



SHEPP GRANTED EXEMPTION FROM THE TEMPORARY SUSPENSION OF COMMUTED VALUE LUMP SUM TRANSFERS

SHEPP was recently notified by the Financial and Consumer Affairs Authority of Saskatchewan (FCAA), that commuted value lump sum transfers out of the Plan will be exempt from the temporary suspension that was implemented on April 16, 2020. SHEPP has already begun processing the previously suspended transfers and kindly requests your patience while we work through them as we anticipate it may take an additional 2-3 weeks.

TRANSFER DEFICIENCY HOLDBACKS

Members who were informed that a Transfer Deficiency Holdback would be applied to their CV transfer will see an increase to the holdback amount. While the exemption was granted, allowing these payments to proceed, the exemption stipulates that the commuted value transfers processed after the suspension was implemented must apply a current Transfer Deficiency Holdback rate to reflect the Plan's solvency ratio as of April 30, 2020. This means SHEPP must now apply a holdback of 36% to CV transfers instead of the 29% communicated previously. The holdback will be paid, with interest, five years from the initial transfer or when the Plan becomes fully funded, whichever occurs first.

Other benefit payments and transfers of funds that did not have a holdback applied will resume without change (e.g. death benefits, SRB division).

For more information, refer to the [Commuted Value Transfer](#) and [Transfer Deficiency Holdback](#) Information Sheets at www.shepp.ca.

If you are expecting a commuted value transfer from the Plan and have any questions, please contact SHEPP by email at sheppinfo@shepp.ca or by phone toll-free at 1.866.394.4440 or 306.751.8300 in Regina.

BACKGROUND

On April 16, 2020 the FCAA, the regulatory body for pension plans like SHEPP, implemented a temporary freeze on lump sum payments from defined benefit pension plans to help to protect the interest of pension plan members and beneficiaries and to allow administrators to focus their efforts on addressing the many challenges posed by the COVID-19 crisis. While the temporary measure did not affect pensioners or the majority of our members, SHEPP requested an exemption. After careful consideration of the Plan's financial position, which remains robust despite the recent market turbulence, SHEPP is confident that ordinary commuted value transfers can continue, without any adverse impact on the funded status of the Plan or the benefit security of SHEPP's members.