



SHEPPnews

Active Member Newsletter

FALL 2020



Thank You!

We see you, our healthcare heroes, and we thank you. Thank you for the tireless dedication and selfless efforts you have made throughout this unprecedented time.

Your work is essential and here at SHEPP, we want to reassure you, that while you continue working hard, your pension is in good hands.



Stay Connected

As we continue to navigate through these uncertain times, SHEPP is committed to providing online solutions to connect with you. Log in to **SHEPPweb** at www.shepp.ca to watch the Retirement Ahead presentation. Also, stay tuned for live webinars coming in 2021.



New Look, Same SHEPP

Don't worry, we're still the same SHEPP, we just have a new look. You can still expect the same exceptional member service that you have come to know and deserve.

What are retirement milestones?

Deciding when to retire is a personal decision. At SHEPP, we want to help you make an informed decision, as you are eligible to retire when you reach any of the milestones below.



Early Retirement (reduced pension)

Age 55 with at least 2 years of service

You can retire with an unreduced basic lifetime pension as soon as your age and years of credited service add up to 80 or more. You will also be eligible to receive a bridge benefit, payable from retirement to age 65.

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 continuous service.

Early Retirement (unreduced pension)

Age + credited service = 80 years



Normal Retirement

Age 65

You must begin collecting your basic lifetime pension by December 1 of the year in which you turn 71. However, you are not required to terminate your employment.

You can retire with an unreduced basic lifetime pension as of the first day of the month that coincides with or immediately follows your 65th birthday.

Postponed Retirement

December 1 of the year you turn 71



It is important to keep in mind that SHEPP is a defined benefit plan, meaning your pension is determined by a formula based on your highest average contributory earnings and years of credited service. All else being equal, this means that as your eligible earnings and service grow, so does your pension. Some members choose to work past their early and/or normal retirement date in order to increase the



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amount of their basic lifetime pension. However, by December 1 of the year you turn 71, you can no longer contribute to the Plan. Although you can keep working, you must begin collecting your pension at this time.

Your early (Rule of 80) and normal (age 65) milestone dates and estimated pension on those dates is included in the Annual Pension statement mailed to you each spring. You can also try out the Pension Projection Calculator on [SHEPPweb](#) to run pension projections under endless retirement scenarios and see the estimated pension amount for each. It is a great tool to help you choose your retirement date.



Example

Judy is age 52 with 16 years of credited service. Her birthday is October 12. Assuming that she continues to accrue credited service each month until each milestone and her annual earnings remain the same at approximately \$43,000, let's review her potential retirement scenarios:

Early Retirement (reduced pension)

Judy is eligible to retire with a reduced pension on November 1, 2023 following her 55th birthday. Her estimated monthly lifetime pension would be **\$822**.

Early Retirement (unreduced pension)

Judy will achieve her Rule of 80 on June 1, 2026, when her age (57.5) plus her years of credited service (22.5) total 80. Her estimated monthly pension on this date would be **\$1,574**, which includes her basic lifetime pension and the bridge benefit until age 65. After age 65, her estimated monthly lifetime pension would be **\$1,093**.

Normal Retirement

Judy is eligible to retire with an unreduced pension on November 1, 2033 following her 65th birthday. Her estimated monthly lifetime pension would be **\$1,446**.

Postponed Retirement

Judy must begin collecting her basic lifetime pension no later than December 1, 2039 in the year she turns 71. Her estimated monthly lifetime pension on this date would be **\$1,737**.



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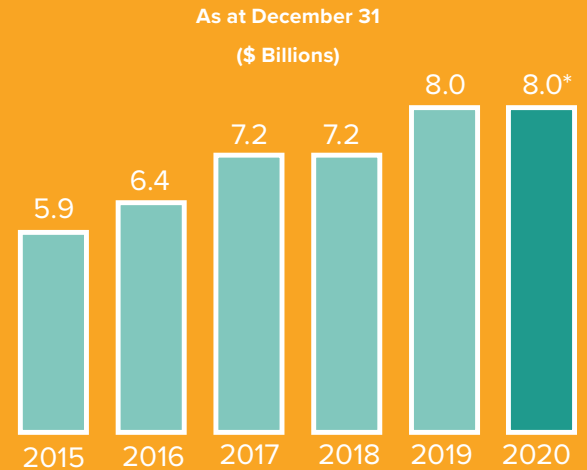
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Financial Update

While the pandemic had a significant impact on markets earlier this year, they have made a rebound. SHEPP continues to focus on our funding strategy, including long-term Plan sustainability. This strategy has provided a solid foundation for your pension. The one-year rate of return as of June 30, 2020 was 3.4%, bringing the total value of the Fund to approximately \$8.0 billion.

Net Assets Available For Benefits



*As at June 30

SHEPP's funded status has also improved for the fifth consecutive time based on its latest valuation as at December 31, 2019, with the unfunded liability reduced by \$35 million.

96% funded



What does all of this mean to you?

- ✓ Your contribution rates remain unchanged - stable since 2014.
- ✓ Your pension is in good hands.

Want more information?

- ✓ Visit www.shepp.ca for information on our Valuation Summary and Annual Report.

Coming Soon!

We want to hear from you! SHEPP will be reaching out to members via a survey in 2021. Stay tuned for more information on how you can participate!