Fall 2024

pension perspectives

Is your retirement plan built for a longer life?

WILL YOU BE 71 THIS YEAR?

If so, you must convert your PEPP account balance into a retirement income product by December 31, according to the *Income Tax Act* (Canada).

We make it easy with these two options.

1 **PEPP's Variable Pension Benefit** is a retirement option paid directly from your PEPP account. This option gives you flexibility and control over how much money to take out and how often. Plus, it still gives you choices on where to invest within the Plan.

2 **Saskatchewan Pension Annuity Fund** provides a guaranteed monthly income for your lifetime. Plus, you can buy a joint life annuity if you have a spouse.

>> Call us. We will answer your questions and walk you through the application process.

An ideal retirement finds the right balance between enjoying life and making sure your money lasts your lifetime. And, as Canadians live longer, we're hearing more about longevity risk. It's a way of asking, "Will you have enough money to last for your lifetime?"

Why longevity risk may impact your retirement. It's simple: We are living longer than ever. And while this is a positive, without proper planning, we may outlive our savings.

How a longer lifespan impacts your retirement savings. Today, those retiring at age 65 have an average life expectancy of 85 years – which means your savings need to last for 20 years or more.

Longevity stats also show that 50 per cent of us will live longer than 85. Plus, for a healthy couple aged 65, there's a 70 per cent chance that at least one will live to age 90 or longer.

Knowing these stats drives home the need to create a financial retirement plan supporting a longer lifespan for you and your spouse/partner.

Budget for long-term care and medical expenses. Longevity risk also includes other expenses you may incur in your 80s and 90s. If remaining at home is your goal, the Canadian Medical Association benchmarks a moderate level of required care to be about 22 hours per week. However, about a third of Canadians over 85 live in long-term care so depending on your health, you'll need to build these expenses into your plan.

Ensure a secure and comfortable retirement that protects your savings. There's no way of knowing how much money we need since we're all different, but it's better to have a plan where you have too much than too little. Consider a variety of scenarios that take into account your lifestyle and the finances needed to support your plan.

Where can I turn for help? Our team is here to help. We offer educational workshops and one-on-one consultations with our Retirement Information Consultants (RICs). Combined with decades of financial planning experience, our RICs are here to serve your best interests. Plus, they will walk you through PEPP's retirement options, including our newest option – see page 3 for details. Watch for more information in the coming months.

>> Booking a free consultation is easy – just call us at 1-306-787-3170 or email us at: ric@plannera.ca.

pepp

A smart choice for young members

Leaving your investments in PEPP will pay off over time

Saving for retirement isn't necessarily a top priority when you're in your 20s and 30s. However, if you've ever been a summer student with a PEPP employer, then we have good news for you. You've already started saving for your retirement – and just may not know it!

As a PEPP member, you don't need to take any action – your funds will stay in your account and likely grow over time. You'll receive a member statement twice a year showing your account balance.

Here are three reasons why it pays to leave your money in your PEPP account:

✓PEPP is a not-for-profit pension plan

Unlike the big banks or wealth management firms, we operate on a cost-recovery basis. The fees incurred are **the actual costs** for operating the Plan and investing the Plan's assets.

✓PEPP has strong, long-term fund performance

PEPP's investment funds tend to outperform comparable funds. We use world-class fund managers and have a diversified investment structure. This means we have access to investments that most retail investors don't.

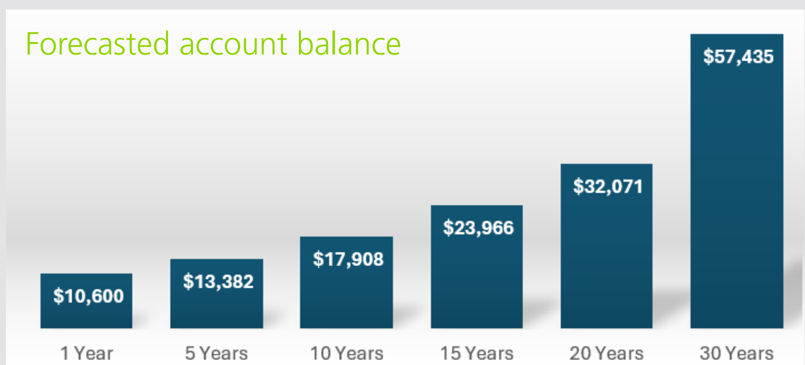
✓PEPP has accredited financial planner professionals

Our experienced team of Retirement Information Consultants (RICs) are accredited. They are either Certified Financial Planner®, Chartered Financial Planner®, or Personal Financial Planner® professionals.

Combined with decades of financial experience in banking, investing, and insurance, our RICs give you unbiased information to make informed decisions. They support you from the beginning to the end of your career and into retirement.

Keeping your money in PEPP is a smart, hassle-free choice. By staying in the Plan, you ensure your funds continue to grow, giving you one less thing to worry about as you navigate through life.

Did you know even a small* PEPP account balance grows exponentially over time?



*If you invest $10,000 and assume a 6 per cent annual return in PEPP's Balanced Fund with a 10-year average return, your account will have nearly $60,000 after 30 years. The majority of growth comes later due to compounding interest.

It's never too late to switch to PEPP email notices.

By signing up for email notices, you will:

- get your personal information through secure emails that are encrypted and authenticated, unlike regular mail;
- reduce impact on the environment; and
- save PEPP money on postage.

TIP: Use your personal email to ensure we can contact you regardless of where you are!

Follow these 3 steps to sign up:

1. Scan the QR code or click on the blue Member Login button on the PEPP home page.
2. Log in to your online PEPP account.
3. On the home page, click on the 'Set Your Correspondence Preference' box on the right. On the next screen, click on the 'Add/Update Communication' then select 'Online' next to Statement and hit 'Save'.

Once you switch, you'll receive email notices whenever we have new information to share with you. No more waiting for the mail!

How PEPP's diversified investments set us apart

A closer look at liquid alternatives and how they benefit you and the Plan

PEPP manages an investment fund valued at over $12 billion – making us Canada's largest defined contribution plan. The Plan’s robust performance is due, in part, to its diversified investment structure. One strategy has recently achieved particularly strong results, so we’re shining a light on its success.

What are alternative investments?

PEPP invests in three main asset classes: equities, income, and alternatives. Alternative investments refer to investments other than stocks, bonds, and cash, which have been crucial to PEPP’s growth.

These investments are much more complex to manage and can include assets, such as real estate, private equity, farmland, and infrastructure.

Within alternatives are liquid alternatives, which we refer to as “liquid alts”. PEPP's current liquid alts portfolio has been in place for four years.

Why liquid alternative investments make sense

Every type of investment has its pros and cons. While liquid alts are more complex and come with higher fees, the benefits far outweigh the downside. Key benefits include:

- a wider range of return opportunity while lowering Plan risk;
- greater diversification by not having all our eggs in one basket;
- providing downside protection by reducing losses in market downturns; and
- a low correlation to the stock and bond markets. For example, in 2022, bond and equity markets fell between 10 per cent to 20 per cent. Yet, PEPP’s liquid alts portfolio delivered positive returns of over 18 per cent.

Strong performance leads to a win-win

Liquid alts are complex investments that need greater expertise to manage. There is a performance fee structure on top of a management fee unlike equities and income. When liquid alts achieve strong returns, both the Plan and fund manager are rewarded; negative results are not rewarded with incentive fees.

How this affects your PEPP account

If you’re contributing to PEPP Steps or an asset allocation fund, alternatives are in the asset mix. When alternatives perform well, it impacts each fund’s annual return. As of June 30, 2024, the four-year annualized* return for PEPP’s liquid alternative portfolio was **10.1 per cent** *after* fees.

Learn more about **Investing in PEPP** by visiting pepp.plannera.ca > understand your pension > investing in PEPP.

**annualized - the average return over a specific number of years*

PEPP is launching a new retirement option in 2025

On September 9, 2024, the FCAA (Saskatchewan's provincial pension regulator) registered an amendment to PEPP.

This amendment allows PEPP to offer members a brand new retirement option – *a variable payment life annuity.*

Introducing PEPP's Lifetime Pension

Launching in spring 2025, the Lifetime Pension will offer you dependable monthly payments for life, regardless of how long you live. It is different from traditional retirement options or annuities purchased through an insurance company.

The Lifetime Pension will help address the longevity risks discussed on page 1, so you can build a plan that lets you enjoy your retirement while ensuring your money lasts.

We'll be sharing more information on the Lifetime Pension in the coming months. PEPP will also be hosting information sessions this winter if you're interested. Check the website for more details.

Getting a handle on high inflation

Managing your money when inflation is high is essential for keeping your spending power strong and your finances stable. Here are five tips to help you in these challenging times:

1. **Reassess your budget:** Inflation raises the cost of living on items such as your rent/mortgages, gas, groceries and other items. It's important to keep track of your spending and find areas where you can cut back. Focus on essentials like housing, utilities, and groceries, while reducing non-essential spending.
2. **Increase your savings:** Growing your savings helps protect you from financial stress. Think about putting money into high-interest savings accounts or investments that give better returns during high inflation. Building an emergency fund with at least three to six months of living expenses can help you manage unexpected costs.
3. **Pay down high-interest debt:** Inflation makes borrowing more expensive, so aim to pay off high-interest debt like credit card balances first. By prioritizing debt repayment, you'll lower interest costs and improve your financial health.
4. **Diversify income sources:** Relying on just one income can be risky during high inflation. Look for ways to earn more, like taking on freelance work, starting a side business, or finding other sources of income. Having multiple income streams can give you more financial security.
5. **Stay informed:** Keep up with economic trends and inflation forecasts to make smart choices. Understanding the bigger economic picture can help you in both the short and long-term.

>> Have questions about your personal finances? Our RICs can help. To book an appointment, call 306-787-3170 or email at: ric@plannera.ca.

YOUR OPINION MATTERS

Thank you for your feedback!

We recently reached out to a sample size of members to complete the **PEPP Member Satisfaction Survey**.

Thank you for your feedback on your experience and satisfaction with PEPP. This feedback helps us enhance our service to better meet your needs as a PEPP member.

The survey results will appear on the PEPP website in early Spring 2025. You'll find them on the *Insights* page.

PEPP BY THE NUMBERS: 2023-24

Net Assets
$12.7 billion

PEPP Online Account Users
38,302

Plan Members
73,509

8,141 VPB
36,377 Active
28,991 Inactive

Member Satisfaction
89% Customer Service
89% Materials
87% Administration

Read the *2023-24 PEPP Annual Report* at ***pepp.plannera.ca/fund-information/plan-reporting***

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