

# SASKTEL PENSION PLAN NEWS

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## Pension Board Trustees

Dale Hillmer - Chair

Mike Anderson

Dale Baron

Larry Bolster

Brian Renas

website: [www.sasktel.com/sasktel-pension-plan](http://www.sasktel.com/sasktel-pension-plan)

## SASKTEL PENSION PLAN CONTACTS (for retired members)

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## SASKTEL HUMAN RESOURCES CONTACTS (for current members)

<u>MAILING ADDRESS</u>		<u>Phone</u>	<u>E-Mail</u>
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## The 2010 Annual Pension Increase is 1.78%

based on the increase in the **average** Consumer Price Index (CPI) for **Canada** which was 1.78% from December 2009 to December 2010. The increase is applied in April 2011.

### 2011/2012 Pension Payment Schedule

Friday	April 29
Tuesday	May 31
Thursday	June 30
Friday	July 29
Wednesday	August 31
Friday	September 30
Monday	October 31
Wednesday	November 30
Friday	December 23
Tuesday	January 31
Wednesday	February 29
Friday	March 30

### Investment Returns & Financial

The SaskTel Pension Fund yielded an **11.7%** return for the 12 months ended **December 31, 2010** which tracked above the benchmark of 10.7%, and exceeded the expected return of 6.5%

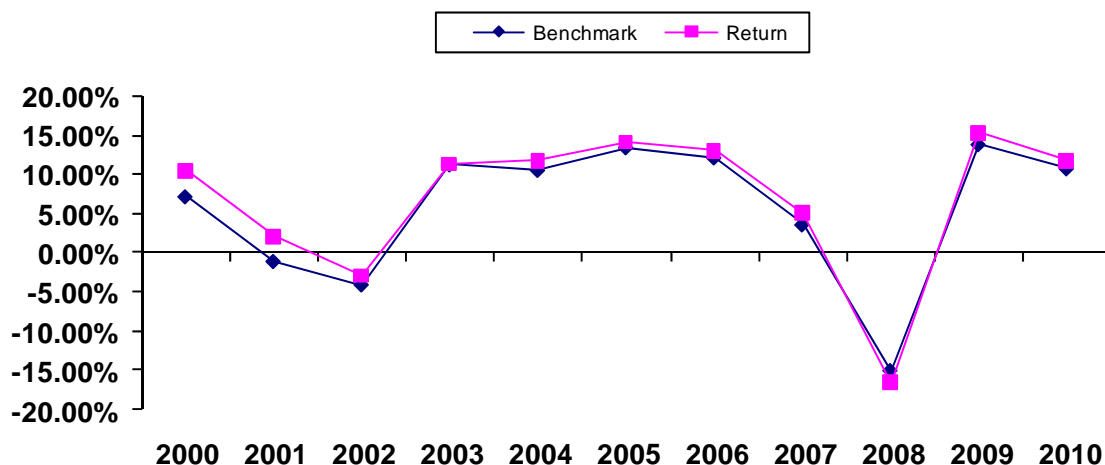
The Canadian Equity market was one of the best performing in the year. The U.S. market also provided double digit returns, however a strong Canadian dol-

lar partly offset this result. Also leading returns were bonds, with double digit returns coming from declining yields in longer dated bonds and real return bonds.

Active management was strong, with each of the Pension Plan's active managers tracking above target indices.



### Historical Annual Returns %



## Annual Report Highlights

The highlights of the Pension Plan Annual Report can be found on pages 3, 4, & 5. To view the complete Pension Plan Annual Report, visit the SaskTel Pension Plan website at [www.sasktel.com/sasktel-pension-plan](http://www.sasktel.com/sasktel-pension-plan) or contact us if you would like to receive a paper copy.

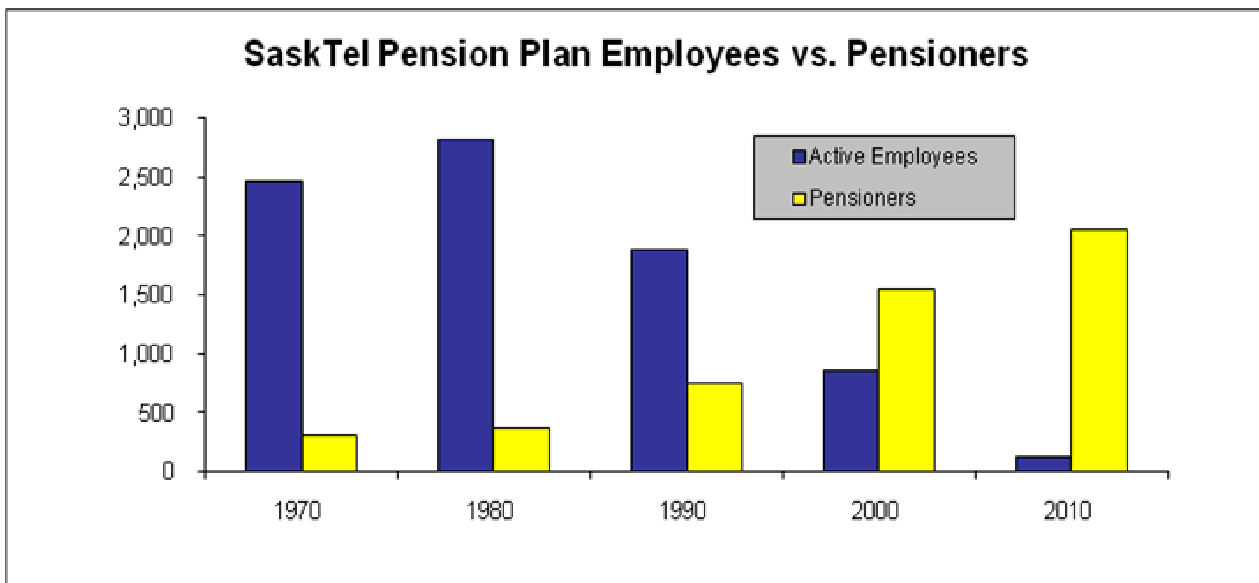
### PRESENT RETIREES AT THE END OF THE 83RD YEAR PERIOD

		Average Age	As at	As at
			Dec. 31, 2010	Dec. 31, 2009
Retirees 65 & Over	Males	74.00	573	560
	Females	75.96	293	290
Retirees Under 65	Males	58.48	611	635
	Females	57.71	310	316
Dependants	Spouses	74.84	252	246
	Children	16	1	1
Split Pensions	Males	0	0	0
	Females	65.32	16	14
			<b>2,056</b>	<b>2,062</b>

### NUMBER OF EMPLOYEES UNDER THE PROVISIONS OF THE SASKATCHEWAN TELECOMMUNICATIONS PENSION PLAN AT DECEMBER 31, 2010

<u>Total</u>	<u>Male</u>	<u>Female</u>	
DirectWest Employees	-	6	6
SaskTel Employees	<u>85</u>	<u>25</u>	<u>110</u>
<b>Total</b>	<b><u>85</u></b>	<b><u>31</u></b>	<b><u>116</u></b>

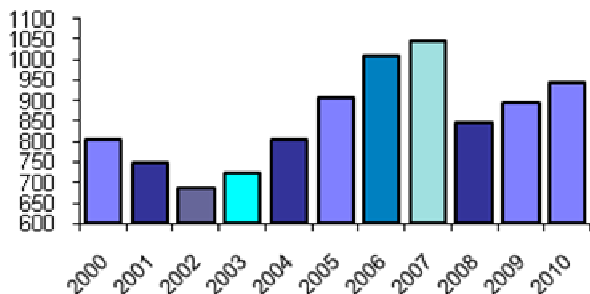
Plan Membership as at December 31, 2010	
Employee Members	116
Retired Members	<u>2,056</u>
<b>Total</b>	<b><u>2,172</u></b>



**Net assets available for benefits increased by 5.5% in 2010**

### Net Assets Available for Benefits

**SaskTel Pension Plan Net Assets \$ (millions)**



\$ (thousands)	2010	2009
Net assets available for benefits - opening balance	<b>\$896,306</b>	\$844,271
Plus: Investment Income	<b>23,758</b>	27,520
Contributions	<b>16,829</b>	8,806
Less: Benefits	<b>65,353</b>	65,201
Expenses	<b>3,027</b>	2,535
Unrealized gains (losses)	<b>77,155</b>	83,445
Net assets available for benefits at year end	<b>\$945,668</b>	\$896,306

## Benefits Paid & Contributions

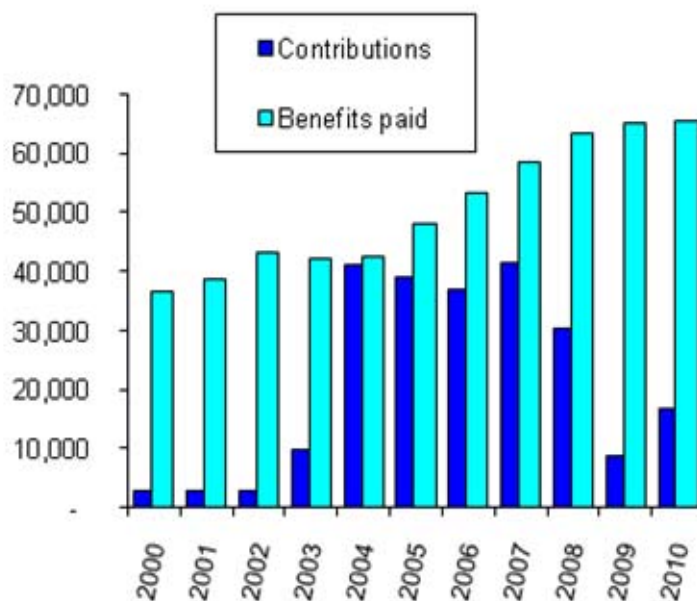
**Contributions** increased from \$8.8 million in 2009 to **\$16.8 million** in 2010. SaskTel contributed \$16.5 million in 2010 (\$8.3 in 2009). Increased company contribu-

tions are a result of the increased solvency payments. Employee contributions decreased from \$0.5M in 2009 to \$0.4M in 2010 due to a reduction of contributing members as

a result of employees reaching maximum years of service.

**Benefits paid** from the plan in 2010 was **\$65.4M** (\$65.2M in 2009)

**Benefits Paid and Contributions  
\$ (thousands)**



## Actuary News

An actuarial valuation was completed in 2008, based on 2007 financial results. The *Pension Benefits Regulations 1993* requires actuarial valuations to be filed at least every three years. The next valuation will be completed in 2011 based on 2010 financial results.

A Funding valuation considers benefits earned to-date as well as future benefits to be earned and contributions to be made. A Solvency valuation determines the solvency position of the plan if it were wound up on the valuation date. An Accounting valuation is used for financial reporting purposes and provides a valuation based on benefits earned to the valuation date.

The results of the previous three years are as follows:

<u>Valuation</u>	<u>2010 Extrapolated</u>	<u>2009 Extrapolated</u>	<u>2008 Extrapolated</u>
Funding	\$11M	\$(50M)	\$(112M)
Solvency	\$(181M)	\$(216M)	\$(218M)
Accounting	\$(105M)*	\$(80M)	\$18M

\*Based on accounting standards at December 31, 2010 and accounting valuation at November 30, 2009.



**Visit our new website at [www.sasktel.com/sasktel-pension-plan](http://www.sasktel.com/sasktel-pension-plan)**

**to find out what's new in the investment world, keep informed of our current news, and read about our Board members.**

**Your comments are valuable, send us an E-Mail to let us know what you would like to see on future newsletters or on the website**

**(remember public information only).**

## Amendments to the SaskTel Pension Plan Text were approved by the Saskatchewan Pension Regulator in November 2010

As a result of changes to legislation, the SaskTel Pension Board determined that the SaskTel Pension Plan Text required updating. As a result, the following changes have been made:

The **first change** is to Article 2.1(3) "**Best Average Salary**". Pensionable Service was replaced by Employment Service in the definition of Best Average Salary, so that all salary increases, granted after a member has reached the Plan's normal retirement age or after the member has accrued 35 years of Pensionable Service, will be included in the member's Best Average Salary.

The **second change** is to Article 2.1(20) "**Retired Member**". The definition of Retired Member has been amended to include any Members of the plan who continue to be employees of the corporation and have reached age 71 (as per the third change to article 7.3 below). This amendment makes it possible for a Retired Member to:

- 1) Continue to work for the corporation, and
- 2) Continue to collect a pension from the plan, but
- 3) Not accrue additional service in the plan.

The **third change** is to Article 7.3 "**Postponed Retirement Date**". The provisions in the Plan Text for retirement after the Plan's normal retirement date of age 65 were amended to allow Plan Members to postpone their retirement until at the latest the end of the calendar year in which they turn age 71, without the consent of the Corporation.

In the case that a Member has reached age 71 and they wish to continue in employment with the corporation, they are able to do so while collecting a pension from the plan.

The **fourth change** is to Article 9.10 "**Postponement of Pension Where Moneys Owing to Fund**"

This section was amended to replace age 69 with age 71, or such other mandatory retirement age as prescribed under the *Income Tax Act* (Canada) as amended from time to time.

The **fifth change** is to Article 9.11 "**Retired Member Recommencing Employment**".

This section was amended to allow a Retired Member, who was required to commence his or her pension due to the mandatory retirement age under the *Income Tax Act*, to continue in employment with the Corporation and to continue to collect a pension from the plan as per the second change in the Plan Text to the Article 2.1 (20)

These changes have been approved by CEP and SaskTel. Also, the amendments have been approved by the provincial regulator Saskatchewan Financial Services Commission - Pensions Division.

## Pension Risk Management Strategy



The SaskTel Pension Board is undertaking a Pension Risk Management Strategy.

The Plan has been closed to new members for over 30 years and has entered a stage where risk management takes a more central role.

In addition, the past decade has presented pension plans with challenges as both declining interest rates and two severe equity market declines have resulted in weaker funding positions. The potential of continued capital market volatility along with the overall demographic trend for the Plan has resulted in the Board embarking on a risk management strategy that has the objective of clearly identifying, reducing, and managing the risks of the Plan.

This strategy is in very early stages and further updates will be provided on the Pension Plan website as they become available.

***Reminder: Please see page 1 for our contact information—required for address changes, banking detail changes, etc.***