



## ACTIVE MEMBER NEWSLETTER

### You and Your Finances: Simple Steps to Tackle in Your 40s and 50s

Jackie celebrated a milestone this year – she turned 50! After reaching this milestone, Jackie reflected on her life – where she’s been and where she’s going. Her life is full. Jackie is married, has two adult sons and a fulfilling career in healthcare – working as a registered nurse in Moose Jaw for 28 years.

Jackie and Jon have started looking ahead and thinking about retirement. Jackie's plan is to retire in about six years. She welcomes the idea of having more time to volunteer, re-connect with family and friends, and spend more time at their cottage.

Jackie and Jon feel they're in good shape financially – they've been careful with debt, put money into RRSPs, and with their mortgage almost paid-off, they're now focused on taking steps to prepare for retirement.



An important fact that Jackie hasn't lost sight of is knowing that SHEPP will provide her with a monthly pension for her lifetime. She feels fortunate considering two-thirds of Canadians don't have a pension plan.

Like Jackie, you may be either in your forties or fifties, and starting to look ahead. If so, these five steps may provide some guidance as you start thinking more about the next life stage – your retirement.

#### 1. Envision your retirement

Retirement can mean different things to different people and starting to plan early can pay off in big ways. What does retirement look like for you?

While the planning process requires time and flexibility, take heart knowing that your plan and needs may change over time and that's okay! Be sure to consider all aspects of your life when you retire – not just your finances.

#### 2. Create or update your financial plan

What are your short-term and long-term financial goals? Having a written plan can help you prioritise your goals, save money, focus on the bigger picture, organise your finances, and worry less.

### FUNDED STATUS IMPROVES AGAIN

While it has only been a year since SHEPP's last actuarial valuation, the Board is happy to report that its funded status has again improved based on its latest valuation as at December 31, 2018.



Here are the highlights:

- Contribution rates remain unchanged;
- The going-concern funded ratio improved to 96% (from 95% in 2017); and
- The going-concern deficit was reduced to \$336 million (from \$385 million in 2017) – a difference of \$49 million – a significant reduction in the span of one year.

A going-concern valuation assesses the Plan's financial health and assumes the Plan will continue operating indefinitely. The funded ratio – in this case, 96% – compares the Plan's assets to the Plan's liabilities (benefits payable). A valuation is one of the many ways SHEPP's Board of Trustees regularly monitors the Fund.

Looking for a more detailed overview? You can access SHEPP's *2018 Valuation Results* at [www.shepp.ca](http://www.shepp.ca).

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**SHEPP**  
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As life changes, so will your wants and needs. Review your plan annually and make changes as needed to keep you on track to reaching your goals.

Your SHEPP pension will play an important role in your retirement plan — providing you with a predictable monthly income for the rest of your life. Just how much will depend on your eligible earnings and service at retirement. Your annual SHEPP statement provides you with an estimate of the monthly pension amount you can expect on your early and normal retirement dates. Or, you can log in to **SHEPPWeb** and use the **Pension Projection Calculator** to estimate your pension under other retirement scenarios.

### 3. Prepare for the unexpected

You've worked hard to build your financial assets, so make sure they're safe by ensuring that your will, power of attorney and healthcare directives are up-to-date. This is also an ideal time to review your beneficiaries listed with SHEPP, since there is a pre-retirement death benefit in the event you die before retirement. As well, be sure your beneficiaries are up-to-date on your financial accounts and insurance policies.

### 4. Look at ways to tackle debt

Let's face it, many of us at this stage have some form of debt. The most common debt includes mortgages, credit

cards and lines of credit. As we move into our 50s, reducing and/or paying off our debt is a positive step in preparing for retirement. Unsure where to start? Financial experts suggest paying down high interest loans and credit card balances first.

### 5. Seek out resources and tools from SHEPP and other service providers

As you look ahead, we encourage you to use the information resources and tools we have on our website and through **SHEPPWeb** — our secure online portal. You'll find helpful guides to easy-to-use calculators, video tutorials, and much more. Plus, be sure to attend one of our Retirement Ahead presentations tailored to those of you about five years or less from retirement.

You can also reach out to Service Canada for information regarding your Canada Pension Plan (CPP) and Old Age Security (OAS) benefits. Visit [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca) or call 1.800.277.9914.



## ASK A PENSION OFFICER

### ANSWERS TO QUESTIONS WE'VE RECEIVED FROM YOU

#### What happens to my pension if I terminate my employment?

If you're 65 years of age or have met the Rule of 80 when you terminate employment and Plan membership, you're entitled to a monthly pension benefit commencing the first day of the month following your termination of employment.

If you terminate employment and Plan membership *before* you're eligible to retire, SHEPP will mail you a termination statement within 90 days of your termination date. This statement will outline all of your options and the amounts for each option.

If you work for more than one SHEPP employer, your membership in the Plan will continue until you have

terminated your employment from all of your SHEPP employers.

To learn more, refer to the *Termination Information Sheet* on [www.shepp.ca](http://www.shepp.ca).

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#### What does purchasing a Leave of Absence on a current service basis mean?

You may purchase an approved unpaid leave of absence (LOA) by making monthly contributions to SHEPP while on leave rather than making the purchase after returning to work. To do this, you must pay both the member and employer contribution amounts that would have been remitted had you not been on leave.

#### What is the benefit of purchasing current service?

By making the required monthly contributions, you'll continue to build your pension, even while you're on an approved unpaid LOA. And, your Rule of

80 will not be impacted.

#### How is my pension impacted by an LOA if I don't buy the service?

Service is credited on a monthly basis. If you're on an unpaid LOA for more than one calendar month, you may wish to purchase the service so your pension is not affected by your LOA.

By purchasing current service during your leave, you will continue to accrue credited service and continue building your pension as if you were still working.

If you're eligible for early retirement (Rule of 80) and your leave results in fewer months of credited service, your Rule of 80 date will change.

To learn more, refer to the *Current Service Purchase Information Sheet* on [www.shepp.ca](http://www.shepp.ca).



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