

SHARED RISK PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NB HOSPITALS



IN THIS ISSUE

- 2 HOW YOUR PLAN OPERATES
- 3 ACTUARIAL REPORT AS OF DEC. 31, 2014
- 4 COST OF LIVING ADJUSTMENT
- 4 AMENDMENTS TO THE CBE SRP PLAN TEXT
- 5 A LOOK AT CBE
- 6 IMPORTANT MEMBER INFORMATION
- 6 REMINDER FOR RETIREES

CONTACT INFORMATION

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c/o Pensions and Employee Benefits
P.O. BOX 6000, Fredericton, NB E3B 5H1
1 (800) 561-4012 (Toll free) or (506) 453-2296
Email: pensions@gnb.ca

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

MESSAGE FROM THE CHAIRPERSON

Your Board of Trustees is pleased to present the second “Pension News” of 2015. This semi-annual newsletter provides us an opportunity to highlight various aspects of your shared risk plan, and share the latest on its financial performance or plan amendments that may affect you.

Our priority as a Board is to ensure we are giving you the information you need to fully understand the CBE shared risk plan. When you understand how it operates and is performing, you can be reassured that your pension is being managed responsibly.

In order to be effective in our communication, we rely on your feedback. We strongly encourage you to reach out to us if you have questions or suggestions for this publication.

Sincerely,

Marilyn Quinn, Chairperson

HOW YOUR PLAN OPERATES

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)*.

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ACTUARIAL REPORT AS OF DECEMBER 31, 2014

VALUATION AS A SHARED RISK PLAN

The actuarial valuation report for the CBE SRP was completed as of December 31, 2014, 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.

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 December 31, 2014:



The CBE SRP passed the primary risk management goal with a 99.15% probability (99.3% in 2013) 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 83.7% (85.9% in 2013) 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 99.15% of ancillary benefits such as early retirement subsidy (99.3% in 2013) will be provided over the next 20 years.

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.

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 December 31, 2014, and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown or retirement.
- As of December 31, 2014, the pension plan had \$1.662 billion in assets and \$1.412 billion in liabilities for a termination value funded ratio of 117.7% (112.2% in 2013).

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 December 31, 2014.
- As of December 31, 2014, the pension plan's open group funded ratio was 145.2% (140.8% in 2013).



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.

The 2015 adjustment is 1.49 per cent, and is based on the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June. It will be applied on January 1, 2016.

Active members will have the increase applied to the benefit that they have earned up to December 31, 2014. Retirees will have this amount applied to their monthly pension benefit and will receive notification in December outlining the increase they will receive in their monthly benefit starting in January 2016.

AMENDMENTS TO THE CBE SRP PLAN TEXT

New Brunswick’s *Pension and Benefits Act (PBA)* requires that members be provided with an update on any amendments to the CBE SRP Plan Text. The following amendments were filed in 2014/2015:

PLAN TEXT AMENDMENTS

Section 2.21 and 2.28	to allow members transferred from FacilicorpNB to Service New Brunswick the ability to continue participation in the CBE SRP
Section 2.68	to include the date that staff members of the New Brunswick Union became eligible to participate
Section 2.71	to clarify that two years of pensionable service can also be used in determining a member’s vesting date
Section 16.7	to remove the requirement that “a report” be produced, as the semi-annual newsletter is used to communicate this information

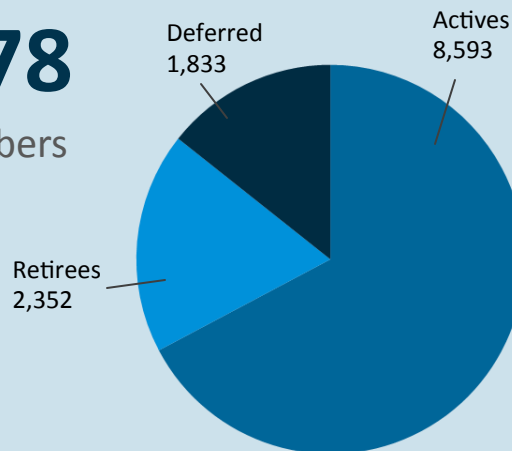
FUNDING POLICY / INVESTMENT POLICY AMENDMENTS

Funding Policy Section V	to comply with the NB <i>Pension Benefits Act</i> , steps 2 through 4 of the Funding Deficit Recovery Plan should occur no later than 12 months (changed from 18 months) following the date of the funding valuation report
Investment Policy	Amendments to Statement of Investment Policies and Goals to ensure it is in compliance with the <i>Pension Benefits Act</i>

A LOOK AT CBE *AS OF DEC. 31, 2014*

12,778

total members



BENEFITS PAID
OUT IN 2014

\$50.7
million

ACTIVE MEMBERS



Average Age: 43.1 years

Average Salary: \$65,216

Average Service: 10.4 years

CONTRIBUTIONS
Active Members

\$41.5
million

RETIREEES



Average Age: 67.6 years

Average Pension: \$18,134

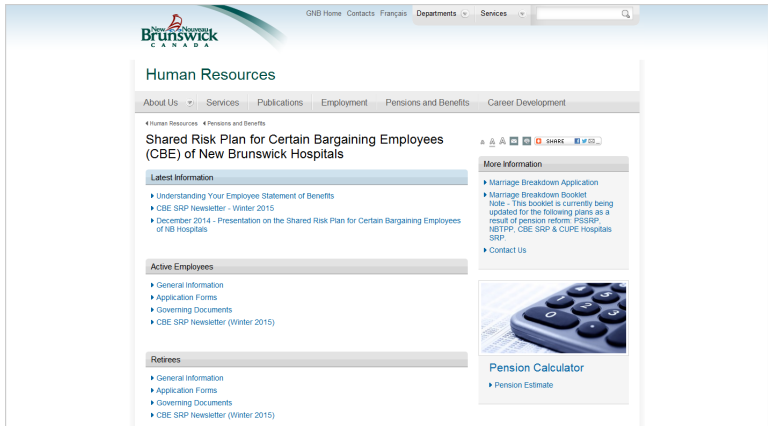
CONTRIBUTIONS
Employers

\$41.5
million

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



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 is permitted. 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 2016:

January	1	April	1	June	30	September	30
				(For July)		(For October)	
February	1	April	29	July	29	November	1
		(For May)		(For August)			
March	1	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).