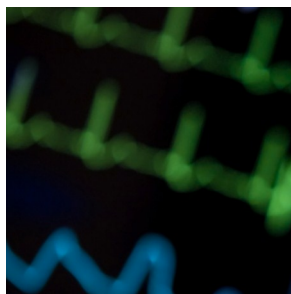


SHARED RISK PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NB HOSPITALS



PENSION NEWS



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CONTACT INFORMATION

CBE SRP Board of Trustees
c/o Pensions and Employee Benefits
P.O. BOX 6000, Fredericton, NB E3B 5H1

More information on your pension plan can be found at www.gnb.ca/cbe.

MESSAGE FROM THE CHAIRPERSON

On behalf of the Board of Trustees for the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals, I am pleased to provide you with an update on your pension plan.

As you will see in more detail on the pages that follow, your pension plan is in a strong financial position. Your Board of Trustees is committed to keeping you informed on all aspects of your pension plan.

We will be preparing semi-annual newsletters that will keep you updated on the performance of your pension plan's investments, the pension plan's financial position, any plan changes along with important provisions contained within your pension plan.

Your Board of Trustees is interested in receiving any feedback that you may have and encourage you to write to us at the address listed under contact information.

Sincerely,

Marilyn Quinn, Chairperson

PLAN GOVERNANCE

PURPOSE OF THE PENSION PLAN

The sole purpose of the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (the “CBE SRP”) is to provide retirement benefits to members, retirees and their beneficiaries in accordance with the CBE SRP Text, the CBE SRP Funding Policy and the *Pension Benefits Act (PBA)*.

BOARD OF TRUSTEES

A Board of Trustees (the “Board”) has been appointed to administer the CBE SRP. Three Trustees have been appointed by the New Brunswick Nurses’ Union, two Trustees have been appointed by the New Brunswick Union and five Trustees have been appointed by the Province (currently one vacancy).

The Trustees include:

- Marilyn Quinn, Chairperson – New Brunswick Nurses’ Union
- Tom Maston, Vice-Chairperson – Department of Health
- Janet Walker – New Brunswick Nurses’ Union
- Shelley Duggan – New Brunswick Nurses’ Union
- Lydia Jaillet – New Brunswick Union
- Richard Luton – Department of Finance
- Mark Thompson – Department of Health
- Susie Proulx-Daigle – New Brunswick Union
- Vicki Squires – Horizon Health Network

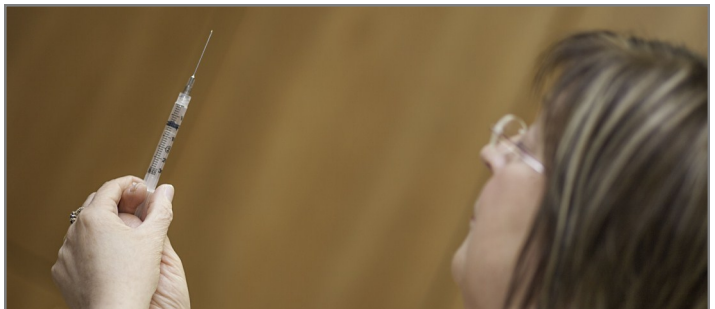
Trustees must act independently of the party that appointed them and always in the best interest of all members, retirees and their beneficiaries. Trustees cannot be removed before their term expires by the party that appointed them, but they can be removed by the New Brunswick Superintendent of Pensions for failure to perform their duties as outlined in the *PBA*.

The Board is responsible for the overall administration of the pension plan including oversight of the investments. The CBE SRP Text, Declaration of Trust, Investment Policy and the Funding Policy are all important documents used to guide the Board in carrying out its duties. These documents can be found at www.gnb.ca/cbe.

The Board has entered into service level agreements with Osler, Hoskin and Harcourt for legal services; Morneau Shepell for actuarial services; the Pensions and Employee Benefits Division for day to day pension administration services; and with the following investment managers to provide investment management services:

- Fiera Properties – Real Estate
- Foyston, Gordon & Payne – Global Equities
- Gryphon Investment Counsel – Global Equities
- Hillsdale – Canadian Equities
- Letko Brosseau – Canadian Equities
- Phillips, Hager & North – Canadian Fixed Income
- T. Rowe Price – Foreign Fixed Income
- Macquarie – Infrastructure

The Board meets regularly (at least four times per year) to review investment performance and receive updates from investment managers and the Pensions and Employee Benefits Division. The Board has three sub-committees: Governance, Investment and Audit. Issues requiring further investigation are submitted to the applicable sub-committee for review and a report is provided to the Board where all decisions are made.



ACTUARIAL REPORT AS AT JULY 1, 2012

VALUATION AS A SHARED RISK PLAN

The initial actuarial valuation report for the CBE SRP was completed as of July 1, 2012 and filed with the New Brunswick Superintendent of Pensions. As a shared risk pension plan, the CBE SRP is subject to requirements under the *PBA* when completing an annual valuation, which includes the requirement for risk management testing and for reporting on risk management goals.

RISK MANAGEMENT TESTING

Shared risk pension plans are required to undergo a series of annual risk management tests to ensure their security and ability to provide long-term benefits to their members. The results of these tests may cause the need for shorter-term adjustments, as outlined in the *PBA* and the CBE SRP Funding Policy, in any one year to help preserve the long-term financial health of the pension plan.

We are pleased to report that the pension plan's actuary has confirmed that the CBE SRP has successfully passed these tests as part of their annual actuarial valuation report as of July 1, 2012:

- The CBE SRP passed the primary risk management goal with a 99.9% probability that base benefits earned would not be reduced over the next 20 years.
- The CBE SRP passed the first secondary risk management goal with the projection that members, retirees and their beneficiaries will receive on average 76.5% of the Consumer Price Index (CPI) increase over the next 20 years.
- The CBE SRP passed the second secondary risk management goal with the projection that 99.9% of ancillary benefits (e.g., early retirement subsidy) will be provided over the next 20 years.

FUNDING STATUS OF THE PLAN

The *PBA* requires that the funding status of the pension plan be measured on two separate bases as part of the valuation:

Termination Value Funded Ratio

- This ratio compares the fair market value of the pension plan's assets to the pension plan's liabilities as of July 1, 2012 and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown or retirement.
- As at July 1, 2012 the pension plan had \$1.135 billion in assets and \$1.177 billion in liabilities for a termination value funded ratio of 96.4%.

15-Year Open Group Funded Ratio

- This is an important ratio as it measures the pension plan's ability to provide the benefits earned to date. It is also used to determine the actions (e.g., annual cost of living adjustment) to be taken by the Board of Trustees under the pension plan's Funding Policy.
- This ratio compares the fair market value of the pension plan's assets, plus the present value of contributions over the next 15 years, to the pension plan's liabilities as of July 1, 2012.
- As at July 1, 2012 the pension plan's open group funded ratio was 128.7%.



ACTUARIAL REPORT AS AT DECEMBER 31, 2012

VALUATION AS A SHARED RISK PLAN

The actuarial valuation report for the CBE SRP was completed as of December 31, 2012 and filed with the New Brunswick Superintendent of Pensions.

FUNDING STATUS OF THE PLAN

The *PBA* requires that the funding status of the pension plan be measured on two separate bases as part of the valuation:

Termination Value Funded Ratio

- As at December 31, 2012 the pension plan had \$1.231 billion in assets and \$1.218 billion in liabilities for a termination value funded ratio of 101.1%.

15-Year Open Group Funded Ratio

- As at December 31, 2012 the pension plan's open group funded ratio was 131.7%.

RISK MANAGEMENT TESTING

The pension plan's actuary has confirmed that the CBE SRP has successfully passed these tests as part of their annual actuarial valuation report as of December 31, 2012:

- The CBE SRP passed the primary risk management goal with a 99.8% probability that base benefits earned would not be reduced over the next 20 years.
- The CBE SRP passed the first secondary risk management goal with the projection that members, retirees and their beneficiaries will receive on average 75.4% of the CPI increase over the next 20 years.
- The CBE SRP passed the second secondary risk management goal with the projection that 99.8% or above of ancillary benefits (e.g., early retirement subsidy) will be provided over the next 20 years.

COST OF LIVING ADJUSTMENT

The CBE SRP provides for a cost of living adjustment ("COLA", also known as "Indexation") each year if there is a large enough surplus in the pension plan. If the funding level of the CBE SRP does not allow for any or a portion of COLA to be granted in a given year, the increases are carried forward to future years and may be paid if the funding level of the pension plan allows for it at that time. When COLA is provided, it is provided to active employees, retirees and deferred members. Over the past three years, the following COLA have been provided, which represent the maximum COLA that could be granted for each year.

January 1, 2013

The Board granted COLA of 2.4% effective January 1, 2013.

For active and deferred members, the increase was applied to the benefits that they have earned up to June 30, 2012 and was prorated to take into account that the plan converted on July 1, 2012. For retirees, the increase was applied to their monthly pension benefit effective January 1, 2013.

January 1, 2014

The Board granted COLA of 0.96% effective January 1, 2014.

For active and deferred members, the increase applied to the benefit that they have earned up to December 31, 2012. For retirees, the increase was applied to their monthly pension benefit effective January 1, 2014.

January 1, 2015

The Board granted COLA of 1.43% effective January 1, 2015.

For active and deferred members, the increase applied to the benefit that they have earned up to December 31, 2013. For retirees, the increase was applied to their monthly pension benefit effective January 1, 2015.

INVESTMENT REPORT AS AT DECEMBER 31, 2014

The Board of Trustees for the CBE SRP is responsible for all decisions related to the Investment Policy for the pension plan, subject to specific risk management constraints set out in the CBE SRP Funding Policy and the *PBA*.

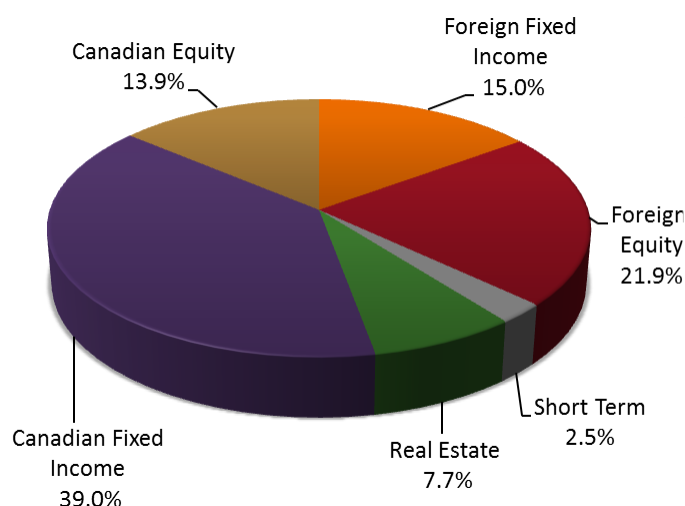
Asset Mix

The development of the asset mix for the CBE SRP is dependent on the actuarial liability of the pension plan and the pension plan's ability to pass the risk management tests under the Funding Policy and requirements of the *PBA*.

To ensure the long-term security and stability of the CBE SRP, the asset mix is being transitioned to a lower risk portfolio.

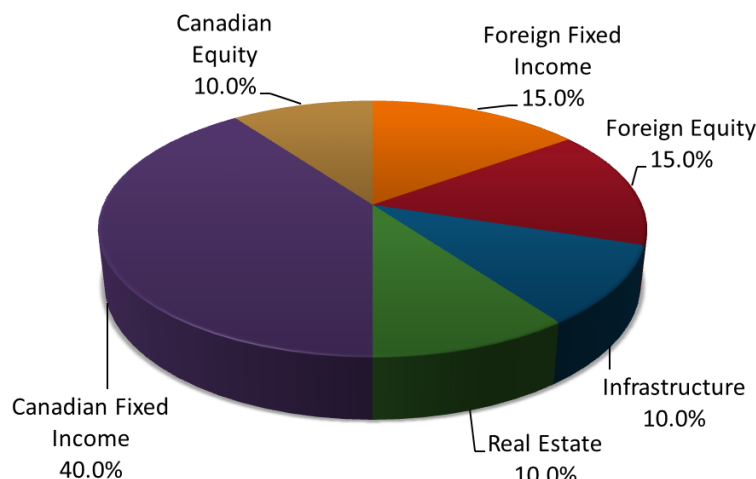
Total assets under management as at December 31, 2014 stood at \$1.66 billion and the **current** asset mix is shown in the following chart.

CBE SRP Current Asset Mix
(December 31, 2014)



The following **target** asset mix has been approved by the Trustees as part of their Investment Policy and has been filed with the Superintendent of Pensions.

CBE SRP Target Asset Mix

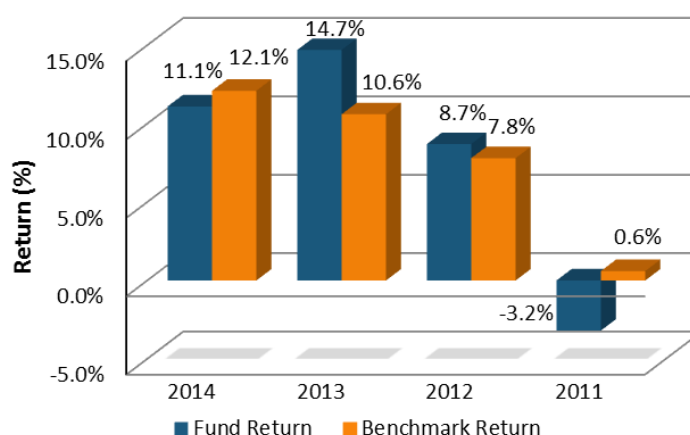


INVESTMENT PERFORMANCE

In terms of the investment performance, the objective of the CBE SRP is to add value above investment benchmarks through active management strategies.

The four year annualized rate of return to December 31, 2014 was 7.6% which was slightly below the benchmark return of 7.7%. Investment returns are reported gross of investment management fees.

Investment Performance
(Annual at December 31, 2014)

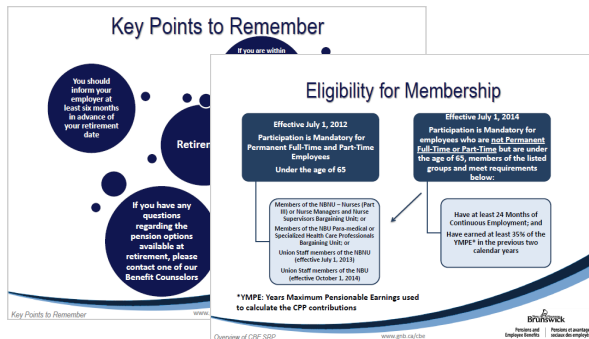


IMPORTANT MEMBER INFORMATION

CBE SRP WEBSITE

The CBE SRP website is a valuable source of information for pension plan members. The website includes forms, booklets, newsletters, a pension estimate calculator and an employee presentation that covers important provisions within your pension plan. The website can be found at the following address: www.gnb.ca/cbe

NEW! Audio/Visual Presentation



PURCHASING PRIOR SERVICE

Members may be able to purchase prior periods of service under the CBE SRP. The cost to purchase prior periods of service will vary depending on the type of service purchased. A list of the various types of service that may be purchased can be found in the CBE SRP booklet.

Canada Revenue Agency approval is normally required before purchases of post-1989 pensionable service can be allowed. The Pensions and Employee Benefits Division will automatically request this approval once your “election” form is received. The application form can be found at www.gnb.ca/cbe.

REMINDER FOR RETIREES

DID YOU KNOW?

If you are a retiree, you can receive future communiqués from the Board of Trustees via email. Simply call the Pensions and Employee Benefits Division toll free at 1 (800) 561-4012 or 453-2296 (Fredericton) and provide them with your email address.

Your pension is deposited on the 1st of each month, unless, the 1st falls on a weekend or holiday.

Here are the deposit dates for 2015:

January 1	April 1	June 30 (For July)	October 1
January 30 (For February)	May 1	July 31 (For August)	October 30 (For November)
February 27 (For March)	June 1	September 1	December 1



For questions, please contact Pensions and Employee Benefits Division toll free at 1 (800) 561-4012 or 453-2296 (Fredericton).

DISCLAIMER: This publication is intended to provide information about the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE SRP). If there is a discrepancy between the information contained herein and the CBE SRP Text, the latter will prevail.