

PENSION NEWS

JUNE 2017



CONTACT INFORMATION

Write:

CBE SRP Board of Trustees
c/o Vestcor Pension Services Corporation
P.O. BOX 6000, Fredericton, NB E3B 5H1

Call: 1 (800) 561-4012 (Toll free) or
(506) 453-2296

Email: pensions@vestcorservices.com

Visit: vestcor.org/CBE

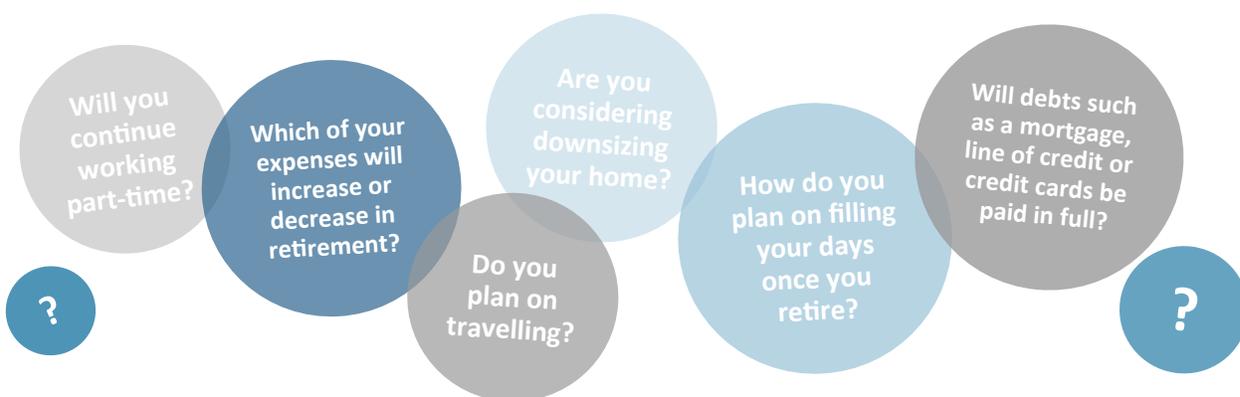
PLANNING FOR RETIREMENT

It's never too soon to begin planning for your retirement

Achieving the retirement lifestyle you desire requires a bit of planning. We've outlined below some easy steps to follow to help you estimate how much income you'll need through your retirement, and how you can achieve this level of retirement income.

HOW MUCH INCOME WILL YOU NEED TO RETIRE?

Typically, it's suggested that you should aim to replace 70% of your annual pre-retirement income through your pension plan, and other sources of income to maintain the same standard of living throughout your retirement. This may be a good gauge, but remember that your actual retirement income needs are going to be unique to you, based on your personal circumstances. To begin estimating how much you'll need, answer the following questions:



Now that you have a better idea of how much income you'll need to enjoy the lifestyle you want in retirement, consider which sources of the Canadian Retirement Income System you will need to rely on.

THE THREE SOURCES OF RETIREMENT INCOME

There are three sources of retirement income in Canada:

SOURCE 1: OLD AGE SECURITY (OAS) & GUARANTEED INCOME SUPPLEMENT (GIS)



SOURCE 2: THE CANADA PENSION PLAN (CPP) & QUEBEC PENSION PLAN (QPP)



SOURCE 3: CBE SRP & OTHER SAVINGS/INVESTMENT ACCOUNTS

= Retirement Income

SOURCE 1: OAS & GIS

The first source is made up of two programs financed by the Government of Canada (Federal Government) through general tax revenues. The OAS and GIS programs are available to seniors based on their age, years of Canadian residency and level of income.

For more information on OAS and GIS, please visit www.canada.ca/en/services/benefits/publicpensions.html.



SOURCE 2: CPP & QPP

The second source consists of the CPP/QPP programs. These mandatory programs are designed to provide a basic level of income for all Canadian workers at retirement or as early as age 60. As an employee, you pay into these programs throughout your years of employment, so you can access the benefits during retirement. Note that QPP is only required by employees working in the Province of Quebec.

The monthly CPP/QPP entitlement you'll receive is based on the amount you contributed while working, the number of years you contributed and the age you begin drawing your CPP/QPP. For more information on CPP, please visit www.canada.ca/en/services/benefits/publicpensions.html.

SOURCE 3: CBE SRP PENSION PLAN & OTHER SAVINGS/INVESTMENTS

The third source consists of your CBE SRP pension plan and any other savings and investment plans you may have. Examples of savings/investment plans include Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSA) and Other Non-Registered Savings Accounts.

Your CBE SRP pension plan will likely be a major component of the third source of your retirement income. The primary purpose of the CBE SRP is to provide secure pensions to plan members at retirement. To learn more about your pension plan, view the short video at vestcor.org/SRPvideo.

Depending on the lifestyle you seek at retirement, you may want to consider other savings/investment plans to increase your retirement income. It is never too early or too late to look into RRSPs and TFSA. For more information on those programs, visit www.cra-arc.gc.ca/rrsp and www.cra-arc.gc.ca/tfsa, or speak to a financial advisor.

Combining these three sources can provide you with a healthy retirement income. For an estimate of your future CBE SRP pension plan entitlement, use the online Pension Estimate Calculator at vestcor.org/CBE.

Are you retiring soon? Refer to the Retirement Planning Checklist on the next page.



RETIREMENT PLANNING CHECKLIST

As you think about retiring, the following checklist will help you with your planning:

12 months prior to retirement

- Contact Vestcor Pension Services Corporation (VPSC) or your employer to obtain a formal pension benefit estimate.
 - Collect required documents you will need at retirement
 - Proof of birth
 - Marriage Certificate / Common Law Partner declaration
 - Spouse's proof of birth
 - For CPP and OAS benefits visit www.canada.ca/en/services/benefits/publicpensions.html for an application.
-

6 months prior to retirement

- Contact your employer to complete a retirement application along with related forms.
- When choosing your retirement date, you may want to choose a date close to the end of the month. Your pension is always effective the 1st of the month following your retirement date, and paid the 1st of the month.

Once VPSC receives your retirement application, you can expect your retirement benefit options to be sent to you within 60 days.

For any questions you may have in relation to your pension plan, contact a Pensions and Benefits Specialist at 1-800-561-4012.

SOCIÉTÉ DES SERVICES DE RETRAITE
VESTCOR
PENSION SERVICES CORPORATION

INVESTMENT REPORT

FOR DECEMBER 31, 2016 (UNAUDITED)

SOCIÉTÉ DE GESTION DES PLACEMENTS
VESTCOR
INVESTMENT MANAGEMENT CORPORATION

INVESTMENT PERFORMANCE

We are pleased to report that the gross 2016 investment return for the CBE SRP was approximately 6.45%, versus our investment policy benchmark of 6.17%. This brings our longer term four-year total annualized return as of December 31, 2016 to approximately 9.45% (versus a benchmark return of 8.46%), and our ten-year annualized return to 5.57% (versus a benchmark return of 5.68%).

More importantly, our four-year return exceeds the performance objectives outlined in the current Statement of Investment Policy and Goals of “...a real rate of return of at least 3.0% after expenses and a nominal return of 5.5% after expenses, as calculated on an annualized basis over moving 4 year time periods”.

While investment returns for the full year were generally positive across all major asset classes, the second half – in particular the 4th calendar quarter – experienced a decline in fixed income markets as interest rate increases across most bond maturities negatively impacted fixed income prices. Despite this, the diversified nature of the our asset mix provided effective protection, with particularly strong results in most equity markets and alternative asset classes more than offsetting the challenges in bond markets.

TRANSITION TO A NEW INVESTMENT MANAGER

As of September 1st, 2016, the Board of Trustees entered into an Investment Management Agreement with Vestcor Investment Management Corporation (VIMC). VIMC has a successful long-term track record in meeting the long-term return and risk objectives of a number of other shared risk pension plans at a very low cost.

In addition to providing investment management services to the CBE SRP, VIMC will assist the Trustees with their responsibilities regarding investment oversight through VIMC’s investment policy research and risk management advisory capabilities.

An initial transition plan for the assets was approved by the Board on September 12, 2016 and focuses on a better risk balance between the asset classes in which the portfolio invests. VIMC is also conducting an in-depth asset/liability study with an aim to recommend an updated asset mix to the Board that will better match the investment return requirements of the Funding Policy but with an overall lower risk profile.

For a general commentary on market events, please visit vestcor.org/marketupdate.



CHANGES TO THE BOARD OF TRUSTEES COMPOSITION

The Board of Trustees (the “Board”), appointed to administer the CBE SRP, has recently undergone changes in its makeup:

- Marilyn Quinn, former Chairperson of the Board appointed by the New Brunswick Nurses Union, recently retired. She remains a Trustee and is now appointed by the Province;
- Richard Luton, an existing Trustee appointed by the Province, has been appointed as Chairperson;
- Susie Proulx-Daigle, an existing Trustee appointed by the New Brunswick Union, has been appointed as Vice-Chairperson;
- Paula Doucet, previously a Trustee in training, has been appointed as a Trustee by the New Brunswick Nurses Union; and
- Maria Richard has been appointed as a new Trustee in training by the New Brunswick Nurses Union.

The Board is comprised of three Trustees appointed by the New Brunswick Nurses Union, two Trustees appointed by the New Brunswick Union and five Trustees appointed by the Province. For a full list of current Trustees, visit vestcor.org/CBE and click on “Board biographies”.

THE ROLE OF THE BOARD

The CBE SRP Board of Trustees is responsible for the overall governance and administration of the CBE SRP. Trustees hold a fiduciary duty towards the Plan, meaning they do not represent the party who appointed them; rather, they must act in the best interest of the CBE SRP and its members at all times when administering the affairs of the Plan.

The Board of Trustees is responsible for making vital decisions, in accordance with the pension plan documents, regarding the CBE SRP including providing investment oversight, pension benefits administration, setting the levels of contributions and benefits in accordance with the Funding Policy, and granting indexation on benefits (cost of living adjustments, or “COLA”), to name a few. As such, Trustees are required to regularly participate in continuing education programs in order to be effective in their role and make the best decisions for the Plan and its members.

To learn more about the CBE SRP, including the governing documents that guide the Board of Trustees, visit vestcor.org/CBE.



COMING FALL 2017: PENSION AND BENEFITS INFORMATION SESSIONS

Together with your employer, Vestcor Pension Services Corporation (VPSC) will be offering CBE SRP plan members valuable information sessions relating to pension plan provisions, retirement benefits and employee benefits.

Session dates, locations and registration information will be provided soon. For more information, you can speak to your Human Resource Department, or contact Vestcor Pension Services Corporation at 1 (800) 561-4012.

AMENDMENT TO THE CBE SRP STATEMENT OF INVESTMENT POLICIES AND GOALS

The New Brunswick *Pension Benefits Act (PBA)* requires that members be provided with an update on any amendments to the CBE SRP Plan Text or related documents. Amendments were made to the following Sections of the CBE SRP Statement of Investment Policies and Goals (SIP&G):

Sections IV, V and VI were amended to:

- Allow the Fund to enter into derivatives arrangements in order to hedge foreign currency exposure;
- Attempt to lower the volatility of the existing Board-approved SIP&G asset mix by introducing Low Volatility Equity strategies to the Canadian and International Equity asset classes such that these asset classes are 50% market capitalization strategies and 50% low volatility strategies;
- Lower the target weight of real estate and infrastructure asset classes and deploy 2% weight to a new Absolute Return Strategies asset class; and
- Amend the stated benchmark for each asset class.

FUNDING POLICY

Your pension plan's Funding Policy is an important governance tool that is used by the Board of Trustees in managing pension plan risk and in adjusting benefits or contribution levels when the plan has a surplus or deficit.

For a summary of the information provided in the Funding Policy, please visit vestcor.org/CBE.

EMPLOYEE STATEMENT OF PENSION BENEFITS March 13, 2017
Shared Risk Plan for Certain Bargaining Employees of NB Hospitals
(Registration Number: 0385856)
For the period January 1, 2015 to December 31, 2015

STATEMENT SAMPLE
9999 TESTER STREET
APT. 9999
FREDERICTON NB E1E 2E3

Reference Number: 10500406
Employee Number: 23185935
Date of Birth: December 20, 1966
Gender: Female
REGIONAL HEALTH AUTHORITY 3

August 1, 1995
January 27, 1996
Vested

| Category | Value |
|--|-------------|
| Pensionable Service as of December 31, 2014 | 18.942 |
| Regular Service during statement period | 1.000 |
| Total Pensionable Service as of December 31, 2015 | 19.942 |
| Contributions with interest as of December 31, 2014 | \$82,904.14 |
| Regular Contributions during statement period | \$5,038.41 |
| Interest credited during statement period | \$4,057.18 |
| Total Employee Contributions with interest as of December 31, 2015 | \$92,019.73 |
| Employer Contributions during statement period | \$5,038.41 |

Disclaimer: This statement is for information purposes only. No rights are conferred by your statement. For authoritative wording regarding the pension plan, please refer to the Plan Text for the Shared Risk Plan for Certain Bargaining Employees of NB Hospitals.

Page 1

EMPLOYEE STATEMENT OF PENSION BENEFITS

The target date for delivery of the 2016 Employee Statement of Pension Benefits is July 2017.

Statements will be mailed directly to plan members.

TIPS FOR RETIREES



DID YOU KNOW THAT YOU HAVE AN OPTION TO INCREASE THE INCOME TAX WITHHELD FROM YOUR PENSION?

Did you owe money this year after filing your income taxes? There are various ways to reduce owed income tax. One option is to increase the amount of tax withheld from your monthly pension payment. By doing so, you can reduce how much money you owe when you file your tax return next year.

It's very easy to do. Simply complete the form "Request For Income Tax Deduction" which can be found on our website at vestcor.org/incometax or call our office at 1 (800) 561-4012 and we will mail you the form.



DID YOU KNOW YOU COULD RECEIVE THIS NEWSLETTER ELECTRONICALLY?

Going paperless? We encourage you to sign up to receive your newsletter by email.

Simply contact VPSC at 1 (800) 561-4012 (toll free) or 453-2296 (Fredericton) or by email at pensions@vestcorservices.com to provide your name and email address.



WHEN IS MY PENSION DEPOSITED?

Your pension is deposited on the 1st of each month, unless the 1st falls on a weekend or holiday. For a full calendar of the 2017 pension pay dates, visit vestcor.org/paydates1.

Reminder! Any changes to your address or banking information must be provided to VPSC. Change of banking and address forms are available online at vestcor.org/CBE.

HELP US IMPROVE YOUR NEWSLETTER!

In an effort to improve the services and communication tools for your pension plan, we would like to get your feedback about recent newsletters via a survey. Tell us what articles you preferred, what type of information you found valuable and what type of information you would like to read on a regular basis.

Thank you in advance for your cooperation and valuable feedback.



To complete the survey online, please go to: vestcor.org/survey-b911



To complete the survey by telephone, please contact us at 1 (800) 561-4012.

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.