



What happens to my pension if my employment circumstance changes?

If your employment circumstance changes or your employment is terminated at the decision of you or your employer, the impact on your pension and options available to you will depend on the type of circumstance (i.e. reduced hours, layoff, termination or retirement) and the benefit you are eligible for on that date.

Keep in mind, as long as you continue to be employed by at least one SHEPP employer, your membership in the Plan continues, even if your hours are reduced or you are laid off. Termination and retirement benefits are only applicable if you stop working for all of your SHEPP employers.

Reduced Hours

As long as you continue to earn credited service each month (i.e. make contributions to SHEPP and have at least three hours of paid employment), and it occurs for a short period of time in a year other than one of your four highest earning years, reduced hours will have very little impact on your pension amount.

The Rule of 80 date projected on your Annual Pension Statement assumes you will continue to earn credited service every month until that date. If you do not earn credited service every month (e.g. you do not have any paid employment in one or multiple calendar months) your Rule of 80 date will be pushed into the future.

At any time prior to retirement while still an active member of SHEPP, you may choose to purchase those months on a prior service basis. This would effectively restore your Rule of 80 date to what it was prior to the reduction in hours that resulted in uncredited months of service. Refer to the *Prior Service Purchase* Information Sheet.

If you expect to be working reduced hours for a prolonged period of time it could have an impact on your pension amount. Please contact SHEPP to discuss the potential impact.

Layoff

During a layoff you will not earn credited service as neither member nor employer contributions are remitted during a layoff period. Your early retirement eligibility and pension amount are determined by your years of credited service, so a layoff period can affect when you are eligible to retire

(specifically your Rule of 80 date) and how much your pension will be.

Unlike an approved unpaid leave of absence, layoff periods are not available for current service purchase. In other words, you cannot choose to voluntarily make yours and your employer's contributions during a layoff period in order to continue earning credited service. However, you may choose to purchase the layoff period on a prior service basis upon your return to work.

The Rule of 80 date projected on your Annual Pension Statement assumes you will continue to earn credited service every month until that date. If you do not earn credited service every month (e.g. you've been laid off for a period greater than one month) your Rule of 80 date will be pushed into the future.

Choosing to purchase that period of layoff on a prior service basis can effectively restore your Rule of 80 date to what it was before you were laid off. Refer to the *Prior Service Purchase* Information Sheet.

Termination or Resignation (not yet eligible for an unreduced pension)

If your employment and Plan membership are terminated before you are eligible to retire, your termination benefit and your options will depend on your years of service. Refer to the *Termination* Information Sheet.

Termination or Resignation/Retirement (already eligible for an unreduced pension)

If you are eligible for an unreduced pension from SHEPP when your employment and Plan membership are terminated, you are entitled to a monthly pension benefit commencing the first of the month following your termination date. Refer to the *Retirement* Information Sheet.

Termination with Severance

If you receive a lump-sum severance upon termination of employment, that lump-sum payment is not pensionable. This means you will not make any contributions to the Plan for those earnings, and they will not be included in the eligible earnings used to calculate your pension benefit.



How do I find out what I'm entitled to?

If your employment is terminated, SHEPP will receive a notice of your termination from your employer.

- If you are eligible to retire with an unreduced pension, SHEPP will mail you a retirement package that shows the pension benefit you are entitled to, the options available to you and all of the necessary forms to complete the application to begin receiving your pension.
- If you are entitled to a termination benefit, SHEPP will mail you a statement within 90 days of your termination date that shows the amount of your benefit and what options are available to you.

What are the termination benefits under the Plan?

Termination With Less Than Two Years of Service

If you have less than two years of credited service and have not completed two years of continuous service, you will have up to 18 months to choose one of the following options:

- Take a refund of your own contributions, with interest. Income tax will be withheld, and the payment is taxable income for the year in which it is received; or
- Transfer your contributions, with interest, to a Registered Retirement Savings Plan (RRSP) or to another Canadian Registered Pension Plan (RPP), provided the plan accepts the transfer. No income tax will be withheld.

Termination With More Than Two Years of Service

If you have at least two years of continuous or credited service but are not eligible to receive an unreduced pension, you will have up to 18 months to choose one of the following options:

- Leave your benefits in SHEPP to pay you a pension at age 65, or as early as age 55 if you are willing to accept an actuarially reduced pension; or
- Transfer the commuted value of your deferred pension payable at age 65 out of SHEPP providing your employment ends before you are eligible for an

unreduced pension. The commuted value may be transferred to your personal Locked-In Retirement Account (LIRA) or to another Canadian Registered Pension Plan, provided the plan accepts the transfer. If you choose this option, any portability or prior service contributions you have made will also be transferred out of the Plan with interest. Commuted value transfers that exceed a certain amount are subject to a transfer deficiency holdback.



In 2019, lump sum termination benefits greater than \$11,480 are subject to a transfer deficiency holdback.

For more information refer to the *Commuted Value Transfer* or the *Transfer Deficiency Holdback* Information Sheet available at www.shepp.ca.

What happens if I am rehired by my employer or employed by another participating SHEPP employer?

If you have terminated employment and are entitled to a termination benefit, you may defer the election of your termination benefit for up to:

- 18 months following your date of termination; or
- if you were on a layoff on your date of termination, until 18 months from your date of layoff or six months from date of termination (whichever is later).

If you become employed by a SHEPP employer and meet the Plan's eligibility requirements prior to making an election within the above time period, you will no longer be entitled to a termination benefit under the Plan. You will be re-enrolled in the Plan and required to transfer your contributions and service to your new employer. By transferring your contributions and service, you can continue to build your pension despite a change in employers.

In the event you reach the deadline date without having made a termination benefit election, you become ineligible to transfer between participating employers upon subsequent enrolment in the Plan. You will be required to elect a termination benefit.