Pension Update The Power Corporation Superannuation Plan

Spring 2010

WHAT'S INSIDE

Power Corporation Superannuation Board Mission Statement

To provide continuous pension benefits for Plan members through prudent stewardship of assets, liabilities and effective Plan administration in accordance with current legislation.

2009 Financial Highlights

The following is a high-level summary of the Plan's financial position and investment performance for 2009. For more detailed information, refer to the Power Corporation Superannuation Plan 2009 Annual Report.

NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND SURPLUS

(in thousands)	2009	2008	2007
Net assets available for benefits	**$ 700,223**	**$ 639,692**	**$ 825,906**
Actuarial Present Value of Accrued Pension Benefits	**862,752**	**717,342**	**830,041**
Actuarial Surplus/(deficit)	**$ (162,529)**	**$ (77,650)**	**$ (4,135)**
One-Year Rate of Return			
Actual	**13.4%**	**(17.7)%**	**2.0%**
Benchmark	**12.8%**	**(16.3)%**	**0.4%**

During the year, the Plan had an overall increase in its assets of $61 million, ending the year with net assets available for benefits totalling $700 million. In December 2009, SaskPower made the first of three $27 million annual payments into the Plan as agreed in a conditional settlement between an individual acting on behalf of active members of the Plan and SaskPower. The settlement became final and binding in November 2009.

The Plan continues to be well diversified and follows the investment parameters laid out in its Statement of Investment Policies and Procedures (SIP&P). Further to this, the Plan's asset mix at the end of the year was in compliance with the guidelines laid out in the SIP&P.

The investment objective of the Plan is to meet current and future pension payment obligations. The assets of the Plan are invested in a diversified portfolio that will generate adequate and consistent returns to meet both current and future financial obligations. The funds are placed with a number of investment managers who then invest in a wide range of securities and asset classes. This diversification helps secure the ability of the Plan to provide a steady stream of retirement income for approximately 2,100 active and retired members.

It is important to note that regardless of the return on Plan assets, legislation ensures that if assets are not sufficient to provide pension benefits, the payments will be made from SaskPower revenues.

Superannuates

Pension Indexing

The cost of living increase effective April 1, 2010 is 0.73%. This increase is equal to 70% of the change in the Consumer Price Index for Saskatchewan for 2009.

The governing legislation was amended to provide fixed indexing beginning April 1, 2007. Each year thereafter, the increase will be 70% of the change in the Consumer Price Index (CPI) for Saskatchewan for the previous calendar year.

The full rate of increase will be applied for those who retired, and their survivors, before April 1, 2009. The increase will be a pro-rated for those who retired after April 1, 2009.

Superannuate administration by Public Employees Benefits Agency (PEBA)

Superannuate and survivor administration was transitioned to Public Employees Benefits Agency (PEBA) effective January 1, 2009. PEBA's payroll provider is RBC Dexia Investor Services.

In general, questions about your pension benefit should be directed to **PEBA at 306 787- 3988.** You may contact **RBC Dexia referencing PCSP at 1 800 668-1320** to change your address, direct deposit information, or change your tax deductions. Complete personal tax credit returns to change your tax deduction and send to RBC Dexia. Personal tax credit returns may be obtained from the Canada Revenue Agency website www.cra-arc.gc.ca or by contacting PEBA.

RBC Dexia will only issue payment advices when there is a change to your pension amount. In addition, a payment advice will be provided in December.

Pension income splitting

Beginning with the 2007 taxation year, the Federal Government permits pension income splitting for eligible pension income. This would be reported when you file your income tax return.

Please note that pension income splitting does not involve the payer of the pension. It is not necessary to contact SaskPower, PEBA or RBC Dexia if you decide to pension income split with your spouse. Canada Revenue Agency cannot approve a reduction of tax withheld for those choosing to split pension income.

This new provision will enable couples to reduce their combined taxes by transferring up to one half of their pension income to the lower income spouse or common-law partner. Both pensioner and spouse must file an income tax return, and make a joint election for the year.

For further information, please contact Canada Revenue Agency.

Pension Conversion – New Spouse after Retirement

If you have a new spouse after your retirement, you can apply to have the survivor's benefits paid to your new spouse following your death subject to certain criteria. Please note that if you proceed with this option, your current pension would generally be reduced; and your new spouse would only be eligible for a survivor benefit following your death if you proceed with the conversion. Your decision is irrevocable.

This option is not available to individuals receiving a pension as the widow or widower of a plan member.

Information concerning this option, including estimates of the converted pension amounts, can be obtained by contacting PEBA at (306) 787-3988. A fee applies to obtain the results.

Active Members

Transition of active and deferred member administration to Public Employees Benefits Agency (PEBA)

The transition of active and deferred member administration to Public Employees Benefits Agency (PEBA) became effective April 1, 2009. However, the administration was assumed by PEBA on February 1, 2010 only after the data had been loaded and tested in their pension administration system.

Notice of Retirement

Your assistance in providing increased notice is greatly appreciated. We ask that you provide greater than 30 days advance notice to assist in processing your selections in a timely manner. PEBA's service delivery for the pension application is 30 calendar days once all necessary information is received. A portion of the pension application must be completed by the employer.

You are encouraged to access the on-line pension calculator to project your estimated pension. SaskPower members received an email with a link to the PCSP Service Request data base to request services from PEBA such as pension estimates, cost to purchase prior service, etc. SaskEnergy members may continue to request an estimate through your Human Resource department. Pension estimates less than one year from the current date will be provided in approximately 30 calendar days, while estimates greater than one year from the current date will be provided in approximately 60 calendar days provided all necessary data is received by PEBA.

Pension Calculator

The on-line pension calculator is updated annually. The process is very detailed and consequently time consuming particularly with the transition to PEBA. The update is in progress however, an expected date is not available at time of reporting.

Please note that although the administration has been transitioned to PEBA, SaskPower and SaskEnergy remain as primary contacts for information about the on-line pension calculator. See below for contact numbers.

The on-line calculator is based on current legislation and will provide results for all applicable options, including projections beyond age 65. You can also estimate income from the Canada Pension Plan (CPP) and personal RRSPs. **Please note that the calculator assumes that you are eligible for the maximum Canada Pension Plan benefit.** You may wish to contact Service Canada at 1-800-277-9914 to obtain an estimate of your CPP benefit.

Your personal data as of the latest year end is used as a start point for you to perform estimates. You can apply your own salary increase assumptions; however, remember that unrealistic increases will produce unrealistic results. The default assumption, determined by the Plan Actuary, for salary increase is 2%.

The calculator will allow a projection to the end of the year that you attain age 71, the age that you must commence your pension. Normal age of retirement was removed effective November 17, 2007.

Access the website at your own convenience; enter your employee number and personal identification number (PIN) to get started. Contact Carol Tabashniuk or Hazel Tempel to have your PIN reset if you have misplaced it or exceeded the three try threshold.

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Answers to your questions

Public Employees Benefits Agency (PEBA)

- **phone** (306) 787-3988
- **fax** (306) 787-8822
- **email** pssp@peba.gov.sk.ca
- **mail** PEBA – Old Plans
  1000-1801 Hamilton St
  Regina, SK S4P 4W3

RBC Dexia Investor Services

- **mail** Benefit Payment Services
  77 King St W, 6th Floor
  PO Box 7500, Stn A
  Toronto, ON M5W 1P9
- **phone** 1-800-668-1320
  Plan reference – PCSP

If you have any questions about the information presented in this newsletter or would like more information about your retirement benefits in general, please contact:

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- **email** ctabashniuk@saskpower.com
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