

# Contributions

*The Saskatchewan Pension Plan Newsletter*

October 2006

## Quarterly Update

(to June 30, 2006)

The story of all equity markets in the second quarter was one of poor returns. The Canadian equity market fell in the second quarter, erasing its record-setting returns of the previous quarter. 2006 gains were wiped out by mid-June as interest rates continued to climb in order to combat rising inflation and a strengthening Canadian dollar. Poor returns were also experienced on the international level as global equity markets felt the impact of the weakening economy.

The Canadian bond market continued its downward spiral in the second quarter with a -1.0 per cent return. Even though the fixed income market provided stagnant returns in the first half of 2006, it still outperformed the equities market in the second quarter.

The Canadian dollar continued its appreciation against the US dollar in the quarter, primarily due to the weakened US economy. The dollar reached its highest level of \$0.91 (US) in 28 years before settling down at \$0.90 (US) for the quarter. The Bank of Canada continued its trend from the previous quarter by making two additional increases to its key lending rate, adjusting it to 4.25 per cent.

The return of the Saskatchewan Pension Plan (SPP) fund was -3.3 per cent for the quarter, 0.1 per cent year to date.

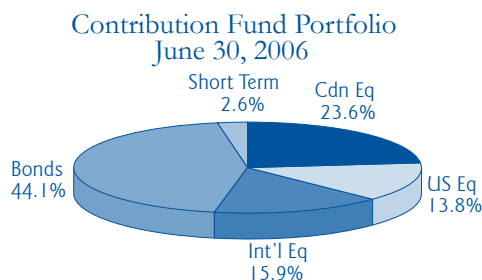
The S&P/TSX Composite Index (Canadian equities) fell 3.56 per cent, its first negative return in a quarter in two years. Only three of the ten sectors, Materials, Energy and Utilities, posted positive returns. The Information Technology sector was the worst performing sector in the quarter.

The S&P 500 lost 1.4 per cent in \$US, with the return decreasing to -6.0 per cent in \$Cdn as the value of the Canadian dollar soared in the quarter. While three of the ten sectors posted positive returns in \$US, all ten sectors had negative returns when converted to \$Cdn. The US Federal Reserve raised interest rates twice in the quarter for the 17<sup>th</sup> consecutive increase.

Non-North American equities, as measured by the MSCI EAFE Index, fell by 4.0 per cent (\$Cdn) for the first negative quarter since 2004. All countries in the MSCI EAFE Index, with the exception of Hong Kong, posted negative local currency returns.

The Canadian bond market, measured by the Scotia Capital Universe Bond Index fell 1.0 per cent.

The market return of the fund to August 31, 2006 was 5.1 per cent before administration costs.



SPP is proud to be celebrating 20 years in the pension industry.

## Annuity

The term selected to define in this newsletter is Annuity.

An Annuity is a financial contract that provides a series of payment to an individual recipient for a fixed period of time or until death.

SPP annuities are paid monthly for the member's life.



## Retirement Concerns

How long will you live? Perhaps if you knew the answer to that question you would have an easier time making some decisions. The reality is that people do not know how long they will live and must plan their life by making decisions based on the best information available to them.

So how does this contemplation relate to your SPP account? One of the key risks for people planning their retirement is longevity or how long they will live. Research shows that people often underestimate how long they will live and how much money they will need in retirement. According to Statistics Canada, the life expectancy for Saskatchewan men is 82 and for women 86. Add genetic predisposition to the mix and you may be among those who live well beyond the average life expectancy.

SPP annuities help you address some of your retirement income concerns. An annuity from SPP will pay you for your lifetime regardless of how long you live. In addition, SPP assumes all of the investment risk and handles all the administration for you. That means you don't need to decide on investment options or withdrawal amounts. When you choose an SPP annuity, you have the assurance that those payments will continue until you die, and may provide payments to a beneficiary or survivor after your death.

SPP retirement eligibility begins at age 55 or can be delayed until as late as age 69. If you would like to receive further information about SPP retirement options, please contact our office on the toll-free line.

## Beyond Saskatchewan

- Q. Can I still belong to the Saskatchewan Pension Plan if I live outside of Saskatchewan?
- A. Yes. Membership in the Plan is not restricted to residents of Saskatchewan. Residing outside of Saskatchewan does not affect your membership status or your eligibility to contribute.
- Q. How can I continue contributing?
- A. Every month we receive contributions from members living in other provinces, and even other countries. Your contribution can be made by Visa® or MasterCard® on-line at [www.saskpension.com](http://www.saskpension.com), by phoning our office toll-free at 1-800-667-7153 or collect outside of Canada. Contributions can also be mailed directly to our office, or made through a financial institution.
- Q. Will I receive a pension if I retire outside of Saskatchewan?
- A. Yes. You will receive the pension you are entitled to according to the retirement option you select. Retirement can still be initiated between the ages of 55 and 69, and there is no penalty for retiring outside of Saskatchewan.

## Trade Shows

### Business to Business Expo

Conexus Art Centre, Booth #24  
Regina - October 18 & 19

### Northern Lights Showcase

Northern Lights Palace, Booth #48  
Melfort - October 14 & 15

### Canadian Western Agribition

Banner Hall, Booth #515  
Regina - November 20 - 25

SPP staff are looking forward to attending the above trade shows this fall. Drop by our booth, meet our staff and help us celebrate our 20th anniversary.

The SPP Contributions Newsletter is issued three times per year to provide members with general information about current issues affecting SPP.

If any discrepancy arises between the information contained in this newsletter and the Act, the Act will prevail.

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