played basketball and other sports in high school – leaves him a firm believer in the notion sports is a great training ground for life.

“I think it really does instil in a person that value of ‘team’, which is so important in workplaces. Everybody has interaction with others in a work environment. So it’s important.”

But events of his youth foreshadowed his future. He was also involved in high school politics, serving as president of the student representative council during his last year at Scott Collegiate in Regina. His leadership involvement continued in university where he also served for three years on the executive of the Commerce Students’ Society.

“That got me into leadership roles at an early age. I learned a lot from that, as well, things like responsibility and public speaking.”

Family life

Mearns has had a full life outside of the workplace, as well. He and his wife Marilyn, “a Saskatoon girl” who works as the Director of Pharmacy at the Saskatoon Community Clinic, have two boys whose extracurricular activities kept their parents very busy for about 15 years.

Christopher, 23, is in his third year in the Edwards School of Business at the U. of S.; he has completed a Bachelor of Arts degree. And Eli, 17, is in Grade 12 at Holy Cross High School.

“When you have kids, I mean, that’s been our life for a long time. They’ve had a multitude of activities. Both are very accomplished Ukrainian dancers – that’s Marilyn’s ethnic background. Both became very proficient violinists (Eli also plays percussion in the Senior Band). And both have been active in sports, predominantly basketball, football and track.”

While the boys are growing more independent as they get older, Mearns is happy to report the entire family still enjoys camping together. They have a trailer and typically spend a few weeks camping at their favourite spot in Osoyoos, B.C. – “we’ve done that for the last 25 years.” They occasionally camp in Saskatchewan at places such as Waskesiu, as well.

Volunteer work

Mearns has devoted such spare time as he could muster to volunteer work with a number of organizations. In the late 1970s, he was president of the Saskatoon Personnel Association, now a broader-based body called the Saskatchewan Association of Human Resource Professionals. He served on the board for several years and is a past president.

In the late 1980s, he was a founding member of the Saskatoon Crime Stoppers program. He spent 10 years on the board and was president for several. He spent several years on the University of Saskatchewan Alumni Association Board of Directors and is a past president of that group, as well. It’s been a lot of volunteering.

“I kind of stepped back from some of those larger organizations and was on our church council for three years. But I probably spent about 17 years going from one group to another (volunteering).”

Physical activity & reading

A few health issues several years ago “served as a wake-up call” for Mearns, and he’s been running about two miles, three times a week for the past decade. He avoids slippery winter streets by switching to an indoor treadmill in winter.

“It’s good for general health and a great stress reliever,” says Mearns, who says the five kilometre portion of the annual Bridge City Boogie is “my kind of thing.”

Now a strong proponent of physical fitness, he says FCL is considering establishing a corporate wellness program to help employees improve their overall fitness.

“It’s certainly on our radar screen. We’re looking at it.”

As an avid reader, Mearns enjoys business books such as Good to Great, by Jim Collins, and a number of books by David Ulrich, considered a guru in North American human resources circles. When Mearns is on holidays or wishes to put aside the business world for a while, he says he likes reading fiction.

“Brad Thor is probably one of my favourite authors. It’s all action.”

Life has been full, active and productive for Gary Mearns. And he says choosing human resources as a career has been one of the most important and fulfilling parts of it.

“I just love my work and I’ve had a very, very satisfying career. Human resources is, to me, one of the most critical functions in an organization.

“I enjoy what I’m doing, every day. I guess that’s why I’ve spent as long as I have in this field.”
If you are receiving a monthly pension payment from the CSS Pension Plan, please note that the Pension Plan is pleased to announce that it is continuing its tradition of providing the December monthly pension payments 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 Monday, December 19 instead of the usual 26th of the month.
- Pensioners receiving monthly cheques by mail: your cheque will be mailed from the Pension Plan’s office on Thursday, December 15.

If you are receiving Variable Benefit (VB) payments from the Pension Plan, your monthly payment will be directly deposited into your credit union or bank account on the usual 15th of the month as usual.

2012 Income Tax Changes

Income tax changes effective January 1, 2012 may mean that the after-tax amount of your monthly pension or Variable Benefit (VB) payments you receive in 2012 could be different than the amount you received in 2011.

Someone aged 65 or older whose total net income in 2012 is less than the federal and provincial base amount can claim the full Age Amount when calculating his/her federal and provincial income tax payable for 2012. However, someone aged 65 or older whose total net income exceeds the base amount but is less than the maximum amount for 2012, will have his/her Age Amount reduced by 15% of his/her net income in excess of the base amount. Someone aged 65 or older whose total net income exceeds the maximum amount for 2012, will not be eligible for any of the Age Amount.

If you are turning 65 in 2012, the CSS Pension Plan will be sending you federal and provincial Personal Tax Credits Return (TD1) forms and applicable Worksheets early in 2012. Once you receive the TD1 forms you should complete and return them, as you may be eligible for all or part of the federal and provincial Age Amounts. The applicable Worksheets will help you calculate how much of the Age Amount you are eligible for if you expect your 2012 total net income to exceed the base amount.

If you are already 65 or older you should keep the above in mind if you expect your 2012 total net income to exceed the base amount. If you fall into this category, you can arrange to have extra income tax withheld from your monthly pension or VB payment.

In addition to the CSS Pension Plan’s office, the 2012 TD1 forms and applicable Worksheets 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 2011 or early 2012. Retirees who need help completing the TD1 forms can call the CRA general enquiries line, toll free, at: 1-800-959-8281.

T4A Slips

The T4A slips for 2011 will be mailed directly to retirees by early February 2012. Watch your mail, as you will require the T4A slip when filing your 2011 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 payments from the CSS Pension Plan for 2011 are less than $500, you will not receive a T4A. However, you still must declare the total of your payments that you received in 2011 on your Income Tax Return.

If you move, please be sure to advise the CSS Pension Plan of your new mailing address.

Pension Income Amount & Pension Income Splitting

Regardless of a retiree’s age, monthly pension payments from the CSS Pension Plan qualify for the Pension Income Amount (i.e., when calculating the tax credits) on his/her Income Tax Return. These payments also qualify for the Pension Income Splitting provision contained in the 2007 Federal Budget regardless of the retiree’s age.

VB payments do not qualify for the Pension Income Amount or the Pension Income Splitting provision until the retiree is age 65.

At the time of printing, the 2012 base amount and maximum amount were not known, nor were the 2012 Age Amounts. However, for 2011 the Federal base amount and maximum amount are $32,961 and $76,541 respectively (the various provincial thresholds are comparable). The 2011 Federal Age Amount is $6,537 (the various provincial Age Amounts are comparable).

Many of the provinces have also introduced Pension Income Splitting when calculating provincial income taxes payable.
Some people like to make their own travel arrangements. Others prefer to book a package tour. Of course there are pro's and con's to each. If you arrange your own journey, you will have a lot of work to do before you leave, but will end up with a personalized itinerary. If you take a package tour you can delegate some of the arrangements, but may have to accept some compromises.

The Plan’s new investment menu permits but does not require members to take greater control over the investment of their pension funds. For example, with four fund choices, there are now two different paths for the management of your asset mix. Members who wish to manage their own asset mix can use the Plan’s new Bond and Equity Funds, while members who prefer a packaged strategy can use the Balanced Fund.¹

If you are interested in managing your own asset mix, you will need to determine your risk tolerance, set an appropriatevitual

**Investing With Four Funds:**

**Points of Interest on the Road to Retirement**

This article is the first of a two-part series. The second part will appear in the spring 2012 issue of TimeWise.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Objective/Strategy</th>
<th>Risk/Return Profile*</th>
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<tbody>
<tr>
<td>Balanced</td>
<td>The objective of the Balanced Fund is to provide long-term growth with moderate short-term volatility. The fund is broadly diversified and periodically rebalanced to maintain an approximate 60% exposure to Canadian and Foreign equities and a 40% exposure to Canadian fixed income and short-term investments. The fund’s Foreign equity exposure is 50% hedged to the Canadian dollar.</td>
<td>The Balanced Fund is suitable for members who are seeking moderate long-term growth through exposure to both equity and fixed income investments. The fund’s structure is set and maintained under the Plan’s investment policy so asset mix decisions by members are not required. The fund is expected to suffer periodic short-term losses.</td>
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<tr>
<td>Money Market</td>
<td>The objective of the Money Market Fund is to preserve capital while providing liquidity. It is expected to produce a return similar to short-term interest rates in Canada. The fund is invested 100% in Canadian short-term investments.</td>
<td>The Money Market Fund is suitable for members who are willing to accept a low return in order to minimize market risk. The fund is not recommended as a long-term investment. The fund is unlikely to suffer significant short-term losses. It can therefore be used to hold funds that are expected to be withdrawn or spent in the near future.</td>
</tr>
<tr>
<td>Equity</td>
<td>The objective of the Equity Fund is to offer the opportunity to earn higher long-term average returns by accepting greater risk of short-term losses through exposure to a diversified portfolio of Canadian and Foreign equities. The fund is invested approximately one third in Canadian equities, one third in American equities and one third in EAFE and Emerging Market equities. The fund’s Foreign equity exposure is 50% hedged to the Canadian dollar.</td>
<td>The Equity Fund is suitable for members who are willing and able to accept a greater risk of short-term losses in order to have the opportunity to earn higher average returns over the long term. On occasion, equities have been known to produce serious and prolonged negative returns. Over such periods, equities have earned lower returns than fixed income or short-term investments.</td>
</tr>
<tr>
<td>Bond</td>
<td>The objective of the Bond Fund is to offer the opportunity to earn a more modest long-term average return with a lower risk of short-term losses through exposure to a diversified portfolio of Canadian government and corporate fixed income investments. The fund is 100% invested in Canadian bonds and short-term investments.</td>
<td>The Bond Fund is suitable for members who are willing and able to accept lower average returns to reduce the risk of short-term losses. Given its lower expected return, the fund may not produce sufficient earnings over the long-term to produce an adequate retirement income. Because bond prices tend to decline when interest rates or inflation expectations increase, the Bond Fund will suffer occasional short-term losses.</td>
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¹ See the Fall 2010 edition of TimeWise for the article “New Funds, More Choice” introducing the Plan’s new investment menu. If you don’t have a copy of the magazine handy, you can access back issues of TimeWise on the Plan’s website here: http://www.csspen.com/publications/timewisefall/.

² This is part one of a two-part series that explains the Plan’s new investment funds and how they can be used to adjust your asset mix. Part two will appear in the Spring 2012 edition of Timewise.

*CSS Investment Funds are market based. Past performance may not indicate future performance. Your investment returns and your accumulated pension funds are not guaranteed.

For more information about the Plan’s investment funds, as well as general information about the expected risk/return profile of different asset classes, visit the Plan’s website at: http://www.csspen.com/news/pager/?_id=investmentoptions
asset mix and then monitor and adjust it over time. If you prefer the professional management and automatic rebalancing offered by the Balanced Fund, you will still have some decisions to make. You will have to make sure that you are comfortable with the fund’s risk/return profile. You will also have to decide whether to reduce risk as you age.

Investment Funds: Points of Interest
In order to make informed investment decisions, you will need to understand the objectives and characteristics of the Plan’s four investment funds. To help get you started, we offer the following “points of interest” about each fund. (See Investment Fund Matrix on previous page).

Making Investment Choices: Points of Interest
Over the past six years, the Plan’s investment menu has been expanded so that members who wish to do so can exercise greater control over the investment of their pension funds. The new “four fund” investment menu will allow you the opportunity to structure an asset mix that supports your individual retirement plan. Alternatively, you can remain in the Plan’s default investment choice – the Balanced Fund – if this is your preference.

It is up to you to decide whether to take a more active role in the investment of your pension funds. There will be risks and opportunities presented and choices to be made whatever you decide. To date, many members remain invested in the Balanced Fund. But remember – deciding to stick with the status quo is still a choice. As you consider your options, it may assist you to review the following “points of interest” relating to the use of each of the Plan’s four investment funds.

For members who prefer to set their own asset mix
If you are thinking about setting your own asset mix, here are some points to bear in mind:

**Bond Fund**
- Bond prices tend to rise and fall in an inverse relationship with interest rates and inflation. On occasion, therefore, the Bond Fund will post a loss. Bond Fund losses, however, are expected to be smaller and less frequent than Balanced Fund or Equity Fund losses.
  - Older members can increase their allocation to bonds to reduce investment risk.
  - Over the long term, Bond Fund returns are expected to be lower than Balanced Fund or Equity Fund returns.
  - Younger members who decide to hold more bonds may therefore have to reduce their retirement income expectation, plan to work longer, or make larger contributions to compensate for this lower expected return.
  - Whatever your age, if you decide to hold only bonds, you will be giving up the risk and return benefits that can result from asset class diversification.

**Equity Fund**
- Risk and return have a direct relationship. The higher the expected return, the higher the expected risk.
- Equity returns are generally expected to be higher than bond returns over the long run, but on occasion, stocks have underperformed bonds for many years.
- Younger members can generally take on more risk than older members. Their accumulated savings are smaller and they have more time to make up losses.
- Older members thinking about holding more equities should be able to tolerate a significant loss, either by meeting their retirement income needs from other sources, or by delaying retirement.
- Whatever your age, if you elect to hold only equities you will be giving up the risk and return benefits that can result from asset class diversification.

**Market Timing**
Although members are permitted to adjust their investment holdings at any time, making frequent changes in response to short-term market conditions is not recommended. Experience shows that investors who trade frequently will generally underperform a professionally managed and broadly diversified pooled fund. If you are interested in managing your own asset mix, we encourage you to review the Plan’s investment communications and then consult with your financial advisor before taking action.

For members who prefer to remain in the Balanced Fund
If you are thinking about maintaining the status quo and staying in the Balanced Fund, here are some points to bear in mind:

**Balanced Fund**
- The Balanced Fund is expected to produce moderate long-term growth with occasional short-term losses.
  - As we saw in 2008, these short-term losses can be significant. You will therefore have to assess whether you are willing and able to continue to bear this level of risk as you age.
  - Several years before your planned retirement date, you should begin a periodic review with your financial advisor to determine whether to reduce risk by moving some or all of your pension funds to the Bond Fund or Money Market Fund.
  - This decision should be based on how and when you intend to begin converting your accumulated benefits into retirement income rather than on short-term market conditions.

For members who are uncomfortable with any market risk
If you are a risk averse or “nervous” investor, here are some points to bear in mind:

**Money Market Fund**
- The Plan offers a fund whose primary purpose is capital preservation – the Money Market Fund.
  - This fund is expected to produce a return similar to short-term interest rates...
in Canada. Its long-term average return is therefore expected to be lower than that of the Equity, Balanced or Bond Funds.

- Because of its low return, this fund is not recommended for long-term saving. The fund is therefore not suitable for younger members still focused on long-term growth.
- Transferring pension funds to and from the Money Market Fund in response to short-term market conditions is permitted but not recommended. (see Market Timing above)

For older members preparing for retirement or receiving Variable Benefit (VB) Payments

If you are approaching, or already in retirement, here are some points to bear in mind:

Money Market Fund / Bond Fund

- Because of its low risk, the Money Market Fund may be useful if you are planning to “exit the markets” when you retire. Once you “exit the markets” you will not have the opportunity to recover short-term losses. You may therefore wish to transition some or all of your pension funds into the Money Market Fund as retirement nears.

- Because of its low volatility, members receiving VB Payments can also use the Money Market Fund to create and maintain a spending reserve insulated from the markets. Transferring one to three years spending into the Money Market Fund might allow you to wait out a period of market weakness rather than selling Balanced, Equity or Bond Fund units at a loss.
- The Bond Fund can also be used to reduce risk as you approach your planned retirement date.
- Transitioning to the Bond Fund can be particularly useful for members intending to purchase a monthly pension. As bond prices fall, their yields increase. Since higher bond yields mean cheaper pensions, holding bonds during the last two or three years before retirement can help to protect your projected pension payment against falling interest rates.

More control on the Road to Retirement

With its new “four fund” investment menu, the Plan offers you greater control as you travel the road to retirement. Whether you decide to set your own itinerary or take a package tour, you will still face challenges and important decisions.

To make informed choices, we recommend that you:

- Become familiar with the investment information and tools provided by the Plan;
- Study the risk and return characteristics of each of the Plan’s investment funds;
- Develop a retirement plan with assistance from your financial advisor;
- Monitor your progress and make adjustments as necessary to stay “on track”.

By taking these simple steps, you just might be able to avoid a costly detour and improve the chance that you will arrive at your destination on time.*

Watch for part two of this article in the Spring 2012 edition of TimeWise.

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3 When we say “exit the markets” we mean selling all of your fund units to purchase a traditional fixed pension or to purchase guaranteed investments like term deposits or GICs.

4 To help members with their investment decisions, the Plan has developed some fictional scenarios demonstrating ways in which various CSS members might adjust the investment of their pension funds to support their individual retirement plans. These scenarios can be reviewed on the Plan’s website at http://www.csspen.com/investment/scenarios.

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New Pensions


An Asterisk * denotes that these pensioners are surviving spouses of deceased members of the CSS Pension Plan.

**ALBERTA**

Edna Breitkreuz
Red Deer Co-op

Sharon Carlson
First Calgary Financial

Sandra Christensen
Calgary Co-op

Elinor Collison
First Calgary Financial

Judy Dahl
First Calgary Financial

Edward Dueck
Calgary Co-op

Jackie C. Fischbach
The Grocery People, Edmonton

Gerald Galloway
Calgary Co-op

Patricia Gottlieb
Calgary Co-op

Karen Hahn
Calgary Co-op

Heather Hartley
Calgary Co-op

Linda Homenick
Calgary Co-op

Gesine J. Kloepper
First Calgary Financial

Christopher R. Knight
Co-op Press Limited, Edmonton

Dorothy Mah
Servus Credit Union, Ponoka

Lorne McCallister
Leduc Co-op

Dennis Michaud
Plamondon Co-op

Doug Pickell
Chinook Credit Union, Brooks

Robert G. Prediger
The Grocery People, Edmonton

William D. Rendall
Edmonton Co-op

Pensions
BRITISH COLUMBIA
Arthur Chamberlin
Peninsula Consumers Co-op, Saanichton
Mernie G. Furst
Delmas Co-op, Massett
Sharon E. Hagar
Dawson Co-op, Dawson Creek
Lynn Hildebrandt
Otter Farm and Home Co-op, Aldergrove
Douglas Lalande
Federated Co-op, Canoe
Noreen Michalyk
Vanderhoof Co-op
Clotilde Maria Pedro
Terrace Co-op
Debra M. Tams
Salmon Arm Credit Union
Russ Tenborg
Dawson Co-op, Dawson Creek

MANITOBA
Tony Aiello
Assiniboine Credit Union, Winnipeg
E. Chris Barnard
Ste. Anne Co-op Oil, Steinbach
Grace Black
Portage Credit Union
Janet Bullied
Westoba Credit Union, Brandon

SASKATCHEWAN
Glen Arneson
Pioneer Co-op, Swift Current
Kathryn Aspen
Radius Credit Union, Ogemia
Joan Benvenuti
Co-op Health Centre, Prince Albert
Valerie E. Black
Spectra Credit Union, Estevan
Linda Bowring
Federated Co-op, Saskatoon
Colleen R. Braun
Churchbridge Co-op
Patricia C. Brooks
Meadow Lake Credit Union
Grace J. Carleton
Pioneer Co-op, Swift Current
J. Patrick J. Coulterman
Community Health Services, Saskatoon
Jim Cruthers
Fides Co-op, Saskatoon

NOVA SCOTIA
Lois Boudreau
St. Joseph’s Credit Union, Petit de Gratt

ONTARIO
Darrell Pollard
Vermilion Bay Co-op
Gilles Sauvageau
Canfarm Co-op, Guelph

TimeWise • Fall 2011
In Remembrance

In this regular column we acknowledge those pensioners who are no longer with us. To their family and friends we extend our sincere condolences.

L. M. Agur
Prince Albert Co-op
Prince Albert, SK
Margaret Altwasser
Community Health Services
Saskatoon, SK
James Barath
Kipling Co-op
Kipling, SK
Irene Baxter
Calgary Co-op
Calgary, AB
Carl Bilinski
Federated Co-op
Regina, SK
Gord G. Bramall
Hazemmore Co-op
Hazemmore, SK
W. Newman Callander
Surrey Co-op
Surrey, BC
George R. D. Carr
Thorhild Co-op
Thorhild, AB
Brian A. Carter
Arctic Co-operatives Ltd.
Winnipeg, MB
Margie Cassidy
Neepea-Gladstone Co-op
Neepea, MB
Clayton L. Cathcart
Federated Co-op
Calgary, AB
Marie E. Chalmers
Montmartre Co-op
Montmartre, SK
Edwin Chamney
Edmonton Co-op
Edmonton, AB
Marjorie J. Charteris
Calgary Co-op
Calgary, AB
Nick Chaykowski
Drake Credit Union
Drake, SK
Ruby Clark
Red Deer Co-op
Red Deer, AB
Robert Davies
Edmonton Co-op
Edmonton, AB
Linda Dell
Saskatoon Co-op
Saskatoon, SK
Sheila Doty
Conexus Credit Union
Regina, SK
Abe Ens
Swift Current, SK
Cliff M. Ens
Saskatoon Co-op
Saskatoon, SK
Jean Fairclough
Calgary Co-op
Calgary, AB
Mae Farrell
Biggar Credit Union
Biggar, SK
Peter Fehr
Carman Co-op
Carman, MB
Herbert F. Fisher
Medicine Hat Co-op
Medicine Hat, AB
T. S. Fisher
Prince Albert Co-op
Prince Albert, SK
Evelyn M. Gershon
Cypress Credit Union
Maple Creek, SK
Isaac Giesbrecht
Spiritwood Co-op
Spiritwood, SK
Mary Gilleyean
Lloydminster Co-op
Lloydminster, SK
William R. Gordon
Consumer Co-operative Refineries
Regina, SK
Bruce M. Grainger
Borderland Co-op
Moosomin, SK
Dermie Handregan
Federated Co-op
Winnipeg, MB
Robert R. Harrower
Pineland Co-op
Nipawin, SK
Mildred Heringer
Calgary Co-op
Calgary, AB
Joseph Herperger
Federated Co-op
Regina, SK
Roland H. Hildebrand
Hepburn Co-op
Hepburn, SK
Neil Holling
Calgary Co-op
Calgary, AB
Robert J. Ingram
Credit Union Central Canada
Toronto, ON
Cyril Johnson
Canfarm Co-op
Guelph, ON
Lloyd J. Johnston
Federated Co-op
Canoe, BC
Jonina Jonasson
Riverton Co-op
Riverton, MB
Arthur E. Jones
Delmas Co-op
Massett, BC
J. Gordon Kerr
Beeland Co-op
Tisdale, SK
John S. Klassen
Herbert Co-op
Herbert, SK
Donald Kopp
Drumheller Co-op
Drumheller, AB
Aurell Lane
Lloydminster Co-op
Lloydminster, SK
Raymond Leatham
Prairie North Co-op
Melfort, SK
Doreen I. Lee
Edward Co-op
Pierson, MB
Albert Lowe
Pioneer Co-op
Swift Current, SK
Maurice Lozeau
St. Paul Co-op
St. Paul, AB
Mary Markovich
Edmonton Co-op
Edmonton, AB
Ivan A. McGillivary
Pembina Co-op
St. Leon, MB
Alfred T. McKellar
Shawmavon Co-op
Shawmavon, SK
Archie L. McLean
Consumer Co-operative Refineries
Regina, SK
Jean Millman
Sherwood Co-op
Regina, SK
Muriel Moar
BCU Financial
North Battleford, SK
Iona M. Munro
Pioneer Co-op
Swift Current, SK
David A. Mysak
Federated Co-op
Saskatoon, SK
Arne Nakssov
Calgary Co-op
Calgary, AB
Marion M. Neale
Feudal Co-op
Perdue, SK
Frank Perkins
Lloydminster Co-op
Lloydminster, SK
Elden J. Ralston
Cross-Country Co-op
Lang, SK
Nick Reddekopp
Winkler Co-op
Winkler, MB
Peter Reimer
Killarney-Cartwright Co-op
Killarney, MB
Robert Reimer
Calgary Co-op
Calgary, AB
G. Alice Richardson
Vermilion Bay Co-op
Vermilion Bay, ON
Wesley H. Richardson
Consumer Co-operative Refineries
Regina, SK
H. Aleri Scott
Pioneer Co-op
Swift Current, SK
James O. Scott
Killam-Strome Co-op
Killam, AB
William M. Simpson
Arctic Co-operatives Ltd.
Winnipeg, MB
John Sklar
Northern Sask. Co-op Stockyards
Prince Albert, SK
Joyce Smith
Davidson Co-op
Davidson, SK
Wilma Tario
Calgary Co-op
Calgary, AB
Renee Thiessen
Federated Co-op
Winnipeg, MB
Albert Tholl
Sherwood Co-op
Regina, SK
Clifford E. Thuen
Archwill Co-op
Archwill, SK
David H. Westman
Churchbridge Co-op
Churchbridge, SK
James R. Whall
Cambrian Credit Union
Winnipeg, MB
George E. Wilson
Borderland Co-op
Moosomin, SK
Edgar Woode
Delmas Co-op
Massett, BC
Sydney E. Yates
Federated Co-op
Canoe, BC
Gordon E. Zabolotney
Bengough Credit Union
Bengough, SK

In this regular column we acknowledge those pensioners who are no longer with us. To their family and friends we extend our sincere condolences.
**Election of Employee Delegates**

*Alberta/B.C./Northern Canada Region; Manitoba/Eastern Canada Region; Retirees*

Employee delegate elections are held on a rotating two year basis by region or group. In January 2011 seven delegates representing the Saskatchewan region were elected for a 2 year term.

For 2012, an election of employee delegates will be held for the Alberta/B.C./Northern Canada region, Manitoba/Eastern Canada region and the Retired Employee group.

This is the official notice of the calling of an election for January 16, 2012 for retirees and non-Saskatchewan employee delegates to attend the Annual Meeting of the Co-operative Superannuation Society, scheduled for March 30, 2012 in Saskatoon. The delegates to be elected are as follows:

Two (2) delegates will be elected for a two year term from and by the Retired Employees receiving monthly pensions or Variable Benefit payments from the CSS Pension Plan.

Four (4) delegates will be elected for a two year term from and by active contributing employees employed in Alberta/British Columbia/Northern Canada.

Four (4) delegates will be elected for a two year term from and by the active contributing employees employed in Manitoba/Eastern Canada.

A nomination form for employee members in the ALBERTA/BRITISH COLUMBIA/NORTHERN CANADA region; the MANITOBA/ESTERN CANADA region and the RETIRED EMPLOYEE group only is printed below. In addition to completing the nomination form and general questionnaire on the reverse of the nomination form, candidates are requested to forward a recent photo or digital image which will accompany the ballot.

Nominations are to be forwarded to, and received by the Returning Officer no later than 4:30 p.m., Monday, November 28, 2011.

Upon close of nominations the Returning Officer will prepare the necessary ballots containing the names of those nominated and will forward these to employee members in Alberta/British Columbia/Northern Canada and Manitoba/Eastern Canada for whom contributions and a completed application for membership has been received prior to November 1, 2011 as well as to the Retired Employees who are receiving a monthly pension or Variable Benefit payments from the CSS Pension Plan.

Bill Turnbull, Returning Officer
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(s) 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 change 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 $218.00 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!

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 services, plan provisions, etc.

A) Plan Provisions:

B) Investment Strategy:

C) Member Services:

My photo is enclosed □ Will be sent electronically (preferred) □

__________________________  ______________________________
Date                            Signature
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Cornerstone Credit Union
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Tisdale: 306.873.2616
Yorkton: 306.783.9433

Innovation Credit Union
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800.381.5502 or 866.446.7001

Synergy Credit Union
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866.825.3301

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Email: tcu@tcu.sk.ca