

NOTICE TO MEMBERS

Shared Risk Plan for Canadian Union of Public Employees of NB Hospitals

The following provides an update to members of the Shared Risk Plan for Canadian Union of Public Employees of New Brunswick Hospitals (the “CUPE Shared Risk Plan”) with respect to recent decisions made by the CUPE Shared Risk Plan Board of Trustees relating to specific provisions of the pension plan.

Reciprocal Transfer Agreement with the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick

Members Retiring

CUPE Shared Risk Plan members who have assets in the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick (the “Part-Time and Seasonal Plan”) and are within six months of retirement can complete an application to transfer service from the Part-Time and Seasonal Plan to the CUPE Shared Risk Plan. Applications are available at the following Pensions and Employee Benefits Division website: www.gnb.ca/CUPE1252 and are to be completed with your human resources / payroll officer. An estimate outlining the cost to transfer service from the Part-Time and Seasonal Plan to the CUPE Shared Risk Plan will then be processed and provided to the retiring member.

All other CUPE Shared Risk Plan Members with Assets in the Part-Time and Seasonal Plan

Given that there is a very large number of CUPE Shared Risk Plan members with assets in the Part-Time and Seasonal Plan, processing individual member applications would not be feasible. As a result, the plan administrator is working to prepare an estimate for each active CUPE Shared Risk Plan member (full-time and part-time) that will outline the amount of service that can be purchased in the CUPE Shared Risk Plan with the assets that are available in each member’s Part-Time and Seasonal Plan account. It is expected that these estimates will be provided to members later this year; further information will be provided on this item in the coming months.

Designation of a Beneficiary

A provision change that has resulted from the introduction of the CUPE Shared Risk Plan involves the designation of a Beneficiary. Please note that if a CUPE Shared Risk Plan member has a spouse, and the CUPE Shared Risk Plan member designates a person other than her/his spouse as a beneficiary, the entitlement of the spouse shall supersede the entitlement of the designated beneficiary to a death benefit (i.e., the spouse will be entitled to the death benefit).

A spouse may waive her/his right to a pension benefit at the CUPE Shared Risk Plan member’s retirement by signing a “Joint and Survivor Pension Waiver” form (Form 5 of the *New Brunswick Pension Benefits Act*). The waiver form, however, can only be signed in the 12 months prior to retirement. The “Change in Beneficiary” form and the “Joint and Survivor Pension Waiver” form are available at the following Pensions and Employee Benefits Division website address: www.gnb.ca/CUPE1252.

Purchase of Service

Purchase of Service (POS) provisions have been updated for the CUPE Shared Risk Plan. **As part of the changes, the rules regarding the cost to purchase service will be changed effective January 1, 2014.**

Please read the updated purchase of service provisions below which provide the cost to purchase service up to December 31, 2013 under the old rules, as well as the cost to purchase service on and after January 1, 2014 under the new rules. Please note that the current POS application form will be valid until December 31, 2013. A revised POS application will be made available at year end.

Please note that at this time, there are no provisions within the CUPE Shared Risk Plan that would allow for the purchase of part-time service. This will be part of the review being performed by the Board of Trustees and any change will be communicated to all CUPE Shared Risk Plan members.

If you are interested in obtaining a purchase of service estimate, please contact your human resources/payroll officer in order to complete a purchase of service application form.

Waiting Period

Description: *Members are eligible to purchase the waiting period prior to the member's date of entry in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan if not already credited as pensionable service under the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.*

Eligibility	There are no time-limit restrictions on when a member can purchase their waiting period.
Cost to Purchase Service	<p>Up to December 31, 2013, the cost is:</p> <ul style="list-style-type: none"> • Two times the required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary. <p>On and after January 1, 2014, the cost will be the <u>greater of</u>:</p> <ul style="list-style-type: none"> • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary; or • The Adjusted Termination Value (see "What is the Adjusted Termination Value?" section on page 6 for further details).

Lay-off Period

Description: ~~Members are eligible to apply to purchase a lay-off period provided they are recalled and required to resume membership in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan within the lay-off period as defined in the appropriate collective agreement. The member must have been participating in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan immediately prior to the lay-off period and must not have elected to take a refund for service prior to the layoff period.~~

Rules up to December 31, 2013

Eligibility	There are no time-limit restrictions on when a member can purchase a lay-off period.
Cost to Purchase Service	<p>The cost is:</p> <ul style="list-style-type: none"> • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.

Rules on and after January 1, 2014

Eligibility	<p>Group A: Members who elect to purchase their period of lay-off within one year of recommencing contributions in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.</p>
	<p>Group B: Members who elect to purchase their period of lay-off after one year of recommencing contributions in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.</p>
Cost to Purchase Service	<p>Group A: The cost will be:</p> <ul style="list-style-type: none"> • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.
	<p>Group B: The cost will be the greater of:</p> <ul style="list-style-type: none"> • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary; or • The Adjusted Termination Value (see "What is the Adjusted Termination Value?" section on page 6 for further details).

Please note that a "Lay-off period" was not an eligible type of service that could have been purchased prior to the Pension Plan for CUPE 1252 Employees of NB Hospitals adopting the Shared Risk Model, nor is it an eligible type of service which can be purchased (both before and after December 31, 2013) under the CUPE Shared Risk Plan. We apologize or any inconvenience caused by this item.

Previously Refunded Service

Description: *Previously refunded service under the CUPE Hospital Pension Plan / CUPE Shared Risk Plan*

Rules up to December 31, 2013

Eligibility	There are no time-limit restrictions on when a member can purchase previously refunded service.
Cost to Purchase Service	<p>The cost will be the <u>greater of</u>:</p> <ul style="list-style-type: none"> • The amount of refund, plus interest between the date of the refund and the date of the election to purchase the service; or • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.

Rules on and after January 1, 2014

Eligibility	<p>Group A:</p> <ul style="list-style-type: none"> • Member is rehired <u>within three years</u> of the date of termination of employment, and • Member elects to purchase their refunded service <u>within one year</u> of rejoining the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.
	<p>Group B:</p> <p>All members that have previously refunded service under the CUPE Hospital Pension Plan / CUPE Shared Risk Plan but do not meet the eligibility requirements outlined for Group A.</p>
Cost to Purchase Service	<p>Group A:</p> <p>The cost will be the <u>greater of</u>:</p> <ul style="list-style-type: none"> • The amount of refund, plus interest between the date of the refund and the date of the election to purchase the service; or • The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.
	<p>Group B:</p> <p>The cost will be the <u>greater of</u>:</p> <ul style="list-style-type: none"> • The amount of refund, plus interest between the date of the refund and the date of the election to purchase the service; or

Cost to Purchase Service (continued)	<ul style="list-style-type: none"> The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary; or The Adjusted Termination Value (see "What is the Adjusted Termination Value?" section on page 6 for further details).
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Approved Leave of Absence

Description: A period of approved leave without pay, where the member participated in the pension plan immediately prior and immediately following the leave without pay (subject to maximums allowed under the Income Tax Act).

Rules up to December 31, 2013

Eligibility	There are no time-limit restrictions on when a member can purchase an approved leave of absence.
Cost to Purchase Service	The cost is: <ul style="list-style-type: none"> The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.

Rules on and after January 1, 2014

Eligibility	Group A: Members who elect to purchase their period of leave without pay <u>within one year</u> of recommencing contributions in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.
	Group B: Members who elect to purchase their leave without pay <u>after one year</u> of recommencing contributions in the CUPE Hospital Pension Plan / CUPE Shared Risk Plan.
Cost to Purchase Service	Group A: The cost will be: <ul style="list-style-type: none"> The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary.
	Group B: The cost will be the <u>greater of</u> : <ul style="list-style-type: none"> The required member's contributions for the period of service being purchased based on the CUPE Shared Risk Plan's current contribution rate and the member's current salary; or The Adjusted Termination Value minus employer cost (see "What is the Adjusted Termination Value?" section on page 6 for further details).

What is the Adjusted Termination Value?

The Adjusted Termination Value is the full actuarial 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 non-vested ancillary benefits (such as early retirement subsidies and bridge benefits) and would be adjusted to take into account the funded status of the plan, if it is greater than 1.0.

The following table provides an example of an employee with annual earnings of \$38,000 and what the cost to purchase one year of service would be under 1) employee contributions based on the CUPE Shared Risk Plan's current contribution rate and 2) Adjusted Termination Value at various ages:

Age	Employee Contributions based on current CUPE SRP contribution rate (Annual Earnings of \$38,000)	Adjusted Termination Value (Annual Earnings of \$38,000)
60	\$3,420	\$8,800
55	\$3,420	\$7,000
50	\$3,420	\$7,300
45	\$3,420	\$5,900
40	\$3,420	\$4,800
35	\$3,420	\$3,900
30	\$3,420	\$3,100

Employee Statement of Benefits

Please note that the 2012 Employee Statement of Benefits that would normally be distributed to members in the spring of 2013 will only be available this fall as the pension plan administrator continues the implementation process for the shared risk pension model.

Future Updates

We will continue to provide you with further updates as more information becomes available. If you have any questions, please contact a Benefits Counselor with the Pensions and Employee Benefits Division at 453-2296 (Fredericton region) or at 1-800-561-4012 (toll-free).