

Contributions

The Saskatchewan Pension Plan Newsletter

February 2010

In case you missed it...

Saskatchewan Pension Plan (SPP) is introducing an additional fund for members to invest in. Implementation of the short-term fund (STF) is still planned for March 1 with April 1, 2010 being the first available transfer date. Development and testing continues in preparation for the launch date. If you choose to transfer existing funds to the STF, you will be required to complete a transfer form which will be available on our website (saskpension.com) or by calling the toll-free line. The same form will be used to direct future contributions to either the balance fund (BF), the STF or a combination of both. This option becomes available June 1.

The October 2009 issue of the Contributions newsletter explained the purpose of this additional fund. To review that information in its entirety, please refer to the website or call our office for a copy of the newsletter. A detailed information package which includes tools to help you decide which investment option is best suited for your circumstance is available on our website or by calling SPP.

The additional fund allows members, especially those close to retirement, to reduce their equity exposure as it will only contain money market instruments. The objective of the STF is to minimize market risk and preserve capital. This lower risk investment is likely to result in lower returns over the long term. ❖

Fund quick facts

	Balanced fund	Short term fund
Objective	Long term growth	Preservation of capital
Risk	Higher return, more volatile	Low return, less volatile
Benchmark portfolio	Equities: Canadian 19%, U.S. 18%, NNA 18% Bonds & Mortgages 37% Real Estate 5% Short Term 3%	Short Term debt issued by Canadian issuers 100%
Investment managers	Greystone Managed Investments/Leith Wheeler Investment Counsel	Greystone Managed Investments
Who should invest	Members who seek long term growth with moderate volatility through diversification across different asset classes	Members who want to minimize market risk and preserve capital, but not recommended as a long term investment
Both the BF and the STF are diversified within allowable investments and well-managed by our two investment firms. Our goal, now more than ever, is to continue to strive to maximize investor returns while avoiding unnecessary risks. These investment choices echo our commitment. ❖		

Some things stay the same

The BF which has yielded an average return of 8.4% since 1986 continues to be available to members. If you wish to leave your existing funds and future investment in the BF, you do not need to change anything. ❖

Changes to interest application

Effective January 1, 2010, earnings will be applied to your account monthly. The rate applied will reflect actual net fund earnings for the month. The monthly return rate will be posted on saskpension.com and will be available to members who call the toll-free line to inquire. Account statements will be issued twice per year as of June 30 and December 31. ❖

Member annual statement

Your 2009 statement is included with this newsletter. Please contact us immediately if you discover a discrepancy between your records and the statement we've provided. Listed on your statement is the beneficiary of your account. If you need to update this designation please do so immediately by obtaining the form from our website or by calling our toll-free line. ❖



Investment update

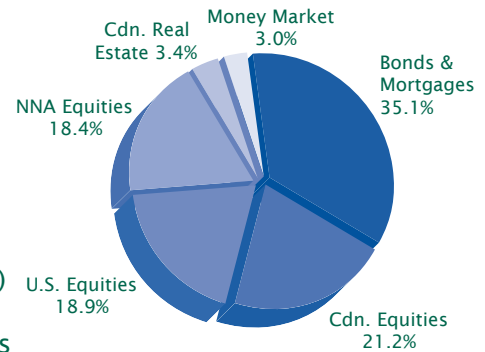
After reaching multi-year lows in the first quarter of 2009, equity markets recovered strongly, driven by mounting optimism that the worst of the credit crisis was over. All major indices posted positive returns in the year. The Canadian dollar appreciated vs the U.S. dollar as well as all eleven MSCI EAFE Index (non-North American equities) currencies. This means the market returns in Canadian dollars was less than the local currency returns.

Canadian equities, represented by the S&P/TSX Composite Index posted a return of 35.1 per cent in 2009 with all 10 sectors in the index posting positive returns. The S&P 500 Index (U.S. equities) returned 26.5 per cent in US\$ with the return decreasing to 7.4 per cent in C\$; the MSCI EAFE Index (non-North American equities) returned 24.7 per cent in local currency terms and 11.9 per cent in C\$. The investment into a Canadian Real Estate pooled fund was started in 2009 and this will part of the fund's benchmark going forward. Finally, Canadian bonds, as measured by the DEX Universe Bond Index, returned 5.4 per cent for the year.

Looking forward, economists believe the recovering economy will be driven by a number of factors such as the stabilization of the housing market and the governments' fiscal exit strategy.

More information on 2009 investment returns and quarterly updates are available at saskpension.com. ❖

Contribution Fund Portfolio at December 31, 2009



The Contribution Fund return for the year was 12.7% after administration expenses. ❖

Missing Members

We would like to contact the following people:

Stanley Davies

Rose Marie M. Tomkins

Please contact us if you know where they are. ❖

TOP 10 HOLDINGS

	Canadian Equities	% of Portfolio	US Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	6.82	3M Company	3.62	Novartis	2.78
2	Toronto Dominion Bank	6.28	Microsoft	3.07	Nestle	2.45
3	Bank of Nova Scotia	5.53	Markel	2.73	Total	2.33
4	Talisman Energy	4.69	Intel	2.61	HSBC Holdings	1.87
5	Saputo	3.77	Pfizer	2.48	Cash (C\$)	1.83
6	Research In Motion	3.55	Johnson & Johnson	2.21	Royal Dutch Shell	1.71
7	Canadian Natural Resources	3.18	Merck & Co.	2.20	CRH	1.54
8	EnCana	2.86	Apache	2.15	Honda Motors	1.41
9	Toromont Industries	2.75	AFLAC	2.10	Adidas	1.41
10	Canadian National Railways	2.73	Becton Dickinson & Company	2.00	Swatch Group	1.22

2009 deadline

The deadline for 2009 is **March 1, 2010**. Your 2009 contribution must be **received at SPP by March 1, 2010**. Contributions received after March 1, 2010 will be applied to the 2010 plan year. Tax receipts for these contributions will be issued December 2010. ❖

Administration Expenses

Administration Expenses were \$1.7 million in 2009, or 1.0 per cent of the average market value of assets held in the CF. These costs are paid by the fund. ❖

SPP Administration Expenses		
	2009	2008
Personnel	\$628,389	\$640,310
Professional Services	544,307	542,358
Administration	479,270	485,813
Board	25,395	37,811
Total	\$1,677,361	\$1,706,292

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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.

