



SHEPPNews

SUMMER 2017

PARTICIPATING EMPLOYER NEWSLETTER

Taking a Look at SHEPP's Service Policy

SHEPP's *Service* policy lays out the rules and guidelines for crediting members with service under the Plan.

Included in this policy is a provision regarding employers who deliberately schedule members the minimum hours required to accrue credited service. SHEPP operates under the expectation that employers will not purposefully disadvantage the Plan. However, a number of cases have arisen in which employers have scheduled an employee to work the minimum amount of hours needed in a month to have that month recognised as credited service. Inflating a member's credited service in such a way deliberately advantages one Plan member to the disadvantage of all other Plan members.

As a result, SHEPP will be monitoring members' employment patterns, and where non-compliance with the policy is suspected, employers will be required to present evidence that the employment pattern has a rationale other than the recognition of credited service. If those conditions are not met, the member will not receive credited service for any months that follow this employment pattern and contributions will be returned.

2016 Annual Report Out Now

With the posting of SHEPP's *2016 Annual Report* this June, one thing is very clear: 2016 was a big year for SHEPP. Not only did the Fund achieve a rate of return of 7.4% ending



2016 with \$6.4 billion in assets, but we also accomplished a number of important tasks in our push for excellence in pension administration.

Last year, SHEPP completed all objectives in the *2014-2016 Strategic Plan* and a number of multi-year projects that have greatly improved the way our organisation runs. An updated *SHEPPWeb* went live last fall which not only looks better, but works better too. On top of that, SHEPP also upgraded its pension administration system which has improved efficiency through the automation of administrative processes.

Find out more about all of SHEPP's achievements in the *2016 Annual Report* available on www.shepp.ca.

Coming to
SHEPPWeb
this fall...

Pensioner & Deferred Member
PORTALS

THANK YOU FOR HOSTING PENSION INFORMATION SESSIONS

SHEPP is committed to providing Plan members with the pension information they need to plan their retirement. Over 300 members attended a pension information session this spring, learning about the Plan's design, contribution rates and more. Thank you for giving us the opportunity to educate members about their pension.

We will be scheduling fall presentations in the coming weeks. If you are interested in scheduling a presentation, please contact:

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Administrative Officer
Email: mleier@shepp.ca
Phone: 306.751.8564



Pensionable Earnings and FTEs Greater than One

SHEPP will soon be auditing its membership to identify members accumulating pensionable hours faster than a full-time equivalent.

Pensionable earnings are defined in SHEPP's *Plan Text* as regular pay types—straight time, vacation, sick, or statutory holiday pay—only. Premium pay types—like overtime or shift differentials—are not pensionable. If those premium pay types are coded improperly as regular earnings, member and employer contributions will be remitted to SHEPP in error for earnings that are not pensionable. Not only does this cause the member and the employer to overpay contributions, but it also causes the member's highest average earnings to increase in error which may incorrectly inflate the member's future pension benefit.

In order to ensure our records are accurate, and that we are following Plan rules and governing legislation, SHEPP regularly conducts Plan member audits. In the coming weeks, SHEPP will be conducting an audit to identify active Plan members who are accumulating pensionable hours at a rate faster than a full-time employee. In some cases, members who are identified in this audit may have had their premium pay types coded improperly as regular pay. The results of this audit will be provided to employers for informational purposes.

In January, SHEPP will again perform this audit but will return any member and employer contributions that were remitted to SHEPP for non-pensionable hours over full-time equivalency at that time. SHEPP appreciates employers' vigilance in ensuring hours are coded correctly to limit the number of cases in which members are making contributions on hours over full-time equivalency.

For more information on members with pensionable earnings greater than one full-time equivalent, refer to the *Pensionable Earnings Greater Than 1 FTE* directive on [SHEPPWeb](#).

Answers to Questions We've Received From You

You asked...

Does SHEPP need to know if a SHEPP member is grieving a termination?

Yes. When a member terminates Plan membership, they are entitled to receive a termination benefit or, if they are eligible to begin receiving a pension, a retirement benefit from the Plan. If a benefit is paid out, the pension is closed and the member can no longer make contributions to that pension.

This is problematic in the case of grieved terminations when the outcome of the grievance could result in the re-instatement of employment or an adjustment to the member's pensionable earnings. If SHEPP is informed that the member is grieving their termination, SHEPP will withhold any payments or transfers

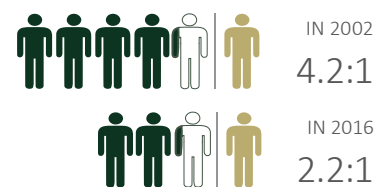
to the member until the grievance is settled. But if SHEPP is not informed, the member may receive a benefit from SHEPP before the grievance is settled. If the member is successful in their grievance and is re-instated as an employee, they will be required to pay back the termination benefit they received from SHEPP in order to continue building their original SHEPP pension. Otherwise, they will be required to begin contributing to a new SHEPP pension.

To avoid this situation, please inform SHEPP of any termination grievances through SecureMail. Refer to the Notice of Termination section in the *Employer Administration* manual for additional information.

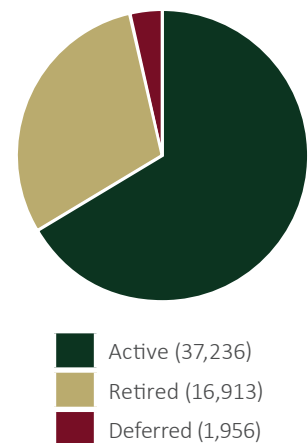
MEMBERSHIP GROWTH
(Between 2006 and 2016)



ACTIVE TO RETIRED MEMBER RATIO



PLAN MEMBERSHIP PROFILE
(as at May 31, 2017)



GOING-CONCERN FUNDED RATIO
(Actuarial valuation as at December 31)

