

Spring 2014

TimeWise

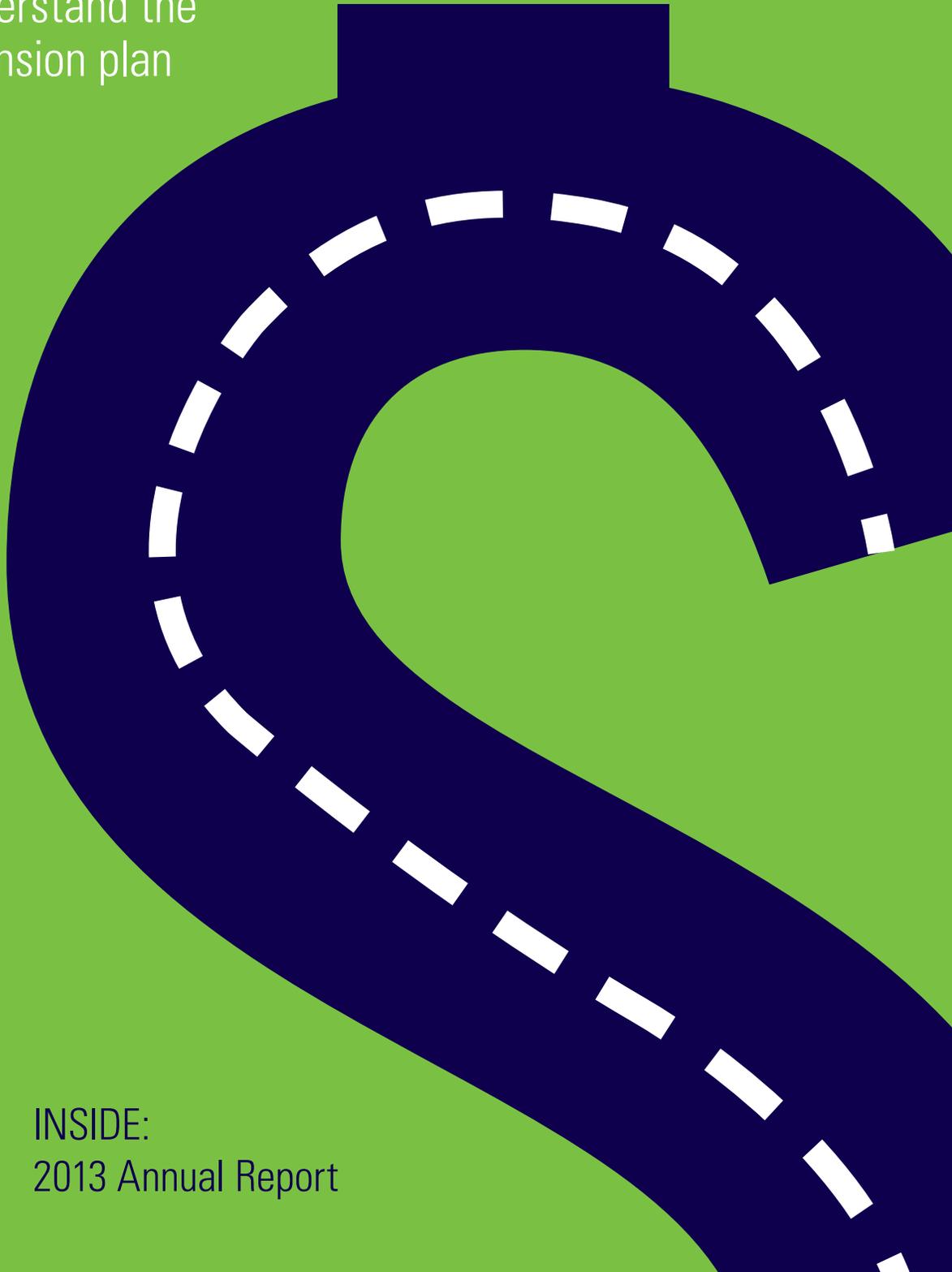
A Publication of the CSS Pension Plan

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INSIDE:
2013 Annual Report



Board of Directors

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Vice-President – Al Meyer
Jeff Ambrose
Randy Boyer
Jim Huggard
Celeste Labrecque

Staff

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ICT Manager – Kirby McInnis
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Programmer Analyst – Whitney Briens

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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.

2014 Annual Meeting Update

The Co-operative Superannuation Society (CSS) Annual Meeting was held on Friday, March 28, 2014 at the Delta Bessborough Hotel in Saskatoon.

Delegate Seminar

As in past years, a session for the Delegates was held the Thursday evening prior to the actual Annual Meeting.

The session started off with Karen Timoshuk presenting the findings and feedback from the Employer Focus Group (EFG) sessions held in the fall of 2013, as well as the feedback obtained from the electronic employer and employee surveys conducted in January and February 2014. The purpose of the EFGs and surveys was to obtain feedback from the employer and employee members to assist the Plan in developing its Communications Strategy.

Karen worked closely with the Plan's Member Services Manager, David Kapeluck to develop and deliver the EFGs as well as design the surveys. Some members may remember Karen when she assisted David in delivering the Plan's half-day Retirement Income Options (RIO) workshops and the full-day Retirement Planning Seminars.

Bill Turnbull, the Plan's General Manager, then provided the delegates with an update on the Pension Plan's progress on providing retirement planning to members and variable pensions to members.

In regards to providing retirement planning to members, Bill advised the delegates that to date the Plan has: contacted the Saskatchewan Superintendent of Pensions office to discuss if there would be any regulatory requirements; contacted the Securities Division regarding any licensing requirements; met with another pension plan to learn about their process for providing retirement planning to its members; and received approval from the Board to hire a Retirement Planning Consultant. Bill also advised that the Plan is still investigating retirement planning software options, and that if members wish a comprehensive retirement plan then the proposed model will be similar to the six-step financial planning process developed by the Financial Planners

Standards Council (FPSC) of Canada. Otherwise, members will be able to get help on just certain segments of their retirement plan. There is still much work to do before the Plan offers retirement planning to its members. Further progress will be communicated to members in TimeWise and the "What's New?" area of the website.

Bill next updated the delegates on the developments regarding the possibility of the Pension Plan offering variable pensions as a retirement income option for retiring members. This topic was also discussed at the delegate session prior to the 2013 Annual Meeting.

Besides Variable Benefit (VB) payments, the Plan currently offers a fixed traditional monthly pension (i.e., an annuity type payment). The backing investment for traditional monthly pensions is long-term bonds. However, because of today's low interest rate environment it takes more money to provide a \$100/month pension compared to when interest rates were higher.

Variable pensions would pay the retiree a lifetime monthly pension, just like a traditional monthly pension. However, with variable pensions, the backing investment would be a balanced fund (i.e., a portfolio of about 60% stocks and 40% bonds), thus the payments are subject to fluctuate each year based on the investment performance of the backing investment fund.

Further design work for variable pensions is still required as well as approval from the Superintendents of Pension in each province before this product can be offered to retiring members. More information on variable pensions can be found on page 4 in this issue of TimeWise.

Directors Elections

Three Director elections were held at the Annual Meeting: two employee director elections and one employer director election.

Celeste Labrecque of TCU Financial Group in Saskatoon was elected to the Board as an Employee Director for a one-year term to fulfill the balance of Earl Hanson's term. As a result of Earl's retirement on December 31, 2013 from Innovation Credit Union in Swift Current SK, he was no longer eligible to sit on the Board.

Jeff Ambrose of Calgary Co-operative Association was re-elected to the Board by acclamation as an Employee Director for a three-year term.

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

Gary Mearns of Federated Co-operatives Limited in Saskatoon was re-elected to the Board by acclamation as an Employer Director for a three-year term.

The two other Employer Directors are Al Meyer of Prairie Centre Credit Union in Rosetown SK and Randy Boyer of Federated Co-operatives Limited in Saskatoon.

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

Service Awards

Several service awards were presented at this year's Annual Meeting.

A five year service award was presented to Jim Huggard, for his service as an Employee Delegate.

Joanne Anderson one of the Plan's Office Administrators and Bill Turnbull, the Plan's General Manager, were presented with fifteen year service awards. Fiona May, the Plan's Senior Office Administrator's, who celebrates twenty years of service this year, was not in attendance so her service award will be presented to her at a later date.

Election of Employee Delegates

The Co-operative Superannuation Society's Annual Meeting was held on March 28, 2014 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; Carol Rollheiser, Wild Rose Co-operative, Camrose AB; and Jason Sentes, 1st Choice Savings & Credit Union, Lethbridge AB.

Five 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; Darren Heide, Access Credit Union, Winkler MB; Dennis Laing, Interlake Consumers Co-op, Arborg MB; and Audri Wilkinson, Concentra Financial, Oakville 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 in 2013). The

Saskatchewan region delegates are: Ryan Graham, Concentra Financial, Regina; C.A. Hatlelid¹, Credit Union Deposit Guarantee Corporation, Regina; Linda Jijian, Credit Union Central of Saskatchewan, Regina; Celeste Labrecque, TCU Financial Group, Saskatoon; Dave Marchant, Prince Albert Co-op, Prince Albert; Jason Schenn, Borderland Co-op, Moosomin; and Cheryl Tkachuk, Co-operative Health Centre, Prince Albert.

Also in 2013, under the CSS' Bylaws, the Employee Directors appointed Rand Smale of Calgary AB as the Inactive Employee Delegate to represent the Plan's inactive members.

The above eighteen employee delegates, along with the eighteen 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: Pat Gifford, Winnipeg; and Louise Smith, Winnipeg;

Credit Union Central of Saskatchewan: Debbie Lane, Regina; Pieter McNair, Regina; and Al Meyer, Rosetown;

Concentra Financial: Brian Guillemain, Saskatoon;

Federated Co-operatives Limited (FCL): Randy Boyer, FCL Saskatoon; Dawn Brinkmeier, FCL Saskatoon; Dave Dyck, FCL Saskatoon; Barry Engele, FCL Saskatoon; Dusty MacDonald, FCL Director; Jamie McLeod, FCL Saskatoon; Gary Mearns, FCL Saskatoon; Terry Nelson, FCL Saskatoon; Don Russell, FCL Director; Heather Ryan, FCL Saskatoon; and Tony Steier, FCL Saskatoon.

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

¹As a result of the retirement of Earl Hanson, C.A. Hatlelid was appointed by the Employee Directors to fulfill the remaining year of Earl Hanson's two year term as Employee Delegate.



Jeff Ambrose

Vice-President Petroleum, Wine
Spirits Beer, Home Health Care,
Travel and Business Development
*Calgary Co-operative
Association Ltd.*
CALGARY AB
(AB/BC/Northern Canada Region)



Harry Bowler

Chief Executive Officer
Sunrise Credit Union
TREHERNE MB
(MB/Eastern Canada Region)



Lee Gonsalves

Vice-President
Human Resources
*Calgary Co-operative
Association Ltd.*
CALGARY AB
(AB/BC/Northern Canada Region)



Ryan Graham

Vice-President Residential & Secondary
Markets
Concentra Financial
REGINA SK
(Saskatchewan Region)



C.A. Hatlelid

Vice-President Regulatory Policy and
Prevention
*Credit Union Deposit Guarantee
Corporation*
REGINA SK
(Saskatchewan Region)



Darren Heide

Manager of Human Resources
Access Credit Union
WINKLER MB
(MB/Eastern Canada Region)



Jim Huggard

Retiree
WINNIPEG MB
(Retiree Delegate)



Linda Jijian

Associate Manager, Governance and
Compliance
Credit Union Central of Saskatchewan
REGINA SK
(Saskatchewan Region)



Celeste Labrecque

Executive Manager – Retail Banking/
GM TCU Wealth Management Inc.
TCU Financial Group
SASKATOON SK
(Saskatchewan Region)



Dennis Laing

General Manager
Interlake Consumers Co-op
ARBORG MB
(MB/Eastern Canada Region)



Dave Marchant

General Manager
Prince Albert Co-op
PRINCE ALBERT SK
(Saskatchewan Region)



Carol Rollheiser

General Manager
Wildrose Co-operative Association
CAMROSE SK
(AB/BC/Northern Canada Region)



Jason Schenn

General Manager
Borderland Co-op
MOOSOMIN SK
(Saskatchewan Region)



Jason Sentes

VP Finance
1st Choice Savings & Credit Union
LETHBRIDGE AB
(AB/BC/Northern Canada Region)



Rand Smale

CALGARY AB
(Inactive Employee Delegate)



Gerry St. Pierre

Retiree
BARRHEAD AB
(Retiree Delegate)



Cheryl Tkachuk

Manager of Finance
Co-operative Health Care Centre
PRINCE ALBERT SK
(Saskatchewan Region)



Audri Wilkinson

Associate Vice-President, Strategic
Relationship Manager
Concentra Financial
WINNIPEG MB
(MB/Eastern Canada Region)

New Product and Service Under Development

Over the past year, the CSS Pension Plan has been investigating two significant changes for plan members. One is a new retirement income option and the other is a new member service. Both came out of the Board's strategy session in August of 2012. The new retirement income option will be a variable pension. The new member service will involve a retirement planning tool for use by members with assistance from Retirement Planners on staff at the Pension Plan. Both are expected to become available sometime in 2015. Below, members will find a preliminary description of each for their information. Although some of the details may change upon final implementation, we think this brief article will provide some useful advance notice of these important changes.

Variable Pensions

In 2012, the Plan began to investigate another retirement income option for members. We were intrigued by an option that had been offered for some years by the University of British Columbia (UBC) Faculty Pension Plan – a variable pension.¹ Since 1972, the CSS Pension Plan has offered traditional fixed pensions and in 2006 we began to offer Variable Benefit (VB) payments. A variable pension has some of the characteristics of each. The member uses funds to buy a payment that is paid for rest of his/her life, like a fixed pension, but the amount of the payment will be subject to change each year based on investment performance and other factors, somewhat like a VB payment.

¹You can find a description of UBC's version of the variable pension on their Faculty Pension Plan website here:

<http://www.pensions.ubc.ca/faculty/publications/brochures/annuities.pdf>

With the variable pension, we are considering offering members two different payment streams: one with an initial payment based on 3% and one with an initial payment based on 6%. The 3% option would be expected to produce an increasing payment stream during retirement, providing some inflation protection, while the 6% option would be expected to produce a higher cash flow early in retirement, but a declining income after inflation over the retiree's lifetime.

One of the major differences from our traditional fixed pensions will be the investment of the backing assets. Our investment consultant, Mercer has reviewed whether it would be appropriate to back the variable pensions with a segregated portion of the Balanced Fund, and has concluded that it would. Using the Balanced Fund would help to control cost. Avoiding the need to use different investments to back our variable pensions would also reduce investment complexity. Finally, using the Balanced Fund would provide the opportunity for a higher lifetime retirement income, since a balanced portfolio will generally produce a higher long-term average return than a portfolio of long-term bonds, which is

the backing investment for our traditional fixed pensions (i.e., the Pensions Fund).

A chart comparing some of the differences and similarities between a variable pension and the Plan's two existing retirement income options appears below.

Regrettably we're not yet able to provide more detailed information on the terms of this new option. We are currently in the process of developing a written proposal for approval by the Saskatchewan Superintendent of Pensions. We are also not yet able to confirm that this option will be available in all jurisdictions. Each Province will be making this decision independently.

We do have an indication on the tax treatment of variable pension payments, however. UBC advises that a variable pension payment is reported as annuity income, which means it qualifies for the pension income deduction and income splitting before age 65.

Look for more information in the Plan's publications and website (www.csspen.com) in a few months.

	FIXED PENSION	VARIABLE PENSION	VARIABLE BENEFIT
Payment Amount	Fixed	Adjusted Annually	Member sets within limits
Pension Funds	Spent	Spent	Retained
Payments Last	For Life	For Life	Unknown
Unspent Funds	Go to other pensioners	Go to other pensioners	Go to beneficiaries
Spousal Benefits	Permitted	Permitted	Permitted
Expected Return	Tied to Long Terms Bonds	Tied to Balanced Fund	Based on Fund Choices
Investment Risk	Plan	Member	Member
Mortality Risk	Plan	Pooled	Individual



Retirement Planning

In 2012, the Delegates to the Co-operative Superannuation Society's Annual Meeting suggested that members need more help with the Plan's investment options, and particularly with adjusting their fund mix as they approach retirement. As a result of receiving this feedback, Management conducted an investigation of whether and how other pension plans provide this type of support and reported to the Board. The result has been an approval by the Directors to develop a retirement planning service for CSS Pension Plan members.

Currently we have a staff committee working on developing the details. Steps taken so far include:

- Contact with the Saskatchewan Securities Division of the Financial & Consumer Affairs Authority to determine any licensing requirements. At this point, it appears that security licensing will not be required.
- A search for a reasonably priced software tool that will import data from our member record keeping system and can be linked to our website.

Yet to be started are:

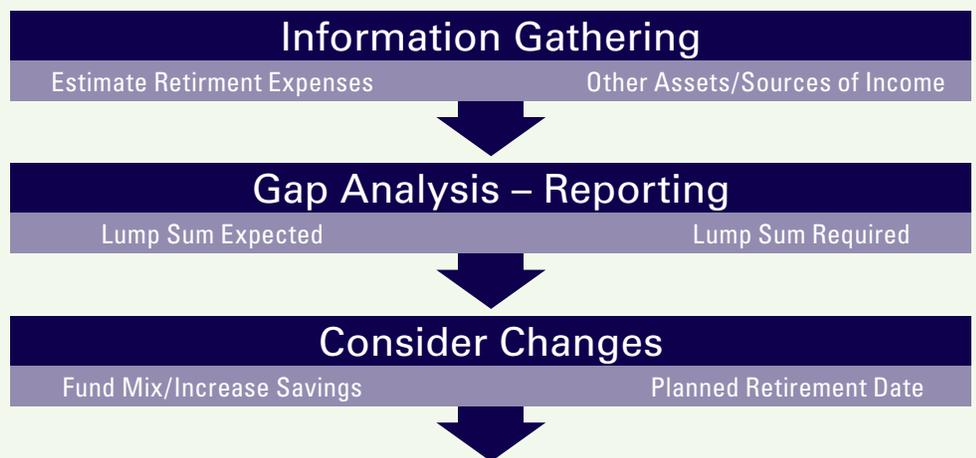
- A review of the Retirement Planning forms, checklists and supporting documents published as part of the Financial Planning Practitioners' Guide by the Canadian Institute of Financial Planning.
- The development of communications, information and web support for this service.
- A position description for a Retirement Planner will be developed in April. The position is expected to be filled in late summer or early fall.

The Public Employees' Pension Plan (PEPP) in Regina has been delivering a similar service for some time. They have four "Retirement Income Consultants" providing this service for a total membership of about 50,000. These individuals travel the province to meet with PEPP members, both individually and in groups.

Based on discussions with PEPP, in their experience the development of a full retirement plan proves too daunting for many members. Members seem to be deterred by the need to collect all of the information required (i.e., estimated CPP and OAS, their spouse's assets and pension, their estimated retirement expenses, etc.).

their results and be able to monitor and adjust their plan going forward. However, bearing in mind PEPP's experience, our Planners will also be prepared to answer more specific questions. It is our intention to permit the level of retirement planning assistance provided to be member-driven. Finally, our Planners will be ready to provide members with help structuring their Fund mix in the Plan, although recommendations with respect to outside investments will not be provided.

The chart below outlines some of the steps that might be included in a typical interaction between a Retirement Planner and a CSS Pension Plan member:



They advise that many of their members ask more specific questions, like whether their current contribution rate is adequate, how much money they should be trying to save, what investment fund they should be in, or whether their planned retirement date seems reachable.

As this point we are planning to offer a complete retirement plan, including a written report. To produce the plan, the CSS Pension Plan's Retirement Planners will coach members through a software tool, so that members will better understand

A final issue which Management reviewed with the Delegates at the 2014 Annual Meeting was whether an administrative fee should be charged for a complete retirement plan. Delegates' views on this matter were mixed. A recommendation will therefore be developed by Management for consideration by the Board later this year.

The Plan looks forward to adding retirement planning to the list of member services available from the CSS Pension Plan.

Chasing Returns

2013 was an exceptional year for equity returns. This was particularly true for Canadian investors holding U.S. equities, which experienced strong gains in U.S. terms, and then an additional 8.89% due to a fall in the Canadian dollar. The CSS Pension Plan's Equity Fund holds Canadian, U.S. and other foreign equities. Last year, the Fund posted a return of 28.1%. This was an unusually good result.

Since members' 2013 Annual Statements went out, some members have been transferring all of their pension funds into the Equity Fund. If 100% equities is the long-term asset mix that matches: (i) their ability and willingness to withstand risk and (ii) their investment time horizon, then there is no reason to be concerned about this. However, if they are making short-term changes to their asset mix because they are attracted by last year's excellent return, they may be disappointed. Hoping that last year's top-performing fund will produce a similar result this year is not a sound investment strategy. It's a form of market timing.¹

It is often said that chasing returns based on past performance is like driving your car looking in the rearview mirror. You can see where you've been, but not where you're going. Analysts have examined the affect of performance chasing. A recent article in the November 2013 issue of Financial Planning magazine looked at the annual returns earned by twelve different asset classes over the fifteen years from 1998 to 2012.²

The table below shows two different scenarios:

- the annual returns earned by a "perfect" investor who consistently picked the best performing asset class for the current year; and
- the annual returns earned by a "performance chaser" who picked the asset class that had the best annual return for the previous year.

In the table, two points are demonstrated. First, market leadership moves from one asset class to another. Eight of the twelve asset classes produced the best annual return at least once. Second, over this 15-year period,

never did the same asset class produce the best annual return two years in a row. It's easy to see why investors chase performance. If a person could have accurately selected each year's winning asset class in advance, and then invested their entire portfolio in that asset class at the beginning of each year, they would have earned a fifteen-year annualized return of 32.25%. Chasing performance, however, is another matter entirely. Although high returns from the recent past are tempting, picking the top performing asset class from the previous year does not produce the same result. In fact, the performance chaser's fifteen-year annualized return is only 2.71%. In most years, the factors that combined to produce such a high return in the preceding year did not repeat. This is why investment returns are often reported with a disclaimer which says something like: "Past performance does not guarantee future results."

A chart showing the annual returns of the CSS Equity Fund's current benchmark over the past ten years appears on the next page. The benchmark is used because the Fund doesn't have a long-term track record. It was only created in 2011.

Note that only once over the past ten years – in 2006 – would a member who expected the previous year's performance to repeat get the result that he or she was hoping for. In most other years, whether the member was moving money into the Equity Fund after a good year or out of the Fund after a bad year, the move would have been too late. The

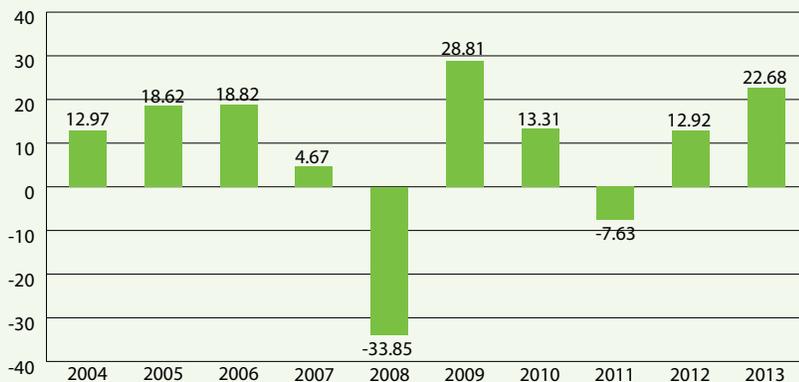
¹For more information on "market timing" see Chapter 5 of the Plan's Investment Choice booklet, available on the Plan's website: http://www.csspen.com/forms/investment_choices/2014/InvestmentChoice.pdf

²The asset classes included were: U.S. Large Cap Equities, U.S. Mid Cap Equities, U.S. Small Cap Value Equities, Foreign Developed Market Equities, Emerging Market Equities, REITs, Natural Resources, Commodities, U.S. Bonds, TIPS, Non-U.S. Bonds and Cash.

The Impact of Chasing Performance on Investment Returns

YEAR	BEST ASSET CLASS IN THE CURRENT YEAR	PERFECT INVESTOR'S RETURNS	BEST ASSET CLASS IN THE PREVIOUS YEAR	PERFORMANCE CHASER'S RETURNS
1998	U.S. Large Cap Equities	28.67	U.S. Large Cap Equities	28.67
1999	Emerging Markets Equities	61.81	U.S. Large Cap Equities	20.37
2000	Real Estate Investment Trusts	26.46	Emerging Markets Equities	-27.45
2001	Small Cap U.S. Equities	13.70	Real Estate Investment Trusts	12.45
2002	Commodities	24.56	Small Cap U.S. Equities	-14.20
2003	Emerging Markets Equities	57.88	Commodities	25.84
2004	Commodities	37.15	Emerging Markets Equities	26.31
2005	Natural Resources	35.63	Commodities	30.87
2006	Real Estate Investment Trusts	33.49	Natural Resources	16.17
2007	Emerging Markets U.S. Equities	37.32	Real Estate Investment Trusts	-16.42
2008	U.S. Bonds	8.49	Emerging Markets U.S. Equities	-52.29
2009	Emerging Markets Equities	75.29	U.S. Bonds	3.70
2010	Real Estate Investment Trusts	28.42	Emerging Markets Equities	19.44
2011	Treasury Inflation Protected Securities	13.27	Real Estate Investment Trusts	8.56
2012	Emerging Markets Equities	19.20	Treasury Inflation Protected Securities	6.39
	15-Yr. Annualized Return	32.25	15-Yr. Annualized Return	2.71

Current Equity Fund Benchmark Annual Returns



member would be buying high or selling low – not a winning investment strategy.

Let's look at this phenomenon from a slightly different perspective. Instead of assuming that the investor moves their entire portfolio into last year's best asset class each year, let's look at what mutual fund investors actually do. Switching mutual funds based on prior performance can also be costly, and not just in terms of trading costs and commissions. Morningstar, a global investment research company, has recently studied how fund switches affect an investor's long-term average return.

Over the past ten years, for example, mutual fund investors headed in the wrong direction at two key points – in 2009, money flew out of equity mutual funds in response to the 2008 crash when 2009 was actually a very strong year for equities. Similarly, in 2012 and 2013, investors were selling U.S. equities expecting a correction, and buying bonds and emerging market equities based on recent strong performance. In hindsight, we now know that this was exactly wrong. In 2013 bonds and emerging markets fell in response to rising U.S. interest rates, while U.S. equities produced their best return in years.

As a result, from 2004 to 2013, there was a 2.49% gap between the ten-year annualized return of the average mutual fund investor and the funds in which they were invested.

That is, the average investor's earnings were reduced 2.49% by inopportune changes in their fund holdings.

Making changes to your asset mix based on recent market returns can be risky. To reduce the likelihood of reacting to short-term market "noise", a patient and disciplined, long-term investor will generally use a combination of the following strategies to avoid making decisions based on emotion.

A patient and disciplined long-term investor:

- knows and understands the long-term risk/return profiles of the funds they hold and the asset classes they contain. General information on asset class characteristics and Fund Fact Sheets for each of the Plan's investment options is available on the Plan's website here: <http://www.csspen.com/Funds/>
- understands their risk tolerance – that is, their willingness and ability to suffer short-term losses in order to have the opportunity to earn higher average long-term gains. Setting an aggressive asset mix that exceeds the investor's risk tolerance can cause the investor to sell at a low point because they can't take the pain. This locks in their loss and eliminates the opportunity for the value of the investment to recover with the markets.
- determines a suitable long-term asset

allocation based on their investment time horizon (age) and risk tolerance. For many investors, risk tolerance reduces with age. Older investors have less time to recover from short-term losses and need a more regular cash flow from their investments.

- When short term market fluctuations push their portfolio off track, they don't rotate money to whatever just did best. Instead they rebalance, periodically, back to their intended long-term asset mix. To rebalance back to their target asset mix, they must reduce the outperforming fund (selling high) and add more to the underperforming fund (buying low), even though their emotions might suggest just the opposite.

A recent article on www.smart401k.com says it well. "We've all heard the expression that hindsight is 20/20; the phrase holds true in many cases, and investing is no exception." With the benefit of hindsight, it might seem obvious that a certain investment was going to have a great year – even though you didn't see it coming in advance. The big mistake lots of investors make, is to rotate funds into that top-performing fund the next year, jumping on the bandwagon too late.

An investment or fund that has just had a great return might continue to do well, but it might not. A recent hot streak does not indicate any particular future result. And as we've seen, it's rare for a single asset class or investment fund to outperform over multiple periods.

As humans, we're programmed to repeat actions that have succeeded in the past. With investment strategies, however, what has worked well in the recent past may not produce similar results in the future. Seasoned investors keep a long-term focus to fight the urge to chase returns – a strategy that has the potential to leave you one step behind.

FYI – Milestones & Membership in the Plan

Below is a list of milestones or situations that often prompt members to contact the Plan for information. Members are often surprised to discover that their pension funds are subject to the Rules and Regulations of the Plan, pension legislation, and also the Income Tax Act. The information in this chart will help you understand your rights and obligations as a pension plan member in situations commonly affecting CSS members.

Joining the CSS Pension Plan.	Plan membership is a condition of employment. You are required to contribute a percentage of your salary each pay period to the Plan. Your required contributions are matched by your employer. You gain immediate ownership of the employer contributions, and all earnings thereon. This is called immediate vesting. There is an annual maximum limit, set by the Canada Revenue Agency (CRA), on how much you and your employer can contribute to your pension plan account.
Where are my contributions invested?	Unless you instruct the Pension Plan otherwise, your employee and employer contributions are invested in the Balanced Fund (i.e., the default investment option). The Balanced Fund is comprised of about 60% stocks, from all over the world, and about 40% bonds, mainly domestic. The Balanced Fund is expected to produce a moderate return over the long term, with moderate risk. It is expected to suffer periodic short-term losses. The Pension Plan also offers a Money Market Fund, a Bond Fund and an Equity Fund. All of the Plan's Investment Funds are market-based with differing risk return profiles. Investment performance is not guaranteed. Your principal is not guaranteed. You may find info on all of the Funds on the Plan's website at: www.csspen.com
I want to contribute extra to the Pension Plan	You may make Additional Voluntary Contributions (AVCs), provided you don't exceed the maximum limit on contributions that is set by CRA. AVCs are not matched by your employer and must go through your employer's payroll department.
I have other retirement savings that I would like to transfer to the CSS Pension Plan.	The Plan accepts the transfer-in of funds that originated from another Registered Pension Plan (RPP). Such funds can be either with the RPP or else in a Locked-in Retirement Account. The Plan does not presently accept the transfer-in of personal RRSPs.
Getting Married or living common-law	Under pension legislation, your spouse has certain rights and entitlements to your pension funds. In the event of your pre-retirement death, your spouse has first claim to your required contributions and employer contributions combined, and earnings thereon. Note that some jurisdictions allow your spouse to waive this entitlement.
Relationship breakdown	Your spouse may also have some rights and entitlements to your pension funds in the event of a relationship breakdown. Should you find yourself in this situation, you or your lawyer should contact the Pension Plan to find out how your pension funds could be affected.
Buying a House	Your pension funds in the CSS Pension Plan are not eligible for the federal Home Buyers Plan. Only personal RRSPs are eligible for this program.
Estate planning	Many members call to ask what would happen to their pension funds in the event of a common accident with their spouse. In the event of your pre-retirement death, if your spouse does not survive you, then all of your pension funds would be paid as a taxable lump sum to your designated beneficiary(ies) or estate.
Finding yourself short of cash	You are not permitted to withdraw any of your pension funds (including any additional voluntary contributions) if you are still working for an employer member of the Plan.
Leaving your Employer	Your first option is to leave your pension funds in the CSS Pension Plan until further notice. Your funds will receive the same return as other members of the Plan. If you are no longer working for an employer member, you cannot contribute to the Plan. Unless you have made some additional voluntary contributions to the Plan, most if not all of your pension funds will be "locked-in", which means these funds must be used for a retirement income. Your "locked-in" funds can be transferred out to another "locked-in" product with a financial institution. If you have any "non-locked-in" funds, they can be withdrawn as a taxable lump sum or transferred to an RRSP or RRIIF with a financial institution. You might also be able to transfer your funds in the CSS Pension Plan to another RPP of which you are a member.
Semi-retirement	If you are 55 or older, you might be eligible for "phased retirement". Under "phased retirement" you draw on your pension funds as a retirement income from the Plan, continue to work for an employer member and contribute to the Plan, all at the same time. Your employer must consent or agree to your "phased retirement" and may require that you reduce your hours of work before granting its consent. Please be aware that "phased retirement" is not a way to afford to retire earlier than you otherwise could.
Retirement	Early Retirement is Age 50, or can be earlier if your "Age + Service equals 75" before you turn 50. At retirement, you must take the prescribed pension (i.e., a 60% Joint and Survivor pension), unless your spouse waives his/her rights to the survivor benefits under this pension. Once this waiver is completed, you and your spouse are free to choose any of the other retirement income options that may be more suitable to your situation, such as one of the other traditional monthly pension options or possibly Variable Benefit payments from the Plan, or transfer the funds to a financial institution.

In Remembrance

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

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