

Contributions

The Saskatchewan Pension Plan Newsletter

Quarterly Update

(to June 30, 2007)

Financial markets were relatively unsettled in the second quarter and we saw a dramatic shift in perception from one where investors expected a slow down in the economy to one where investors had inflationary concerns. Bond prices fell and, as a result of a soaring Canadian dollar, global equity index returns were negative once the returns were converted to Canadian dollars. Only the Canadian equity market delivered positive returns.

The Canadian dollar continued to appreciate in the quarter, gaining 8.5 per cent against the U.S. dollar. The Bank of Canada also held its overnight rate at 4.25 per cent in the quarter, but has warned that inflation remains a challenge in Canada. The Bank of Canada expects the economy to grow by 2.2 per cent this year and by 2.8 per cent in 2008.

The return of the Saskatchewan Pension Plan (SPP) Contribution Fund was -0.8 per cent for the quarter and 0.7 per cent year to date, after administration costs.

The S&P/TSX Composite Index (Canadian equities) rose 6.3 per cent in the quarter, due to strong global growth, robust liquidity and continued mergers and acquisition activity. All ten sectors had positive returns. The Telecom sector was the best performing sector, continuing its run from the first quarter. BCE boosted the sector return after it surged on news that it was up for sale. Information Technology was the second best performing sector and the performance of Research in Motion, which accounts for 59 per cent of the sector, was the main contributor. The Financials sector was one of the weakest performing sectors as interest sensitive stocks were hurt by expectations of an increase in interest rates.

The S&P 500 (U.S. equities) gained 6.3 per cent in \$US, with the return decreasing to -2.0 per cent in \$Cdn as the value of the Canadian dollar soared in the quarter. Only three of the ten sectors posted positive returns in the quarter (Energy, Information Technology and Industrials). The Utilities sector was the worst performing sector. The U.S. Federal Reserve left interest rates on hold for an eighth straight meeting.



Non-north american equities, as measured by the MSCI EAFE Index, rose by 5.9 per cent in local currency terms but -1.9 per cent in Canadian dollars. All countries in the Index posted positive local currency returns. The Canadian bond market, measured by the Scotia Capital Universe Bond Index fell -1.7 per cent in the quarter. While interest rates were stable in the quarter, bond yields rose sharply on speculation that a rebound in the economy would be accompanied by a surge in inflation. Higher gas and food prices in recent months added to these concerns.

The chart on the left shows the holdings in the Contribution Fund at June 30, 2007. ❖

Mandatory Retirement Age

SPP's Board of Trustees have recommended the Plan's legislation be amended to comply with the new federal rules for Registered Pension Plans (RPP) and Registered Retirement Savings Plans (RRSP). This new rule changes the retirement age from 69 to 71.

However, until SPP's legislation is actually changed, the mandatory retirement age will remain at age 69. SPP will notify affected members when the age is changed. ❖

September 2007



2007 Contribution Deadline

Since 2008 is a leap year, the 2007 contribution deadline date is **Friday, February 29, 2008**. Several contribution options are available to help you meet this deadline.

Credit Card Contributions

Contribute using VISA® or MasterCard® on-line or by calling SPP toll-free.

Bank and Mail Contributions

Mail your contribution to SPP or contribute at any financial institution on or before February 29.

To avoid missing the **February 29, 2008** deadline date contribute early or make arrangements for a pre-authorized contribution from your bank account or credit card. ❖

Did You Know . . .

On SPP's website (www.saskpension.com) you have access to the following:

Annual Report

If you are interested in viewing the financial statements or investment policies and highlights of the Plan, you can view them online. If you would like a detailed list of the Plan's investments you can view it online or call toll-free and we will mail the list to you.

Membership Application

The membership application can now be completed online. Simply open the form and type in the information. Use the tab key to move within the form. When the application form is completed print and sign it, then mail it to SPP using the postage paid return label. SPP requires the original signature of the member so the form cannot be submitted online.

Designation of Beneficiary

This form can also be completed online. Using the tab key move through the form and enter your beneficiary information. Print and sign it, then return it to SPP using the postage paid return label. ❖

Plan Earnings

In a recent survey of SPP members conducted by Fast Consulting, members requested an explanation of the term "earnings". SPP earnings are the profit or annual interest applied to your account. Profit includes interest, dividends and changes in the market value of investments that occur each year.

SPP annually allocates 100 per cent of the earnings, less operating expenses to its members. The Contribution Fund is subject to market forces and as market returns rise and fall so do SPP earnings. Each newsletter reports the quarterly earnings of the Plan.

Contributing early in the year results in the opportunity for maximum account growth. Earnings begin immediately and over time the compounding effect will far exceed the value of your personal contributions.

Thank you to all SPP members who participated in the survey. ❖

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Youth and Retirement

Information from a recent survey sponsored by Edward Jones and conducted by Decima Research shows that 70% of Canadians ages 25 - 34 have begun a retirement savings plan. SPP also has witnessed similar results. The average age of new SPP members in 2002 was 42.9. In 2006 the age was 38.9.

Help your child down the retirement highway by enrolling them in SPP. The Membership Application is easy to complete on the website and the Pre-Authorized Contribution program is an easy and affordable way to start saving for retirement. ❖

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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