

## Actuarial Valuation

An actuarial valuation of the Plan is being performed as at December 31, 2009. The results of the valuation are expected to be available in July 2010.

The purpose of the actuarial valuation is to determine the financial status of the Plan at December 31, 2009. The Plan actuary calculates the liabilities accrued under the Plan to December 31, 2009 and compares the total liabilities to the Plan's total assets. If the liabilities are greater than the assets, then the Plan has a deficit. If the liabilities are less than the assets, then the Plan has a surplus. In addition, the Plan actuary calculates the member and employer contributions necessary to fund the benefits that members will earn for future service.

The most recent actuarial valuation of the Plan was performed at December 31, 2007. The Plan actuary determined that the Plan had a \$255 million going-concern unfunded liability and a \$16 million solvency deficit at that time.

Notice of the December 31, 2009 actuarial valuation results will be posted on the SHEPP web site ([www.shepp.ca](http://www.shepp.ca)) when they become available.



## Did You Know?

- Required pension contribution rates increased for all active members in April 2010. Contributions increased from 6.6 per cent to 7.2 per cent on pensionable earnings up to the YMPE and from 9.0 per cent to 9.6 per cent on pensionable earnings over the YMPE. YMPE is the Year's Maximum Pensionable Earnings under the Canada Pension Plan. The YMPE for 2010 is \$47,200.
- The contributions you are required to make to the Plan are tax deductible. This means that the decrease in your take home pay due to higher pension contributions will be partially offset by lower tax withholding.
- *SHEPPWeb* is the secure on-line pension information service for active Plan members. Through *SHEPPWeb* active Plan members can:
  - Perform unlimited pension projection calculations.
  - Perform unlimited prior service purchase cost estimate calculations.
  - View and print their most recent member's annual statement.
  - View and update key portions of their SHEPP member record.
  - Complete and submit a SHEPP designation beneficiary form.
  - Request pension estimates, prior service purchase and spousal relationship breakdown calculations from SHEPP.

*SHEPPWeb* usernames and passwords are issued to active Plan members directly from SHEPP.



**SHEPP**

SASKATCHEWAN HEALTHCARE  
EMPLOYEES' PENSION PLAN

*This newsletter contains general information only. In the event of any error or misunderstanding, the terms of the Plan text will apply. Here is our contact information:*

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**SHEPP**

SASKATCHEWAN HEALTHCARE  
EMPLOYEES' PENSION PLAN

April 2010

# News

For SHEPP members



## Our Mission

To serve the best pension interests of the members.

## Our Vision

A quality retirement future through meaningful benefits.

## Our Values

Openness, Respect and Service;  
Accountability, Integrity and Trust;  
Leadership and Professionalism; and  
Excellence, Initiative and Innovation

## General Meeting

The Saskatchewan Healthcare Employees' Pension Plan Board of Trustees' will be holding a general meeting on June 29, 2010.

The meeting will take place at the Royal Saskatchewan Museum, Regina, Saskatchewan in the auditorium from 2:30 pm to 4:00 pm.

Plan members, participating employers and other stakeholders are invited to attend.

# Members' Annual Statement



SHEPP's annual statements are one of the key components of the Plan's communication program for active Plan members. The annual statement shows members how their specific Plan entitlement is building year by year. The statements report to the members their actual highest average contributory earnings and their credited service to the date of the statement. Highest average contributory earnings and credited service are the building blocks of SHEPP pensions. The higher a member's average contributory earnings and/or the greater the member's credited service on retirement,

all else being equal, the greater the member's pension on retirement.

All Plan member statements report the member's accrued pension to the statement date. A SHEPP member's December 31, 2009 annual statement reports the pension the member has earned to December 31, 2009.

For Plan members employed on a permanent full-time or permanent part-time basis, the statement also reports the estimated pension payable on normal retirement (age 65) and, if the member

qualifies, on unreduced early retirement prior to age 65.

The statements reflect estimates based upon the member's highest average contributory earnings and based upon the member's accrued credited service to the statement date plus expected credited service to the member's projected retirement date. For example, if a member's statement indicates that she is projected to qualify for unreduced early retirement on July 1, 2020, it means that the member's age plus

credited service, assuming she earns full credited service from January 1, 2010 to June 30, 2020, will total 80 years on July 1, 2020 qualifying her for unreduced early retirement.

Plan members are cautioned to remember that the normal and early retirement projections reported in the statements are estimates only and the member's actual entitlement under the Plan will be determined based upon the member's actual highest average earnings and credited service on the member's actual retirement date.

## Funding Action Plan

SHEPP is a defined benefit pension plan. The lifetime pension payable from the Plan on member retirement is calculated based upon the member's highest average contributory earnings and service. Subject to maximum pension limits, for each year of credited service a member earns a percentage of her four-year highest average contributory earnings. In general, the higher a member's average contributory earnings and/or the greater her credited service, the greater her earned pension.

SHEPP Board of Trustees' mission is to serve the best pension interests of the members. The Board does this by:

- Setting member and employer contribution rates to:
  - Match the cost of pensions as they are being earned (this is called the current service cost); and

- Address any unfunded costs for pensions already earned (past service deficits.) This is done by implementing temporary increases in member and employer contribution rates over a reasonable period of time (not more than 15 years).

- Investing the fund into which the contributions are paid to produce the best rate of return possible given the amount of risk the Board of Trustees is prepared to take.

Things become quite simple at this level. The lower the investment returns of the pension fund the higher contribution rates must be to meet the costs of the Plan.

Global financial market conditions in 2008 had a negative impact on SHEPP's funded position, prompting action by the Board of

Trustees. Since November 2008, the Board of Trustees has worked closely with Plan management, its professional investment advisors and Plan actuary to develop and deploy a funding action Plan to improve the

Plan's funded position and secure members' pensions.

Some key initiatives of the funding action plan include:

Initiative	Action	Result
2008 Financial Market Impact Assessment	Actuarial assessment as at December 31, 2008.	Contribution rate increase effective April 2010.
Investment Management Policy Review	Statement of Investment Policies and Procedures and enhanced integrated asset/liability management process reviewed.	Statement of Investment Policies and Procedures affirmed and dynamic investment risk management project initiated. Plan earned a 15.1% return in 2009.
Funding Policy Review	Funding Policy was reviewed by the Board.	Policy amended to clarify funding objectives and priorities and set out strategy to meet primary objective of securing member pensions.
Actuarial Valuation	Full actuarial valuation as at December 31, 2009 currently in progress.	Further contribution rate increase expected April 2011 based upon December 2009 actuarial valuation results.
Solvency Funding	Board has expressed concern to the provincial pension regulator about solvency funding (i.e. funding the Plan on the basis that it is being wrapped up).	Temporary exemption granted from funding new solvency funding deficits for three years.

For further information on the Board of Trustees' Funding Policy, go to [www.shepp.ca](http://www.shepp.ca)