

the PEPP connection

Fall 2024

Exclusively for PEPP's
Variable Pension Benefit members



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 (VPLA)*.

Introducing PEPP's new VPLA retirement option...Lifetime Pension

Launching in spring 2025, the Lifetime Pension will offer you dependable monthly payments for life, regardless of how long you live. It's different from

traditional retirement options or annuities purchased through an insurance company.

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

Looking for more information? Contact us today and we'll add your name to our Lifetime Pension contact list. Plus, we'll have more information on the [website](#) in early December and start holding information sessions in January.



Is your retirement plan built for a longer life?

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

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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 retirement option – **PEPP's Lifetime Pension.**

Watch for more information in the coming months on the PEPP website.

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



Will you be 72 this year?

The *Income Tax Act* (Canada) requires you to start withdrawing the **required income tax minimum amount** from your VPB account by the end of the year you reach age 72.



Required minimum withdrawals are calculated as of January 1. Your required minimum withdrawal for 2024 is on page 2 of your VPB statement. It's also found in the *My Investments* section in your online account.

If you don't withdraw the annual minimum in 2024, it will be automatically included with the December 2024 payroll run.

To make a change:

1. Go to the PEPP home page and click on the blue **Member Login** button to log in to your online member account.
2. On the PEPP member home page, select **Edit Payment Schedule** and follow the steps.
3. Or, go to the PEPP website and search for either the VPB Lump-Sum Payment Request or VPB Payment Schedule Change to complete the form. Contact PEPP if you need assistance.

NOTE: We strongly recommend you submit your year-end lump-sum withdrawal **by December 16** to avoid any delays.

Congratulations on your retirement!

If you're one of the many PEPP members who switched to the Variable Pension Benefit in 2024, welcome aboard!

Here are a few helpful reminders:



Keep your personal information up-to-date

We all have changes in our lives. If you've had a change in yours, let us know. This may include updates such as your contact information, changes in relationship status or beneficiaries, along with your banking information.

You can update most of these changes online through your online account. Otherwise, contact PEPP and we'll gladly help you.



Year-end lump-sum withdrawals

If you wish to have the tax reported in the 2024 tax year, here are the due dates for each option:

- **Online request:** 2 p.m. CST on Monday, December 30.
- **Email/mail request:** 2 p.m. CST on Friday, December 20.



Payroll dates for 2025

PEPP deposits your pension funds by the **last banking date** of the month.



VPB member statement

Your annual member statement will be out in early February 2025.

PEPP BY THE NUMBERS: 2023-24



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

Tips to help manage your money during high inflation

During periods of high inflation, managing your money is essential for keeping your spending power strong and your finances stable. Here are four ways to help you in these challenging times:

- 1. Reassess your budget:** Inflation raises the cost of living on items such as your mortgage/rent, 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 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. Stay informed:** Keep up with economic trends and inflation forecasts to make smart choices. Understanding the bigger economic picture can help 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.

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.

Sign up today in 3 easy steps!

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 needing 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*



Crypto and bitcoin scams: How to avoid them



Here's a heartbreaking headline, "Sask. man in court battle with crypto exchange lost over \$240K to fraud." Sadly, he's not alone as cryptocurrency scams have exploded in Canada.

According to the Canadian Anti-Fraud Centre, Canadians lost over \$308 million due to investment fraud in 2022.

Keep in mind the Bank of Canada **does not** back these investments. Once a cryptocurrency transaction is done, it cannot be reversed.

How scammers hook you in

Like other investment scams, crypto scammers prey on us by using tactics that:

- promise to make us a lot of cash fast;
- create a sense of urgency;
- play on our fear of missing out; and
- direct us to fake websites, videos and endorsements.

Learn about frauds and scams by searching the Government of Canada's website (Canada.ca).

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This newsletter provides general information about the Public Employees Pension Plan and its operation. It does not replace or supercede the legislation governing the Plan.