



Update on SHEPP's Funded Status

At December 31, 2010, the Plan's assets totalled \$3.51 billion and its liabilities, the cost of all pensions and benefits earned to December 31, 2010, totalled \$4.251 billion. The result is that the Plan has a \$741 million shortfall.

We have determined that the current level of member and employer contributions is sufficient to meet the funding requirements of the Plan and pay off the \$741 million shortfall by the legislated deadline of December 31, 2025.

This means that SHEPP has a plan in place to secure your pension and the pension and benefits of all other 45,000 Plan members. As a SHEPP retiree you can expect to receive your monthly pension without interruption and unscheduled change as we achieve a historic funding recovery.

Investment of the SHEPP Fund

In 2010 the SHEPP Fund rate of return was 12.2 per cent. This followed a return of 15.1 per cent in 2009.

The Fund performance to December 31, 2010 over the last one, four and 10 years, measured against the benchmark returns, is shown in the following table:

Total Fund Performance			
	2010	Four Year	10 Year
Total Fund	12.2%	1.5%	5.2%
Benchmark Fund	12.0%	1.4%	4.6%

The SHEPP Fund has produced returns above the benchmark in each of the three measurement periods.

Provincial Government Pension Funding Rules

The provincial government has allowed and the SHEPP Board of Trustees has elected a three-year suspension from funding the Plan on the theoretical basis of the Plan winding-up on December 31, 2010. Had the provincial government not made this option available, the Board of Trustees would have been required to substantially increase member and participating employer contribution rates to pay off the theoretical Plan wind-up shortfall within five years.

Celebrating 50 years

On March 1, 2012 SHEPP will celebrate its 50th anniversary. This is a significant achievement made possible by the commitment of participating employers and Plan members like you to build and support a defined benefit pension plan to serve the best pension interests of its members.

Our number one job is to secure your pension and the pensions of all members. It has been that way for nearly 50 years.