

CONTRIBUTIONS

OCTOBER 2022



FROM THE BOARD TABLE...

Strategic Planning

Strategy provides a sharp focus for organizations as they work toward achieving long-term goals. The Saskatchewan Pension Plan (SPP) Board of Trustees and management engaged in a strategic planning process during most of 2022. The Board approved a five-year strategic roadmap at its September meeting. Our work is focused on four areas: growth, member experience, financial management and operations.

In the short-term, we will continue to evolve our regulatory framework to help SPP achieve its growth goals and enterprise risk management to ensure our information technology is modernized. Investment oversight, as part of the financial management goal area, continues to be a priority with its emphasis heightened during the challenging market conditions we are presently experiencing.

Platinum Jubilee Medal

Congratulations to Tim Calibaba, SPP Board Chairperson, and Shannan Corey, Executive Director, on being awarded the Queen Elizabeth II Platinum Jubilee Medal (Saskatchewan). The medal celebrates the 70th anniversary year of Her Majesty Queen Elizabeth's Accession to the Throne. It is a tangible way for the province of Saskatchewan to honour Her Majesty for her service to Canada and recognizes people who have contributed to Canada, Saskatchewan, or to a particular region or community.

Under Tim's leadership, SPP has achieved significant growth and enhancement which benefits members who are contributing and who are receiving retirement benefits. Tim has served on the SPP Board of Trustees for 14 years, 11 of those years as Chairperson. Shannan joined SPP in 2021 and is a key player in the strategic growth plan for SPP.

HAVE A PREFERENCE?

MySPP users will note an enhancement in the near future to allow you to select your preference for communication with SPP. Users will be able to choose how you wish to receive tax slips, statements and marketing items from the Plan. If you are not a MySPP subscriber, we encourage you check out this useful tool to access your account information from anywhere and at any time.

LOOKING TO CONTRIBUTE?

Transfer in from other investments, update your automatic contribution amount or make a one-time lump-sum contribution. It's easy!



Scan with your phone to download a transfer in form or contribute online

DEADLINES

TRANSFER TO SPP

Members can transfer up to \$10,000 from an existing RRSP to their SPP account. Funds must be received by SPP on or before December 30, 2022. Feel free to contact SPP with any questions you may have.

CONTRIBUTION DEADLINE

The deadline for contributing for the 2022 tax year is March 1, 2023. Your contribution must be received by SPP on or before March 1, 2023 to be eligible for the 2022 tax deadline.

RRSP ROOM

It is important to be aware of your RRSP limit when contributing to SPP. Contributions made to SPP are claimed on your income tax return within your available RRSP room.

This value can be found on your Notice of Assessment (NOA) issued by Canada Revenue Agency (CRA).

LIMIT INCREASE

Watch for the 2023 limit announcement. It will be posted on our website in December 2022.

WEALTHCARE TALK

Written by: David Musisi CIM
Retirement Information Officer
Saskatchewan Pension Plan

Impact of fees on an Investment Portfolio

There is one word that people don't like to hear, "cost." How do you lower it, avoid it, or just plain eliminate it? These are the questions that people often ask themselves, and in these inflationary times, things are no different.

If you are investing in the financial markets, you have to navigate costs, and that often comes in the form of a whole ecosystem of fees. Fees for making trades, fees for using a platform, fees for purchasing a specific product, performance-based fees, fees to pay an investment advisor, fees for research, and so on.

Many prudent investors over the years have tried to limit the fees by taking a self-directed approach and investing through a discount brokerage. However, for many years, mutual-fund investors at discount brokers have been charged fees in the form of "trailing commissions," which were designed to pay for advice that discount brokers could not and did not provide due to regulatory rules. This means that billions in commissions have been collected without providing the intended service over numerous years.

In September 2020, the Canadian Securities Administrators (CSA), which is the umbrella group for all provincial and territorial securities commissions, announced that it was banning discount brokers from selling funds that include trailer fees. The CSA gave discount brokerages until June 1, 2022, to prepare for the rule change. Despite this rule change, many discount brokerages made structural fee changes to recoup their

losses. Some charge a flat dollar fee for the purchase or sale of the mutual fund, while others charge 1 per cent of the mutual fund purchase amount.

According to Mercer's inaugural Retirement Readiness Barometer, higher investment management fees could potentially set a retirement date back by four years. Its analysis of various investment management fees in the market found that an individual paying the median level of fees available to an investor (1.9 per cent) would be retirement ready by age 70 – well above the traditional retirement age of 65. An individual paying 0.6 per cent in fees – would be retirement ready by age 66. SPP has averaged less than one per cent in management fees since inception.

Ask yourself how valuable is your time and what is the true cost of a single digit percentage point to your retirement. Moreover, ask yourself what can you do to influence where, when and how your time is spent. There are many things as an investor that we cannot control such as when the Bank of Canada decides to raise interest rates and by how much. We cannot control decisions that major corporations make, which in turn can affect our investments. However, reducing the investment fees we pay to a minimum is in our control.

I encourage you to reach out to me by phone or email with your questions.

Sources: Benefits and Pension Monitor, February 25, 2022
The Globe and Mail, "Discount brokerages to start charging customers for mutual fund trades", Clare O'Hara Published, January 10, 2022

MISSING MEMBERS

If you know these members, please contact us:

- Alba Luz Paredes
- Donald M Campbell
- Fern K Munson
- Gordon L Ackerman
- Hikoroku J Hashimoto
- Kaunren Yang
- Kokila Brahmabhatt
- Lois V Ermel
- Lucienne Raymond
- Marie Ella Mooney
- Miekko C Hashimoto
- Stanley Davies



SaskPension.com

Publication mail agreement No - 40065736

CALL 1-800-667-7153 EMAIL info@saskpension.com FAX 1-306-463-3500
WRITE Box 5555, 608 Main St Kindersley, SK Canada S0L 1S0
STAY IN THE KNOW savewithspp.com | eUpdates | Find out more on SPP's Business Plan
f/SaskatchewanPensionPlan in/company/saskatchewan-pension-plan/
@SaskatchewanPensionPlan

The SPP Contributions Newsletter is issued three times a 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.



Q2 MARKET OVERVIEW

In the second quarter of 2022, the global macroeconomic outlook remained challenging. With rising inflation, rate hikes, supply-chain issues, and the Russia-Ukraine war contributing to growing recession fears and market volatility. Most regional equity markets faced double digit losses over the quarter as economic growth and company earnings slowed.

North American Markets struggled in the quarter with all sectors of the TSX delivering negative returns. The S&P/TSX Composite declined -13.2 per cent. The S&P 500 had a return of -13.4 per cent. Fixed income fell victim to rate hikes and uncertainty with the benchmark posting a -5.7 per cent return. Balanced investors struggled to find areas of protection during the cross-asset sell-off.

There is some cause for optimism about the future. SPP's Infrastructure portfolio returned 3.1 per cent during the second quarter and its future outlook continues to remain positive since the asset class benefits from an increasing credit spread environment. It is well positioned to outperform other asset classes and act as a diversifier of returns through this economic cycle. Similarly, the real estate pooled fund returned 3.8 per cent for the quarter. It was another shining star in a challenging environment. Again, highlighting the importance of a diversified and well-balanced asset mix.

It is also important to remember that we are coming out of an overstimulated (low rate) environment, and a return to more normal interest rates bodes well for our fund managers who seek long-term value investments.

RETURNS

As of August 31, 2022	
Fund	YTD Return
Balanced	-7.16%
Diversified Income	-5.61%

Visit saskpension.com for a complete list of returns and further information on investment performance.