SHEPPNews

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ACTIVE MEMBER NEWSLETTER

How well do you know your pension?

Five reasons your SHEPP pension is a valuable part of your future financial security

It's tough to turn on the news lately and not hear about retirement income adequacy. This may leave you wondering about your own future and financial security. There are certainly many things to consider, but the fact that you have a pension puts you at a significant advantage. As a member of SHEPP, you can look forward to retirement knowing that throughout your career you are building secure retirement income that will last your lifetime.

Here are just some of the valuable benefits your pension provides:

Your employer shares the cost.

Contributions are automatically deducted from your pay each month and cost-shared by your employer. For every dollar you contribute, your employer is contributing $1.12.

You don't need to make complex investment decisions.

The SHEPP Fund is invested in a diversified portfolio for the benefit of all Plan members. Individuals are not required to make investment choices.

Your pension is predictable.

Your monthly pension amount is not tied to investment returns so it won't fluctuate with the financial markets. Your basic lifetime pension is calculated at retirement based on the eligible earnings and service credited to you throughout your career. So, it's easy to estimate how much your monthly pension will be, in any number of scenarios, before you even retire.

You'll never outlive your pension.

Once you start receiving your pension, it will be paid to you every month for the rest of your life, no matter how long you live. And, depending on the option you choose at retirement, a portion of your pension may continue to be paid to your surviving spouse each month for the rest of their life after you die.

Your pension is portable.

With 50 healthcare-related organisations and associations participating in SHEPP, it's very likely that as long as your career remains in healthcare you can continue building your pension, even if you switch jobs.

You're never too young to think about your pension

Life and career events may impact your pension and early retirement eligibility, but you have options

In speaking with members who are very close to retirement, we often hear *"I wish I knew then what I know now."*

Retirement can seem like a long way off, especially if you are just starting your career. You know you will have a pension when you retire, so what more is there to think about until then, right? You do indeed have a pension, that will continue to build throughout your career as you make contributions and your credited service and earnings grow. But what about a brief period during which you don't make contributions — maybe a parental or education leave?

Because your pension is calculated based on the credited service and earnings you have at retirement, your pension may adversely be impacted by these periods. Remember, you have service purchase options available to you to help you maximise the future benefit you receive from SHEPP.

The important thing to understand is that, in general, the cost to buy back service increases as you age and your earnings grow. So, if you are going off on a leave it's a good idea to look into the cost of purchasing service before or immediately after the leave rather than waiting until you approach retirement.

The choices you make today can have significant consequences down the road. Visit www.shepp.ca and spend some time getting to know your pension. Your future self will thank you!

SHEPP
SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

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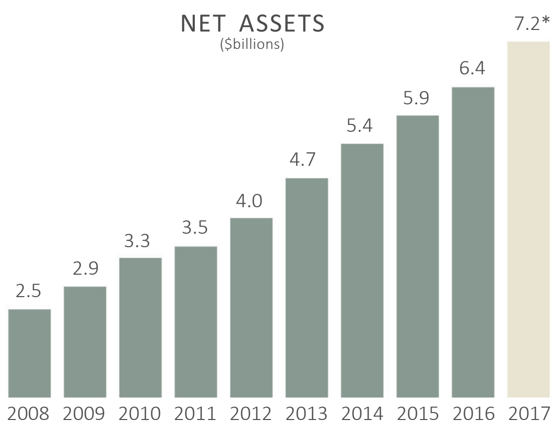
Your pension is in good hands

SHEPP's $7.2 billion Fund is professionally managed with oversight by a Board of Trustees who have a legal duty to act in your best interests

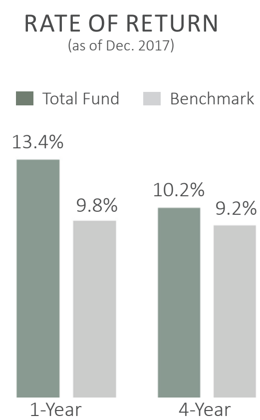
There are many advantages to having a defined benefit pension as part of your retirement plan. One of of those advantages is that the pension contributions made by you and your employer are pooled and invested on behalf of all Plan members. In this model, you (as a member) benefit from shared risk, low fees and investments with longer time horizons in a well-diversified investment portfolio that an individual investor typically wouldn't have access to.

A plan design like this does not require any financial knowledge on your part nor does it require you to make any investment decisions. Your pension will be calculated based on your eligible earnings and service at retirement, not based on how well the market does.

Investment performance is still extremely important however, because SHEPP relies on a certain level of investment returns in order to pay pension benefits. If the Plan's investments are not performing as expected, it puts greater pressure on contribution rates.



*Preliminary unaudited financial results rounded to the nearest decimal point.



Returns are shown net of investment management fees.

So if you don't make the investment decisions, who does?

The SHEPP Fund, which totals approximately $7.2 billion dollars today, is invested in a diversified portfolio, managed by investment professionals who are accountable to SHEPP's Board of Trustees. The Board is responsible for overseeing the investment of the Fund and setting investment policies, including making decisions with regard to how the Fund is invested (i.e. which asset classes). Guided by these investment policies, the day-to-day work of managing the investment program is performed by SHEPP administration, including close oversight of the external fund managers chosen to implement the Fund's investment strategy.

Investments are an integral part of Plan funding, which is the responsibility of SHEPP's Board of Trustees. The Board is guided by its Funding Policy, which includes two key priorities: securing benefits and stabilising contribution rates. In other words, their goal is to ensure pension benefits are paid, without frequent and unexpected changes to the rate members and employers must contribute to fund those benefits.

ASK A PENSION OFFICER

ANSWERS TO QUESTIONS WE'VE RECEIVED FROM YOU

Should I ask SHEPP to send me a pension estimate by mail when I'm planning for retirement?

Once you've made the decision to retire, and are within six months of your intended retirement date, you must contact SHEPP to apply for your pension. However, for planning purposes, it's not necessary to have SHEPP prepare a pension estimate and mail it to you.

Your Annual Pension Statement provides your pension estimates on milestone dates and you can also estimate your pension for an endless number of retirement scenarios using the online Pension Projection Calculator.

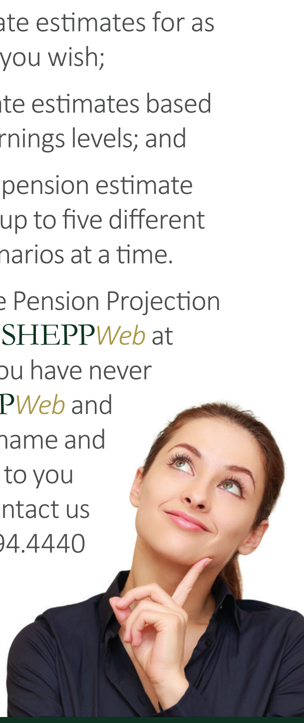
But will the online calculator give me the same results as a mailed pension estimate from SHEPP?

Yes, if the inputs are exactly the same (earnings and retirement date).

Here are a few advantages to using the online calculator:

- you receive the results instantly;
- you can generate estimates for as many dates as you wish;
- you can generate estimates based on different earnings levels; and
- you can view a pension estimate comparison of up to five different retirement scenarios at a time.

To access the online Pension Projection Calculator, log in to SHEPP*Web* at www.shepp.ca. If you have never logged in to SHEPP*Web* and misplaced the username and password provided to you by SHEPP, please contact us toll-free at 1.866.394.4440 and our Member Services team will get you set up.



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