



# INFORMATION SHEET

## Change in Employment

### What happens to my pension if my employment circumstance changes?

If your employment circumstance changes or your employment is terminated at the decision of you or your employer, the impact on your pension and options available to you will depend on the type of circumstance (i.e. reduced hours, layoff, termination or retirement) and the benefit you are eligible for on that date.

Keep in mind, as long as you continue to be employed by at least one SHEPP employer, your membership in the Plan continues, even if your hours are reduced or you are laid off. Termination and retirement benefits are only applicable if you stop working for all of your SHEPP employers.

### Reduced Hours

As long as you continue to earn credited service each month (i.e. make contributions to SHEPP and have at least three hours of paid employment), and it occurs for a short period of time in a year other than one of your four highest earning years, reduced hours will have very little impact on your pension amount.

The Rule of 80 date projected on your Annual Pension Statement assumes you will continue to earn credited service every month until that date. If you do not earn credited service every month (e.g. you do not have any paid employment in one or multiple calendar months), your Rule of 80 date will be pushed into the future.

At any time prior to retirement while still an active member of SHEPP, you may choose to purchase those months on a prior service basis. This would effectively restore your Rule of 80 date to what it was prior to the reduction in hours that resulted in uncredited months of service. Refer to the Prior Service Purchase Information Sheet.

If you expect to be working reduced hours for a prolonged period of time, it could have an impact on your pension amount. Please contact SHEPP to discuss the potential impact.

### Layoff

During a layoff, you will not earn credited service as neither member nor employer contributions are remitted during a layoff period. Your early retirement eligibility and pension amount are determined by your years of credited service, so a layoff period can affect when you are eligible to retire (specifically, your Rule of 80 date) and how much your pension will be.

Unlike an approved unpaid leave of absence, layoff periods are not available for current service purchase. In other words, you cannot choose to voluntarily make your and your employer's contributions during a layoff period in order to continue earning credited service. However, you may choose to purchase the layoff period on a prior service basis upon your return to work.

The Rule of 80 date projected on your Annual Pension Statement assumes you will continue to earn credited service every month until that date. If you do not earn credited service every month (e.g. you've been laid off for



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a period greater than one month), your Rule of 80 date will be pushed into the future.

Choosing to purchase that period of layoff on a prior service basis can effectively restore your Rule of 80 date to what it was before you were laid off. Refer to the Prior Service Purchase Information Sheet.

## Termination or Resignation (not yet eligible for an immediate pension)

If your employment and Plan membership are terminated before you are eligible to retire, your termination benefit and your options will depend on your years of service. Refer to the Termination of Employment Information Sheet.

## Termination, Resignation or Retirement (already eligible for an immediate pension)

If you are eligible for an immediate pension from SHEPP when your employment and Plan membership are terminated, you are entitled to a monthly pension benefit commencing the first of the month following your termination date. Refer to the Retirement Information Sheet.

## Termination with Severance

If you receive a lump-sum severance upon termination of employment, that lump-sum payment is not pensionable. This means you will not make any contributions to the Plan for those earnings, and they will not be included in the eligible earnings used to calculate your pension benefit.

## How do I find out what I'm entitled to?

If your employment is terminated, SHEPP will receive a notice of your termination from your employer.

- If you are eligible to retire with an immediate pension,

SHEPP will mail you a retirement package that shows the pension benefit you are entitled to, the options available to you and all of the necessary forms to complete the application to begin receiving your pension.

- If you are entitled to a termination benefit, SHEPP will mail you a statement within 90 days of your termination date that shows the amount of your benefit and what options are available to you.

## What are the termination benefits under the Plan?

### Termination With Less Than Two Years of Service

If you have less than two years of credited service and have not completed two years of continuous service, you will have up to six months to choose one of the following options:

- Take a refund of your own contributions, with interest. Income tax will be withheld, and the payment is taxable income for the year in which it is received; or
- Transfer your contributions, with interest, to a Registered Retirement Savings Plan (RRSP) or to another Canadian Registered Pension Plan (RPP), provided the plan accepts the transfer. No income tax will be withheld.

### Termination With More Than Two Years of Service

If you have at least two years of continuous or credited service but are not eligible to receive an unreduced pension, you will have up to six months to choose one of the following options:

- Leave your benefits in SHEPP to pay you a pension at age 65, or as early as age 55 if you are willing to accept an actuarially reduced pension; or
- Transfer the commuted value of your deferred pension payable at age 65 out of SHEPP providing your employment ends before the month you turn

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55 and before your age and years of credited service add up to 80 years. The commuted value may be transferred to your personal Locked-In Retirement Account (LIRA) or to another Canadian Registered Pension Plan, provided the plan accepts the transfer. If you choose this option, any portability or prior service contributions you have made will also be transferred out of the Plan with interest. Please note that prior to September 24, 2024, any commuted value payouts greater than a certain amount were subject to a transfer deficiency holdback. Refer to the Transfer Deficiency Holdbacks Information Sheet for a detailed explanation.

## What happens if I am rehired by my employer or employed by another participating SHEPP employer?

If you have terminated employment and are entitled to a termination benefit you may defer the election of your termination benefit for up to six months following your date of termination.

If you become employed by a SHEPP employer and meet the Plan's eligibility requirements prior to making an election within the above time period, you will no longer be entitled to a termination benefit under the Plan. You will be re-enrolled in the Plan and required to transfer your contributions and service to your new employer. By transferring your contributions and service, you can continue to build your pension despite a change in employers.

In the event that you reach the deadline date without having made a termination benefit election, your termination benefit will be processed with the default option noted in your statement and you will become ineligible to transfer between participating employers. If you enrol with a participating employer in the future and you have a deferred membership with a SHEPP employer, you will have the opportunity to join your deferred and active memberships together.

## Can I combine my active and deferred SHEPP membership periods?

If you have an active and deferred membership with SHEPP, all of your service and earnings will be combined to determine your SHEPP benefit and your eligibility to receive that benefit.

Combining of memberships will happen automatically when SHEPP receives your new active enrolment and will occur no matter what length of time has lapsed between the end of your deferred membership and your enrolment date of your new active membership. Refer to the Combining SHEPP Membership Periods Information Sheet.

## What if I move between SHEPP participating employers?

If you move between employers, and your break in employment is 30 days or less, you will automatically maintain your Plan membership. If your break in employment is more than 30 days between SHEPP participating employers, you will have to re-establish Plan membership.

## What if I work in multiple positions with multiple SHEPP employers?

If you have multiple positions with multiple SHEPP employers your eligibility will be based on all positions held with all SHEPP participating employers.

## What are my options if I am placed on a Leave of Absence (LOA)?

Depending on the type of leave you are on, you may be

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eligible to purchase the leave on a current service basis or buy back when you return to active employment through a prior service purchase. Your employer determines and reports to SHEPP what type of leave you are on.

If your leave is classified as an approved LOA, and you have intention to return to work following the leave, then it can be purchased on a current service basis.

If your employer determines that it is an unapproved LOA, then you are not eligible for current service. However, if and when you return to active employment, then you can purchase that leave of absence on a prior service basis.

Purchasing your leave on a current service basis is only an option if you have a reasonable intention to return to work. Please refer to the Current Service Purchase Information Sheet for details.

If you have previous eligible periods of missed service in the plan you could choose to purchase those to maintain your Rule of 80 date. Please refer to the Prior Service Purchase Information Sheet for details.

## Can I take funds out of the Plan while on a LOA?

Eligibility to take funds out of the Plan is dependent on termination of employment and thus termination of membership in SHEPP. While on a LOA you are still considered employed with your employer and therefore not eligible to take funds out of the Plan.

## Can I purchase a suspension period as current service?

If you are suspended for disciplinary reasons, and you still have your job to return to, then the suspension period may be purchased as current service.

If you are suspended pending dismissal, and you do not return to work, then the suspension period may not be purchased as current service.

## What if I am involuntarily terminated and I choose to grieve my termination with my employer?

If you choose to grieve your termination it is imperative that SHEPP be made aware of this grievance. In the event of a grievance in which the outcome could be reinstatement of employment, SHEPP will hold your pension in abeyance and no benefits will be discharged from the plan until the grievance is resolved.

**For more information regarding service purchase eligibility, refer to the Current Service Purchase or the Prior Service Purchase Information Sheet available at [www.shepp.ca](http://www.shepp.ca).**

## Is a strike considered a LOA? Can I purchase service?

A LOA is only available to purchase if it is considered an employer approved LOA. Whether a strike is considered to be an approved LOA is determined by your employer.

If SHEPP receives a cost request on the prescribed form before the end of your leave, a cost will be provided to you.

## If I am close to reaching my Rule of 80 but am currently on a LOA, will I still be eligible?

You become eligible for an early unreduced pension as soon as you reach your Rule of 80 date (your age and years of credited service add up to 80 years).

While on a leave of absence you would not be earning any credited service for that time period and therefore the date would continue to be pushed into the future the longer you are on leave.

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