



# SHEPP

SASKATCHEWAN HEALTHCARE  
EMPLOYEES' PENSION PLAN

*Retired Member Newsletter*



*December 2012*

## SHEPP Funding Status and Contribution Rates

The primary objective of the Board of Trustees is to secure members' benefits. To achieve that objective it is necessary for the Board to carefully monitor the Plan's funded status and, if and when necessary, adjust contribution rates.

In 2011, the SHEPP Fund rate of return was 3.5%, which was above the benchmark return of 2.9% but below the best estimate annual investment return assumed for the year. This means that while the SHEPP Fund outperformed the indices of the markets in which it was invested in 2011, it did not achieve the rate of return expected for the year. All else being equal, when the Fund does not achieve the expected rate of return for a year the difference between the expected return versus the actual return becomes a funding loss. Such funding losses must be recouped by subsequent higher than expected investment returns or by increased contribution rates, or a combination of the two.

As a result of the poor investment return in 2011, the Board of Trustees commissioned the Plan Actuary to perform an actuarial assessment to determine the extent to which the Plan has been able to withstand the 2011 investment under-performance and will be able to withstand similar under-performance over the next four years. The Board of Trustees is concerned that Plan funding be managed carefully in order to stabilize contribution rates as much as possible.

Based on the results of the December 31, 2011 actuarial assessment, the Plan Actuary has recommended to the Board of Trustees that contribution rates be increased for all active Plan members effective January 2014. In accordance with the terms of the SHEPP Trust Agreement the Board of Trustees has approved the recommendation of the Plan Actuary. Although contribution rates will be increased for all active Plan members, this increase does not have an impact on the monthly pension benefit you receive as a retired SHEPP member.

### Contribution Rates

Active members of the Plan are contributing to the Plan at much higher rates than those paid by previous generations of Plan members for the same level of benefit. This is due to a number of factors including longer member life expectancies; lower interest rates; and the significant decline in the market value of the Plan's assets during the financial crisis of 2008 - 2009 from which we continue to recover.

**Table 1** compares the member contribution rates that were in effect in 2000 against the contribution rates coming into effect January 2014.

Year	2000	2014
Active member contribution rate on pensionable earnings up to the YMPE	4.0%	8.1%
Active member contribution rate on pensionable earnings above the YMPE	5.5%	10.7%

YMPE is the Year's Maximum Pensionable Earnings under the Canada Pension Plan. The 2013 YMPE is \$51,100.

### We are moving!

Effective  
December 17, 2012  
our new address will  
be:



**Suite 201 - 4581 Parliament Ave  
Regina, SK S4W 0G3**

Our phone numbers will remain as:

Toll Free: 1.866.394.4440  
Phone: 306.751.8300 (in Regina)  
Fax: 306.751.8301  
E-mail: [sheppinfo@shepp.ca](mailto:sheppinfo@shepp.ca)  
Website: [www.shepp.ca](http://www.shepp.ca)

We look forward to serving you from our new location soon.



**Table 2** illustrates how much more a member will contribute in a year based upon the 2014 contribution rates versus the 2000 contribution rates using the 2013 YMPE.

Year	Member Contributions for a Year at 2000 Rate	Member Contributions for a Year at 2014 Rate
Member earns \$40,000 in year	\$1,600.00	\$3,240.00
Member earns \$55,000 in year	\$2,258.50	\$4,556.40

## Facts on Income Tax

Don't forget that the pension benefit you are receiving is taxable income. This means that tax will be deducted from your SHEPP monthly pension. How much tax is deducted will depend on the government tax tables, as well as other information.

SHEPP is required to deduct tax from your monthly pension benefit if it exceeds prescribed levels. However, you may be able to arrange for less tax to be deducted if you are eligible for federal or provincial tax credits. To inform us about any tax credits you may be eligible for, send us a completed federal and provincial (for the province you reside in) TD1 form.

You can also use the TD1 form if you want to have more tax deducted from your pension. If this is the case, please ensure that you specify the amount of the extra tax that you would like taken from your pension over and above any tax that would normally be deducted as required.

## Important Reminders

### Address Changes

Moving to a new address? Don't forget to contact our office either by phone at 306.751.8300 (in Regina) or toll free at 1.866.394.4440; or by e-mail at sheppinfo@shepp.ca to let us know. This will ensure that you receive your T4A and other SHEPP mail in a timely manner.

### Banking Information

For security reasons, changes to your banking information must be made in writing. To update your account information, please send us a letter or fax with the new information and your signature.

### Your Beneficiary

Make sure you review your beneficiary designation regularly and notify us if there has been a change in your family or marital status, or your circumstances otherwise change. This will ensure any death benefit is paid according to your wishes. Contact a Pension Officer at 306.751.8300 (in Regina) or toll free at 1.866.394.4440 for more information about your designated beneficiary.

## 2013 Pension Payment Schedule



Thursday	January 31
Thursday	February 28
Thursday	March 28
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 31

## 2013 Board of Trustees

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