CSS PENSION PLAN

The Plan

An overview of the CSS Pension Plan to guide you on the road to retirement

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Welcome to the CSS Pension Plan

The Co-operative Superannuation Society (CSS) Pension Plan is one of the oldest and largest defined contribution plans in Canada, with a long successful track record (established in 1939). The CSS Pension Plan is designed to help members prepare for and fund their retirement. A pension plan is a valuable part of your overall compensation. Only one in three Canadians belong to a pension plan.

There are approximately 294 employer members, all either co-operative associations or credit unions. The Plan holds and invests the pension funds of more than 56,700 current and former co-operative and credit union employees, plus more than 8,000 retirees receiving a retirement income from the Plan. Assets under administration are approximately $5.4 billion dollars.

The retirement income system in Canada can be compared to a three-legged stool where each leg represents a different source of retirement income:

Pension arrangements administered by governments

These include the Canada Pension Plan (CPP) and Old Age Security (OAS). As well there is the federal Guaranteed Income Supplement (GIS) for low-income seniors. There could also be some provincial government programs for low-income seniors – these vary by province.

Employment pension plans

The CSS Pension Plan is an employment pension plan. In other words, it is a pension plan related to your employment with one or more of the many co-operative and credit union employers that participate in the Plan for their employees.

Personal savings

This includes Registered Retirement Savings Plans (RRSP), Tax Free Savings Accounts (TFSA) as well as non-registered savings such as regular Guaranteed Investment Certificates, term deposits, and other savings accounts.

The CSS Pension Plan is a Registered Pension Plan (RPP) registered with Canada Revenue Agency (CRA). The Plan's registration number is 0345868.

The Co-operative Superannuation Society (CSS)

The Co-operative Superannuation Society administers the CSS Pension Plan. The Society is a non-profit pension society incorporated on a membership basis. The Society's original Act of incorporation states: "The principal purpose (of the Society) is to provide retirement benefits to and for its members."

For over 80 years, in partnership with co-operative and credit union employers, the Society has administered the CSS Pension Plan following this guiding principle and mandate.

Both the employers and the employees are members of the Plan and are represented by delegates and board members in its administration and management.

Defined contribution plans

The CSS Pension Plan is a defined contribution plan, which is sometimes called a "money purchase" pension plan because when you decide to start drawing retirement income, you'll purchase a retirement income vehicle with the funds accumulated in your account (i.e. the contributions you and your employer made to the Plan over time, along with the investment earnings thereon).

In a defined contribution plan, like the CSS Pension Plan, the amount of the employee's and employer's contributions are defined – usually in terms of a percentage of the employee's salary.

A defined contribution plan helps you to save money for retirement. Your contributions to the Plan are automatically deducted from your pay cheque each pay period. Making contributions to the Plan is therefore a way to "pay yourself first" which is a proven and effective way to successfully save over the long term.

The CSS Pension Plan is a defined contribution plan that helps you to save money for retirement. Your contributions to the Plan are automatically deducted from your pay cheque each pay period. Your employer matches your basic required contributions, dollar for dollar, which doubles your earning power.

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The CSS Pension Plan is similar to a Registered Retirement Savings Plan (RRSP) in that it shelters both your contributions and investment earnings from income tax. As such, your retirement savings can grow more rapidly and – because of the matching contributions from your employer – the CSS Pension Plan can help you build up a substantial sum of money for retirement.

How substantial depends on the investment choices you make and which of the Plan's funds you choose to invest your contributions and earnings. For more information on these funds, and your options as a member, review the investing information on our website.

Defined contribution plan risk

As in any investment scenario, there is an element of risk. In the case of a defined contribution plan (like the CSS Pension Plan) it is important to understand "pension risk" and how it can best be managed.

"Pension risk" refers to whether or not there will be enough money accumulated to provide a pre-determined or a sufficient level of retirement income.

As discussed, a Defined Contribution pension plan is one where the employer promises to contribute a certain percentage of the employee's salary. These contributions along with the employee's own contributions are invested to provide an accumulated amount of pension funds, which is converted to an income upon the employee's retirement. It is possible that the accumulated funds may "come up short" of the amount needed to provide a sufficient level of retirement income for the employee. The employee doesn't know exactly what his or her retirement income will be until he or she actually retires. In other words, in a defined contribution plan like the CSS Pension Plan, it is the employee who bears the pension risk. It is the employee's responsibility to ensure that they make sound decisions when it comes to investing their pension contributions and earnings and that these funds are sufficient to meet their income needs into retirement.

Three main factors will influence how much you will have at the point of retirement: how much you and your employer contribute, how much those contributions earn, and how much time you have until retirement.

As a member of the CSS Pension Plan, the more pension funds you accumulate, the greater your retirement income will be.

Three main factors influence the amount of funds you can accumulate:

1. The amount depends on how much you and your employer contribute to the Plan.
2. The amount depends how much your investments "earn" over the years.
3. The amount depends on time. Generally speaking, the longer that you and your employer make contributions, and the longer these contributions remain invested, the more pension funds you'll have at the point of retirement.

The best way to manage pension risk, and manage these factors above, is to secure the advice of a CSS Retirement and Pension Advisor or a qualified financial advisor at your credit union or bank who can advise you on investment decisions and courses of action to meet your goals.

Pension laws

In most cases, a member's accumulated pension funds are subject to provincial pension legislation. The applicable legislation is that of the province in which you are currently working. If you are no longer working for one of the Plan's employer members, then the applicable legislation would be that of the province where you last worked while contributing to the Plan, regardless of where you may be living now.

If you are working (or last worked) for an employer member in the North West Territories, Nunavut or the Yukon, then your funds are subject to federal pension legislation.

Legislation varies from one jurisdiction to another. It affects many provisions of the CSS Pension Plan, such as membership, locking-in, your options when you terminate employment, your options for drawing retirement income, as well as survivor benefits and that these funds are sufficient to meet their income needs into retirement.

The CSS Pension Plan is accountable to you – as a member – and exists to serve and assist you on the road to retirement.

The Acts that regulate pension plans across Canada are:
Alberta – *Employment Pension Plans Act*
British Columbia – *Pension Benefits Standards Act*
Manitoba – *The Pension Benefits Act*
New Brunswick – *Pension Benefits Act*
Nova Scotia – *Pension Benefits Act*
Ontario – *Pension Benefits Act*
Saskatchewan – *The Pension Benefits Act, 1992*
Canada – *Pension Benefits Standards Act, 1985*
The federal *Income Tax Act* also regulates all registered pension plans.

Control of the CSS Pension Plan

The CSS Pension Plan is governed by its Rules and Regulations, and the Bylaws of the Co-operative Superannuation Society (a registered non-profit organization).

The Co-operative Superannuation Society administers the Plan. The Society also serves as trustee of your pension funds.

Control of the Plan is shared equally between the Society's employee members and the employer members.

As a registered non-profit organization, the Society has a democratic control structure made up of thirty-six (36) delegates – 15 elected to represent active employee members, 1 appointed to represent inactive employee members, 2 elected to represent retirees, and 18 appointed by employer members. These delegates meet at least once a year.

These delegates are responsible for the Society's *Bylaws and the Plan's Rules & Regulations.*

These delegates also elect the Society's Board of Directors, comprised of three (3) employee delegates and three (3) employer delegates. The board meets at least four times a year.

The Board of Directors is responsible for employing an Executive Director for the Plan and for the administration of the Plan between annual meetings and/or special meetings of the delegates.

The Board also sets the investment policy for each of the Plan's investment funds and reviews the performance of the investment managers.

Membership

Membership in the CSS Pension Plan is a condition of employment for full-time employees. Under the Rules of the Plan, if you are a full-time employee of a participating employer, you must join the Plan upon completing the waiting period.

The employer sets the waiting period, although legislation prohibits this waiting period from being any longer than two (2) years.

Pension legislation states that if you are a part-time employee, you are eligible to become a member of the Plan after achieving a minimum level of earnings, or after having worked a minimum number of hours (in some provinces).

Once a part-time employee has achieved the minimum membership requirements (which can vary depending on the jurisdiction) the employer must offer that employee membership in the Plan. In most provinces, the employee can then decide to voluntarily join the Plan, except in Manitoba where membership is mandatory after having achieved the minimum membership requirements.

Your employer may permit part-time employees to join the Plan earlier than the minimum required by legislation. Your employer may also make membership mandatory, even if you are working in a province where membership is voluntarily for part-time employees.

If you would like to learn more about the legislated minimum membership requirements for your jurisdiction, contact the Plan office.

Membership in the CSS Pension Plan is mandatory for full-time employees; in most cases, it is voluntary for part-time employees. The exception is Manitoba, where part-time employees must become members after having achieved the minimum membership requirements.

Generally speaking, once you join the Plan you must continue contributing until you are no longer employed by any participating employer.

Protection of personal information & privacy

The CSS Pension Plan obtains your consent to collect and use personal information as part of the membership application process. This is necessary in order to administer the Plan, collect your contributions and eventually pay out your retirement benefits.

Use of this information is strictly limited to the administration of your pension funds under the terms of the Plan's *Personal Information Protection Code*. No other use of your personal information is permitted.

Contributing to the CSS Pension Plan

Only those employees who have met their participating employer's requirements to join the Plan can contribute. Once you are no longer working for a participating employer you cannot contribute any more.

There are several things you should know about contributing to the CSS Pension Plan:

Required contributions

Both you and your employer contribute to the Plan. From the date that you join the Plan, your employer deducts required contributions from your salary for each pay period. Your employer matches your required contributions, dollar for dollar. The amount of your contribution – and that of your employer's "match" – is reflected on your pay stub.

Each employer member sets the matched contribution rate for the employee and employer required contributions as a specific percentage between 1% and 9% of salary (or compensation).

Additional voluntary contributions

If you wish, you can make additional voluntary contributions. Like required contributions, additional voluntary contributions must be deducted from your pay cheque and remitted through your employer's payroll system.

Your employer does not match additional voluntary contributions.

Tax-deductibility of contributions

Similar to RRSP contributions, all the contributions you make to the CSS Pension Plan are deductible when calculating your taxable income. This means that making contributions to the Plan reduces your income tax payable – or the amount of income that may be taxed by government(s).

Maximum contribution limit

There is a maximum limit on the combined amount that you and your employer are allowed to contribute to the CSS Pension Plan. The maximum contribution limit set by CRA is the lesser of:

- 18% of your employment compensation for the current year, or
- The maximum dollar limit for the current year (contact the Plan office or check the website for the annual maximum dollar limit, or check the CRA website for the annual money purchase limit).

The total amount that you contribute to the Plan and the amount that your employer contributes on your behalf each year, combined, must not exceed this CRA limit.

Parental leave

If you wish, you can contribute to the Plan while you are on maternity, paternity or adoption leave. However, subject to applicable legislation and your employer's policy, you may be responsible for both the employee and employer contribution amounts.

Eligible employees are allowed to make additional voluntary contributions to the Plan but these contributions are not matched by the employer.

Vesting

As mentioned, when you join the Plan, you and your employer will both be required to make pension contributions. Your contributions will be deducted from your salary and your employer will match your required contributions. As your employer makes contributions on your behalf, they will immediately become “vested” or owned by you. The total value of your accumulated pension funds, therefore, will always belong to you.

Locking-in

There are several things you should know about “locked-in” funds, “non-locked-in” funds, and the rules that govern both.

Locked-in funds

In time, your required contributions will become locked-in together with your employer’s contributions and the investment earnings you have accumulated over time. This means that such funds must be used to provide an income for your retirement. In most jurisdictions, this means that at retirement such funds must be used to provide you with regular payments for the rest of your life.

Locked-in funds cannot be withdrawn in cash when you terminate employment.

Locking-in applies to required contributions made after a certain date, as well as the investment earnings made on those contributions. Usually such funds become locked-in either after two (2) years of service or two (2) years of Plan membership.

The rules for locking-in are determined by the pension legislation governing your pension funds (see “Pension Laws” section and the rules that apply to your jurisdiction). If you prefer, the Plan office can help you find the relevant information pertaining to locked-in funds in your area.

On your Annual Statement, the amount of your locked-in funds is indicated as “Locked-in.”

Non-locked-in funds

If you have funds that are not locked-in, then once you are no longer working for an employer member of the Plan, you can withdraw these non-locked-in funds all at once in cash (subject to income tax) or transfer them to an RRSP or RRIF.

In other words, you are not obliged to use non-locked-in funds for a retirement income – you can use these funds for whatever you wish.

Any additional voluntary contributions that you make to the Plan, and their earnings, are not locked-in.

On your Annual Statement, the amount of any funds that are not locked-in is indicated as "Non-locked-in".

Exceptions to the lock-in rules

There are some circumstances where pension legislation may allow your locked-in funds to be treated as though they were not locked-in. If the amount of locked-in funds is relatively small when you terminate employment, it may be possible to take these funds as a lump sum (i.e. cash or transfer to an RRSP or RRIF). Other possible opportunities to take your locked-in funds as a lump sum: if you become a non-resident of Canada or become terminally ill.

"Locked-in funds" refer to funds that must be used for retirement income purposes. "Non-locked-in funds" are the opposite – accumulated funds and earnings that are available to you for whatever purpose(s) you choose, in keeping with relevant legislation. Your Annual Statement will tell you the amount of pension funds that are locked-in or not.

Investment funds

The CSS Pension Plan manages four investment funds for its members who are saving for retirement: a Money Market Fund, Bond Fund, Balanced Fund and Equity Fund. Each fund has different levels of risk and different expected returns.

An overview of each fund is presented below – starting with the fund with the lowest risk/lowest expected return:

Money Market Fund

This fund is a low risk/low return investment option. Its primary purpose is to preserve capital. It is suitable for members who are near retirement and have reached their retirement savings goal and expect to “exit the markets”, or who wish to create a spending reserve from which to draw retirement income.

The Money Market Fund is invested in one asset class, Canadian short-term investments. It includes high-quality Canadian money-market instruments such as commercial paper, bankers’ acceptances and treasury bills. One investment manager manages the Money Market Fund. The Money Market Fund is expected to produce a return similar to prevailing short-term interest rates in Canada.

Bond Fund

This fund is a modest risk/modest return investment option. However, it can experience occasional losses depending on fluctuations in interest rates. As such, this fund is less risky than the ones that follow but not as secure as the Money Market Fund described above.

The Bond Fund is managed by the same investment managers who manage the bond component of the Balanced Fund (next page).

The Bond Fund is invested mainly in domestic bonds. A bond is called a debt security, in which the authorized issuer owes the holders (investors) a debt and, depending on the terms of the bond, is obliged to pay interest and/or to repay the principal at a later date. In another way, a bond is a formal contract to repay borrowed money with interest and, as such, is considered to be a relatively safe and secure form of investment.

Balanced Fund

This fund is a moderate risk/moderate return investment option. It is a broadly diversified balanced portfolio that invests in both equities (stocks) and bonds and is expected to produce growth over the long term, with periodic short-term losses.

The Balanced Fund portfolio is currently in the process of transitioning from 60% equities (stocks), and 40% domestic fixed income investments (bonds) to a portfolio of 55% equities, 35% fixed income and 10% real estate investments.

It is broadly diversified by asset class, by country and by investment manager. It is managed by a number of external investment managers who are responsible for a variety of different investment mandates.

It is the Plan's original investment fund and is the default fund for those who don't explicitly state their investment preference(s).

Equity Fund

This fund is a high-risk portfolio designed to produce higher average returns over the long term. It will have fairly frequent losses in the short-term given that equities are more volatile and can increase or decrease in value depending on their performance in the markets.

By investing in equities (or stocks), the investor becomes a part owner of a company. The investor can receive a return on their investment in two ways. Firstly, the investor can share in the profits of the company in the form of dividends. Secondly, the investor can experience capital gains (losses) as the price of the company's stock changes over time.

The Equity Fund is invested 100% in equities (or stocks). It is managed by the same investment managers who manage the equity component of the Balanced Fund.

The Balanced Fund is the default investment option for all CSS Pension Plan members. Unless you instruct the Plan office otherwise, all your contributions and the employer's contributions made on your behalf are automatically invested in the Balanced Fund. If you would prefer to invest your contributions in other funds (or combination of funds) consult the investing information on our website.

The Bond Fund and Equity Fund can be used in combination to provide an alternative to the Balanced Fund.

When members direct their contributions to the Balanced Fund, they will be investing in a combination of equities (stocks), fixed income investments like bonds, as well as real estate investments.

For those who would prefer a higher proportion of one or the other, the Equity Fund and Bond Fund gives these members more control and choice over how their pension funds are allocated. In this way, members can choose the amount of risk/return that's right for them.

Choosing investment funds

You are permitted, but not required, to choose how to invest your pension funds in the CSS Pension Plan. In other words, you are free to leave your pension funds invested in the Balanced Fund (the default option for members who do not indicate a preference) or you can direct your pension funds to any/all of the Plan's four funds. It is up to you – and you are free to transfer your pension funds between funds at any time.

If you wish to move some or all of your pension funds between the Plan's four funds, you must complete an Investment Instructions form on the Plan's website (www.csspension.com) or by contacting the Plan office.

Before you make any change to the way your pension funds are invested, it is wise to review the investing information on our website and consult a CSS Retirement and Pension Advisor or a qualified financial advisor at your credit union or bank. Depending on your particular stage of life/career, or how close you are to retirement, some options may be better than others. Getting the right information, and the right advice, could mean the difference between reaching your retirement savings goal or not salary (or compensation).

Units & unit prices

The four funds are “unitized” – meaning that they have “units” and “unit prices.” The pension funds that you have invested in each of the funds are represented by the number of units you have in each fund.

Unit prices allow you to calculate the current value of your funds by multiplying the number of units you have in each investment fund by its daily unit price.

The investment performance of each fund (positive or negative) directly affects its unit price, which in turn directly affects the dollar value of the pension funds in your account.

Contributions that you and your employer make to the Plan will purchase units at the unit price for that day the contributions are received. If you withdraw or transfer any funds from your account, you will redeem units at the unit price for that day. Also, if you transfer any funds from one fund to another, you will redeem units in the one fund, and purchase units in the other, at the applicable unit price for each fund.

Retirement age

The CSS Pension Plan’s normal retirement age is 60.

In most cases, a member will qualify for early retirement upon reaching age 50. In some cases, where an employee has started working for an employer member when they were relatively young, they could qualify for early retirement before reaching age 50 (i.e. when that member’s “Age” plus “Years of continuous service” with one or more employer members equals 75 or more).

Your early retirement date is indicated on your Annual Statement.

If you work past age 60, you and your employer must continue contributing until your employment terminates. In accordance with the *Income Tax Act*, the Plan cannot accept contributions from you or your employer past the end of the year you reach age 71.

All of your pension funds must be converted to retirement income before the end of the year you reach age 71.

Phased retirement

Generally speaking, you must terminate your employment with your employer member before converting your pension funds into a retirement income.

However, in some cases, you are allowed to draw on your pension funds while continuing to work for an employer member of the Plan – without having to terminate your employment. This provision, called “phased retirement,” requires that you and your employer continue contributing to the Pension Plan while you are drawing on your pension funds.

To apply for phased retirement you must be at least 55 years old and have the formal agreement of your employer; your employer may require that you reduce your hours of work before it agrees to your phased retirement.

Under phased retirement you can use some or all of your pension funds to start a monthly pension from the Plan, or Variable Benefit (VB) payments. If you start VB payments from the Plan, you are subject to any maximum annual withdrawal limit imposed by provincial pension legislation.

See the “Retirement income options” section below for a brief explanation of monthly pensions and VB payments.

Not all provinces accommodate phased retirement to the same extent. Contact the Plan office for the most relevant, up-to-date information.

Retirement income options

By the time you retire, you may have accumulated a substantial amount of pension funds. Since there are different retirement income options to consider, you will need time to figure out the best course of action.

Your retirement income options will vary depending on which legislation applies to your situation (see previous Pension laws section).

Before you make any change to the way your pension funds are invested, it is wise to review the investing information on our website, consult a CSS Retirement and Pension Advisor or a qualified financial advisor at your credit union or bank. Depending on your particular stage of life/career, or how close you are to retirement, some options may be better than others.

Here are some of the more typical retirement income options open to most members:

Options that provide a guaranteed lifetime retirement income

- You can start a monthly pension payable directly from the Plan. You may use both locked-in and non-locked-in funds to set up a pension, if you wish. A monthly pension from the Plan will provide you with a fixed monthly income for the rest of your life.

- You can purchase a life annuity from a life insurance company. A life annuity is similar to a monthly pension from the Plan.

Options that provide retirement income based on investment performance

Depending on the pension legislation applicable to your situation, you can start Variable Benefit (VB) payments directly from the Plan.

VB payments are simply periodic withdrawals of your accumulated pension funds. As the name suggests, the amount of your Variable Benefit payments can vary. In addition:

- You are not guaranteed to receive an income for the duration of your life.

- You have to manage your pension funds when you are retired. That means you have to decide how to invest your pension funds between the Plan's four funds and monitor your investment earnings. If your investment earnings are high in a certain year, your VB payment could be higher than the monthly payment from a pension. However, if your investment earnings are lower than expected, you might have to reduce the amount of your VB payments in the following year.

- Once you start VB payments, you will be obliged to withdraw a certain minimum each year, beginning the year that you turn Age 72. In most provinces, VB payments have limits on the maximum annual amount you can withdraw.

The forms to start a monthly pension, VB payments or to transfer funds from the Plan are available by contacting the Plan office.

Another option? Depending on pension legislation applicable to your funds, locked-in funds may be transferred to a Life Income Fund (LIF) or Prescribed Registered Retirement Income Fund (pRRIF) with a financial institution, such as a credit union or bank. For most members, this means:

- If you choose a LIF or pRRIF, you will have to decide how to invest your funds from the options available through your financial institution. If your investment earnings are high in a certain year, your monthly retirement income may be higher than the monthly payment from a pension. However, if your investment earnings are lower than expected, you might have to reduce the amount of your retirement income in the following year.

- Once you set up a LIF or pRRIF, you are obliged to withdraw an annual minimum amount starting in the second year. LIFs also have limits on the maximum annual amount that you can withdraw.

A final option involves "unlocking" some or all of your Locked-in funds–depending on the pension legislation applicable to your situation. These unlocked funds could be accessed as a cash lump sum (subject to income tax) or transferred to an RRSP, RRIF or pRRIF. When approaching retirement, check with the Plan office to see if "unlocking" applies to your situation.

Spousal Rights

If you have a "spouse" (married or common-law), you must select a specific monthly pension that will provide a lifetime monthly payment to your spouse should you die first (unless your spouse waives this entitlement).

Your spouse must consent in writing before you can start VB payments, transfer any funds from the Plan into a LIF or pRRIF, or formalize any of the options above.

The forms to start a monthly pension, VB payments or to transfer funds from the Plan are available by contacting the Plan office.

Termination Options

Your employment is considered terminated once you are no longer working for any employer member of the Plan. If you leave the employment of one employer member and take employment with another, your employment has not terminated (in the eyes of the CSS Pension Plan). The Plan considers this a transfer between employer members.

When your employment has actually terminated – meaning you no longer work for any employer member – you have the following options:

1. Leave your funds in the Plan

- You will continue to benefit from the Plan's low management fees and receive the same return on your pension funds as other members of the Plan.
- You will receive a personal Annual Statement early each year. It is therefore important that you advise the Plan of any change in your mailing address or contact information.
- You can still apply for a transfer of your funds or withdrawal at a later date, provided that you have not taken a new job with another employer member in the meantime.

2. Apply for a transfer or withdrawal of your funds

- All of your locked-in funds can be transferred from the Plan into a locked-In Retirement Account (LIRA) or Locked-In RRSP.
- If you have any non-locked-in funds they can be withdrawn in cash (subject to income tax) or transferred to an RRSP.

3. Transfer your funds to the Registered Pension Plan of your new employer

- You should check to see if your new pension plan will accept the transfer and then contact the CSS Pension Plan office for instructions and next steps.

If you have reached your early retirement age, then the retirement income options described in the previous section would be available to you.

Disability pension

If your employment has terminated because of ill health, injury or disability, you may be able to use your pension funds to provide a retirement income before you reach your early retirement age.

The Plan will require medical doctors to certify in writing that your medical condition prevents you from working. If this is your situation, please contact the Plan office for more information.

If you qualify to start a retirement income prior to reaching your early retirement age due to disability, the amount of your retirement income will be based on the amount of your accumulated pension funds at that time.

The CSS Pension Plan will not provide you with any extra amount over and above the retirement income produced by your accumulated pension funds.

Survivor benefits

Survivor benefits are payable in the event of pre-retirement death. Whether or not there are survivor benefits after you start drawing your retirement income depends upon which retirement income option(s) you choose at the point of retirement:

1. If you die before you start drawing retirement income

This is called pre-retirement death. The nature of the survivor benefits depends on whether or not you have a spouse as defined by pension legislation.

Depending on the legislation, your surviving spouse may be obliged to use the funds only for a lifetime retirement income, which can start at any age.

Pension legislation states that your surviving spouse, which can include a common-law partner, has first claim to your required contributions and employer contributions and the earnings made on these contributions. This means that your spouse has first claim to these funds even if you've designated a different person as beneficiary.

Some pension legislation allows the spouse to waive this first claim. Contact the Plan office to explore if this option is available to you.

If you are separated, your spouse may still have a first claim in the event of your pre-retirement death. Contact the Plan office to determine if this applies in your particular case.

Although your spouse has first claim to your (and your employer's) required contributions, he or she does not have first claim to any additional voluntary contributions (and related earnings) you may have made. In this case, these funds would be paid to your designated beneficiary(ies) or estate. If the beneficiary is your spouse, they are not obligated to use these funds for a lifetime retirement income. If the beneficiary is someone other than your spouse, or if these funds are directed to your estate, they will be paid as a lump sum and subject to income tax.

If you do not have a spouse, and you have submitted a completed Designation of Beneficiary form, then all your pension funds would be paid as a lump sum to your designated beneficiary(ies), subject to income tax.

If you do not have a spouse, but have not designated a beneficiary, then all your pension funds would be paid as a lump sum to your estate, subject to income tax.

2. If you die after you start withdrawing retirement income

Whether or not there are survivor benefits depends on the type of Retirement Income Option(s) you chose.

a) If you had selected a monthly pension or annuity with a guarantee period

Under a single life pension, if you die before the guarantee period has ended, the monthly pension payments will continue to your beneficiary(ies) or estate for the balance of the period, and then stop.

Under a joint and last survivor pension if you die before the guarantee period has ended, the full monthly pension payment will continue to your spouse for the balance of the guarantee period. Thereafter, your surviving spouse will receive a pre-selected percentage of the pension for the rest of their life. If both you and your spouse die before the guarantee period is over, then the monthly pension payments will continue to your beneficiary(ies) or estate for the balance of the period, and then stop.

b)If you had selected Variable Benefit payments

Under pension legislation, your surviving spouse is automatically entitled to receive any remaining Variable Benefit payments upon your death, unless your spouse waives this right.

If you name your spouse as the “specified beneficiary” then they can continue with the remaining VB payments or transfer the balance (if any) out of the Plan.

If you do not have a spouse or if your spouse has signed a waiver, the balance of the VB payments are paid as a lump sum to your estate or named beneficiary(ies).

c)If you transferred your funds from the Plan to a LIF or pRRIF

Your surviving spouse is automatically the beneficiary of any funds remaining in a LIF or pRRIF. Upon your death, these funds roll over to your surviving spouse without tax consequences. Once both you and your spouse have passed away, or if your spouse waives their right as automatic beneficiary (if allowed by law), any funds remaining are payable to your beneficiary(ies) or estate, subject to income tax.

Relationship breakdown

The pension legislation in each jurisdiction provides for the division of pension funds upon relationship breakdown (as defined in relevant legislation):

Pre-retirement

In general terms, the increase in the value of your account during the marriage/relationship is divisible. The Plan will provide calculations for division purposes upon request.

Post-retirement

If you are receiving a monthly pension or Variable Benefit payments from the Plan, you must contact the Plan's office for information on how your retirement income could be affected by your marriage/relationship breakdown. Otherwise, you should contact the insurance company or financial institution that administer your life annuity, LIF or pRRIF.

Attachment & assignment of pension funds

Required employee contributions and employer contributions, and their earnings, are protected from creditors, as are additional voluntary contributions in some jurisdictions. However, the pension legislation in most jurisdictions allows funds to be garnisheed in order to satisfy delinquent maintenance payments.

Monthly pension and Variable Benefit payments payable to a retiree are generally attachable by your creditors.

Legislation does not permit the assignment of pension funds as security or collateral for a loan.

Termination of an employer's membership in the Plan

An employer member may terminate its membership in the Plan at any time, subject to the Plan's Rules and applicable laws. Termination will occur as agreed by the employer member and the Plan's board of directors.

If your employer cancels its membership in the Plan:

- You will no longer be considered employed by an employer member and the various termination options described in previous sections will be open to you.

Termination of the CSS Pension Plan

The CSS Pension Plan has existed for over 80 years and there is no foreseeable reason that will be discontinued. However, if at some date in the future it is necessary to discontinue the Plan, the Board will determine the interest of the remaining Plan participants and their beneficiaries. The assets of the Plan will be distributed in accordance with such interests as determined and subject to the approval of the applicable Superintendents of Pensions and Canada Revenue Agency (CRA).

Other publications & resources

Annual Statement: You will receive a personal Annual Statement early each year. This statement will indicate the amount of contributions received during the year, the rate of return (positive or negative) on your pension funds for the year and your year-end balance.

TimeWise: The Plan's member magazine *TimeWise* contains information about the Plan, pensions and other retirement income options. It is available on our website (www.csspension.com).

Annual Report: The Plan's Annual Report contains various reports and all of its financial statements. A copy of the Annual Report Highlights is distributed to members primarily as an electronic document through our website (www.csspension.com) in the spring. The full Annual Report may also be viewed on the Plan's website.

The Plan: This booklet provides a general overview of the Plan in a simplified, easy-to-read format. It is provided to all new members when they join the Plan in their Membership Kit. The booklet may be viewed on the Plan's website.

Bylaws, Rules & Regulations: These documents set out the rules and regulations that govern the administration of the Plan. They are provided to all new members upon joining the Plan in the Membership Kit. They may be viewed on the Plan's website.

Website: The Plan's website (www.csspension.com) is a great place to learn more about how the Plan works and the various options available to you that can help your savings grow according to your own life circumstances. As a member of the Plan, you can also register for myCSSPEN online account access to check your account balance, project your pension and more.

I'm Ready to Retire: This booklet is provided to those members who are approaching retirement. It helps retiring members understand the retirement income options available to them and what options may be best for them. The booklet is also available on the Plan's website.

PENSION PLAN

CSS Pension Plan

Fifth floor, 333 - 3rd Ave. N.

PO Box 1850, Saskatoon, SK S7K 3S2

P: (306) 477-8500 | Toll-free: 1-844-427-7736 | F: (306) 244-1088

E: css@csspension.com | www.csspension.com

Strength in Numbers.