

SASKTEL PENSION PLAN NEWS

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Pension Board Trustees

Dale Hillmer - Chair

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Dale Baron

Larry Bolster

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

SASKTEL PENSION PLAN CONTACTS (for retired members)

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The 2011 Annual Pension Increase is 2%

based on the increase in the **average** Consumer Price Index (CPI) for **Canada** which was 2.91% from December 2010 to December 2011. The increase is applied in April 2012.

2012/2013 Pension Payment Schedule	
Monday	April 30
Thursday	May 31
Friday	June 29
Tuesday	July 31
Friday	August 31
Friday	September 28
Wednesday	October 31
Friday	November 30
Friday	December 21
Thursday	January 31
Thursday	February 28
Thursday	March 28

Investment Returns & Financial

The SaskTel Pension Fund yielded a **1.9%** return for the 12 months ended **December 31, 2011**, a substantial drop from the 11.7% return in 2010, and trailed the expected return of 6.5%.

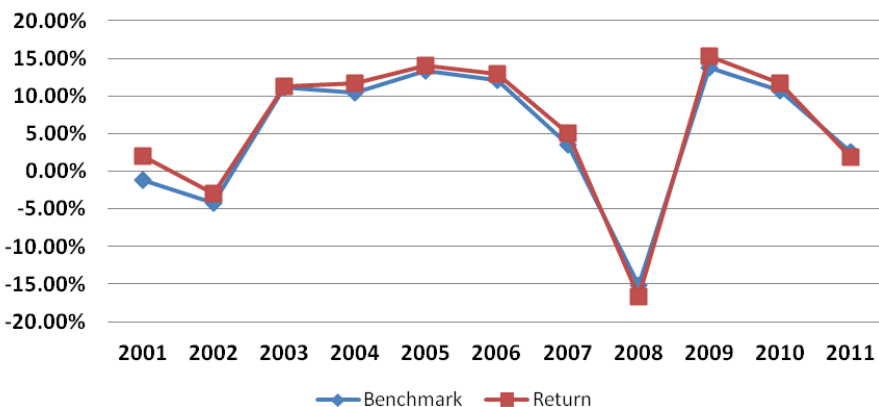
2011 was a year of economic uncertainty, driven by sovereign debt issues in Europe, political unrest in Egypt and Libya, and cooling economic growth in China. The ensuing flight

to safety benefited bonds, especially long term and real return, which returned approximately 18%. Active management detracted overall, with below index results by the balanced manager offsetting above index results by managers with specialist equity mandates.



Important information see page 7

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

PRESENT RETIREES AT THE END OF THE 84th YEAR PERIOD

		Average Age	As at	As at
			Dec. 31, 2011	Dec. 31, 2010
Retirees 65 & Over	Males	74.05	596	573
	Females	76.04	304	293
Retirees Under 65	Males	58.92	579	611
	Females	58.19	297	310
Dependants	Spouses	75.41	266	252
	Children	17.15	1	1
Split Pensions	Males	0	0	0
	Females	66.32	16	16
			2,059	2,056

NUMBER OF EMPLOYEES UNDER THE PROVISIONS OF THE SASKATCHEWAN TELECOMMUNICATIONS PENSION PLAN AT DECEMBER 31, 2011

<u>Total</u>	<u>Male</u>	<u>Female</u>	
DirectWest Employees	-	3	3
SaskTel Employees	<u>66</u>	<u>21</u>	<u>87</u>
Total	<u>66</u>	<u>24</u>	<u>90</u>

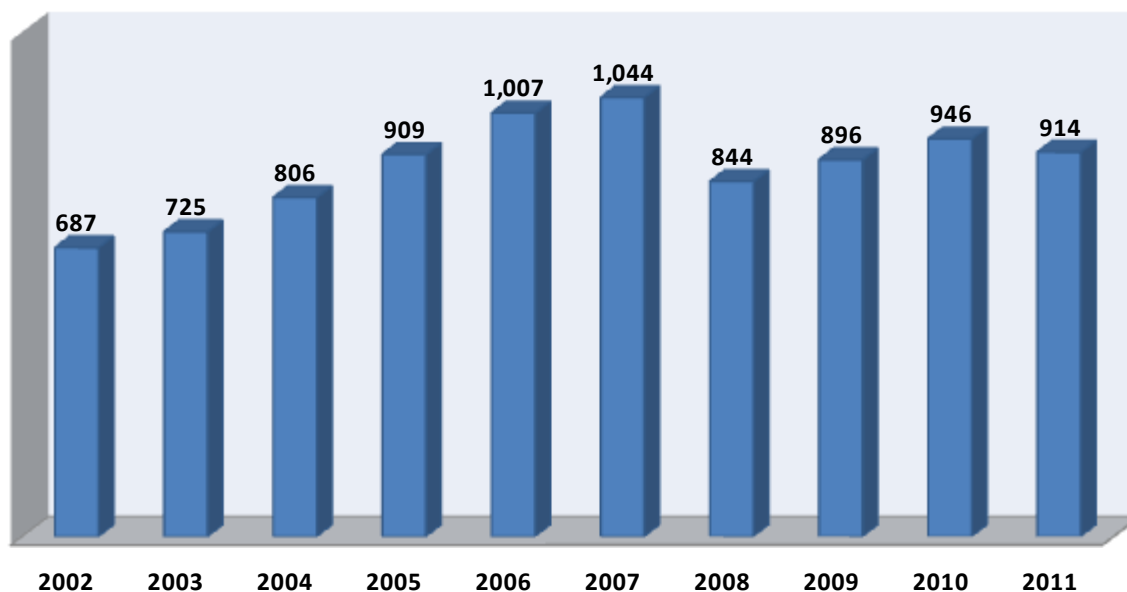
Plan Membership as at December 31, 2011	
Employee Members	90
Retired Members	<u>2,059</u>
Total	<u>2,149</u>

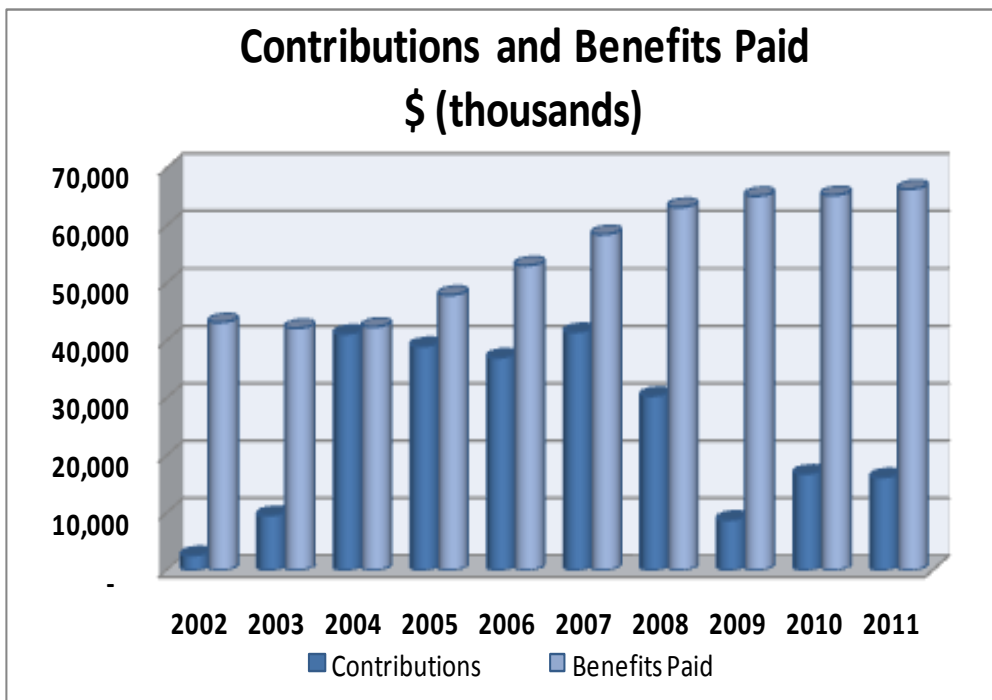
Net Assets Available for Benefits

\$ (thousands)	2011	2010
Net assets available for benefits - opening balance	\$945,668	\$896,306
Plus: Investment Income	27,026	23,758
Contributions	16,203	16,829
Less: Benefits	66,408	65,849
Expenses	2,752	2,531
Unrealized gains (losses)	(5,453)	77,155
Net assets available for benefits end of year	\$914,284	\$945,668

Net assets available for benefits decreased by 3.3% in 2011

SaskTel Pension Plan Net Assets \$ (millions)



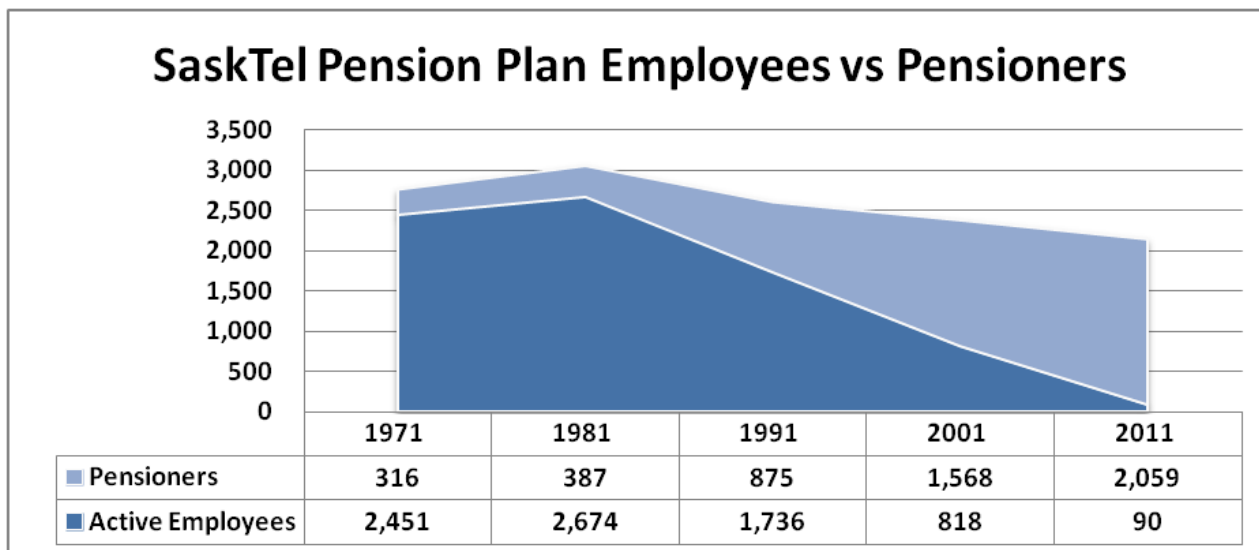


Contributions decreased from \$16.8 million in 2010 to **\$16.2 million in 2011**. SaskTel contributed \$16.0 million in 2011 (\$16.5M in 2010). Decreased company contributions are a result of the decreased employee contributions. Employee contributions decreased from \$0.4M in 2010 to \$0.2M in 2011 due to a reduction of contributing members as a result of employees reaching maximum years of service.

The company's solvency funding require-

ments are \$0 for 2012 and 2013 because SaskTel elected to participate in the Temporary Solvency Deficiency Payment Relief that was introduced by the Government of Saskatchewan. As the sponsor, SaskTel is committed to meeting all the funding requirements necessary to fulfill pension obligations to plan members.

Benefits paid from the plan in 2011 was **\$66.4M** (\$65.8M in 2010).



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.

The results of the previous three years are as follows:

<u>Valuation</u>	<u>2011 Extrapolated</u>	<u>2010 Valuation</u>	<u>2009 Extrapolated</u>
Funding	\$3M	\$22M	\$(50M)
Solvency	\$(348M)	\$(162M)	\$(216M)
Accounting	\$(216M)*	\$(105M)	\$(80M)

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



Pension Risk Management Strategy update

The SaskTel Pension Board has put a priority on pension risk management. Pension risk is a key concern for many pension plans, as the combination of capital market volatility and declining interest rates have resulted in weaker funded positions. With this industry backdrop, and the Plan's overall demographic trend, risk management has taken on a central role for the Board.

Progress has been made in the past year in identifying the risks of the Plan, as well as targeting strategies that will allow the Plan to reduce these risks in a balanced way in the near term, and over time. The Board will be moving forward to the implementation and monitoring phase of the strategy in the near future.

Elimination of Remuneration Statements update

THE SASKTEL PENSION DEPARTMENT CONDUCTED A SURVEY with our members asking for your input on whether or not you would be in favour of receiving a remuneration statement only when your net income changes. **30% of the members responded** with an overwhelming **96% in favour**.

THE SASKTEL PENSION BOARD approved the new procedure for mailing the earnings statements due to the members' positive responses.

DUE TO THE NUMEROUS REQUESTS TO ALSO RECEIVE A DECEMBER STATEMENT the change will include a December statement being issued annually as well. This will allow pensioners to review their total income prior to T4A's being issued at the end of February.

BEGINNING MAY 2012 THE EARNINGS STATEMENTS WILL NO LONGER BE 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. You can also expect to receive a remuneration statement whenever there are changes to your net income for any other reason such as CPP reduction, etc.

YOU CAN EXPECT TO SEE THE SAME AMOUNT BEING DEPOSITED INTO YOUR BANK ACCOUNT EACH MONTH. Until you receive another earnings statement, that will be the amount to watch for in your bank account every month. You may want to keep each statement until another change takes place and another statement is issued.

THE ANNUAL SAVINGS AMOUNTS TO APPROXIMATELY \$13,000 in addition to the added environmental benefits with the reduction of paper use.

THIS CHANGE ALONG WITH THE ELIMINATION OF PRINTING ANNUAL REPORTS IN 2007 AND THE ELIMINATION OF THE ANNUAL INDEXING LETTERS IN 2009, is another example of our ongoing efforts to reduce costs and do our part in reducing the effects on the environment.

The SaskTel Pension staff would like to extend a thank you to the members that responded to our survey and for the many kind words we received!

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).