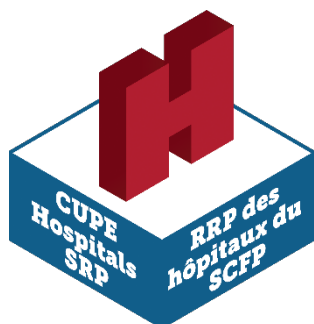


Information about the

# Shared Risk Plan for CUPE Employees of New Brunswick Hospitals



Prepared by:

Vestcor

[www.vestcor.org](http://www.vestcor.org)

VESTCOR

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# Introduction

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## What should I know about this booklet?

The information in this booklet is based on the rules and criteria which existed under the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (CUPE Hospitals Shared Risk Plan) at the time of publication. The CUPE Hospitals Shared Risk Plan is governed by the following documents (governing documents):

- Shared Risk Plan for CUPE Employees of New Brunswick Hospitals Plan Text (Plan Text);
- Shared Risk Plan for CUPE Employees of New Brunswick Hospitals Funding Policy ([Funding Policy](#));
- Shared Risk Plan for CUPE Employees of New Brunswick Hospitals Plan Statement of Investment Policy and Goals;
- Agreement and Declaration of Trust – Shared Risk Plan for CUPE Employees of New Brunswick Hospitals; and
- Memorandum of Understanding Regarding the Pension Plan for CUPE Employees of New Brunswick Hospitals.

This booklet is for information purposes only and no rights are conferred by this booklet. The CUPE Hospitals Shared Risk Plan is subject to amendment from time to time in accordance with its terms. In the event of a discrepancy between the information provided in this booklet and the legislation and/or governing documents, the legislation and/or governing documents prevail.

As there may be revisions to this booklet from time to time, members should access the online version of this booklet available at [www.cupeh.ca](http://www.cupeh.ca) to ensure that they have the current version of the booklet.

## Who should read this booklet?

Even if retirement seems a long way off, there are some things you should know about your pension plan, the CUPE Hospitals Shared Risk Plan. This booklet will provide you with a general overview of the plan's main features and will be helpful to anyone who:

- is a contributor, or was previously a contributor, to the CUPE Hospitals Shared Risk Plan; and
- would like to gain an understanding of the plan provisions in order to plan for their retirement.

## What determines my participation in the Plan?

Effective July 1, 2012, participation in the CUPE Hospitals Shared Risk Plan is mandatory if you are a permanent, full-time or part-time (as defined within the Plan Text) employee under the age of 65 and are a member of a CUPE 1252 Collective Agreement Bargaining Unit (as defined under Employee within the Plan Text).

## Introduction (continued)

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### What determines my participation in the Plan? (continued)

Effective July 1, 2014, participation in the CUPE Hospitals Shared Risk Plan is mandatory if you are employed in an “Other than Full-Time or Part-Time” position (as defined in the Plan Text), you are under the age of 65, are a member of a CUPE 1252 Collective Agreement Bargaining Unit (as defined under Employee within the Plan Text), and you meet the following eligibility requirements:

- have at least 24 months of continuous employment; and
- have earned at least 35% of the [Year’s Maximum Pensionable Earnings \(YMPE\)](#) in the previous two calendar years.

**Religious Exemption:** An employee who is a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from being members of a pension plan is not required to join the CUPE Hospitals Shared Risk Plan. An employee who elects not to become a CUPE Hospitals Shared Risk Plan member based on a religious exemption must complete a “Form 11 – Religious Exemption” and deliver it to Vestcor.

### What type of pension plan is the CUPE Hospitals Shared Risk Plan?

The Pension Plan for CUPE Employees of New Brunswick Hospitals (CUPE Hospitals Pension Plan) was converted and replaced by the CUPE Hospitals Shared Risk Plan effective July 1<sup>st</sup>, 2012. The CUPE Hospitals Shared Risk Plan is a shared risk pension plan in accordance with New Brunswick’s *Pension Benefits Act*. The purpose of the plan is to provide secure pension benefits to plan members after their retirement and until their death in respect of their service as plan members. The CUPE Hospitals Shared Risk Plan does not provide an absolute guarantee to plan members that [Base Benefits](#) and [Ancillary Benefits](#) will never be reduced; however, because of the risk focused management approach there is a high degree of certainty that [Base Benefits](#) can be met in the vast majority of potential future economic scenarios. All future [Cost of Living Adjustments \(COLA\)](#) and other [Ancillary Benefits](#) under the CUPE Hospitals Shared Risk Plan shall be provided only to the extent that funds are available for such benefits as determined by the Board of Trustees in accordance with applicable laws, the CUPE Hospitals Shared Risk Plan text and the plan’s [Funding Policy](#).

The main features of the CUPE Hospitals Shared Risk Plan are:

- Heavily focused on security of [Base Benefits](#);
- Robust risk management;
- Clear funding guidelines;
- Sound investment policy;
- Clear disclosure to members; and
- Future cost of living increases are conditional on the plan’s funded status ([Conditional Indexing](#)).

Please note that [Base Benefits](#) and [Ancillary Benefits](#) may be reduced in accordance with the [Funding Policy](#).

## Introduction (continued)

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### What legislation governs this pension plan?

The CUPE Hospitals Shared Risk Plan is subject to and administered in accordance with both the Federal Income Tax Act and Regulations (ITA) and the New Brunswick Pension Benefits Act and Regulations (“PBA”).

### How is my pension plan managed?

A **Board of Trustees** is the Administrator of the CUPE Hospitals Shared Risk Plan.

The Board of Trustees consists of 8 members:

- 4 Trustees appointed by the Union
- 4 Trustees appointed by the Secretary to the Treasury Board (formerly Board of Management) of the Province.

The Board of Trustees is responsible for administering the CUPE Hospitals Shared Risk Plan in accordance with the ITA, the PBA, the CUPE Hospitals Shared Risk Plan Text and the [Funding Policy](#) (including the power to increase or decrease contributions and/or benefits according to the [Funding Policy](#)).

The day-to-day administration of the CUPE Hospitals Shared Risk Plan is conducted by Vestcor.

# Being a Pension Plan Member

## When can I join the pension plan?

Anyone who satisfies the eligibility requirements and who has not elected a religious exemption as described under the section “**What determines my participation in the Plan?**” must contribute to the plan beginning on the first day of the month coincident with or next following the employee’s date of eligibility.

Employees required to join the plan must complete the “New Member Information Form” which establishes the plan membership date and names your beneficiary (beneficiaries). The form must be completed with a representative of your Human Resources area.

## How much do I contribute to the pension plan?

If you are currently an active member of the CUPE Hospitals Shared Risk Plan, your regular contributions to the CUPE Hospitals Shared Risk Plan are based on a percentage of your pensionable earnings and are made through payroll deduction. You currently contribute to the plan at a rate of 9.0% of pensionable earnings. This contribution rate may be increased or decreased in the future by the Board of Trustees in accordance with the [Funding Policy](#). You will be notified of any such contribution increase or decrease. Your pay stub information will show the deduction for your contributions to the plan every pay period.

For the purpose of the pension plan, pensionable earnings mean the following:

- for a full-time member, “pensionable earnings” is the annual rate of salary before deductions and exclusive of overtime or other fluctuating payments.
- for a part-time member, “pensionable earnings” is normally gross earnings, received in a given year, excluding overtime or other fluctuating payments, up to full-time equivalent earnings.

Your annual contributions are calculated as follows:

Portion of earnings	Member Contribution Rate (effective July 1, 2012)	Example of \$30,000 Earnings
On all pensionable earnings	9.0%	Earnings: \$30,000 Rate: X 0.090 Contribution: \$2,700

## How much does my employer contribute to the pension plan?

Your employer contributes an amount equal to 10.1% of the member’s pensionable earnings. If the member contribution rate is increased or decreased by the Board of Trustees in accordance with the [Funding Policy](#), the employer contributions will be similarly adjusted.

Your employer’s annual contributions for each member is calculated as follows:

Portion of earnings	Employer Contribution Rate (effective July 1, 2012)	Example of \$30,000 Earnings
On all pensionable earnings	10.1%	Earnings: \$30,000 Rate: X 0.101 Contribution: \$3,030



## Being a Pension Plan Member (continued)

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### What happens to the funds contributed?

Contributions are deposited into a pension trust fund. Professional investment managers invest the money in accordance with the investment policies established by the Board of Trustees (set out in the Statement of Investment Policy and Goals) in order to add additional revenue to the pension trust fund.

### What is the definition of “[Spouse](#)” and “[Common-Law Partner](#)”?

The definitions of “[Spouse](#)” and “[Common-Law Partner](#)” are based on the PBA:

- A [Spouse](#) means a person who is married to the member, provided that:
  - if the marriage is voidable, it has not been voided by a declaration of nullity; or
  - if the marriage is void, it was gone through by each person in good faith and the persons have cohabited within the preceding year before the date in question.
- A [Common-Law Partner](#) means a person who is not or was not married to the member or former member, but is or was cohabiting in a conjugal relationship with the member or former member for a continuous period of at least two years immediately before the date in question.

If a [Spouse](#) and a [Common-Law Partner](#) both claim a right or a benefit under the plan, the [Spouse](#) is entitled to the right or benefit, if he or she is otherwise eligible, unless there is a valid domestic contract (e.g. cohabitation agreement, or separation agreement) between the member or the former member and the [Spouse](#), or a decree, order or judgment of a competent tribunal (e.g. Family Division of the Court of King’s Bench), barring the [Spouse](#)’s claim.

It is usually best to address situations regarding your marital status sooner rather than later in order to ensure that the individual that you intend to benefit from your pension is ultimately entitled to receive the benefit. Questions regarding specific scenarios can be directed to Vestcor’s Member Services Team.

**Note:** For the purposes of this booklet, the term “[Spouse](#)” includes “[Common-Law Partner](#)” except where both terms are used.

### Can I designate a beneficiary?

Yes, a member may (subject to the provisions of any applicable laws or regulations in effect) designate a beneficiary or beneficiaries to receive any benefit which may be payable to a beneficiary under the terms of the CUPE Hospitals Shared Risk Plan upon the death of the member.

Designation of a beneficiary is normally done upon commencement of participation in the CUPE Hospitals Shared Risk Plan by completing the “Application for Membership” form. As well, changes to the beneficiary or beneficiaries can be done by completing the “Designation/Change of Beneficiary” form. These forms are available through your Human Resources or Payroll Office. The online versions of these forms are available at: [www.cupeh.ca](http://www.cupeh.ca).

If, on the death of the member, there is no designated beneficiary or the designated beneficiary has predeceased the member, any death benefits will be payable to the member’s estate.

If a member has a [Spouse](#) who is entitled to one of the death benefits listed on the following page (refer to section “**What benefits are payable upon my death?**”), the entitlement of the [Spouse](#) will supersede the entitlement of a named beneficiary to that death benefit.

## Being a Pension Plan Member (continued)

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### Can I designate a beneficiary? (continued)

The [Spouse](#) can, however, waive his/her entitlement if the appropriate waiver is completed:

- **Pre-retirement death benefits (i.e. death benefits payable if the member dies before starting his/her pension):** the [Spouse](#) can unilaterally waive his/her entitlement (or part of that entitlement) to a pre-retirement death benefit by completing a “Form 9 – Pre-Retirement Death Benefit Waiver”. The Form 9 waiver can also be later revoked by completing a “Form 10 – Revocation of Pre-Retirement Death Benefit Waiver”; however, this Form 10 would need to be completed by both the member and the [Spouse](#). These forms, if applicable, must be delivered to Vestcor prior to the member’s death.
- **Post-retirement death benefits (i.e. death benefits payable if the member dies after starting his/her pension):** the [Spouse](#) can waive his/her entitlement to a joint and survivor pension by completing with the member a “Form 5 – Joint and Survivor Pension Waiver”. The Form 5 waiver can also be later revoked by completing a “Form 6 – Revocation of Joint and Survivor Pension Waiver”, which must be completed by both the member and the [Spouse](#). These forms, if applicable, must be delivered to Vestcor within the 12 month period prior to pension commencement.

These forms are available online at: [www.cupeh.ca](http://www.cupeh.ca). Contact Vestcor for further information regarding these forms or death benefit entitlements.

# Retirement under the Plan

## How is my lifetime pension calculated?

Your annual [lifetime pension](#), before any adjustments for early retirement or postponed retirement, is the sum of the following:

Service period	Annual Lifetime Pension formula
For <u>each</u> year (or part year) of pensionable service on or after July 1, 2012:	1.4% X <a href="#">Annualized Pensionable Earnings</a> accrued during the year up to the <a href="#">YMPE</a> for the year <b>PLUS</b> 2% X <a href="#">Annualized Pensionable Earnings</a> accrued during the year in excess of the <a href="#">YMPE</a> for the year <b>MULTIPLIED BY</b> Number of hours worked (and contributed) / 1,950 hours
For <u>all</u> pensionable service between January 1, 1997 and June 30, 2012:	Pensionable service X 1.4% X Best 5 consecutive years average earnings at June 30, 2012 up to the average <a href="#">YMPE</a> <b>PLUS</b> Pensionable service X 2% X Best 5 consecutive years average earnings at June 30, 2012 in excess of the average <a href="#">YMPE</a>
For <u>all</u> pensionable service prior to January 1, 1997:	Pensionable service X 1.75% X Best 5 consecutive years average earnings at June 30, 2012 up to the average <a href="#">YMPE</a> <b>PLUS</b> Pensionable service X 2% X Best 5 consecutive years average earnings at June 30, 2012 in excess of the average <a href="#">YMPE</a>
For <u>all</u> pensionable service:	Any <a href="#">Cost of Living Adjustments</a> granted from time to time by the Board of Trustees in accordance with the <a href="#">Funding Policy</a>
<a href="#">YMPE</a> = <a href="#">Year's Maximum Pensionable Earnings</a> used to calculate the Canada Pension Plan (CPP) contributions <a href="#">YMPE</a> for 2024 = \$68,500; Average <a href="#">YMPE</a> = 5 year average <a href="#">YMPE</a> (2012 = \$47,360)	

Please note that Vestcor has an online pension estimate calculator that you can use to calculate various pension estimates of the monthly pension benefit you could expect to receive when you retire. To use the calculator tool, you will need your most recent Employee Statement of Pension Benefits. You can access the calculator tool on Vestcor's website at: [www.vestcor.org/calculators](http://www.vestcor.org/calculators).

## What is the bridge benefit?

If you are eligible for early retirement, a [bridge benefit](#) is paid in addition to your [lifetime pension](#). The monthly [bridge benefit](#) is equal to \$18 multiplied by the number of years of pensionable service up to July 1, 2012 (the [Conversion Date](#)) plus \$18 multiplied by the number of years the member was a contributor to the CUPE Hospitals Shared Risk Plan on and after the [Conversion Date](#) (not pro-rated). It ceases to be paid when you reach age 65 or upon your death, whichever is earlier. The [bridge benefit](#) is also subject to any [Cost of Living Adjustments](#) granted by the Board of Trustees (in accordance with the [Funding Policy](#)), and is not subject to any early retirement reductions.

## Retirement under the Plan (continued)

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### What is the relationship between the CUPE Hospitals Shared Risk Plan and the Canada Pension Plan (CPP)?

In addition to the pension contributions that you make to the CUPE Hospitals Shared Risk Plan, you also make contributions each year to the Canada Pension Plan (up to the [Year's Maximum Pensionable Earnings](#)).

Your CUPE Hospitals Shared Risk Plan pension benefits consist of:

- The [lifetime pension](#), which is payable from the date that you retire for your lifetime; and
- If you retire early (prior to age 65), the [bridge benefit](#), which is payable from your early retirement date up to age 65 (or your death, whichever occurs earlier).

The [bridge benefit](#) is intended to supplement your retirement income until age 65, at which time it would cease and you would be eligible for an unreduced pension from the Canada Pension Plan. It is important to understand, however, that the [bridge benefit](#) and the unreduced Canada Pension Plan benefit are not the same amount.

It is also important to note that your pension payments from the Canada Pension Plan do not need to start at the same time as your CUPE Hospitals Shared Risk Plan pension. Whether you take a reduced pension from the Canada Pension Plan as early as age 60, or an increased pension from the Canada Pension Plan as late as age 70, the [bridge benefit](#) from the CUPE Hospitals Shared Risk Plan is payable upon retirement until age 65 (or your death, whichever occurs earlier).

### Are my pension benefits adjusted for cost of living increases (COLA)?

For active contributors to the CUPE Hospitals Shared Risk Plan, the [lifetime pension](#) and [bridge benefit](#) that you earn each year, including benefits earned up to June 30, 2012, may be adjusted by a [Cost of Living Adjustment \(COLA\)](#) (on January 1<sup>st</sup>) if the funded status of the CUPE Hospitals Shared Risk Plan allows for it (known as [Conditional Indexing](#)).

Once you retire, your [lifetime pension](#) and [bridge benefit](#) (if any) may also be adjusted each year (on January 1<sup>st</sup>) by a [COLA](#) provided that the funded status of the CUPE Hospitals Shared Risk Plan allows for it. If the funded status of the CUPE Hospitals Shared Risk Plan does not allow for a [COLA](#) to be granted in a given year, the increases are carried forward to future years and may be paid if the funded status of the CUPE Hospitals Shared Risk Plan allows for it in a future year. These rules also apply to any survivor pension benefit payable.

## Retirement under the Plan (continued)

### How long do I have to work before I'm entitled to receive a monthly pension benefit upon retirement?

Once you reach your [Vesting Date](#), you become entitled to a monthly pension benefit to be payable when you are eligible to retire. You become [Vested](#) and are entitled to receive a monthly pension benefit under the CUPE Hospitals Shared Risk Plan upon the completion of the earlier of:

- 5 years of continuous employment;
- 2 years of pensionable service; or
- 2 years of membership in the CUPE Hospitals Shared Risk Plan, including membership in any [Predecessor Plans](#).

Your most recent Employee Statement of Pension Benefits will indicate whether you were [vested](#) as of the date of the statement end period, and will provide your projected [Vesting Date](#) if you were not.

### At what age can I retire and begin receiving a monthly pension benefit?

Retirement Date	Pension Provisions
Normal retirement date:	<p>If your birthday falls on the first day of a month, your normal retirement date will be your 65<sup>th</sup> birthday. Otherwise, your normal retirement date will be the first day of the month immediately following your 65<sup>th</sup> birthday.</p> <p>On your normal retirement date, you can start to receive your <a href="#">lifetime pension</a> with no reduction in pension benefits because of age. You must terminate employment in order to begin receiving your pension.</p>
Early retirement date:	<p>Any time between your 55<sup>th</sup> and 65<sup>th</sup> birthday. On your early retirement date, you can start to receive your <a href="#">lifetime pension</a> and <a href="#">bridge benefit</a>. A reduction in pension benefits because of age may apply. You must terminate employment in order to begin receiving your pension.</p>
Postponed retirement date:	<p>If you continue to work once you reach your normal retirement date, your postponed retirement date is any time after your normal retirement date, but not beyond the end of the calendar year in which you reach your 71<sup>st</sup> birthday.</p> <p>Please note the following:</p> <ul style="list-style-type: none"> <li>• You must terminate employment in order to begin receiving your pension (EXCEPTION: The CUPE Hospitals Shared Risk Plan would not restrict you from continuing to work beyond the end of the calendar year that you reach your 71<sup>st</sup> birthday).</li> <li>• You are required to begin receiving your pension in the month immediately following the month that you stop working.</li> <li>• If you stop working before your normal retirement date, you cannot postpone your retirement date beyond your normal retirement date.</li> </ul>

## Retirement under the Plan (continued)

### What will I receive at the time of retirement?

<p><b>If you retire on your normal retirement date:</b></p>	<p>You will receive a pension calculated using the annual <a href="#">lifetime pension</a> formula previously described in the section “<b>How is my lifetime pension calculated?</b>” payable monthly (no <a href="#">bridge benefit</a> included).</p>
<p><b>If you retire on an early retirement date:</b></p>	<p>You will receive a pension calculated using the annual <a href="#">lifetime pension</a> and <a href="#">bridge benefit</a> formula previously described in the section “<b>How is my lifetime pension calculated?</b>” and “<b>What is the bridge benefit?</b>”, payable monthly, and with the following applicable reduction factors:</p> <ul style="list-style-type: none"> <li>• For the portion of your benefit earned <u>prior to July 1, 2012</u>: <ul style="list-style-type: none"> <li>○ Your annual <a href="#">lifetime pension</a> will be permanently reduced by 3/12% for each month (3% per year) that your pension start date precedes your 60<sup>th</sup> birthday (not applicable to <a href="#">bridge benefit</a>).</li> </ul> </li> <li>• For the portion of your benefit earned <u>on and/or after July 1, 2012</u>: <ul style="list-style-type: none"> <li>○ Your annual <a href="#">lifetime pension</a> will be permanently reduced by 5/12% for each month (5% per year) that your pension start date precedes your 65<sup>th</sup> birthday (not applicable to <a href="#">bridge benefit</a>).</li> </ul> </li> </ul>
<p><b>If you retire on a postponed retirement date:</b></p>	<p>You will receive a pension calculated using the annual <a href="#">lifetime pension</a> formula previously described in the section “<b>How is my lifetime pension calculated?</b>”, payable monthly (no <a href="#">bridge benefit</a> included) and adjusted by the following late retirement factor:</p> <ul style="list-style-type: none"> <li>• Your annual <a href="#">lifetime pension</a> will be permanently <u>increased</u> by 3/5% for each month (7.2% per year) that your pension start date follows your 65<sup>th</sup> birthday.</li> </ul>

### Are there different forms of pension that I can choose from?

Yes. If you are eligible to receive a pension under the CUPE Hospitals Shared Risk Plan and do not have a [Spouse](#) when pension payments commence, the Normal Form of Pension is the “Life Pension with Guaranteed Period of Five Years” (detailed on next page). If you do have a [Spouse](#), the Normal Form Pension is the “Joint and Survivor Pension – 60%” (detailed on next page), which is the actuarial equivalent of the Life Pension with Guaranteed Period of Five Years. There are, however, optional forms of pension that you can select if your personal status allows. These optional forms of pension typically result in the reduction of your own pension to account for the payment of a higher survivor pension or a longer period of guarantee. The different forms of pension are described on the next page.

## Retirement under the Plan (continued)

### Are there different forms of pension that I can choose from? (continued)

<p><b>Life Pension with Guaranteed Period of 5 Years</b></p>	<p>Payments are made to you during your lifetime. <b>If you die before receiving sixty (60) monthly installments, <a href="#">lifetime pension</a> payments are continued to your designated beneficiary until in total sixty (60) monthly installments have been paid</b>, or to your estate (in a lump sum) as applicable. This option is only available if you have no <a href="#">Spouse</a> at your date of retirement, or if your <a href="#">Spouse</a> at retirement signed a spousal waiver form in accordance with the PBA. It is important to note that if you choose this option your surviving spouse will not receive a lifetime pension.</p>
<p><b>Joint and Survivor Pension – 60%</b></p>	<p>Payments are made to you during your lifetime. If you predecease your <a href="#">Spouse</a> (refers to the <a href="#">Spouse</a> at retirement), <b>payments are continued to your <a href="#">Spouse</a> during your <a href="#">Spouse's</a> lifetime at a level equal to 60% (chosen by you at retirement) of your <a href="#">lifetime pension</a></b>. This option is only available if you have a <a href="#">Spouse</a> at the date of retirement in accordance with the PBA.</p>
<p><b>Life Pension with Guaranteed Period of 10 Years</b></p>	<p>Payments are made to you during your lifetime. If you die before receiving one hundred twenty (120) monthly installments, <b><a href="#">lifetime pension</a> payments are continued to your designated beneficiary until in total one hundred twenty (120) monthly installments have been paid</b>, or to your estate (in a lump sum) as applicable. This option is only available if you have no <a href="#">Spouse</a> at your date of retirement, or if your <a href="#">Spouse</a> at retirement signed a spousal waiver form in accordance with the PBA. It is important to note that if you choose this option your surviving spouse will not receive a lifetime pension.</p>
<p><b>Joint and Survivor Pension – 75% or 100%</b></p>	<p>Payments are made to you during your lifetime. If you predecease your <a href="#">Spouse</a> (refers to the <a href="#">Spouse</a> at retirement), <b>payments are continued to your <a href="#">Spouse</a> during your <a href="#">Spouse's</a> lifetime at a level equal to either 75% or 100% (chosen by you at retirement) of your <a href="#">lifetime pension</a></b>. This option is only available if you have a <a href="#">Spouse</a> at the date of retirement in accordance with the PBA.</p>

#### Note:

- The forms of pension described above that are payable after your death do not include the [bridge benefit](#).
- Before you make your choice of pension options outlined above, it is recommended that you thoroughly review the ongoing needs and financial obligations of your household. This will help you select the most appropriate option for your situation. **Once an election is made and pension payments commence, it is irrevocable (i.e., you cannot change the option you have selected).**

## Retirement under the Plan (continued)

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### **Must I apply for my pension?**

Yes, one of the most important things to remember about your pension is that **you must apply** for it. It is not paid automatically upon retirement.

Contact your Human Resources or payroll office as early as possible, as you will have to complete termination documentation which must be forwarded to Vestcor **at least 90 days** prior to the commencement of payment of the pension benefit. This will ensure, in most cases, that you receive your pension the month following your date of retirement. Once Vestcor receives the termination documents, payroll and pension data will be audited and a Preliminary Retirement Statement will be forwarded to you. **You must sign and return this document to Vestcor in order to receive your pension benefit.**

### **When will the payment of my pension occur?**

Pension payments are deposited into your bank account on the 1<sup>st</sup> day of every month or the last banking day prior to the first of the month if it falls on a weekend or holiday.



# Leaving the Plan before Retirement

## What happens if I terminate employment before retirement?

You are eligible for the following options upon leaving your employment before retirement:

<p>...termination of employment (prior to <a href="#">Vesting Date</a>)?</p>	<p>With less than five years of continuous employment; less than two years of pensionable service; <u>and</u> less than two years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any <a href="#">Predecessor Plans</a>):</p> <ul style="list-style-type: none"> <li>○ You will receive a refund of your own employee contributions from the CUPE Hospitals Shared Risk Plan with accumulated interest.</li> </ul>
<p>...termination of employment (after <a href="#">Vesting Date</a> and prior to age 55)?</p>	<p>With five or more years of continuous employment; two or more years of pensionable service; <u>or</u> two or more years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any <a href="#">Predecessor Plans</a>), you have the choice to:</p> <ul style="list-style-type: none"> <li>○ Defer commencement of your pension benefit until a date between your 55<sup>th</sup> and 65<sup>th</sup> birthday and receive a reduced pension benefit as described for Early Retirement under the section “<b>What will I receive at the time of retirement?</b>” and a <a href="#">bridge benefit</a> as described in the section “<b>What is the bridge benefit?</b>”; or</li> <li>○ Defer commencement of your pension benefit until age 65 and receive an unreduced pension as described for Normal Retirement under the section “<b>What will I receive at the time of retirement?</b>”; or</li> <li>○ Transfer your <a href="#">Termination Value</a> in a lump sum to:             <ul style="list-style-type: none"> <li>• a locked-in retirement account (LIRA);</li> <li>• a life income fund (LIF);</li> <li>• an annuity contract issued by an assurance company; or</li> <li>• your new employer’s pension plan (if the plan allows it).</li> </ul> </li> </ul> <p>Election to transfer your <a href="#">Termination Value</a> must be made <b>within 90 days</b> of receiving your options; otherwise you are only entitled to receive a reduced or unreduced pension as indicated above.</p>

## Leaving the Plan before Retirement (continued)

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### What happens if I terminate employment before retirement? (continued)

<p>...termination of employment (after <a href="#">Vesting Date</a> and after age 55)?</p>	<p>With five or more years of continuous employment; two or more years of pensionable service; <u>or</u> two or more years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any <a href="#">Predecessor Plans</a>), you have the choice to:</p> <ul style="list-style-type: none"><li>○ Commence your pension benefit after termination of employment at any age prior to your 65<sup>th</sup> birthday and receive a reduced pension benefit as described for Early Retirement under the section “<b>What will I receive at the time of retirement?</b>” and a <a href="#">bridge benefit</a> as described in the section “<b>What is the bridge benefit?</b>”; or</li><li>○ Commence your pension benefit at age 65 and receive an unreduced pension as described for Normal Retirement under the section “<b>What will I receive at the time of retirement?</b>”.</li></ul>
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# Benefits upon Death of a Member

## What benefits are payable upon my death?

### Pre-Retirement Death Benefits:

<p>Death before <a href="#">Vesting Date</a> and before pension payments have started</p>	<p>With less than five years of continuous employment; less than two years of pensionable service; <u>and</u> less than two years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any <a href="#">Predecessor Plans</a>), the benefit paid will be a refund of your own employee contributions to the CUPE Hospitals Shared Risk Plan with accumulated interest.</p>
<p>Death after <a href="#">Vesting Date</a> and before pension payments have started</p>	<p>With five or more years of continuous employment; two or more years of pensionable service; <u>or</u> two or more years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any <a href="#">Predecessor Plans</a>), the benefit paid will be a lump sum equal to the <a href="#">Termination Value</a> amount you would have received had you terminated service just before death.</p>

### Post-Retirement Death Benefits:

<p>Death after pension payments have started</p>	<p>The benefit paid will be determined based on the form of pension that you elect at the time of your retirement. (Refer to section <b>“Are there different forms of pension that I can choose from?”</b>).</p>
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For the pre-retirement death benefits mentioned above, the benefit will be paid to (as applicable):

- Your surviving [Spouse](#);
- Your beneficiary (if there is no [Spouse](#) or if your [Spouse](#) has waived his/her entitlement);
- Your [Spouse](#) and beneficiary in the proportions indicated by you (if your [Spouse](#) has waived part of his/her entitlement); or
- Your estate (if none of the above are applicable).

For post-retirement death benefits, the form of pension that you elect at the time of your retirement determines who the benefit will be (or can be) paid to. (Refer to section **“Are there different forms of pension that I can choose from?”**).

As mentioned previously in this booklet, if you have a [Spouse](#) who is entitled to one of the death benefits above, **your [Spouse's](#) entitlement will supersede any beneficiary you may have designated to receive your death benefits.** Your [Spouse](#) can, however, waive his/her entitlement if the appropriate waiver is completed. Please refer to section **“Can I designate a beneficiary?”** for additional information regarding the applicable waivers and naming of beneficiaries.

# Purchasing Prior Service

## Can I purchase periods of pensionable service?

You may be able to purchase prior periods of service under this pension plan and increase the pension that will be payable to you when you retire. Purchases of prior periods of service can only be made while you are an active contributor to CUPE Hospitals Shared Risk Plan. The cost to purchase prior periods of service will vary depending on the type of service purchased. Below is a list of the various types of service that may be purchased:

If you are a member with...	Cost
Previously refunded service under the CUPE Hospitals Pension Plan / CUPE Hospitals Shared Risk Plan:	<p>The cost is the greater of:</p> <ul style="list-style-type: none"> <li>(i) Amount of Refund, plus interest;</li> <li>(ii) 1 X <a href="#">Current Contribution Rate</a>; or</li> <li>(iii) <a href="#">Adjusted Termination Value</a> of benefits.</li> </ul>
<p>An approved leave of absence without pay (maternity leave and other leaves) where:</p> <ul style="list-style-type: none"> <li>○ If leave commenced <u>prior to July 1, 2012</u>, you occupied a permanent <u>full-time</u> position immediately prior to leave; or</li> <li>○ If leave commenced <u>on or after July 1, 2012</u>, you were a member of the CUPE Hospitals Shared Risk Plan immediately prior to leave (cost and service credited on a pro-rated basis if part-time position immediately prior to leave).</li> </ul>	<p>The cost is the greater of:</p> <ul style="list-style-type: none"> <li>(i) 1 X <a href="#">Current Contribution Rate</a>; or</li> <li>(ii) <a href="#">Adjusted Termination Value</a> of benefits <b>minus</b> Employer Cost (1 X <a href="#">Current Contribution Rate</a>)</li> </ul> <p>(applicable if leave is purchased after one year of recommencing contributions in the CUPE Hospitals Shared Risk Plan).</p>
A waiting period – prior non-contributory full-time service:	<p>The cost is the greater of:</p> <ul style="list-style-type: none"> <li>(i) 1 X <a href="#">Current Contribution Rate</a>; or</li> <li>(ii) <a href="#">Adjusted Termination Value</a> of benefits.</li> </ul>

## Purchasing Prior Service (continued)

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### What method of payment can I use to pay for my purchase of service?

You can choose one or a combination of the methods described below to pay for your purchase of pensionable service:

- Lump sum payment:
  - personal cheque;
  - money order;
  - using all or part of your retirement allowance/severance benefits (subject to restriction); or
  - direct transfer of funds from a RRSP.
- Payroll deductions (in addition to regular contributions) taken for a set number of pay periods (subject to restriction).

**Note:** If you elect to purchase, interest is charged on the unpaid balance, beginning the first of the month following your election deadline date.

The maximum period of time to pay is:

- Equal to the length of service being purchased (e.g. if you purchased 3 years, you have 3 years to pay; if you used your retirement allowance or your severance pay, you must retire within that period); or
- Your termination date, whichever comes first; your purchase must be paid in full before you terminate employment (if a purchase of service is planned at retirement, it is suggested that arrangements for the purchase of service be made at least six months prior to retirement to avoid possible delays in payment of your pension benefit).

**Important:** Canada Revenue Agency approval is normally required before purchase of post-1989 pensionable service can be allowed. Vestcor will automatically request this approval once your “election form” is received.

## Pension Plan Provisions in Other Circumstances

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### **Can I transfer between pension plans?**

The Board of Trustees may, at its discretion, from time to time, enter into a reciprocal transfer agreement with the sponsors of other pension plans. The reciprocal agreement permits portability between pension plans. There may exist reciprocal transfer agreements that permit transfer of all or part of your pensionable service in or out of this pension plan. If interested in the possibility of a reciprocal transfer, please contact your employer.

### **What happens if my marriage/common-law partnership ends?**

Provisions under the CUPE Hospitals Shared Risk Plan permit access to the pension assets on the breakdown of marriage or common-law partnership. The provisions for the division of pension benefits are in effect for written agreements, decrees and court orders dated after December 31<sup>st</sup>, 1996. Although the CUPE Hospitals Shared Risk Plan provides for the division of a pension benefit on marriage/common-law partnership breakdown, other assets may be used to provide for an equal distribution of marital assets.

An information booklet on the provisions for the division of pension benefits upon marriage/common-law partnership breakdown is available through your Human Resources or Payroll Office. The booklet is also available at the following website: [www.cupeh.ca](http://www.cupeh.ca).

## Other Information

### Where can I get more information?

Subject	Contact
Questions on pension plan provisions and how they apply to your situation:	Your primary contact is your Human Resources or Payroll Office.
For additional information regarding pension options:	<p>Vestcor</p> <p>Our Member Services team is available from 8:15 a.m. to 4:30 p.m., Monday through Friday.</p> <p>Physical Address: 140 Carleton Street, Suite 400 Fredericton, NB E3B 3T4</p> <p>Mailing Address: P. O. Box 6000 Fredericton, NB, E3B 5H1</p> <p>Telephone: 506-453-2296</p> <p>Toll Free in Canada: 1-800-561-4012</p> <p>Fax: 506-457-7388</p> <p>Web Site: <a href="http://www.cupeh.ca">www.cupeh.ca</a> <a href="http://www.vestcor.org/pensions">www.vestcor.org/pensions</a></p>
For information regarding the Canada Pension Plan and Old Age Security:	<p>Service Canada: 1-800-277-9914 (English) 1-800-277-9915 (French)</p> <p>Or visit their website at: <a href="http://www.servicecanada.gc.ca">www.servicecanada.gc.ca</a></p>
For specific personal information relative to the <i>Income Tax Act</i> (Canada):	<p>Canada Revenue Agency: 1-800-959-8281 (English) 1-800-959-7383 (French)</p> <p>Or visit their website at: <a href="http://www.canada.ca/en/revenue-agency.html">www.canada.ca/en/revenue-agency.html</a></p>

## Checklist – Approaching Retirement

When you are within a year of retirement....	Check
<p>Contact Vestcor or your employer for information regarding a pension estimate. Please note that you will need to complete a pension estimate application form and submit it to Vestcor.</p>	
<p>Advise your employer of your retirement plan at least 6 months in advance.</p>	
<p>Check with your employer about purchasing eligible service. If you are currently paying for a purchase of service, it must be paid in full before the retirement date in order for the additional service to be included in the pension calculation.</p>	
<p>Your employer will forward termination papers to Vestcor. Vestcor will review the information received and send you the retirement package containing the application forms and instructions you will need to apply for your pension.</p>	
<p>Upon receiving the retirement package, you must review, sign and return your pension application by the deadline date indicated in your package.</p>	
<p>Contact your Human Resource area or Payroll Officer (as applicable) to inquire about Group Life Insurance Conversion and your Health and Dental programs.</p>	
<p>Contact Service Canada regarding the Canada Pension Plan (CPP) and/or Old Age Security at 1-800-277-9914.</p>	



## Summary of Key Provisions

CONTRIBUTION RATE	VESTING
Effective July 1, 2012: <ul style="list-style-type: none"> <li>Employee Contribution Rate: 9.0%</li> <li>Employer Contribution Rate: 10.1%</li> </ul>	Completion of the earlier of: <ul style="list-style-type: none"> <li>Five years of continuous employment;</li> <li>Two years of pensionable service; or</li> <li>Two years of membership in the CUPE Hospitals Shared Risk Plan, including membership in any <a href="#">Predecessor Plans</a>.</li> </ul>
CALCULATION OF LIFETIME BENEFIT	
Annual basic <a href="#">lifetime pension</a> is the sum of the following:	
For <u>each</u> year (or part year) of pensionable service on or after July 1, 2012:	$1.4\% \times \text{Annualized Pensionable Earnings}$ accrued during the year up to the <a href="#">YMPE</a> for the year <b>X</b> applicable reduction factor/late retirement factor <b>PLUS</b> $2\% \times \text{Annualized Pensionable Earnings}$ accrued during the year in excess of the <a href="#">YMPE</a> for the year <b>X</b> applicable reduction factor/late retirement factor <b>MULTIPLIED BY</b> # of hours worked (and contributed) / 1,950 hours
For <u>all</u> pensionable service between January 1, 1997 and June 30, 2012:	$\text{Pensionable service} \times 1.4\%$ $\times \text{Best 5 consecutive years average earnings at June 30, 2012 up to the average YMPE} \times \text{applicable reduction factor/late retirement factor}$ <b>PLUS</b> $\text{Pensionable service} \times 2\%$ $\times \text{Best 5 consecutive years average earnings at June 30, 2012 in excess of the average YMPE} \times \text{applicable reduction factor/late retirement factor}$
For <u>all</u> pensionable service prior to January 1, 1997:	$\text{Pensionable service} \times 1.75\%$ $\times \text{Best 5 consecutive years average earnings at June 30, 2012 up to the average YMPE} \times \text{applicable reduction factor/late retirement factor}$ <b>PLUS</b> $\text{Pensionable service} \times 2.0\%$ $\times \text{Best 5 consecutive years average earnings at June 30, 2012 in excess of the average YMPE} \times \text{applicable reduction factor/late retirement factor}$
For <u>all</u> pensionable service:	Any <a href="#">Cost of Living Adjustments</a> granted in accordance with the <a href="#">Funding Policy</a>
$\text{YMPE} = \text{Year's Maximum Pensionable Earnings}$ used to calculate the Canada Pension Plan (CPP) contributions $\text{YMPE for 2024} = \$68,500$ ; Average $\text{YMPE} = 5 \text{ year average YMPE}$ (2012 = \$47,360)	

## Summary of Key Provisions (continued)

CALCULATION OF BRIDGE BENEFIT	
<ul style="list-style-type: none"> <li>• \$18 per month X number of years of pensionable service up to July 1, 2012</li> </ul> <p><b>PLUS</b></p> <ul style="list-style-type: none"> <li>• \$18 per month X number of years member is a contributor to the CUPE Hospitals Shared Risk Plan on and after July 1, 2012</li> </ul> <p><i>Bridge benefit is subject to any <a href="#">Cost of Living Adjustments</a> granted in accordance with the <a href="#">Funding Policy</a>.</i></p>	
REDUCTION FACTORS	
For only the portion of benefit earned <u>prior to July 1, 2012</u> :	Annual <a href="#">lifetime pension</a> is permanently reduced by 3/12% for each month (3% per year) that pension becomes effective prior to age 60.
For only the portion of benefit earned <u>on or after July 1, 2012</u> :	Annual <a href="#">lifetime pension</a> is permanently reduced by 5/12% for each month (5% per year) that pension becomes effective prior to age 65.
LATE RETIREMENT FACTOR	
<ul style="list-style-type: none"> <li>• Annual <a href="#">lifetime pension</a> is permanently <u>increased</u> by 0.6% for each month (7.2% per year) that pension becomes effective after age 65 (up to age 71).</li> </ul>	
FORMS OF PENSION	
<ul style="list-style-type: none"> <li>• Life Pension with Guaranteed Period of 5 or 10 Years</li> <li>• Joint and Survivor Pension – 60%, 75% or 100%</li> </ul>	
PURCHASE OF PENSIONABLE SERVICE	
<p>The following types of prior periods of service may be eligible for purchase:</p> <ul style="list-style-type: none"> <li>• Previously refunded service from CUPE Hospitals Pension Plan/CUPE Hospitals Shared Risk Plan;</li> <li>• Approved leave of absence without pay (maternity leave and other leaves); and</li> <li>• Waiting period – prior non-contributory full-time service.</li> </ul>	

**Disclaimer:** This booklet is for information purposes only and no rights are conferred by this booklet. The CUPE Hospitals Shared Risk Plan is subject to amendment from time to time in accordance with its terms. In the event of a discrepancy between the information provided in this booklet and the legislation and/or governing documents, the legislation and/or governing documents prevail. As there may be revisions to this booklet from time to time, members should access the online version of this booklet available at [www.cupeh.ca](http://www.cupeh.ca) to ensure that they have the current version of the booklet.

## Glossary

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**Adjusted Termination Value:** means the actuarial present value of a benefit which is calculated using the discount rate for the calculation of the funding policy liability. It would also include the value of vested and certain non-vested Ancillary Benefits (such as early retirement subsidies and [bridge benefits](#)) and would be adjusted to take into account the most recently determined termination value funded ratio of the plan, if it is greater than 1.0.

**Ancillary Benefits:** means benefits that are in addition to the Base Benefit, such as cost of living adjustments, early retirement subsidies, [bridge benefits](#) and postponed retirement benefits.

**Annualized Pensionable Earnings:** means pensionable earnings in a calendar year before deductions and excluding overtime or other fluctuating payments, divided by the ratio between the number of hours worked (on which pension contributions were paid) and the annual full-time equivalent hours (1,950 hours). Example: pensionable earnings of \$35,000 over a period of six months in a given year (working full-time) would amount to \$70,000 in annualized pensionable earnings (\$35,000 divided by (975/1,950 hours)).

**Base Benefit:** means the amount of pension paid or payable to a member at any given time.

**Bridge Benefit:** means a pension benefit calculated in accordance with the “**What is the bridge benefit?**” section on page 7 of this booklet.

**Common-Law Partner:** means a person who is not or was not married to the member or former member, but is or was cohabiting in a conjugal relationship with the member or former member for a continuous period of at least two years immediately before the date in question.

**Conditional Indexing:** means indexing pension benefits when the funding status of the plan permits it.

**Conversion Date:** means July 1<sup>st</sup>, 2012 the date the Pension Plan for CUPE Employees of New Brunswick Hospitals was converted to the CUPE Hospitals Shared Risk Plan.

**Cost of Living Adjustment (COLA):** means the increase applied to the [lifetime pension](#) and [bridge benefit](#) (if any) based on all or a portion of the changes in the Consumer Price Index averaged over 12 months. COLA is applied based on the Conditional Indexing provision.

**Current Contribution Rate:** means in the context of Purchase of Service, the required contributions for the period being purchased based on the CUPE Hospitals Shared Risk Plan contribution rate and the member’s pensionable earnings (full-time equivalent earnings if working less than full-time) in effect at the date of application.

**Funding Policy:** means a document in respect of the CUPE Hospitals Shared Risk Plan which sets out certain parameters established by the parties to address key funding and benefit features of the CUPE Hospitals Shared Risk Plan. These features include the timing and level of increases or decreases in the contribution rate, whether COLA will be granted and the level of such COLA, whether Ancillary Benefits and/or Base Benefits have to be adjusted, up or down, all depending on the level of the plan’s funded status and risk management goals.

**Lifetime Pension:** means a pension calculated in accordance with the “**How is my lifetime pension calculated?**” section on page 7 of this booklet.

## Glossary (continued)

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**Predecessor Plans:** means the CUPE Hospitals Pension Plan, the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick and the Pension Plan for Employees of New Brunswick Hospitals.

**Spouse:** means a person who is married to the member, provided that:

- if the marriage is voidable, it has not been voided by a declaration of nullity; or
- if the marriage is void, it was gone through by each person in good faith and the persons have cohabited within the preceding year before the date in question.

Note: For the purposes of this booklet, the term “Spouse” includes “[Common-Law Partner](#)” except where both terms are used.

**Termination Value:** means the value of the member’s Base Benefit at date of termination of employment, adjusted for the funded status of the plan, and calculated in accordance with the requirements of the *Pension Benefits Act*.

**Vested:** means a status whereby a member becomes irrevocably entitled to pension benefits as a result of reaching his or her Vesting Date.

**Vesting Date:** means the date upon which a member becomes Vested. This is the date that a member first attains 5 years of continuous employment, 2 years of pensionable service, or 2 years of plan membership in the CUPE Hospitals Shared Risk Plan, including membership in any Predecessor Plans.

**Year’s Maximum Pensionable Earnings (YMPE):** means the maximum earnings level used to determine employer and employee contributions to the Canada Pension Plan (CPP). The federal government increases this amount every year according to a measure of increases in wages in Canada.