



PLAN UPDATE

2026 Past Benefit Improvements

Retired Members

At the most recent valuation, the Plan has more assets than it needs to cover its liabilities – meaning it is in surplus. The Board of Trustees has decided to use this surplus to fund past benefit improvements for eligible members, increasing basic lifetime pensions.

This change provides an increase to the basic lifetime pension formula to 1.60% from 1.40% for the years January 1, 2001 to December 31, 2024, resulting in a higher basic lifetime pension at no additional cost to members.

As part of these improvements, members on approved disability for more than one year prior to 2025 will have their deemed earnings retroactively increased for each year of disability. As a result, members whose earnings while on disability are among their highest average contributory earnings will see a further increase to their benefit.

Does this benefit improvement affect my pension?

It may if you have credited service between January 1, 2001, and December 31, 2024. This past benefit improvement increases your **basic lifetime pension amount at no additional cost to you**, resulting in a higher pension payable for life.

It is made possible by the Plan's strong financial position, which allows past benefits to be improved using available surplus.

How much will my pension increase?

The increase will vary depending on your years of pensionable service between 2001 and 2024 and your earnings during that time, as the improvement increases the pension earned for each month of eligible service during that period.

Members with more credited service in this period will generally see a larger increase.

Will this change my monthly pension going forward?

If you have service between 2001 and 2024, and are receiving your basic lifetime monthly pension, your monthly pension will increase and continue at the higher amount for life, as the improvement increases your lifetime pension.

If you do not have service within that time period, an ad hoc cost-of-living adjustment (COLA) will be applied to ensure your monthly pension increases by at least 1.89%.

If you are receiving a bridge pension, your total monthly pension will remain unchanged until age 65, after which you will continue to receive a higher basic lifetime pension.



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Do I need to do anything to receive my updated monthly pension?

No. Your updated basic lifetime monthly pension amount will be reflected in your Pension Confirmation Statement, as the improved formula is automatically applied and recalculated by SHEPP.

When will I see the increase in my monthly pension?

If you are receiving your basic lifetime pension, you will see the change in your monthly pension payments once the adjustment has been applied.

If you are receiving a bridge pension, your total monthly pension will remain unchanged until age 65. After that, you will receive your higher basic lifetime pension.

Does this affect my survivor or beneficiary benefits?

Yes. Because this past benefit improvement increases your basic lifetime pension, any benefits that are based on your pension (such as survivor or beneficiary benefits) will also increase.

Retroactive Payment

Will I receive a retroactive payment?

Any adjustment for past payments will be calculated and paid to you. The retroactive payment will reflect the increase in your pension back to January 1, 2026.

When will I receive the retroactive payment?

Retroactive payments, covering the period from January 1, 2026, are expected to be issued once all recalculations are completed, as time is required to process and verify all updated pension amounts. Members will be notified when payments are issued.

Can I transfer my retroactive payment to an RRSP?

No. The retroactive payment is **not eligible for transfer to an RRSP** and will be paid to you as a taxable lump sum.

I am receiving a bridge; does this affect my bridge benefit?

If you retired before age 65 and are receiving a bridge benefit, your total pension to age 65 will remain the same and your lifetime pension after age 65 will increase.

This is because the bridge benefit is designed to supplement your pension to a maximum level of 2% before age 65.

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Understanding PSPA and Tax Impacts

What is a Past Service Pension Adjustment (PSPA)?

A PSPA is applied when pension benefits are increased for service you've already earned. It is required by the Canada Revenue Agency (CRA) to reflect the additional value of your pension.

A PSPA will reduce your available RRSP contribution room, as it ensures your total tax-deferred retirement savings remain within CRA limits.

You will receive a T215 tax slip to confirm that your PSPA has been reported.

For more detailed information, please refer to the PSPA Information Sheet.

More Information

For additional information about this benefit improvement, please visit shepp.ca.

To learn more about Plan funding and SHEPP's 2024 valuation results, please review SHEPP's 2024 Valuation Summary.

Questions?

If you have any questions, please feel free to contact us by email at sheppinfo@shepp.ca or call 1.866.394.4440.

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