The Pension Plan

Established in 1962, the Saskatchewan Healthcare Employees’ Pension Plan (SHEPP) has grown into the largest defined benefit pension plan in Saskatchewan and the only industry-wide pension plan serving the healthcare sector. SHEPP is a multi-employer defined benefit pension plan with 48 participating employers and over 61,000 members either receiving or entitled to a pension benefit under the Plan today.

The Plan is jointly trusteeed, with equal representation from employers and employees, at the Partner Committee level and the Board of Trustees. SHEPP is governed by the Agreement and Declaration of Trust and administered in compliance with the Plan Text, the Pension Benefits Act, 1992 (Saskatchewan) and the Income Tax Act (Canada).

SHEPP has 65 employees located in our Regina office.

The Plan is funded by contributions from Plan members and participating employers, and by the investment earnings of the Plan’s assets.

Investments

Securing the benefits promised to members is a top priority of SHEPP’s Board of Trustees, followed closely by stabilising contribution rates. To accomplish this, the Board employs a prudent investment policy focused on earning sufficient returns without excessive risk and volatility. SHEPP’s assets are invested in accordance with the provisions of the Pension Benefits Act, 1992 (Saskatchewan) and the Board of Trustees’ investment objectives and philosophy, which are set out in its Statement of Investment Policies and Procedures.

Funded Status

The last valuation was completed as of December 31, 2021, and showed a decrease in the going-concern deficit and an improvement in the Plan’s funded status. Strong investment performance enabled the Plan to decrease the overall going-concern unfunded liability from $268 million in the 2020 valuation to $223 million in the 2021 valuation. The remaining deficit, which is in large part due to the poor investment performance in 2008, must be funded by 2025.

The valuation results also indicated that no new unfunded liability was incurred since 2010 meaning current temporary contributions can continue to go towards...
This document is being provided for information only, and does not replace the terms of the Plan Text. While every effort has been made to ensure the contents are accurate, the terms of the Plan Text will prevail if this document conflicts with any of the Plan Text provisions.

Plan At-A-Glance

paying this deficit within the specified time period, and the combined member and employer contribution rate required to meet the going-concern funding requirements of the Plan can remain at 18.3% of payroll.

An actuarial valuation must be filed at least every three years.

Eligible Employees

Membership in the Plan is mandatory if you work as a permanent full-time or permanent part-time employee of a SHEPP participating employer. Casual and temporary employees become eligible to join SHEPP:

- by working at least 780 hours in the immediately preceding calendar year; or
- by working at least 700 hours in each of the two immediately preceding calendar years.

Once enrolled in the Plan, membership continues until employment has been terminated with all SHEPP employers.

Pension Benefit

In a defined benefit pension plan like SHEPP, members receive a monthly pension for the rest of their life following retirement. Their pension amount is determined by a formula that takes into consideration their 4-year highest average contributory earnings and years of credited service. This means as their eligible earnings and service grow, so does their pension.

SHEPP’s basic lifetime pension is calculated using this formula:

\[
\text{SHEPP Basic Lifetime Pension} = (\text{Highest Average Contributory Earnings}) \times (\text{Accrual Rate}) \times (\text{Years of Credited Service})
\]

Member & Employer Contribution Rates

Member contributions to SHEPP are tax deductible and made only on pensionable earnings, which is essentially regular pay and does not include overtime. Contributions are limited based on the maximum pensionable earnings limit in the Plan, which is $195,313.50 in 2023.

**Member & Employer Contribution Rates**

<table>
<thead>
<tr>
<th>Pensionable Earnings</th>
<th>Member</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; YMPE*</td>
<td>8.1%</td>
<td>9.07%</td>
</tr>
<tr>
<td>&gt; YMPE*</td>
<td>10.7%</td>
<td>11.98%</td>
</tr>
</tbody>
</table>

*The Year’s Maximum Pensionable Earnings (YMPE) is $66,600 in 2023.
Plan At-A-Glance

Retirement Eligibility
Members become eligible to retire at different milestones, and the pension they are entitled to depends on which milestone they have reached when they choose to retire.

Normal Retirement:
At age 65 members become eligible to retire with a basic lifetime pension.

Early Retirement (Unreduced):
When a member’s age plus years of credited service total 80 or more, they become eligible to retire (earlier than age 65) with an unreduced basic lifetime pension, plus a bridge benefit paid to them from retirement to age 65.

Early Retirement (Reduced):
You can retire early with a reduced pension any time after age 55 with at least two years of service. The reduction applied to your basic lifetime pension depends on your years of continuous or credited service.

Postponed Retirement:
On December 1 of the year a member turns 71, they must begin collecting a basic lifetime pension, even if they continue to work past that date.

Portability and Service Purchases
SHEPP offers portability transfer and service purchase options to active Plan members. This provides members the opportunity to voluntarily transfer eligible service credits from a former employer’s pension plan, or purchase eligible prior or current service in SHEPP, for the purpose of increasing their pension benefit and qualifying for early retirement with an unreduced pension sooner.

Combining Active and Deferred Memberships
If you have an active and deferred membership with SHEPP, you have the opportunity to combine all of your service and earnings to determine your SHEPP benefit and your eligibility to receive that benefit.

Disability
Members who are eligible for SHEPP-approved disability status will continue to earn credited service and build their pension throughout the approved disability period, even though no member or employer contributions are payable to the Plan.

Leaving the Plan
Upon termination of employment from all SHEPP participating employers, members who are not yet eligible for an unreduced pension and are under age 55 will receive a termination benefit. The benefit payable will depend upon their years of service and may include the option to defer their basic lifetime pension or transfer their benefit out of the Plan.

Upon a member’s death, a death benefit may be payable to the surviving spouse, and if no spouse, the beneficiaries or estate.