



# PLAN UPDATE

## 2022 Actuarial Valuation Results

### What is an actuarial valuation?

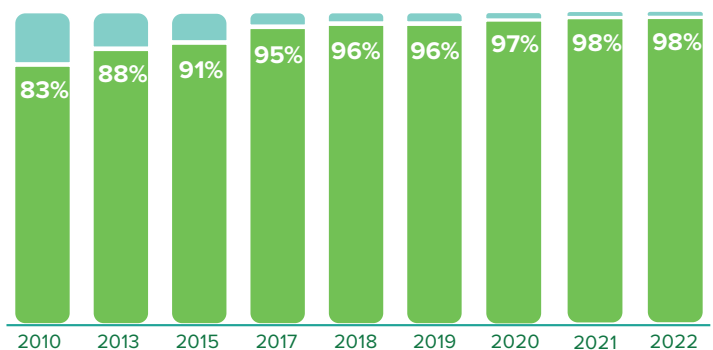
An actuarial valuation is an examination performed by an actuary to determine the financial position of the Plan and set contribution rates to meet the funding requirements. SHEPP is funded on a going-concern basis, which assumes the Plan will continue operating into the future. The funded ratio compares the Plan's assets to the Plan's liabilities (pensions payable) on that basis.

SHEPP is required to file an actuarial valuation with the provincial regulator at least every three years.

### What were the results?

The 2022 valuation determined the Plan is 98% funded on a going-concern basis. While the funded ratio remains unchanged, there was an improvement since the 2021 valuation in that the unfunded liability (incurred in 2010) was reduced by \$48 million (from \$223 million in 2021 to \$175 million in 2022).

**Going-Concern Funded Ratio**  
(as at December 31)



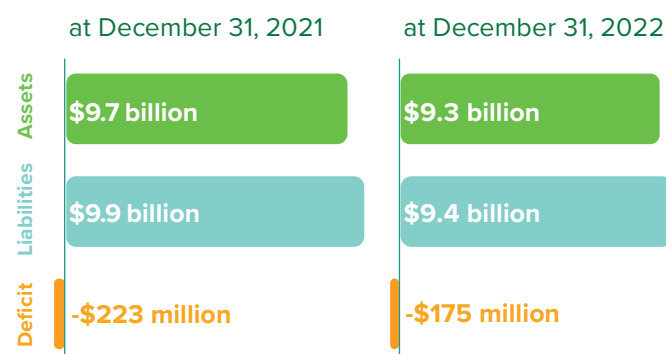
SHEPP's going-concern funded status has progressively improved since 2010, when the current unfunded liability was incurred as a direct result of the 2008 global financial crisis. The going-concern funded status includes margins designed to protect the existing benefits and prevent frequent fluctuations in contribution rates. These margins help the Board of Trustees achieve its top two funding objectives: benefit security and contribution stability.

### What does this mean for members and employers?

#### No increase to contribution rates

The Plan did not incur any new funding deficits so the required contribution rates remain unchanged. SHEPP's contribution rates have remained stable since 2014.

### Financial Position (Going-Concern)



**People. Pensions. Results.**



# 2022 Valuation Results

SHEPP’s Board continues to carefully monitor SHEPP’s funded position with priorities to secure members’ benefits and stabilize contribution rates in support of long-term sustainability.

## SHEPP CONTRIBUTION RATES

	Member Rate	Employer Rate
Pensionable earnings below the YMPE*	8.1%	9.07%
Pensionable earnings above the YMPE*	10.7%	11.98%

\*YMPE - Year’s Maximum Pensionable Earnings refers to the earnings from employment on which CPP contributions and benefits are calculated. In 2023 the YMPE is \$66,600.

This means that members who terminate employment and Plan membership prior to being eligible for an immediate monthly pension, and choose to withdraw the lump-sum commuted value, may have 2% of their benefit withheld for five years or until the Plan is fully funded on a solvency basis – whichever comes first.

After that, SHEPP will transfer the holdback, with interest, to the member. The holdback payment will be issued in the same way as the initial transfer unless SHEPP is notified otherwise by the individual entitled to the payment.

## Lump sum transfers upon termination are subject to a transfer deficiency holdback

While SHEPP is exempt from funding the Plan on a solvency basis, we must still perform a solvency valuation. This determines the financial status of the Plan if it were to wind up on the valuation date and determines the transfer deficiency holdback – the amount withheld from lump sum transfers until the Plan is fully funded on a solvency basis.

As at December 31, 2022, the Plan’s solvency funding ratio was 98%. As such, the provincial regulator requires SHEPP to withhold 2% (the amount by which the solvency ratio is less than 100%) from certain lump-sum termination benefits due under the Plan.

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