

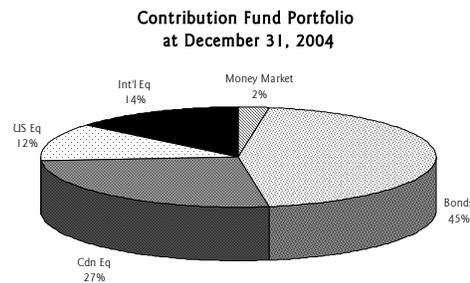
# Contributions

The Saskatchewan Pension Plan Newsletter

March 2005

## Investment Highlights

The market returns for Canadian stocks and bonds as well as U.S. and international stocks were positive for 2004. Rising commodity prices and the strength of the Canadian dollar compared to the U.S. dollar had a significant effect on investment markets in the year. Concerns over the huge U.S. budget and current account deficits continued to push the Canadian dollar higher, ending the year at \$0.83 (US\$) - its third consecutive year of gains. However, the higher Canadian dollar is not all good news for the economy as the manufacturing sector reported job losses for the 4th consecutive quarter. SPP's 2004 return to members was 10.3%



### Canadian Equities

The S&P/TSX Composite Index returned 14.5% in the year, outperforming both U.S. and Non-North American equities. The energy sector, helped by record-high oil prices, was the best performing sector. This was followed by the financials sector (banks and financial institutions) as the current low interest environment has accelerated lending activity. On the opposite end, the health care sector finished the year with a loss of 17.3%.

Low interest rates, strong demand for natural resources, growing government surpluses, and continued economic growth presented an attractive investment climate for domestic and international investors. SPP's Canadian equity portfolio returned 20.3% for the year.

### U.S. Equities

The one-year return for U.S. Equities was driven largely from returns in the fourth quarter. This was marked by the Presidential election which saw President George W. Bush re-elected for a second term. A post-election surge in the U.S. market was aided by a 23% drop in the price of crude oil and better than expected third quarter earnings reports.

## SPP as a Gift

Purchasing an SPP account for a son, daughter, grandchild or friend is a great gift and will help secure their financial future. As long as the person is between the ages of 18 & 69 they can become a member of the Plan and you can make their contribution.

To join the Plan, the person must complete a Membership Application and attach their proof of age. The application can be obtained by phoning the SPP toll-free or by downloading it from our web site. Contributing can be done by you on the schedule of your choice. If you wish the contribution to be acknowledged as a gift, simply contact SPP and we will send the member a gift card.

Call SPP today to discuss how you can set up an account for your family member or friend. ♦

2004 Market Returns		
	Index Return %	SPP Return %
S & P/TSX 300	14.5	20.3
S & P 500 US Eq. (C\$)	2.8	7.7
MSCI EAFE Non NA Eq. (C\$)	11.5	11.0
SC UBI	7.1	7.5

## What's Inside

- ✓ Estate Planning Terms
- ✓ Annual Statement
- ✓ Administration Expenses
- ✓ Pre-Authorized Contribution Form
- ✓ Take a Look

Continued on Page 2

# Estate Planning Terms

Estate planning is an important process, however, many aspects of it can be quite confusing. Some of the terms used in the process may be new or difficult to understand. This brief article provides basic definitions of some of the terms used in estate planning and is designed to assist you when discussing your needs with a financial planner or lawyer.

## Will

A will is a legal document that appoints an executor and sets out your intentions to be carried out after your death. It does not come into effect until you die and can be changed as often as you wish. Making a will avoids the delay and expense of appointing an administrator. A will assists your family with making decisions during a difficult time.

## Executor

An executor is responsible for settling a deceased person's estate. This person is legally obligated to follow the wishes expressed in the will.

## Trust

A trust is an arrangement where one person, called a trustee, administers the legal property for another person, called a beneficiary. For example, you can set up a trust fund for your children where the trustee administers the fund.

## Power of Attorney

A power of attorney (POA) allows you to name another person called an 'attorney' to act on your behalf while you are still alive. The POA can give the attorney the ability to make property, financial and other legal decisions. The following are examples of when a POA may be useful:

- Suppose you are injured in an accident and are unable to call SPP to change your PAC information. You would like your spouse to do it. Without a POA your spouse cannot request a change to your account on your behalf.
- You are travelling outside the country for a year. You want to ensure that your tax receipt and annual statement are mailed to your son who is handling your affairs. With a POA your son may make arrangements with SPP to have your address changed so the tax receipt or annual statement is mailed directly to him.

It may be advisable to consult a lawyer when drawing up a POA. He or she will be able to advise you and address any concerns you may have. If you would like more information regarding any of these terms please contact Public Legal Education Association: [www.plea.org](http://www.plea.org)



(continued from page 1)

## Investment Highlights

The S&P 500 Index annual return was 10.9% (US\$) or 2.8% (C\$). This highlights the effect of currency valuations on investment returns. The energy sector, led by rising oil prices, was the best performing sector for the year, followed by the utilities sector.

All sectors had positive returns in US\$ but three were in negative territory when converted to a Canadian dollar return. SPP's U.S. equity portfolio earned 7.7%.

## Non-North American Equities

Non-North American equities, measured by the MSCI EAFE Index, were up 12.7% for the year in local currencies and 11.5% when converted to Canadian dollars. Nine of the ten EAFE sectors had positive returns for the year. Finland was the only country in the Index to post a negative return. In Asia, the year ended on a sad note as a deadly tsunami hit Southeast Asia on December 26. Long term consequences on economic growth are still unknown. SPP's Non-North American equity portfolio earned 11%.

## Fixed Income

The Canadian bond market, as measured by the Scotia Capital Universe Bond Index, returned 7.1% for the year. Long term bonds performed better than both mid and short term bonds and provincial bonds outperformed both corporate and federal bonds in the year. The Bank of Canada both raised and lowered the rate throughout the year, ending the year at 2.5%. SPP's bond portfolio earned 7.5%.

Further details about SPP investments are found in the 2004 Annual Report, available on request from the Plan.

## Annual Statements

Annual Statements are mailed to you March 1 each year. Included with this newsletter is your 2004 statement. Information regarding your contributions, the final rate of return, your beneficiary's name and an account growth projection are provided on it.

### Member Information

When you receive your statement please verify your name and address. If your address is incorrect, please call the toll-free number to report the change. Name changes must be done in writing and require the document that supports the change. For example, changing from your maiden name to married name requires a marriage certificate. To change from your married name to your maiden name, a photocopy of your birth certificate is required.

### 2004 Calendar Year Statement

This box includes contributions and the amount of interest applied to your account in 2004. Any contribution(s) made in 2005 will appear on the 2005 statement. The rate of return for 2004 is shown directly below this box.

Your beneficiary is listed on your statement. If you have more than one beneficiary, you may call the toll-free line to confirm who you have designated. Changes to your beneficiary must be made in writing. Please contact SPP for the Designation of Beneficiary form or download it from the SPP website.

### Account Growth

Your account balance at retirement is calculated based on the assumptions noted on the statement. If any assumptions change such as the age you choose to retire, the projected account balance will also change. Please remember these amounts are estimates only. ❖

## Administration Expenses

Administration expenses in 2004 were \$1.84 million, or 0.84% of the Funds' net asset base. These costs are paid from Plan earnings. SPP's expense ratio is competitive with the market place as many mutual fund fees range from 1% to 2.5% or higher. SPP continues its focus on providing efficient service at a reasonable cost.

The chart on the right shows a synopsis of Plan operating expenses for the past two years. SPP is committed to providing personal service to members, therefore personnel costs are the highest budget category.

Professional services include the cost of hiring investment managers, custodians, and consultants to advise the Board of Trustees on issues related to governance and investing members' money.

Advertising includes the cost of all marketing initiatives during the year. The computer department requires continual upgrading and training in order to maintain and enhance SPP's computer-based environment.

General Administration expenses include items such as office rental, supplies, and telephone service. Board expenses cover all honorariums and expenses paid to Trustees to attend meetings and obtain training required to fulfil their duties as trustees of the Fund. ❖

## Electronic Newsletters

SPP is able to send your May and October newsletters to you electronically. If you wish to receive your newsletter electronically, please forward your request by email to office@spp.gov.sk.ca. The March newsletter will continue to be mailed to you with your Annual Statement. ❖

**SPP Administrative Expenses**

	2004	2003
Personnel	\$ 657,895	\$ 651,125
Professional Services	549,811	528,347
Advertising	277,115	268,831
General Administration	186,637	230,638
Computer Expenses	137,225	113,960
Board	33,577	26,103
<b>Total</b>	<b>\$1,842,260</b>	<b>\$1,819,004</b>

Clip and return

# Pre-authorized Contribution Form

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Province \_\_\_\_\_ Postal Code \_\_\_\_\_

SPP Account # \_\_\_\_\_

Please contribute \$\_\_\_\_\_ to my Saskatchewan Pension Plan from my chequing account **once** every:

Month – on the  1st or  15th  
(check one)

6 Months – starting on \_\_\_\_\_  
(date of first contribution)

Year – starting on \_\_\_\_\_  
(date of first contribution)

Complete for spousal deduction only:

Spouse Name \_\_\_\_\_

Spouse SIN \_\_\_\_\_

I authorize Saskatchewan Pension Plan and my financial institution to begin contributions to my plan from my chequing account. I understand that this authority remains in effect until I give Saskatchewan Pension Plan written notification to stop payments, or until Saskatchewan Pension Plan has sent me a written notice to terminate this agreement, which I agree the Plan has the authority to do.

Signature

\_\_\_\_\_

(You must have signing authority for this account. For joint accounts, all depositors must sign when more than one signature is required on a cheque issued against that account.)

Please include a "VOID" personal cheque for this bank account.

## The Simple way

Make your contribution simply and easily by signing up for pre-authorized contributions. We've included a form in this newsletter for your convenience.

## Take a Look

At our web site

[www.saskpension.com](http://www.saskpension.com)

Did you know that from our website you can:

- download SPP's forms,
- make your contribution,
- read the newsletter and annual report,
- read the current member and retirement guide,
- use the pension calculator, and
- read the quarterly investment updates.

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.

## To contact SPP:

Toll-free 1-800-667-7153

TTY 1-888-213-1311

Fax 1-306-463-3500

Mail Box 5555  
Kindersley SK  
S0L 1S0

Email [office@spp.gov.sk.ca](mailto:office@spp.gov.sk.ca)

Web site [www.saskpension.com](http://www.saskpension.com)

