



INFORMATION SHEET

Deferred Pensions

What does it mean to have a deferred pension?

If you terminate employment with all SHEPP employers, you may choose to leave your benefit in SHEPP to receive a pension when you become eligible to retire. This is called a deferred pension. This option is only available if you have at least two years of credited service or continuous service with a SHEPP employer and are not eligible to begin receiving an unreduced pension at the time of termination.

The details of your deferred pension are highlighted in the Annual Pension Statement mailed to you each year. Your Annual Pension Statement can also be accessed and printed by signing in to [SHEPPweb](#).

When am I eligible to begin receiving my deferred pension?

Normal Retirement (unreduced) at age 65

You are eligible to begin receiving your basic lifetime pension on the first day of the month that coincides with or immediately follows your 65th birthday.

The basic lifetime monthly pension amount provided in your Annual Pension Statement is calculated as a Single

Life form of pension guaranteed for five years. If you have a spouse when you retire, you are required by law to choose a Joint Life form of pension where no less than 60% of your pension is payable to your spouse for their lifetime upon your death. Your spouse may waive their entitlement to the Joint Life survivor pension by signing the Spouse's Waiver of 60% Post-Retirement Survivor Benefit.

Approximately three months prior to your 65th birthday, SHEPP will send you a retirement package by mail which includes a number of forms that must be filled out and submitted before your pension can commence. At that time, you will be required to choose a form of pension. The retirement package will include each of the forms of pension available to you—and the associated pension amounts—based on your marital status. Refer to the Retirement Brochure for additional information.

It is important to keep your spousal information up-to-date to ensure you receive accurate pension estimates. Sign in to [SHEPPweb](#) to update your spousal information. Your gross basic lifetime pension amount is shown on your Annual Pension Statement and on your [SHEPPweb](#) homepage. The amount payable will be reduced by the amount of income tax applied to your pension payment.

Early Retirement (reduced) after age 55

You may elect to start your pension payments on a reduced basis as early as age 55 and anytime before age 65. Your deferred basic lifetime pension will be actuarially reduced. Please contact our office or sign in to [SHEPPweb](#) to request an early retirement pension estimate.



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How does SHEPP define a spouse?

Based on pension law a spouse is:

- a person to whom you are legally married at the relevant time; or
- if you are not married, a person with whom you are cohabiting as spouses at the relevant time and who has been cohabiting continuously with you as your spouse for at least one year prior to the relevant time.

With regard to the pre-retirement death benefit, the “relevant time” refers to date of death. With regard to the post-retirement death benefit, the “relevant time” refers to date of retirement.

Can I transfer my money out of SHEPP?

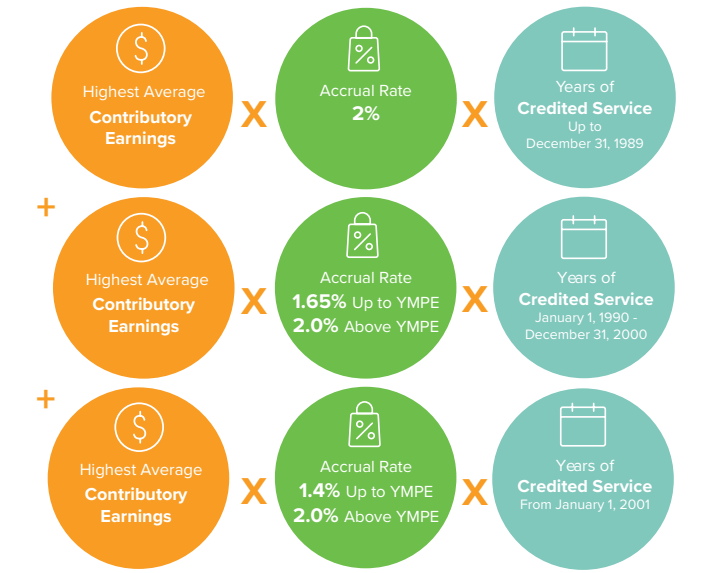
Prior to qualifying for an immediate lifetime pension from the Plan (i.e. before turning age 55), you may choose to cancel your deferred pension and transfer out the commuted value to a Locked-In Retirement Account (LIRA) or to another Canadian Registered Pension Plan. Contact SHEPP for a quote on your pension’s commuted value.

Please note any commuted value payouts over a certain amount will be subject to a transfer deficiency holdback. The Plan’s solvency ratio was 98% as at December 31, 2022. Therefore, SHEPP is required to apply a holdback of 2% to certain termination benefits. The holdback plus interest will be paid to you after five years or sooner if the Plan becomes fully funded in that time. Refer to the Transfer Deficiency Holdbacks Information Sheet for a detailed explanation.

How was my benefit calculated?

Your basic lifetime monthly pension is determined by a formula that takes into consideration your 4-year highest average contributory earnings and years of credited

service at the time of termination. SHEPP’s benefit formula is as follows:



SHEPP Basic Lifetime Pension*

*Gross annual amount, based on Single Life form of pension where payments are guaranteed for five years and the member’s life thereafter.

What happens if I die before I retire?

In the event of your death before retirement, a pre-retirement death benefit is payable to your surviving spouse who may choose to receive either a lump-sum payment equal to the commuted value of your deferred pension, or a monthly lifetime pension equivalent to that commuted value (assuming the monthly pension is greater than the small benefit threshold).

If you do not have a surviving spouse, a lump-sum payment of the commuted value will be paid to your designated beneficiaries or estate. To designate beneficiaries, fill out the Designation of Beneficiary form available on [SHEPPweb](#) and submit to SHEPP.



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What happens if I am re-hired by another SHEPP employer?

If you are re-hired by a SHEPP employer after having elected a deferred SHEPP pension, or before electing a termination benefit by the deadline after your termination, you will have the opportunity to combine your deferred benefit with your active benefit, regardless of how long your break in service is.

What information does SHEPP need from me now that my pension is deferred?

SHEPP periodically sends important information to its members by mail. Keeping your personal and address information up-to-date helps ensure you are getting the information you need to track and manage your deferred pension.

To update your information, sign in to **SHEPPweb**, choose an option from the Tools menu and submit the form online. Your record will be updated accordingly to ensure future correspondence is based on your most current information.