



SHEPPNews

FALL 2016

PARTICIPATING EMPLOYER NEWSLETTER

Don't Wait! Get Your Eligibility Measurement Done Early

How the Pre-Annual Measurement Improves Service and Saves You Time



While membership in SHEPP is mandatory for all permanent employees who work for SHEPP's participating employers, those working in a temporary or casual position need to work either 780 hours in the preceding calendar year or 700 hours in each of the preceding two years to become eligible to join the Plan.

In order to determine which employees have met SHEPP's eligibility requirements, 3sHealth performs an Annual Measurement every January. Once those results are received, employers typically send a letter to employees informing them of their eligibility. Those employees reply with their decision to join, and the employer enrolls them in the Plan.

As long as those enrolment forms are returned within the year, that member is entitled to receive credited service from SHEPP from January 1st onwards, and must make contributions accordingly. If you, as an employer, do not remit contributions for that member from January onward, that member will be in current year arrears. In some cases, employers are subverting this by recording the member's enrolment date as the date they hand in their forms. This reduces the amount of credited service that member receives, which has a negative effect on their pension amount and their retirement date.

To avoid this problem, SHEPP encourages employers to take advantage of the Pre-Annual Measurement that 3sHealth conducts in December. This allows employers to determine who is eligible to join SHEPP before January 1st, which has a number of benefits. First, enrolments can begin before employers are busy working on year-end duties. Second, the member can enrol before they need to begin making contributions, so will receive the credited service they are entitled to starting in January. And last but not least, it cuts down the amount of current year arrears processing that you will need to do in the new year.

The Pre-Annual Measurement is a great tool to help you cut down on paperwork and ensure that new members are receiving the benefit they are entitled to. We encourage you to give it a try this year. Watch for a directive from 3sHealth for more information.

NEW PENSION ADMINISTRATION SYSTEM LAUNCHED



On September 26th, SHEPP launched a brand new pension administration system and a revamped **SHEPPWeb**. Thank you for your patience as we work out the kinks in the new system.

On November 1st, we added the automation of enrolments, leaves of absence and terminations for 3sHealth payroll subscribers. For a walk through of these changes, please view the Employer Modernisation Presentation videos on **SHEPPWeb**.

CPP ENHANCEMENTS ANNOUNCED

Just a few weeks ago, the federal government introduced legislation to enhance the Canada Pension Plan (CPP). The enhancements will be phased in beginning in 2019, and though they do not directly affect the Plan's integrated contribution rates and benefit formula, we will continue to examine the potential long-term impact as more details become available.

For more information on the CPP enhancements, visit www.fin.gc.ca.



Valuation Filed: Funded Status Has Improved

Contribution rates to remain the same as deficit decreases

At least every three years, SHEPP is required to file an actuarial valuation with the provincial regulator that measures the financial position of the Plan and sets contribution rates to meet funding requirements.

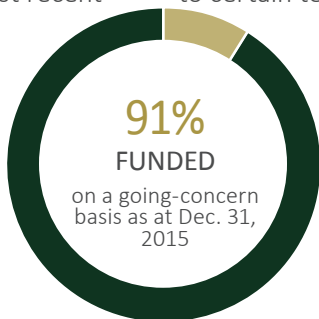
This fall, SHEPP filed its most recent valuation with the provincial regulator. The actuarial valuation is performed both on a going-concern basis to determine the funded status of the Plan and determine contribution rates, and on a solvency basis to determine the ratio used to calculate the Transfer Deficiency Holdback.

On a going-concern basis, the valuation showed that SHEPP's funded ratio improved from 88% in 2013 to 91% in 2015, with the going-concern deficit decreasing to \$594 million. Because no new funding deficit was incurred,

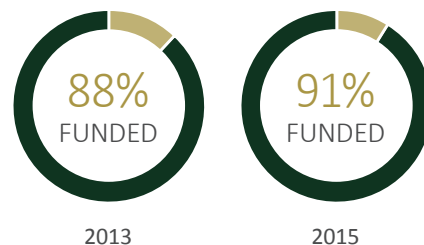
SHEPP contribution rates will remain unchanged.

On a solvency basis, SHEPP's funded ratio declined from 73% in 2013 to 65% in 2015. This means that SHEPP is now required to apply a 35% holdback to certain termination benefits. That holdback amount is paid with interest after five years or when the Plan is fully funded, whichever comes first. For more information on Transfer Deficiency Holdbacks, please visit the Resources section on www.shepp.ca.

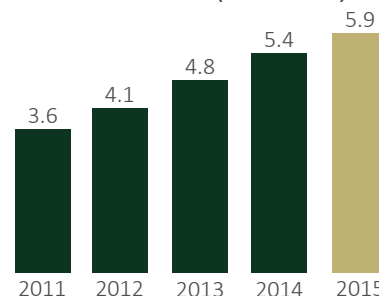
As stated in their Funding Policy, SHEPP's Board of Trustees' first priority is to secure the benefits promised to members, and second is to stabilise contribution rates. The Board will continue to carefully monitor the Plan's funded position, and work to address any funding challenges.



GOING-CONCERN FUNDED RATIO



NET ASSETS (BILLIONS)



CONTRIBUTION RATES



8.1% of pensionable earnings up to the YMPE
10.7% of pensionable earnings above the YMPE



9.07% of pensionable earnings up to the YMPE
11.98% of pensionable earnings above the YMPE

Answers to Questions We've Received From You

You asked...

Why does the new SHEPPWeb seem to freeze up when I'm not using it?

SHEPP must retain personal information from our members in order to administer the Plan. The protection of that information is taken very seriously. As stated in SHEPP's *Personal Information Policy*, only authorised users are granted access to the Plan's pension administration system and security protocols are established to help prevent unauthorised access.

One such protocol is an automatic session time out, which SHEPP has established in the new SHEPPWeb as a means of further securing member information. Now, if you are inactive on SHEPPWeb for 15 minutes or longer, the system will not allow you to perform any functions online. You will need to logout and re-enter your password to continue your work in SHEPPWeb. This enables us to ensure that whoever is using SHEPPWeb or viewing information on the site is someone who has the authorisation to do so.

THANK YOU FOR HOSTING PENSION INFORMATION SESSIONS!

We'd like to thank those employers who hosted Pension Information Sessions in 2016. In total, we made 30 presentations in 10 different health regions this year. You helped us reach over 1,100 members!

If you are interested in scheduling a spring presentation for your employees, please contact:

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