



SHEPP

SASKATCHEWAN HEALTHCARE
EMPLOYEES' PENSION PLAN

BOARD EDUCATION DAY SUMMARY

April 8, 2014

Board of Trustees' Education Day

On April 8, 2014, the Board of Trustees conducted its fourth Board Education Day which is dedicated to Trustee training and learning in areas identified by the Board.

Topics are determined through an annual Trustee assessment in which the Board evaluates its knowledge in 11 areas related to pension plan administration and pension fund investment. Based on the combined assessments, training and learning sessions are developed and delivered.

The Trustees were pleased to extend an invitation to the event to both the Union Partner Committee and Employer Partner Committee members.

This year's agenda included the following four topics:

1. Fiduciary Duty Review

The Plan solicitor reviewed:

- The Plan's governance structure established under the SHEPP Trust Agreement;
- The duties and responsibilities of the Trustees as set out in the SHEPP Trust Agreement;
- The rights of the Partner Committees set out in the Trust Agreement; and
- The Trustees' Fiduciary duties as set out in the *Saskatchewan Pension Benefits Act*.

The Plan solicitor also facilitated the Trustees' annual review of the Board's Code of Conduct and Conflict of Interest Policy.

2. SHEPP's Funding Beliefs

The Plan actuary led the Board in a thoughtful discussion regarding pension risk management and the challenges and opportunities the Plan might face in the future which will likely have an impact on the funding beliefs of the Plan. In this session the Board considered the Plan's longevity risk of having members retiring with increasing life expectancies; the potential for members to draw a pension benefit for a longer time period than they contributed into the Plan; and the extent to which the Trustees may be called upon to consider benefits options and other risk management strategies.

3. SHEPP's Investment Beliefs

The Board of Trustees reviewed and discussed the importance of having a Statement of Investment Beliefs which sets out principles of how Plan assets are invested. It considered a variety of current and potential beliefs and identified how this statement works with the funding policy to provide a framework for decision making which is effective and consistent.

4. Risk Budgeting and Creating Diversity

The Board of Trustees reviewed and discussed a framework for developing a risk budget and how identification and classification of the level of risk the Board and other important stakeholders are comfortable with can aid in the development of strategies which can contribute to the long-term health of the Plan. The Board also discussed how diversification within the asset base of the Fund can help lower risk and considered how hedge fund strategies can contribute to diversification.

The next regular meeting of the Board will be held on June 2 & 3, 2014.