

SASKTEL PENSION PLAN NEWS

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Pension Board Trustees

Dale Hillmer - Chair

Mike Anderson

Dale Baron

Peter Brandt

Brian Renas

website: www.sasktel.com/sasktel-pension-plan

SASKTEL PENSION PLAN CONTACTS (for retired members)

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The 2012 Annual Pension Increase is 1.52%

based on the increase in the **average** Consumer Price Index (CPI) for **Canada** which was 1.52% from December 2011 to December 2012.

2013/2014 Pension Payment Schedule	
Tuesday	April 30
Friday	May 31
Friday	June 28
Wednesday	July 31
Friday	August 30
Monday	September 30
Thursday	October 31
Friday	November 29
Tuesday	December 24
Friday	January 31
Friday	February 28
Monday	March 31

Investment Returns & Financial

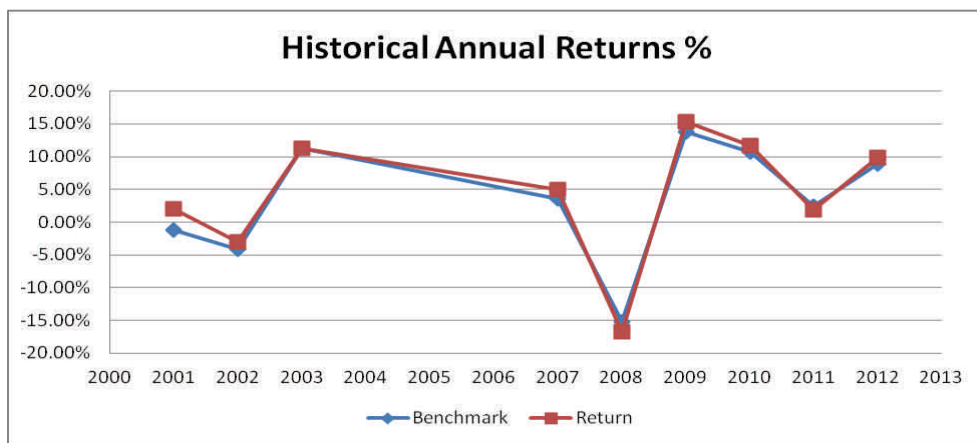
The total Fund return for 2012 of 9.9% exceeded the benchmark return of 8.9% and represents a substantial increase from the 1.9% return in 2011.

2012 was one of continued economic uncertainty, with prevailing issues from 2011 such as sovereign debt issues in Europe, economic uncertainty in the U.S and cooling economic growth in China once again impacting global markets.. Despite this, foreign equity markets posted strong gains ranging from over 13% in the US to nearly 16% in emerging markets. In Canada, equity returns were more muted at 7%, as the

resource-heavy index was impacted by falling commodity prices. The Canadian real estate market continued to post gains, providing double-digit returns for the second consecutive year. Bond markets were providing more modest returns after a few years of very strong returns, but were still positive at 5.5%.

The 2012 result tracked 1.0% ahead of the policy benchmark return of 8.9%. Active management was beneficial, with most of the portfolio contributing, led by Canadian and International equities.

*Important
information see
page 7*



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 or contact us if you would like to receive a paper copy.

PRESENT RETIREES AT THE END OF THE 85th YEAR PERIOD

		Average Age	As at	As at
			Dec. 31, 2012	Dec. 31, 2011
Retirees 65 & Over	Males	74.14	631	596
	Females	76.15	314	304
Retirees Under 65	Males	59.32	542	579
	Females	58.75	281	297
Dependants	Spouses	78.03	270	266
	Children	0	0	1
Split Pensions	Males	0	0	0
	Females	69.79	16	16
			2,054	2,059

NUMBER OF EMPLOYEES UNDER THE PROVISIONS OF THE SASKATCHEWAN TELECOMMUNICATIONS PENSION PLAN AT DECEMBER 31, 2012

	<u>Male</u>	<u>Female</u>	<u>Total</u>
DirectWest Employees	-	2	2
SaskTel Employees	<u>48</u>	<u>20</u>	<u>68</u>
Total	<u>48</u>	<u>22</u>	<u>70</u>

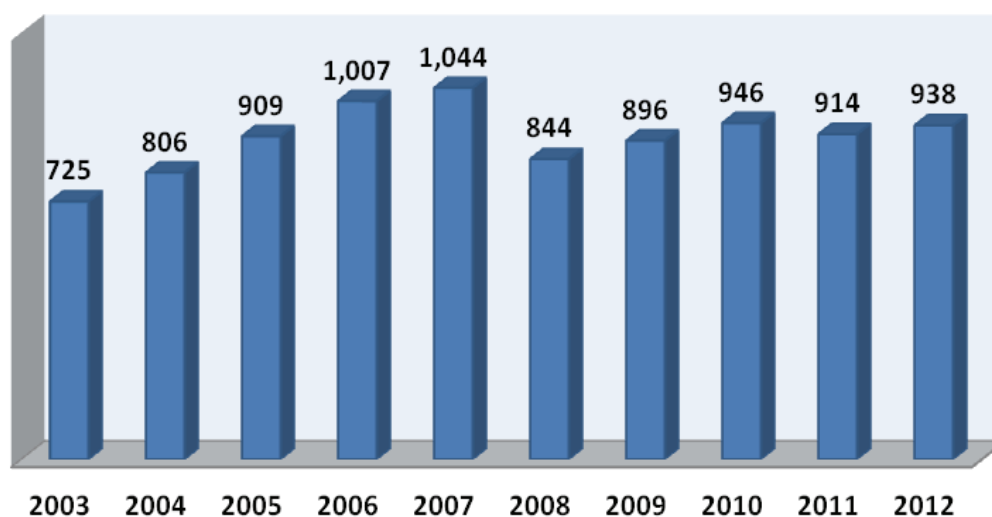
<u>Plan Membership</u>	
Employee Members	70
Retired Members	<u>2,054</u>
Total	<u>2,124</u>

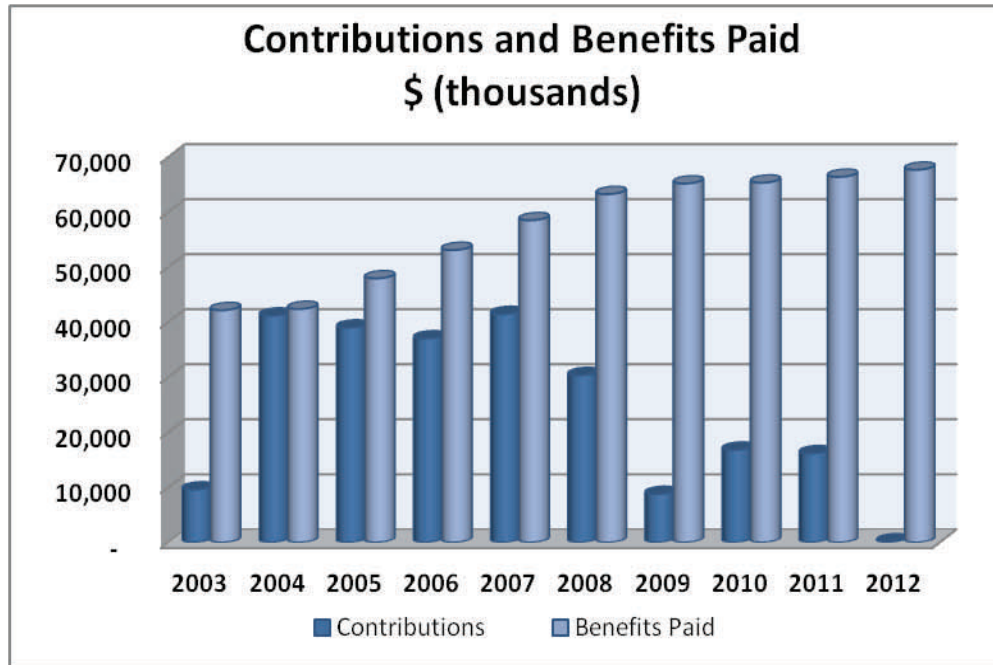
Net Assets Available for Benefits

(Thousands of dollars)	2012	2011
Net assets available for benefits - opening balance	\$914,284	\$945,668
Plus: Investment Income	35,458	27,026
Contributions	173	16,203
Less: Benefits	67,699	66,408
Expenses	2,794	2,752
Unrealized gains (losses)	<u>59,399</u>	<u>(5,453)</u>
Net assets available for benefits at yearend	<u>\$938,821</u>	<u>\$914,284</u>

Net assets available for benefits increased by 2.7% in 2012

SaskTel Pension Plan Net Assets \$ (millions)

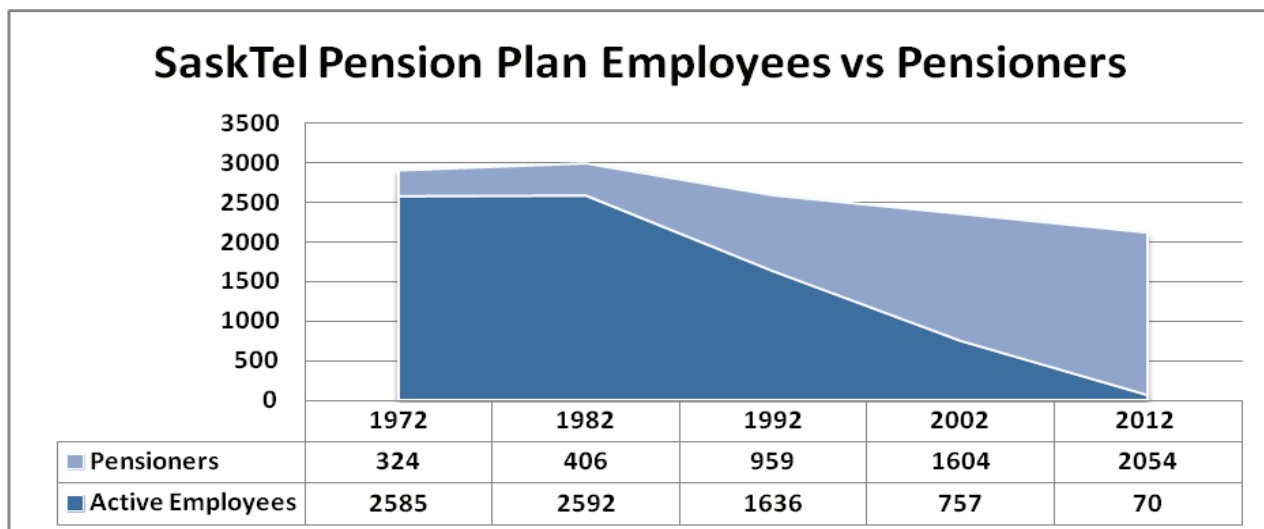




Contributions decreased from \$16.20 million in 2011 to \$0.17 million in 2012. SaskTel contributed \$0.13 million in 2012 (\$16.01M in 2011). Decreased company contributions are mostly a result of the Company electing a three year moratorium from funding a solvency deficit as per *The Pension Benefits Regulations, 1993*. Employee contributions decreased from \$0.20

million in 2011 to \$0.04 million in 2012 due to fewer employees contributing to the Plan as a result of employees reaching maximum years of service.

Benefits paid from the plan increased from \$66.4 million in 2011 to \$67.7 million in 2012 mostly due to the annual indexing.



Actuary News

An actuarial valuation was completed in 2011, based on 2010 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 2014 based on 2013 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.

Saskatchewan Telecommunications (SaskTel), has the ultimate responsibility to ensure that pension obligations are paid.

The results of the previous three years are as follows:

<u>Valuation</u>	<u>2012 Extrapolated</u>	<u>2011 Extrapolation</u>	<u>2010 Valuation</u>
Funding	\$37M	\$3M	\$22M
Solvency	\$(309M)	\$(348M)	\$(162M)
Accounting	\$(242M)*	\$(216M)**	\$(105M)***

*Based on accounting standards at December 31, 2012 and funding valuation at December 31, 2010.

**Based on accounting standards at December 31, 2011 and funding valuation at December 31, 2010.

*** Extrapolated based on accounting standards at December 31, 2010 and accounting valuation at November 30, 2009.

Pension Risk Management Strategy update

The SaskTel Pension Board has implemented a pension risk management strategy - Dynamic Investing. The potential of continued capital market volatility along with overall demographic trends for the Plan has caused the Board to embark on this strategy of identifying, reducing and managing the risks of the Plan. The dynamic investing approach strives to ensure the assets of the Plan evolve to match the liabilities of the Plan. The basic approach chosen is to gradually convert equity investments to fixed income instruments as the Plan's solvency position improves. The implementation and monitoring phase of the strategy began March 31, 2012.

New Board Member

Peter Brandt replaces **Larry Bolster** as a Union appointed Retired Member.

Thank you to Larry for his years of Board service.

Peter Brandt joined the SaskTel Pension Board as a trustee in 2013.

Peter's career at SaskTel started as an engineering assistant in the data services engineering area. In this role, Peter worked on a variety of services and technologies.

Peter was actively involved with the union during most of his career. He sat on the bargaining committee for 6 years and was elected as the President of CEP Local 1-S in 2005. During this time Peter received some pension plan training and became involved with the SaskTel Pension Plan.

Peter retired from SaskTel in 2008.

Peter and his wife Donna have 2 children, a son and a daughter.

New Pension Plan Manager

Dave Holzapfel replacing **Marg Selinger** as the Pension Plan Manager and Secretary of the SaskTel Pension Plan Board.

Dave accepted the Pension Plan manager position and began his new role effective October 1, 2012. David joined SaskTel in 1998 as a programmer analyst before moving into an accountant role where he served terms in revenue accounting in economic analysis. In 2008 he was promoted to management as the corporate treasury manager, a position he still holds in addition to the Pension Plan duties. David holds a Bachelor of Administration degree from the University of Regina and is a Chartered Financial Analyst (CFA) charter holder.

Reminders:

- Visit our website at www.sasktel.com/sasktel-pension-plan to find out what's new in the investment world & keep informed of our current news.
- **Please continue to ensure that we have your current mailing address and banking details (even though you will not be receiving earnings statements every month, we still require updated addresses and banking details to keep our records current).**

Please remember that earnings statements are no longer mailed each month. They will be mailed out at least 3 times per year (January, April, & December) due to tax changes, annual indexing, and the year end request for December.