



# STRP UPDATE

## PENSION INCREASES APPROVED FOR POST-2015 SERVICE

### Your pension will be growing again in 2023!

The Saskatchewan Teachers' Federation Executive recently approved two enhancements to Saskatchewan Teachers' Retirement Plan pensions:

Effective January 1, 2023, retired members will receive a 2.7 percent conditional cost-of-living adjustment for post-2015 pension benefits. This is on top of the guaranteed COLA, which will increase pre-2015 pensions by 3.0 percent in January 2023.

Effective June 30, 2023, eligible active members will receive a 3.8 percent conditional upgrade for post-2015 benefits accrued to June 30, 2022.

**FOR  
ACTIVE  
MEMBERS**

**+ 3.8 %**

for benefits earned between July 1, 2015 and June 30, 2022

**FOR  
RETIRED  
MEMBERS**

**+ 2.7 %**

for post-2015 pensions in pay on January 1, 2023

This is the second year in a row the Plan has been able to provide active members with conditional upgrades on their post-2015 benefits, and this year retirees will see an increase to their post-2015 pensions as well.

Conditional upgrades are provided to active members while they are still working. They are increases to your lifetime monthly pension that may be granted depending on the financial health of the Plan. They are not a guaranteed benefit and are only provided when the Plan can afford it.

Conditional COLAs are provided to retired members who are already receiving a monthly benefit. They are also dependent on the financial health of the Plan.

Conditional increases help your pension keep up with inflation to provide a more meaningful retirement benefit.

For more information on the difference between conditional upgrades, conditional COLAs and guaranteed COLAs, visit the STRP e-Guide.

### WHAT'S THE DIFFERENCE?

#### Conditional upgrades

These are increases to your lifetime monthly pension applied before you retire. Conditional upgrades may or may not be granted depending on the health of the Plan and may apply to either your pre-2015 lifetime pension or your post-2015 lifetime pension. If granted, the increase is applied on June 30 of the applicable year.

#### Conditional COLA

These are increases to your lifetime monthly pension applied after you have retired. Conditional COLA increases may or may not be granted depending on the health of the Plan and apply to pension benefits earned after June 30, 2015. If granted, the increase is applied on January 1 of the applicable year.

#### Guaranteed COLA

These are increases to your lifetime monthly pension applied after you have retired. Guaranteed COLA increases will occur each January and are not dependent on the health of the Plan. They are applied to pension earned before July 1, 2015 and are equal to 80 percent of inflation to a maximum of 3 percent.

## WORKING DURING RETIREMENT: UPCOMING CHANGES EFFECTIVE JULY 1, 2023

At the Special Meeting of the Council held in October 2022, a resolution was passed to change the Plan's re-employment rules so that effective July 1, 2023, any STRP pensioner who is re-employed as a LEADS member or as an employee at the STF will have their monthly pension suspended but will be re-enrolled in the Plan for the entire period of their re-employment.

### WHO THIS AFFECTS

**STRP pensioners returning to work as:**

- LEADS members
- Employees at the STF

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### WHO THIS DOES NOT AFFECT

**STRP pensioners returning to work as:**

- Classroom teachers
- Substitute teachers
- Vice-principals
- Principals
- Any other position

The practice of retiring and then returning to work while collecting your monthly pension is commonly known as "double-dipping." It's a long-standing practice that the STRP members have utilized since the inception of the Plan. On average, around 200 teachers take advantage of this option every year, most of them for short periods of time.



Short-term double-dipping does not have material costs to the Plan and is generally seen as a benefit for all members. It also helps school divisions to plan staffing for the upcoming year and provides members with the ability to substitute teach during retirement, which is especially important in areas where substitutes can be difficult to find.

However, longer-term double-dipping has a more significant cost to the Plan, especially in relation to high-income earners. Those costs come at the expense of the greater Plan membership. The approved changes will help to mitigate these costs to improve the Plan's sustainability for all members.

## PLAN FUNDING REMAINS STRONG DESPITE VOLATILE MARKETS

It was a tough year in investment markets as fallout from the pandemic and rising geopolitical tensions tightened markets. Both the global equity and bond markets dropped in response to the war in Ukraine, COVID-19 lockdowns in China and continued supply chain disruptions, while rising inflation and related interest rate increases deepened concerns.

The STRP's portfolio was negatively impacted as a result and finished the fiscal year with a -7.3 percent return, decreasing the Plan's asset base to \$6.6 billion. This return compared favourably to the double-digit declines in public bond and equity markets as allocations to alternative investments helped protect the portfolio. The investment team has been steadily increasing investments in real estate, infrastructure, private credit and private equity, and

these assets delivered strong returns, mitigating some of the bond and equity losses.

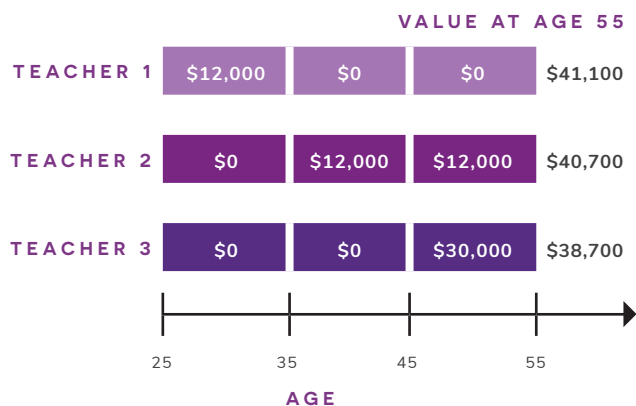
Given the design of the STRP, these investment swings do not have a direct impact on the value of your STF pension. The Federation continues to invest for the long term and, as such, expects there to be down years. The STRP is well designed to manage periods of volatility for long-term stability. The changes that were made to the STRP in 2015 provided us with the flexibility to manage these types of environments as they happen and the health and funding of the Plan remains stable as a result. We've even been able to provide a conditional upgrade to active members and a conditional cost-of-living increase to retirees, who need it now more than ever.

## WHY THE BEST TIME TO START MAKING VOLUNTARY CONTRIBUTIONS TO THE STRP IS RIGHT NOW

The main question around retirement savings is “how much money do I need to save?” The answer is different for everyone, but let’s assume that you need around 70 percent of your pre-retirement income to live comfortably in retirement. The STRP is designed to replace about 35 percent, and the CPP will replace anywhere from 16 to 25 percent depending on your salary levels and retirement date. That leaves a gap that needs to be filled by your own personal savings.

One option to build your own personal retirement savings is to make voluntary contributions to the STRP, and there is good reason to start doing that now.

As the old adage goes, time is money. When you invest a dollar today, that dollar is worth more in a year from now because of the interest added. In the second year, that dollar plus the interest from the previous year earns even more. This is called compound interest, and it can have a powerful effect on your savings. The earlier you start saving, the more powerful it is.



### So why should you save your money using voluntary contributions? Here are a few reasons:

**Daily professional management of your savings:** Your contributions are invested the same as the STRP, meaning that you benefit from our team of investment professionals working every day to invest your money for you.

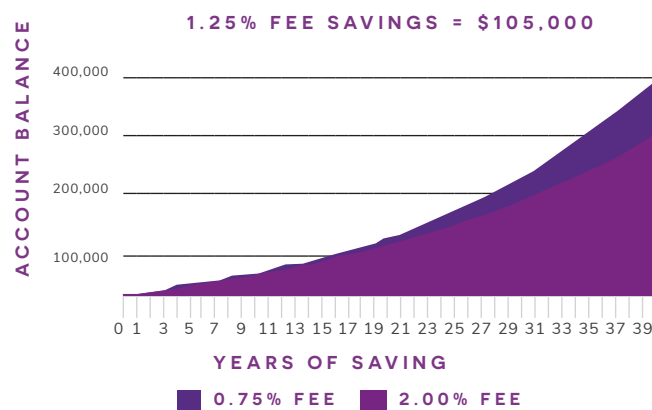
**More investment options:** You gain access to investments that you likely would not be able to access on your own, providing you with greater diversification and more risk management.

**Saving is automatic:** Monthly deductions come directly off your paycheque, before you can spend it on something else.



**Maximize your pension:** Voluntary contributions can also be used to pay for leave purchases under the STRP, such as a parenting leave.

**Cheaper fees:** With over \$6 billion invested through the STRP, the investment fees that the Plan pays are extremely low. We pass those savings on to you, leaving you with more money in your pocket at retirement.



So don’t wait! Visit the STF website at [www.stf.sk.ca](http://www.stf.sk.ca) to start making voluntary contributions to the STRP. It’s never too late to start saving!

## USE THE PENSION ESTIMATOR FOR INSTANT ESTIMATES

Wondering how many years until retirement? Want to know how much your pension would increase if you purchased a leave? The STRP Pension Estimator is the tool for you. Not only will this tool help you estimate your future pension, it can also be used to help you make important decisions throughout your career.

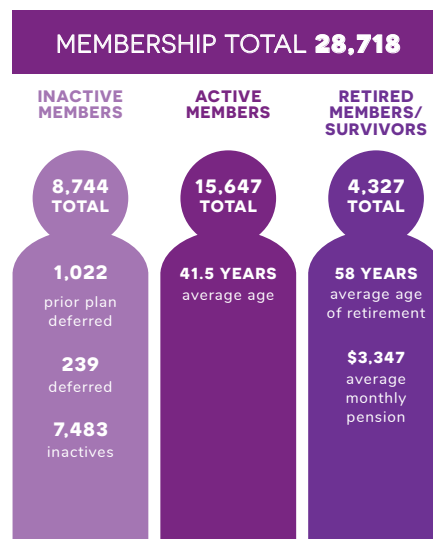
For instance, see how it will impact your pension if:

- You decide to work part time.
- You purchase service for a parental leave.
- You retire before you are eligible for an unreduced pension.
- You have a spouse when you retire.

To check out the STRP Pension Estimator, simply log in to MySTF.

Please note that the results provided by this tool are estimates only. If you are within 12 months of your anticipated retirement date, you should contact the STRP to request a retirement package which will include a formal retirement estimate.

## STRP STATS (AS OF JUNE 30, 2022)



## EXPLORE YOUR STF PENSION E-GUIDE

AN INTERACTIVE AND EASY WAY FOR YOU TO UNDERSTAND AND LEARN MORE ABOUT YOUR PENSION.

Visit [www.stf.sk.ca/your-stf-pension-e-guide](http://www.stf.sk.ca/your-stf-pension-e-guide) for more information.



## WHAT WOULD YOU LIKE TO SEE IN THE UPDATE?

Have suggestions for content in this newsletter? Our communications guy wants to know! Send him a message at [stfcommunications@stf.sk.ca](mailto:stfcommunications@stf.sk.ca).

## STRP UPDATE

Need more information? Contact us at:

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TEACHERS'  
FEDERATION

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