



SHEPP

SASKATCHEWAN HEALTHCARE
EMPLOYEES' PENSION PLAN

Deferred Member News



March 2015

Ensure Your Beneficiary and Spousal Information Is Correct

SHEPP defines a spouse as the person you are married to or if you are not legally married, a person who is living with you, as a spouse, continuously for at least one year prior to the date a determination is required. This definition is important because your spouse has certain legal rights with regard to your pension, including death benefits, regardless of who your designated beneficiaries are. Your spouse may waive their entitlement by signing the appropriate waiver. For more information, visit www.shepp.ca.

Review the beneficiary and spousal information on your annual statement and contact SHEPP to make changes.

SHEPP's Funded Status Has Improved

The SHEPP Board of Trustees has approved and filed with the provincial regulator the December 31, 2013 actuarial valuation of the Plan. Strong investment performance over the past two years has enabled the Plan to decrease the overall going-concern unfunded liability from \$741 million in the 2010 valuation to \$621 million in the 2013 valuation. The remaining deficit, which is in large part due to: the poor investment performance in 2008 and 2011; lower than average interest rates over the past several years; and longer life expectancies, must be funded by 2025.

SHEPP is permanently exempt from having to fund on a solvency basis, however a solvency valuation must be completed to determine the solvency ratio used in calculating current transfer deficiency holdbacks. The valuation determined that the Plan's assets are 27% less than the liabilities on a solvency basis, therefore effective September 30, 2014 members who choose to transfer the commuted value of their deferred pension out of the Plan, prior to retirement, will have a 27% transfer deficiency holdback applied for five years following the date of initial lump-sum benefit payment from SHEPP. SHEPP will pay the holdback plus applicable interest within five years of the initial transfer or when the Plan becomes fully funded (whichever occurs first).



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Plan Text Restated to Ensure Consistency and Compliance

The terms upon which SHEPP pays pension benefits are set out in a formal legal document called the “Plan Text”. This document is regularly amended, and from time to time it is formally “restated” to incorporate all of the amendments made to date, to eliminate obsolete provisions and to clarify its wording. SHEPP’s Board of Trustees recently approved a restated Plan Text which came into effect January 1, 2015. The following are changes contained in the restated Plan Text which may impact certain members with a deferred pension:

- **Retroactive applications for pension benefits will not be accepted if more than two months past retirement date.**

If your completed application forms are received beyond the two month window, your pension benefit will commence on a go forward basis and no retroactive payments will be issued. For example, if you wish to commence your pension January 1, 2016, SHEPP must receive your completed pension application forms on or before March 1, 2016 in order to process with retroactive payments back to January 1st. If received after March 1, 2016, your pension will be paid on a go forward basis only.

- When a pre-retirement death benefit is payable to a spouse, they may now choose to receive either a lump-sum payment of the commuted value or a monthly lifetime pension, the actuarial value of which is equal to the commuted value. Previously their only option was to elect a lump-sum payment of the commuted value.
- If a spousal relationship breakdown occurs post-retirement, the Joint Life form of pension can be converted to a Single Life form of pension on a go forward basis, even if no division of the pension occurs. Previously the pension could only be converted if a division of the pension occurred.

