



SHEPPNews

SPRING 2020

ACTIVE MEMBER NEWSLETTER

Your Pension Will Be Here When You Need It

As the COVID-19 situation continues to impact all aspects of our lives, we want to reassure you and our nearly 60,000 SHEPP members that your pension will be here for you when you need it.

SHEPP is a defined benefit plan

With defined benefit (DB) plans like SHEPP, investments are pooled and invested for all members. This means that the Plan bears the investment risk rather than you as an individual member. This is very different from a defined contribution plan, where a member's retirement account is directly impacted by investment performance.

At SHEPP, a formula is used to calculate your lifetime pension benefit. The formula is based on your eligible earnings and credited service in the Plan.

The Plan has built a solid foundation

The Board of Trustees (the Board) and SHEPP Administration have been working hard to position the Plan to withstand turbulent times like the one we find ourselves in today.

SHEPP's Fund is well diversified. It's made up of a variety of asset classes which includes equities, fixed income, real estate and infrastructure. Over the past few years, the Board has taken steps to reduce the Fund's exposure to equity markets reducing the impact in a downturn.

As a DB plan, SHEPP has a time horizon of 50 plus years. Therefore, we take a long-term view in investing and funding the Plan. While the Plan's assets will decline with a significant market downturn, we are positioned to maintain our long-term strategy and look for opportunities as the market stabilises and rebounds.

The primary objectives of the Board's Funding Policy are to secure benefits and stabilise contributions. Fortunately, SHEPP came into this volatile period on solid footing in terms of meeting these objectives and our long-term obligations. Over the past 10 years, we've

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THANK YOU TO OUR MEMBERS

Right now, many of you are working on the frontlines in our healthcare system across Saskatchewan.

Whether you're caring for patients in our hospitals or long-term care homes, or supporting those who do, we recognise your dedication and commitment in these challenging times. Your work is essential and impacts the lives of so many patients and their families. All of us at SHEPP want to express our appreciation and gratitude for everything you've done and continue to do.



As we all make our way through this, we ask you to take care and stay safe.

RETIREMENT AHEAD PRESENTATIONS POSTPONED

SHEPP's member presentations have been postponed until further notice due to the government's ongoing order to limit public gatherings. Be sure to check the SHEPP website for updates.

In the meantime, if you're planning to retire within the next six months, refer to the Pre-Retirement section on the website or contact SHEPP by email or phone for assistance.



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experienced strong investment returns – over 9% per year and have built a margin to help cushion the Plan in volatile markets.

We're all in this together

While you continue to focus on caring for the health and well-being of the people in our province, we at SHEPP remain focused on taking steps to ensure the Plan remains healthy for years to come.

REVIEW YOUR PENSION STATEMENT TODAY



Be sure to review your 2019 Annual Pension Statement. We've updated the Spouse and/or Designated Beneficiaries section so it's now easier to know who you have on file.

Unsure what a term means? Refer to the back of your statement for a detailed explanation. If you have questions, email or call us.

A Word of Caution

Members who've gone through a spousal relationship breakdown may not always tie-up loose ends – which may impact those they love most.

One scenario that pops up from time to time is this: A member separates from their legally married spouse, but they don't legally divorce. The member then goes on to meet someone new and ends up living with their new partner. After a year of living together, they're considered common-law. While the member may believe their common-law spouse or children will be entitled to the death benefit, that may not be the case. It may very well be their legal spouse rather than their common-law spouse who receives the benefit if they pass away before their retirement.

How can I get this fixed?

Contact SHEPP's Member Services and we'll guide you through the process.

A Closer Look: Understanding Designated Beneficiaries

As you know, life can be unpredictable. Yet, many members don't fully understand how SHEPP's pre-retirement death benefit works. To address this, here is an overview on how the benefit works and who would receive it. Plus, your Annual Pension Statement has been updated to list your spouse, if applicable, and any designated beneficiaries on file, making it much easier to review.

How the pre-retirement death benefit works

If you are married or in a common-law relationship, your spouse is automatically entitled to the benefit payable on your death prior to retirement, regardless of your beneficiary designation(s). In Saskatchewan, pension legislation entitles the spouse to be the sole recipient of a death benefit paid from a pension plan – unless the spouse has signed a spousal waiver*.

Let's say Sandra is separated from her husband, Dave, and recently added her two teenage children as primary beneficiaries. Then, Sandra suddenly passes away. Because Dave was Sandra's legal spouse on the date of her death, he would be entitled to the pre-retirement death benefit.

Why should you designate beneficiaries?

If you have a spouse, it is still beneficial to designate beneficiaries. The reason for doing so is that if something happens to your spouse, either they pass away prior to or at the same time as your death (e.g. in a car accident), then your designated beneficiaries would be entitled to the pre-retirement death benefit.

If you don't have a spouse or your spouse has waived their entitlement, then your designated beneficiaries are entitled to the pre-retirement death benefit. For example, if you are single, legally divorced or a widow, you may choose to have your children or others listed as your designated beneficiaries.

Ways to add/update designated beneficiaries

It's important to review Section 5: Spouse and/or Designated Beneficiaries on your statement to ensure it's up to date. If you wish to add beneficiaries, there are a couple of ways to do so:

1. **Log into SHEPPWeb.** Select Designated Beneficiaries from web SERVICES on the left side and fill out the form. Call us if you need assistance.
2. **Go to the SHEPP website.** In the quick LINKS section on the left side, click on Forms. Select Member Forms and then *Designation of Beneficiary* form. Complete the form online. Then print, date, sign it with a witness on hand and then mail to SHEPP.

*For more information on spousal waivers or the topic of beneficiaries, read SHEPP's *Designation of a Beneficiary (Pre-Retirement)* Information Sheet on www.shepp.ca.

If you need further assistance on designating beneficiaries, contact Member Services.



The terms of the Plan Text will apply in the event this article conflicts with any of the Plan provisions.

