



DEFERRED MEMBER NEWSLETTER

SHEPPNews

SPRING 2020

Your SHEPP Pension: There When You Need It

As the COVID-19 situation continues to impact all aspects of our lives, we want to reassure you that your deferred pension will be there when you need it.

SHEPP is a defined benefit plan

When your employment ended with your previous SHEPP employer, your pension was calculated based on the eligible earnings and credited service you had accumulated. This is what we refer to as your deferred pension. It's payable for your lifetime once you turn 65. And the amount will not change, even with fluctuations in the market.

Also, 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 SHEPP members.

The Plan operates from 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 and made up of a variety of asset classes. 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.
- The Board and Administration regularly monitor the funded status of the Plan which improved to 96% on a going-concern basis in the last valuation (as at December 31, 2018).
- And finally, over the past 10 years, we've experienced strong investment returns – over 9% per year and have built a margin to help cushion the Plan in volatile markets.

Everyone at SHEPP remains focused on taking steps to ensure the Plan remains healthy for years to come. We hope you are taking care and staying safe.



HAVE YOU TRIED SHEPPWeb YET?

Like other SHEPP members, you too can access SHEPPWeb anytime.

This secure online tool allows you to access your recent Annual Pension Statement online, update your personal information, if required, and request a pension estimate if you are considering retiring earlier than age 65.



Unsure how to log in?

To access the member portal, go to www.shepp.ca and you'll see the SHEPPWeb login button on the right side of the web page. Click on LOGIN NOW to be directed to the secure login page. You will need to enter your username and password.

What is my username?

Your username is your SHEPP Member ID, which is found on the first page of your enclosed Annual Pension Statement.

What is my password?

If you've never logged in to SHEPPWeb before, you'll need a temporary password. To get one, call SHEPP during business hours and we'll provide you with a temporary password over the phone.



Out of Sight, Out of Mind: Don't Forget You Have a Pension with SHEPP

Be sure to review your annual statement every year and keep your information up to date

Even though you're no longer contributing to SHEPP, we want to remind you about your deferred pension so that's why we're sending you an Annual Pension Statement. Whatever the monthly amount may be, you'll receive a lifetime pension benefit starting at age 65.

When you add this monthly lifetime benefit from SHEPP to your other retirement income sources, such as the Canada Pension Plan and Old Age Security, it all adds up.

Pay close attention to these sections on your statement:

1. Your personal information

Take a close look at your statement to ensure that your personal information is correct, including your name and birth date. If you need to update your personal information, you can use [SHEPPWeb](#) or contact us by email or phone.

2. Your normal retirement pension benefit

For deferred members like you, your basic lifetime monthly pension amount was determined when you terminated your employment. You have the option of waiting until age 65 to receive the unreduced pension amount, or you may consider one of the other options outlined on your statement.

As with any complex financial decision, you may want to consult a qualified adviser. To learn more about your deferred pension options, refer to the *Deferred Pension Information Sheet* on www.shepp.ca.

3. Your spouse and/or designated beneficiaries

We've made some positive changes in section 3 to make things easier. Now, your spouse, if applicable, and/or designated beneficiaries are listed in one place making it simple to see who you have on file.

Keeping this section up to date is important in case you should die prior to receiving your deferred SHEPP pension.

Are You Turning 65 This Year?



A very happy birthday to you if you're celebrating your 65th birthday this year. As you approach this milestone, SHEPP will automatically send you forms so you can start collecting your SHEPP pension. But, if we don't have

your current address on file, we won't be able to send you these forms. That's why it's important to keep your address information up to date.

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). 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*. If you don't have a spouse, or they've waived their right, then the pre-retirement death benefit would be payable to your designated beneficiaries.

Why you should designate beneficiaries: Whether you have a spouse or not, it's a good idea to designate beneficiaries. For example, if your spouse passes away prior to you or at the same time as your death (e.g. in a car accident), then your designated beneficiaries would be entitled to your pre-retirement death benefit.

We've also included the names of your current designated beneficiaries – this includes primary and contingent beneficiaries along with a designated trustee, if you've listed minor beneficiaries.

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

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.

