TimeWise

SPRING • 2012

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2011 ANNUAL REPORT

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Jeff Ambrose

Jim Huggard

Al Meyer

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CSS TimeWise

SPRING, 2012 Volume 35, Number 1

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.

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2012 ANNUAL MEETING UPDATE

The Co-operative Superannuation Society (CSS) Annual Meeting was held on Friday, March 30, 2012 in Saskatoon.

Delegate Seminar

Bill Turnbull, General Manager of the CSS Pension Plan made a presentation at the Delegate Seminar held the Thursday evening prior to the Annual Meeting.

The presentation dealt with a review of how members have been using the Plan's new investment funds in 2011, as well the processing fees charged for member Investment Instructions and some other transactions. There was also a review of strategies used by the CSS Pension Plan as well as other pension plans to help support investment choice by members.

After this presentation the Delegates formed groups to discuss the presentation topics. At the end of the discussion period, Delegates shared their views. Plan management and the Board will consider the delegates' feedback when Plan policies in these areas are reviewed.

Directors Elections

Four Director elections were held at the Annual Meeting: two employee director elections and two employer director elections.

Earl Hanson of Innovation Credit Union in Swift Current SK was re-elected to the Board by acclamation as an Employee Director for a three-year term.

In 2011 Jeff Ambrose of Calgary Co-operative Association in Calgary was appointed by the Board to fill the vacancy created by the retirement of Wilf Harms, also of Calgary Co-operative Association. At the Annual Meeting Jeff was elected to the Board by acclamation as an Employee Director for a two-year term.

The other Employee Director on the Board is Jim Huggard, Retiree, of Winnipeg.

Al Meyer of Prairie Centre Credit Union in Rosetown was re-elected to the Board by acclamation as an Employer Director for a three-year term.

In 2011 Mel Adams of Federated Co-operatives Limited in Saskatoon was appointed by the Board to fill the vacancy created by the retirement of Terry Bell, also of Federated Co-operatives Limited in Saskatoon. At the Annual Meeting Mel was elected to the Board by acclamation as an Employer Director for a one-year term.

The other Employer Director on the Board is Gary Mearns of Federated Co-operatives Limited in Saskatoon.

At the Board re-organization meeting held after the Annual Meeting, Earl Hanson was elected President and Gary Mearns was elected Vice-President.

Service Awards

Five-year service awards were presented to the following delegates: Al Meyer; Bob Scott; and Anthony Zulyniak.

2012 FEDERAL BUDGET UPDATE

On March 29 the Federal Government introduced its 2012 Budget. Some items that may be of particular interest to members of the CSS Pension Plan are below.

Canada Pension Plan (CPP)

The current contribution rate to CPP of 9.9% of pensionable earnings (i.e., 4.95% from the employee and 4.95% from the employer) will remain unchanged. The CPP is projected to be financially sustainable for at least the next 75 years at this funding rate.

Old Age Security (OAS) & Guaranteed Income Supplement (GIS)

The Budget proposes to change the start date for OAS & GIS (for those with qualified low incomes) from age 65 to 67. For those born on or after February 1, 1962 the start date for OAS and GIS will be age 67. Those born between April 1, 1958 and January 31, 1962 will have a start date between age 65 and 67; the closer your birth date is to April 1, 1958 the closer your start date will be to age 65, and the closer your birth date is to January 31, 1962 the closer your start date will be to age 67. If you are currently receiving OAS or GIS payments, or were born before April 1, 1958 you will not be affected by these proposed changes.

In 2013 eligible Canadians will no longer have to apply for OAS and GIS. Instead, the government will contact seniors to start their benefits.

Effective July 1, 2013 seniors that are eligible to start receiving OAS payments will be permitted to delay the start of their OAS for up to five years, and receive an actuarially increased payment amount.

ELECTION OF EMPLOYEE DELEGATES

SPECIAL FEATURE

The Co-operative Superannuation Society's Annual Meeting was held on March 30, 2012 at the Delta Bessborough Hotel in Saskatoon.

Four candidates were nominated for the four delegate positions in the Alberta/BC/Northern Canada region. The four candidates elected by acclamation for a two-year term are: Jeff Ambrose, Calgary Co-operative, Calgary AB; Lee Gonsalves, Calgary Co-operative, Calgary AB; Bob Scott, St. Paul Co-operative, St. Paul AB; and Jason Sentes, 1st Choice Savings & Credit Union, Lethbridge AB.

Six candidates were nominated for the four delegate positions in the Manitoba/Eastern Canada region. The four successful candidates elected for a two-year term are: Harry Bowler, Sunrise Credit Union, Treherne MB; Dennis Laing, Interlake Consumers Co-op, Arborg MB; Audri Wilkinson, Concentra Financial, Oakville MB; and Anthony Zulyniak, Federated Co-operatives Limited, Winnipeg MB.

Two candidates were nominated for the two Retiree delegate positions. Jim Huggard of Winnipeg MB and Gerry St. Pierre of Barrhead AB were therefore elected by acclamation for a two-year term as the Retiree delegates.

The above delegates joined the seven Saskatchewan region delegates (who were elected for a two-year term last year) at this year's Annual Meeting. The Saskatchewan region delegates are: Mike Gartner, Federated Co-operatives Limited, Saskatoon; Ryan Graham, Concentra Financial, Regina; Earl R. Hanson, Innovation Credit Union, Swift Current; Linda Jijian, Credit Union Central of Saskatchewan, Regina; Celeste Labrecque, TCU Financial Group, Saskatoon; Dave Marchant, Prince Albert Co-op, Prince Albert; and Jason Schenn, Borderland Co-op, Moosomin.

The above employee delegates, along with the employer delegates, represented employee and employer members at this year's annual meeting in Saskatoon.

The employer delegates are appointed by the following employer organizations: Credit Union Central Alberta (one delegate), Credit Union Central of Manitoba (two delegates), Credit Union Central of Saskatchewan (three delegates), Concentra Financial (one delegate), and Federated Co-operatives Limited (eleven delegates). The following employer delegates were appointed by the above organizations as follows:

Credit Union Central Alberta: Adrien Cripps, Calgary;

Credit Union Central of Manitoba: Barrie Davidson, Winnipeg; and Dale Ward, Winnipeg;

Credit Union Central of Saskatchewan: Al Meyer, Rosetown; Mary Turtle, Regina; and Gordon Young, Radville;

Concentra Financial: Mary Beckett, Saskatoon;

Federated Co-operatives Limited (FCL): Mel Adams, FCL Saskatoon; Beryl Bauer, FCL Director; Fred Biddulph, FCL Saskatoon; Randy Boyer, FCL Saskatoon; Dawn Brinkmeier, FCL Saskatoon; Herb Carlson, FCL Director; Ron Healy, FCL Saskatoon; Brenda MacDonald, The Grocery People, Edmonton; Dean McKim, FCL Saskatoon; Gary Mearns, FCL Saskatoon; and Glen Tully, FCL Director.

The CSS Pension Plan extends its appreciation and thanks to all of the delegates for their interest in the Pension Plan's democratic process.

Jeff Ambrose
Vice President Operations & Merchandising
Calgary Co-operative Association, Calgary AB
(Alberta/BC/Northern Canada Region)

Earl Hanson
Executive Vice President Risk/Chief Risk Officer
Innovation Credit Union, Swift Current SK
(Saskatchewan Region)

Jim Huggard
Winnipeg MB
(Retiree Delegate)

Jason Schenn
General Manager
Borderland Co-op, Moosomin SK
(Saskatchewan Region)

Bob Scott
General Manager
St. Paul Co-operative, St. Paul AB
(Alberta/BC/Northern Canada Region)

Harry Bowler
Chief Executive Officer
Sunrise Credit Union, Treherne MB
(Manitoba/Eastern Canada Region)

Mike Gartner
Retail Facilities Manager
Federated Co-operatives Limited,
Saskatoon SK
(Saskatchewan Region)

Lee Gonsalves
Vice President Human Resources
Calgary Co-operative Association,
Calgary AB
(Alberta/BC/Northern Canada Region)

Ryan Graham
Associate Vice-President, Securitization
Corporate Finance
Concentra Financial, Regina SK
(Saskatchewan Region)

Linda Jijian
Associate Manager, Development
Credit Union Central of Saskatchewan,
Regina SK
(Saskatchewan Region)

Celeste Labrecque
Executive Manager, Retail Banking
TCU Financial Group, Saskatoon SK
(Saskatchewan Region)

Dennis Laing
General Manager
Interlake Consumers Co-op, Arborg
MB
(Manitoba/Eastern Canada Region)

Dave Marchant
General Manager
Prince Albert Co-op, Prince Albert SK
(Saskatchewan Region)

Jason Sentes
VP Finance
1st Choice Savings & Credit Union,
Lethbridge AB
(Alberta/BC/Northern Canada Region)

Gerry St. Pierre
Barrhead AB
(Retiree Delegate)

Audri Wilkinson
Associate Vice-President, Strategic
Relationship Management
Concentra Financial, Winnipeg MB
(Manitoba/Eastern Canada Region)

Anthony Zulyniak
Human Resources Manager
Federated Co-operatives Ltd.,
Winnipeg MB
(Manitoba/Eastern Canada Region)

SPECIAL FEATURE

FOUR FUNDS: PLANNING YOUR ROUTE ON THE ROAD TO RETIREMENT

This article is the second of a two-part series. The first part appeared in the Fall 2011 issue of TimeWise.

Over the past six years, the Plan's investment menu has been expanded so that you can exercise greater control over the investment of your pension funds. The new "four fund" investment menu allows you to structure an asset mix that suits your personal risk tolerance and supports your retirement plan. You can remain in the Plan's default investment choice – the Balanced Fund – if you prefer. This article will briefly review some factors to consider when setting your asset mix and how your asset mix might affect your journey on the road to retirement.

Three of the Plan's four funds – the Money Market Fund, Bond Fund and Equity Fund – contain only one asset class, while the Balanced Fund contains a mix of all three. By shifting part of your pension funds into the Equity Fund, Bond Fund or Money Market Fund, you can adjust your asset mix. The Balanced Fund, on the other hand, has a preset asset mix which is designed to meet the risk/return objectives of a typical, long-term retirement saver.

Asset Class Returns and Volatility

First, let's look at the types of assets held in the Equity, Bond and Money Market Funds so that we can see how their risk/return profiles differ. The chart below shows estimated expected long term average real returns (adjusted for inflation) for several of the asset classes included in the investment funds offered by the CSS Pension Plan. It also shows the expected standard deviation (Std Dev) of these returns. Standard deviation is commonly used to measure investment risk (see sidebar at top right).

Note that asset classes expected to produce higher average returns (equities) are also expected to have higher standard deviations, while asset classes expected to produce lower average returns (bonds and T-Bills)are expected to have lower standard deviations. This demonstrates the direct relationship that exists between risk and return. If you decide to set your own asset mix, it will become your responsibility to manage this tradeoff between risk and return.

The chart at the top of page 5 shows how changing your asset mix between stocks and bonds would have changed both your real returns and their volatility from 1972 to 2004 inclusive. Note how the real returns and their standard deviation (volatility) generally increase as you add more equities. This demonstrates again that risk increases with expected return. You can also see that the standard deviation of each asset mix is lower than the standard deviation that would result from holding equities only as shown in the preceding table. This demonstrates that fixed income investments dampen equity volatility in a balanced portfolio.

As you review the real returns of the various asset mixes shown above, you might think that there isn't much to be gained by adding more equities and taking more risk. However, the difference between the lowest risk and highest risk portfolio's average return at about 0.35% per year, when compounded over 35 years, would increase you final savings total by more than 12%.

Balanced Fund Returns and Volatility

Next, let's take a brief look at the asset mix of the Balanced Fund.

The Balanced Fund holds 60% equities and 40% bonds. This asset mix corresponds with the bottom row in the chart at the top of page 5. Based on these historical returns and their expected volatility, if the Balanced Fund had held a 60/40 asset mix during this entire period, it would have earned an annual real return of between 16.51% and -5.23% 2/3rds of the time, with a 1/6th chance of earning more than this top value and a 1/6th chance of losing more than this bottom value in any given year.

From our own internal records we know that inflation in Canada averaged 5% over these 32 years so the average nominal return (not adjusted for inflation) for a portfolio with a 60/40 asset mix would have been about 10.64% (5.64% real return + 5% inflation). The Balanced Fund did not start to hold its current 60/40 asset mix until 2006. However, because bonds performed unusually well for most of this period, the Fund's

Fund	Asset Class	Real Return[1]	Std Dev
Equity	Canadian Equities	5.4%	19.5%
	International Equities	5.4%	16.3%
	Emerging Equities	7.9%	25.0%
Bond	Canadian Bonds	1.3%	5.1%
Money Market	T-Bills	-0.3%	1.5%
	Inflation	2.4%	

Source: CSS Pension Plan Portfolio Study 2010

Measuring Investment Risk

Standard deviation is commonly used to measure investment risk. It indicates the volatility of a series of annual returns around its median or expected value. One standard deviation includes 2/3rds of the annual returns in a series. For example, looking at the chart on the bottom of this page, you would expect that, 2/3rds of the time, Canadian equities would produce an annual real return of 5.4% plus or minus 19.5%, or between 24.9% (5.4% plus 19.5%) and -14.1% (5.4% minus 19.5%), while bonds would produce an annual real return of 1.3% plus or minus 5.1%, or between 6.4% (1.3% plus 5.1%) and -3.8% (1.3% minus 5.1%).

If 2/3rds of the returns are expected to be within one standard deviation of the median, then 1/3 of the returns are not. This means that there is still a 1/6th chance each year that you could experience a return above these top values, and a 1/6th chance that you could experience a return below these bottom values.

[1] To convert real returns to nominal returns, just add the rate of inflation. For example, when you add the rate of inflation shown at left (2.4%) to the real return shown at left for T-Bills (-0.3%), you would be earning a nominal return of 2.1%. However, you would actually be losing 0.3% per year on your investment after inflation.

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	Historical Results - 1972 to 2004				
Portfolio Asset Mix	Real Return	Std Dev	Losing Yrs	Av Loss	Worst Loss
33.3% Equities/66.7% Bonds	5.29%	8.07%	7	-9.8%	-22.4%
50% Equities/50% Bonds	5.52%	9.66%	6	-13.3%	-25.5%
55% Equities/45% Bonds	5.58%	10.24%	7	-12.6%	-26.5%
60% Equities/40% Bonds	5.64%	10.87%	7	-13.5%	-27.6%

Source: CSS Pension Plan Portfolio Study 2005

actual average nominal return from 1972 to 2004 was 10.52%.

Although investment returns are forecast to be lower in the future, these results suggest that the Balanced Fund can be expected produce an adequate return for a typical retirement saver. However, if it continues to hold 60% stocks and 40% bonds, you can also expect the Balanced Fund to suffer an occasional annual loss – on average, once every 4 to 5 years.

How do you change your asset mix?

The chart below shows the allocation of a hypothetical $100,000 investment in the Balanced Fund between two asset classes – equities and bonds. For the sake of simplicity we will ignore the small portion of the Fund invested in short term investments. At an asset class level, the $100,000 would be invested $60,000 in equities and $40,000 in bonds reflecting the Fund's 60/40 asset mix.

100% Balanced Fund

	$ Invested	% Equities	$ Equities	% Bonds	$ Bonds
Balanced Fund	$100,000	60%	$60,000	40%	$40,000
Equity Fund	0	100%	0		
Bond Fund	0			100%	0
Combined Asset Mix 60/40			$60,000		$40,000

Now suppose that you want to adjust your asset mix to take on more risk in the hope of earning higher long term average returns, and that you are comfortable with larger and more frequent short term losses. How would you do this? Well, you could move part of your pension funds out of the Balanced Fund into the Equity Fund. For example if you moved 30% of your pension funds from the Balanced Fund to the Equity Fund, your overall asset mix would become 72% equities and 28% bonds as shown in the chart below.

70% Balanced Fund – 30% Equity Fund

	$ Invested	% Equities	$ Equities	% Bonds	$ Bonds
Balanced Fund	$70,000	60%	$42,000	40%	$28,000
Equity Fund	$30,000	100%	$30,000		
Bond Fund	0			100%	0
Combined Asset Mix 72/28			$72,000		$28,000

You could also adjust your asset mix to take on less risk if you were uncomfortable with the frequency and severity of losses expected in the Balanced Fund, provided that you were willing to accept lower long term average returns. How would you do this? Well, you could move some of your pension funds out of the Balanced Fund and into the Bond Fund. For example if you moved 30% of your pension funds from the Balanced Fund into the Bond Fund, your overall asset mix would become 42% equities and 58% bonds as shown in the chart below.

70% Balanced Fund – 30% Bond Fund

	$ Invested	% Equities	$ Equities	% Bonds	$ Bonds
Balanced Fund	$70,000	60%	$42,000	40%	$28,000
Equity Fund	0	100%	0		
Bond Fund	$30,000			100%	$30,000
Combined Asset Mix 42/58			$42,000		$58,000

There are two things to remember when you move funds out of the Balanced Fund and into the Bond, Equity or Money Market Fund. The first is that you will no longer be able to rely on automatic rebalancing to maintain your combined asset mix – you will have to monitor and adjust it yourself. The second is that if you invest all of your pension funds in the Equity, Bond or Money Market Fund, you will be giving up the benefit of asset class diversification.

What is the right asset mix for you?

Although the CSS Pension Plan offers a premixed investment option suitable for long-term savers in the Balanced Fund, its asset mix might seem too risky or not risky enough to you. To determine how you might wish to change your asset mix, you will have to consider your comfort with risk, your planned retirement date, how much you can afford to contribute, your savings objective and the amount and type of investments you hold outside the Plan.

If you are thinking about setting your own asset mix, we recommend that you consider all of these factors with the assistance of a qualified financial advisor at your credit union or wherever you bank. Your advisor will be pleased to help you understand the risk/return profiles of the Plan's Four Funds, establish your risk tolerance and make a retirement plan.[2] By taking these steps, you will increase the likelihood of making good decisions as you plan your route on the road to retirement.

[2] If you aren't working with a financial advisor but would like to see what kinds of questions are used to estimate an investor's risk tolerance or what information goes into a retirement plan, you can experiment with the planning tools linked to the Plan's website located here:

http://lifeeventsplanner.cuis.com/lep/LEPMgr?CUID=10007565&page=pgLEC_Tools&Event=retirement

and here:

http://lifeeventsplanner.cuis.com/lep/LEPMgr?CUID=10007565&FPS=pgFPS_NewFinancialPlan

and here:

http://www.servicecanada.gc.ca/eng/isp/common/cricinfo.shtml

BY DAVE YANKO

IN OUR CONTINUING SERIES OF PROFILES ON THE BOARD OF DIRECTORS, FEATURED IN THIS ISSUE IS AL MEYER, WHO JOINED THE BOARD IN MARCH 2011.

Al Meyer

"It's been the longest 90 days I've ever had on the job."

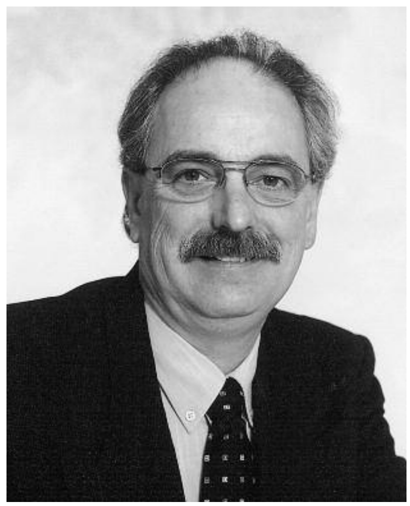
Al Meyer understands how minutes can sometimes stretch into hours. In fact, Al knows first-hand how days can sometimes stretch into years.

In 1993, Al signed on to a 90-day contract to help set up Prairie Centre Credit Union (PCCU), headquartered in Rosetown, Saskatchewan. Today, Al is Chief Executive Officer (CEO) of Prairie Centre and he's working with spouse Norma to make sure they have all their ducks lined up for Al's retirement, scheduled for the not-too-distant future.

"It's been the longest 90 days I've ever had on the job," Al says, smiling.

He has been a board member of the Co-operative Superannuation Society (CSS) Pension Plan for one year and an employer delegate for SaskCentral for five years. He's also on the Executive, Audit and Risk, and Delegate Engagement committees for SaskCentral. And he brings a total of about 37 years of experience in the financial industry to his role on the CSS Pension Plan board.

"I spent many years closely involved with members and I became quite familiar with their long-term investments and borrowings," says Al. "I have an interest in our staff and the staff at all our cooperatives. So I felt I could assist in the pension fund work we were doing when



I let my name stand as an employer delegate."

Years of experience at Prairie Centre

As CEO of Prairie Centre, Al is responsible for the strategic direction and overall operations at PCCU's administrative and retail offices in Rosetown, Outlook, Elbow, Loreburn, Beechy, Dinsmore, Kyle, Elrose, Eatonia, Eston and Harris. That means he oversees services provided by PCCU to a good portion of what's commonly referred to as west-central Saskatchewan, although technically speaking it's actually part of southwest Saskatchewan.

Al says PCCU has about 120 staff supporting some 13,000 members, many grain and cattle farmers or employees of agriculture related firms. Saskatchewan farmers have been doing comparatively well in recent years and he sees lots of optimism in the farming community.

"The last few years have been very positive," says Al. "Members are excited about how things are going. The agricultural sectors have been very positive and so have the spinoff sectors."

But there have been plenty of tough times in the region, too. Al says that while there's a variety of soil quality and moisture conditions in a coverage area as large as PCCU's it is, for the most part, a drier region that might have been far less productive over the years were it not for the generally high quality of the soil.

"The moisture has been better – we're down a bit right now," he says. "But we had some really tough years in the mid 2000s that were very dry. Since 2007 on, it's been very good."

Volatility in farming like volatility in markets

The volatility in farming is a reminder life offers few guarantees. And so it goes with investment vehicles, as well.

Al says that's why the CSS Pension Plan board recommends contributing

Continued from page 6

members don't rely on their CSS pension funds and government pensions as their only sources of retirement money.

"I think one of the main things we need to do as a pension plan is make sure members look at (the CSS Pension Plan) as only a part of their retirement income," says Al. "Members need to look at other considerations, whether it's RRSPs or other investments. The Pension Plan is a portion of that retirement income."

He says this broader approach to retirement investments isn't a new idea at the CSS Pension Plan but he acknowledges there's a much stronger emphasis on it since the big market drop in 2008. Virtually all investment funds were adversely affected at that time and it served as a reminder it's not wise to depend on a single investment instrument for retirement.

"My view is that the Plan has done very well over this period. I think if you compare it to our peers, we have done a good job. Naturally, any time you have the potential for negative returns, people are concerned. But overall, we've been able to protect our members' contributions."

Al says many members have asked about the best way to achieve more diversity in retirement investments and he strongly recommends members enlist the help of a financial advisor or, if they already have one, schedule another visit.

"People have to make sure they know what's happening in their own situation. Everyone in the Plan is an individual and we all have different goals and objectives."

Growing up on the farm

Al, who now lives on an acreage outside of Rosetown, has had connections to farming and rural Saskatchewan since his childhood. He grew up on a farm near Frobisher, Saskatchewan, which is located about 50 km east of Estevan in the southeast corner of the province.

"I grew up on a mixed farm – we had cattle, we had hogs, and of course we grew grain. I was involved in all aspects of the farm and, well, I'm showing my age here, but I actually remember milking cows. I think growing up on the farm gave us a great work ethic, what with all things people went through in those days. And it certainly gives you a better appreciation of the way things are today!"

"I think one of the main things we need to do as a pension plan is make sure members look at (the CSS Pension Plan) as only a part of their retirement income..."

He went to elementary school in Frobisher, took his Grade 9 in nearby Bienfait, Grade 10 in Estevan and grades 11 and 12 in Oxbow, which is about 20 km from Frobisher. And while farm work like seeding and harvest always took precedence over extracurricular activities, Al played as many sports as he could.

Softball and hardball were his favourites, but he says he played quite a bit of hockey, too. On the ball diamond he played shortstop, a position typically reserved for the quick footed, agile fielder with a dependable glove. When pressed, Al allows that, "yes, I was very good with a glove and, actually, I was a pretty fast runner at that time, too."

Being the youngest of three kids provided Al with a little bit of an advantage over his two siblings when it came to after-school activities, he says. A good portion of the farm chores and tasks had been assigned to his brother and sister by the time he was capable of doing them. He still had plenty of work to do, "but I certainly got more benefits, like being able to do more sports than my siblings."

Being the youngest of three children would later give Al some benefits regarding his career path, as well. By the time he graduated from Grade 12, he had a pretty good idea what he wanted to do.

Banking runs in the family

"I had an interest in banking because, at the time, both my brother and sister were working at banks – different ones. So I went to work at a third bank. They were at the Royal Bank and Toronto Dominion, so I went to work at the Bank of Montreal."

Al says that, in those days, the traditional banks offered a great grounding in the financial industry.

"I don't know what's in place today, but when I went into banking the banks had an excellent training system. There was lots of training and they sent you on lots of development programs, too."

Al took his first position in the credit union system in 1978. He has held posts in Stoughton, Marcelin, Humboldt, Archerwill and Beechy, Saskatchewan, and in Cardston, Alberta. After that "90-day" contract with PCCU in 1993, Al became PCCU regional manager and part of the executive management team. In 1995, he took charge of all PCCU branch operations and was appointed CEO in 2000.

Life long learning

During his long career in credit unions, Al took many educational and skill-upgrading courses, including programs offered through Credit Union Institute of Canada and CUSOURCE.

He took some university classes along the way, a majority of them managerial

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courses taken online through Athabasca University. Most of the other programs and upgrading required classroom training, typically for one to two weeks. The classroom training was for specific areas like agriculture or commercial lending, or financial management. He says he also took a couple of accounting classes through the University of Regina. In spite of his history of continuous education and upgrading, Al is well aware he is one of a fast-diminishing group of credit union executives who does not have a university degree.

"Not many people do that anymore," he says. "Nowadays, you need your university degree. But I was fortunate in that there were good training programs then and I took advantage of them as much as I could. I didn't get any degrees. In hindsight, I'd have to say that if I was to do anything different, it would be that I would have taken the opportunity to earn my university degree."

Focusing on the kids

Al and his spouse Norma have three daughters and two sons. Only the youngest two daughters remain at home – one is 14 in Grade 9 and the other 17 in Grade 11. A third daughter lives and works in Saskatoon as an aesthetician. One of their sons lives in Outlook, Saskatchewan, where he's involved in an apprenticeship program in auto bodywork, while the other is taking a course in turf management at Olds College in Olds, Alberta.

Through inclination and occupation, it's been Al who's been more actively involved in the sporting and other extracurricular activities undertaken by the kids. Norma is a nurse who works shift work.

"Our focus has always been that we want our kids involved in as many activities as they like," says Al. "And because I tend to be the sports buff, I've tended to be the one involved in anything sports related."

Al's been involved in a wide range of clubs and groups over the years. He has served on the board of directors of the Rosetown Golf and Country Club and the Rosetown Minor Athletics Association. Today, he says, his primary interest is spending time with his kids. He's still involved in softball, coaching his youngest daughter's Bantam team of 14 and 15 year olds.

As Al's retirement looms larger, he and Norma also have been actively planning for life after work.

Like many parents, Al says he and Norma are surprised at how fast time passes and how quickly the kids grow up and leave home. They're both well aware they have just two children who've not yet left the nest, and they also know "they're going to be gone really soon, too."

"It won't be long before they'll be out on their own, doing their own thing. And, certainly, that will leave a lot more time for things that Norma and I want to become involved in."

But while Al devotes as much spare time as he can to the kids' activities, he has managed to put aside some time for two of his favourite leisure time activities: golf, in the warmer months, and snowmobiling in winter. Norma doesn't golf, he says, but she says she may take it up once Al retires.

As for Norma's spare time activities, Al says she enjoys gardening and refinishing old furniture – "I call it antiques," he says. Both he and Norma enjoy reading, and watching the occasional movie, particularly when the whole family gets together for Christmas or Easter. When it comes to television viewing, however, the lines are drawn.

"We have two TVs so she can watch her programs and I can watch my sports," Al says, chuckling.

As for favourite movies, Al says he's a big Clint Eastwood fan.

"I enjoy all of his work, old and new. Probably my favorite Clint Eastwood movie is Unforgiven."

Preparing for retirement

As Al's retirement looms larger, he and Norma also have been actively planning for life after work. Al says they have purchased a quarter section of land in the region of Greenwater Lake Provincial Park, located in northeast Saskatchewan, and he and Norma have bought a house they intend to move onto their newly acquired property. He says they're aiming to have their new home and property all set for retirement living by the time the big day arrives. In fact, they tried to get out to explore some of the region's well-known snowmobile trail network in mid March, but warm weather scuttled their plans. So now, Al is imagining warmer weather pursuits.

"I do like to do some fishing, as well, and I'm hoping when I retire to do a lot more."

The retirement property is not located close to where any of the kids live, nor were he and Norma looking for such locations.

"We picked where we want to be, and we want them to come and visit. And certainly, we're not trying to be close to where any of the kids are living because they could be anywhere in Canada, North America or around the world," says Al. He adds he thinks it's important the kids feel free to pursue their lives and careers wherever they take them.

"And when I'm retired, if we want to go visit them in, say, Australia, well, we can go do it."

SPECIAL FEATURE

THE ROAD TO RETIREMENT: PAVING THE WAY

Below is the third part of a series of three articles. The first two parts appeared in the spring and fall 2011 issues of TimeWise.

No one has a crystal ball, not even the "experts"...

By the time you retire, you likely will have accumulated a substantial amount of retirement funds. Every member of the Plan knows that at some point they must tap into their retirement nest egg and set up retirement income payments. It can be somewhat challenging to figure out the best way to do this. While everyone eventually solves the problem, it's more stressful for some than for others. In this article you'll find a few examples to show what can happen when members don't spare a thought for retirement until the last minute, and then we'll touch on some of the things you can do to "pave the road" to retirement.

Learning by Asking Questions

Oftentimes members will call the Plan to say they want to retire and they're just waiting to see whether or not the "rates will go up." Sometimes they mention that they'd like to see the value of their invested funds bumped up by a buoyant economy in the last few months before they retire. They may say that if there's a good year in the making, they'll postpone their retirement, since they wouldn't want to miss out on an upswing in the investment markets. They want to know if the "experts" on staff at the Plan can tell them whether or not the investment markets will produce a good rate of return over the next few months. The problem with this approach is that no one can know for certain how the investment markets will perform over the next few months. Other times, members may say they're waiting for the annuity rate to go up and they want to know if this is likely to happen soon. Here again, the problem is that no one knows the answer. No one has a crystal ball, not even the "experts," whether they're on staff or not.

Other times members call the Plan to say they've decided to retire and they want "a monthly payment," or they may say they want to "take their money out," or they may say they want to "take it out over 15 years." These sorts of statements are not very specific and they suggest that the member hasn't yet learned about their options. It should be mentioned that there are many specialized terms commonly used to refer to retirement income options. Conversations about retirement income options involve describing how a traditional, annuity-style pension works—a monthly pension will pay you a fixed payment for as long as you live, not just for 15 years. Also, it must be explained how the pension option differs from other retirement income options, such as a transfer out of the Plan to a Registered Retirement Income Fund (RRIF), or a Life Income Fund (LIF), or a Prescribed RRIF (PRRIF) at a financial institution. In some provinces the Plan is permitted to offer Variable Benefit payments, which are similar to a RRIF or LIF or PRRIF at a financial institution.

A conversation about retirement income options would usually include a mention of the current value of the member's invested funds, as well as the year-to-date investment return on such funds. Also mentioned would be the most recent annuity rate for pensions. Furthermore, there would be a mention of the fact that setting up a pension requires that the member give up control of their capital, whereas setting up Variable Benefit payments does not. It would be mentioned that with Variable Benefit payments, there is uncertainty, whereas a pension is a sure and steady stream of payments for the rest of the pensioner's life. If the member has a

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spouse, there would also be an explanation of the spouse's rights.

Needless to say, all of this is quite a lot for anyone to take in during one phone conversation. This sort of conversation can be somewhat overwhelming for a member who, at the outset, simply called to announce his or her retirement. These members are surprised to discover that they have a lot to learn and they have important decisions to make before they can actually receive their first "monthly payment." The only way out of the puzzle is to give yourself time to learn about all the retirement income options and then choose the one that is best suited to your situation—the option that will best meet your personal needs and objectives.

Members often call the Plan's office to say that they want to retire and they ask what "the best" retirement income option is, or they may ask which option most other members choose, or they may ask which option will pay them the most money. They may say that they want advice from the "experts" at the Plan. While it is true that there are "experts" on staff at the Plan (several staff members hold a CFP license), we are not permitted to give advice—only information.

Quite often members will call to request that we send out all the forms for all the options, so that they can look them over and have them all handy, whatever they decide. The problem with this approach is that there are many different forms and looking at all the different forms is not going to help anyone decide on which retirement income option to choose. First, you must learn about the options, and then make an appropriate choice for your situation, and only then does it make sense to request a package of forms.

A note of Forms

It should be mentioned that there are several forms for each of the options. To set up a pension, you would need a package of pension application forms. To set up Variable Benefit payments, you would need a package of Variable Benefit payment Application forms. To transfer funds out, you would need transfer forms. (Transfer forms, by the way, may be printed from the Plan's website.) Obviously, if you don't yet know which retirement income option you want to set up, there is no way to know exactly which forms you need.

When it comes to setting up retirement income, everyone faces a learning curve.

Members will sometimes call to ask how to fill out the forms. It's crucial that the forms be completed correctly. While we can explain how to fill out the forms, we are not in a position advise you which option you should choose.

After you've properly completed all the appropriate forms, you'll submit them to the Plan's office and one of the administrators will process them. If something is missing, they'll let you know. Once your application is complete, the administrator will send you a letter to confirm the details.

Getting the necessary information

If you're in a position where you want to begin drawing on your retirement nest egg, but you don't know exactly how you're going to do it, and consequently you don't know which forms you need, what steps can you take?

We encourage members to call the office and we welcome the opportunity to answer questions and clear up misunderstandings. It's better for you, the member, if you call far enough ahead of your retirement to give yourself time to consider all your options.

Here at the office, we answer all kinds of questions and we also offer descriptions of the various retirement income options. We can go over your options on the phone. Very often, further to a phone call, we'll send out printed material along with a set of pension estimates and possibly a set of Variable Benefit payment illustrations. Generally all of this information is enough to help a member decide on the appropriate retirement income option.

There are other sources of information, such as the Plan's website. There are also excellent websites with information specific to the various jurisdictions, such as BC, Alberta, Saskatchewan, Manitoba, Ontario, and Federal. These websites are maintained by the regulatory bodies of each jurisdiction and they are well organized and up-to-date. You'll find links to these websites on the Plan's website. Otherwise, you could attend one of the Plan's workshops or seminars to gain an understanding of your options. Alternatively, you could schedule an appointment here at the office to go over your retirement income options.

Below is a list of the typical retirement income options. There are pros and cons for every option. Note that your retirement income options are determined by the pension legislation that applies to your account with the Plan.

1. You can purchase a monthly pension payable directly from the Plan. A monthly pension will provide you with a fixed monthly income for the rest of your life.[1]

2. You can purchase a life annuity from a life insurance company, which would be similar to a monthly pension from the Plan.

3. If the pension legislation applicable to your situation so permits, you can start Variable Benefit (VB) payments directly from your individual account with the Plan. VB payments are simply periodic withdrawals of your accumulated funds. Your retirement income will be based on investment performance. You'll have to decide how to invest your funds throughout retirement, choosing to invest in one or more of the Plan's four Funds. You'll have to monitor your investment earnings. You may change the amount of the VB payment once a year. In most jurisdictions, VB payments have a limit on the maximum annual amount you can withdraw. There is a risk that you will outlive your funds.

4. You can transfer your funds out of the Plan to a RRIF or LIF or PRRIF at a financial institution. As with the Variable Benefit payments option, your retirement income will be based on investment performance.

Note that if you have a spouse, then you must select a specific monthly pension which is called the prescribed pension, meaning that it is prescribed by pension legislation. This prescribed pension would provide a lifetime monthly payment to your spouse if you should die first. Oftentimes members don't wish to take the prescribed pension, for one reason or another. Before the member can set up a different type of pension, or a different retirement income option, the member's spouse would have to waive the prescribed pension.

Everyone faces a Learning Curve

When it comes to setting up retirement income, everyone faces a learning curve. As some members say when they call, they've never retired before, so they need to learn about the options. This is quite true. The important thing is to be aware that you have options to choose from and decisions to make. Allow yourself plenty of time to analyze your needs and your options so that you make a decision that's right for you. Also, depending on which retirement income option you choose, you may decide to adjust your asset mix as you approach the point when you will begin to draw your retirement income payments.

Allow yourself plenty of time to analyze your needs and your options so that you make a decision that's right for you.

Setting up retirement income is really more of a process rather than an announcement. If you look up the word "process" in the dictionary, you'll find a definition something like this—"a systematic series of actions directed to some end." In setting up retirement income, you want to make arrangements such that you may readily pay your bills even though you're no longer receiving a pay cheque from employment. The process involves learning about your options, and then making decisions and finally filling out various forms. After you've followed this process to "pave your way," you will be able to relax and look forward to your first retirement income payment.

1 When you purchase a pension you can choose one that has a guarantee period to ensure that a minimum number of monthly pension payments are made even if you, or you and your spouse, die early in retirement. You can direct these payments either to a named beneficiary or to your estate. Fifteen years is the maximum guarantee period permitted under the Income Tax Act.

2012 Pocket Facts

The 2012 edition of Pockets Facts is available in the Publications area of the Plan's website (www.csspen.com). Or, click on the link in the "What's New?" section of the homepage.

In Remembrance

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

Betsy Archer
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Southland Co-op, Assiniboia SK

Frank Barlow
Matador Co-op, Kyle SK

A. Roy Bearden
Abernethy Co-op, Abernethy SK

Mildred Begg
Borderland Co-op, Moosomin SK

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Porcupine Credit Union, Porcupine Plain SK

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Credit Union Central, Calgary AB

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Prince Albert Co-op, Prince Albert SK

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Pioneer Co-op, Swift Current SK

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Eastalta Co-op, Vermilion AB

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