



SHEPP

SASKATCHEWAN HEALTHCARE
EMPLOYEES' PENSION PLAN

Active Member Newsletter



November 2012

SHEPP Funding Status

The primary objective of the Board of Trustees is to secure members' benefits. To achieve that objective it is necessary for the Board to carefully monitor the Plan's funded status and, if and when necessary, adjust contribution rates.

In 2011, the SHEPP Fund rate of return was 3.5%, which was above the benchmark return of 2.9% but below the best estimate annual investment return assumed for the year. This means that while the SHEPP Fund outperformed the markets in which it was invested in 2011, it did not achieve the rate of return expected for the year. All else being equal, when the Fund does not achieve the expected rate for a year the difference between the expected return versus the actual return becomes a funding loss. Such funding losses must be recouped by subsequent higher than expected investment returns or by increased contribution rates, or a combination of the two.

As a result of the poor investment return in 2011, the Board of Trustees commissioned the Plan Actuary to perform an actuarial assessment to determine the extent to which the Plan has been able to withstand the 2011 investment under-performance and will be able to withstand similar under-performance over the next four years. The Board of Trustees is concerned that Plan funding be managed carefully in order to stabilize contribution rates as much as possible.

Based on the results of the December 31, 2011 actuarial assessment, the Plan Actuary has recommended to the Board of Trustees that member and employer contribution rates be increased by a combined 1% of payroll effective the first pay period in 2014. In accordance with the terms of the SHEPP Trust Agreement the Board of Trustees has approved the recommendation of the Plan Actuary. The increased contribution rates are set out in the following table:

Contribution Rate	Active Members		Participating Employers	
	Present Rate	New Rate Effective First Pay Period in the 2014 Payroll Year	Present Rate	New Rate Effective First Pay Period in the 2014 Payroll Year
Pensionable Earnings up to the YMPE	7.7%	8.1%	8.62%	9.07%
Pensionable Earnings over to the YMPE	10.0%	10.7%	11.2%	11.98%

YMPE is the Year's Maximum Pensionable Earnings under the Canada Pension Plan. The 2012 YMPE is \$50,100.

The January 2014 contribution rate increase is a temporary increase for the specific purpose of initiating funding of the 2011 investment return funding loss sooner and to add extra protection against potential adverse experience in the near future.

We are moving!

Effective
December 2012
our new
address will
be:



**Suite 201 - 4581 Parliament Ave
Regina, SK S4W 0G3**

Our phone numbers will remain as:

Toll Free: 1.866.394.4440
Phone: 306.751.8300 (in Regina)
Fax: 306.751.8301
E-mail: sheppinfo@shepp.ca
Website: www.shepp.ca

Complete details regarding the move and the effective date will be posted online at www.shepp.ca.

We look forward to serving you from our new location soon.



Understanding the Contribution Rate

The SHEPP contribution rate is made up of two parts:

1. The rate required to fund the new pensions being earned by members from this point forward. This is called the current service cost of the Plan and you can think of it as the normal or ongoing contribution rate of the Plan.
2. The rate required to fund any unfunded liability or deficit for pensions already earned by members. This is a past service cost that requires special temporary contributions to eliminate any unfunded liability within a specified time period (usually 15 years).

A 1% increase in the combined member and participating employer contribution rate will bring the combined rate from the current 17.3% to 18.3% of pensionable earnings.

The previous table outlines how the 18.3% combined contribution rate is shared between active members and participating employers. The following table outlines the breakdown of the 18.3% contribution rate:

Item	Contribution Rate
Current Service (Normal) Cost	13.09%
Temporary Contribution to Fund Unfunded Liability from December 31, 2010 Actuarial Valuation (must be eliminated by December 31, 2025)	4.21%
Current Combined Contribution Rate	17.3%
Contribution Rate Increase effective January 2014	1.0%
The Combined Member and Employer Contribution Rate effective January 2014	18.3%

All else being equal, as the unfunded liability is eliminated the Plan's contribution rate will revert to the current service cost. For up-to-date news about the Plan, visit our website at www.shepp.ca.

SHEPPWeb

SHEPPWeb is the secure online portal available to active Plan members. You can access SHEPPWeb by entering your user name and password in the *Secure Portal Access* section at www.shepp.ca.

Through SHEPPWeb you can:

- perform unlimited pension projection calculations;
- perform unlimited prior service purchase cost estimate calculations;
- view and print your most recent Member's Annual Statement;
- view and update your SHEPP beneficiary designation and other key portions of your SHEPP member record; and
- request pension estimates, prior service purchase and spousal relationship breakdown calculations.



To access SHEPPWeb you will require your SHEPP member number, which is printed on the top of your Member's Annual Statement. This number will be your user name. You will also require your password. If you have lost or forgotten your password or SHEPP member number, please contact SHEPP at **1.866.394.4440** or in Regina call **306.751.8300**. For security and privacy reasons, we cannot confirm your member number or provide you a new temporary password via e-mail.