



# PLAN UPDATE

## 2024 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 valuation as at December 31, 2024, determined that the Plan is 107% funded on a going-concern basis, with a surplus of \$768 million.



**107%**  
funded



**\$11.1B**  
in assets



**\$768M**  
surplus

The 2024 going-concern valuation indicates that the Plan remains fully funded for a second consecutive year, with a healthy surplus due to strong investment returns. The going-concern funded status includes margins designed to protect the existing benefits and prevent frequent

fluctuations in contribution rates:

- The Benefit Security Margin, reflected in the balance sheet, safeguards accrued benefits for Plan members; and
- The Contribution Stabilization Margin, integrated into the contribution rate, mitigates frequent rate fluctuations.

Together, these margins act as a safety net, ensuring the Plan's long-term sustainability.

Remaining fully funded on a going-concern basis means the Plan is in a positive financial position, with sufficient assets to cover all current and future pension obligations.

This update follows SHEPP's 2023 actuarial valuation, where the Plan reached fully funded status two years ahead of schedule. When SHEPP's 2023 valuation was filed, the results showed a going-concern funding ratio of 102%, and a surplus of \$228 million as at December 31, 2023. SHEPP's Board of Trustees subsequently approved using that surplus to fund an ad-hoc cost-of-living adjustment (COLA) for retirees receiving a pension as of December 31, 2023. This COLA took effect on January 1, 2025. That change brought the amended going-concern funded ratio at December 31, 2023 to 100%.

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

#### Contribution rates remain stable

The Plan has remained fully funded and the required contribution rates remain unchanged from the previous year. The Board's funding strategy continues to focus on

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# 2024 Valuation Results

the long-term sustainability of the Plan, with priorities to secure members’ benefits and stabilize contribution rates.

## SHEPP CONTRIBUTION RATES

	Member Rate	Employer Rate
Pensionable earnings below the YMPE*	7.3%	8.176%
Pensionable earnings above the YMPE*	10.4%	11.648%

\*YMPE - Year’s Maximum Pensionable Earnings refers to the earnings from employment on which CPP contributions and benefits are calculated. In 2025 the YMPE is \$71,300.

## Long-term commitment

SHEPP’s Board and Administration work closely with the Plan actuary and investment consultant to effectively manage investment risk and optimize the Fund’s asset mix. This collaborative approach ensures a sufficient rate of return while minimizing exposure to excessive volatility.

The Board also employs a prudent Funding Policy, which guides decision-making in navigating economic fluctuations and changing demographics while preserving the Plan’s long-term financial integrity.

Our priority is to manage the Plan with a long-term perspective, ensuring it remains strong and continues to provide members with secure lifetime pensions now and in the future.

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