

PENSION NEWS

Spring 2017



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MESSAGE FROM THE CHAIR

On behalf of the Shared Risk Plan for the Canadian Union of Public Employees (CUPE) of NB Hospitals (the “CUPE Hospitals SRP”) Board of Trustees, I am pleased to provide the Spring 2017 CUPE Hospitals SRP newsletter.

Following a cost analysis of the December 31, 2015 actuarial valuation, I am happy to report that the Board of Trustees has been able to once again approve a number of additional member benefit increases effective January 1, 2017 (see page 2).

Articles are also included within this issue of the newsletter which provide useful information regarding the various retirement programs available in Canada for plan members which provide income at retirement, as well as information regarding the pension plan’s Funding Policy.

If you have any comments or feedback regarding the newsletter or any other questions related to your pension plan, your Board of Trustees, as always, welcomes you to provide them.

Sincerely,

David Matthews

Chairperson, CUPE Hospitals SRP Board of Trustees

CONTACT US

WRITE:

CUPE Hospitals SRP Board of Trustees
c/o Vestcor Pension Services Corporation
PO Box 6000
Fredericton, NB E3B 5H1

CALL:

1-800-561-4012 (toll free)
or 506-453-2296 (Fredericton)

EMAIL: pensions@gnb.ca

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CUPE Local 1252

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Province of NB

INCREASE IN PENSION BENEFITS

Your Board of Trustees is pleased to announce that a number of CUPE Hospitals SRP benefit increases have been approved effective January 1, 2017. The following section describes how these increases are determined and applied.



COLA: Cost of Living Adjustment

An adjustment that increases your pension benefit to help keep up with inflation.

WHAT IS THE PROCESS?

- Each year after the plan's actuary reports on the financial position of the pension plan, the Board of Trustees (Board) looks to the plan's Funding Policy to determine if any plan changes need to be considered; if the plan is in a surplus (as defined in the Funding Policy), benefit improvements can be considered. The most recent review by the Board was for the period end date of December 31, 2015.
- The Board considers whether there is enough surplus to provide a cost of living (COLA*) increase. If so, the cost of living increase is provided to active, deferred and retired members; this is "Step 1" of the Funding Policy.
- If there is still a surplus available after providing full COLA, the Board can consider additional steps listed in the Funding Policy:

Step 2 brings all active members up to a highest five-year average salary pension benefit calculation for the period end date;

Step 3 brings all members who retired prior to the period end date up to a highest five-year average salary pension benefit calculation;

Step 4 provides a lump sum payment to any retiree whose benefit payments should have been adjusted as a result of steps 2 and 3.

- Each Plan member's benefit is recalculated to determine if the "Step" increases above would result in a higher benefit to them; if it would not, their benefit would remain unchanged (**i.e. in no case would a member's benefit be reduced**).
- If the Board approves the Step Increases, impacted members would be notified with a letter detailing the increase applied to their benefit.

LATEST RESULTS

For the period end date of December 31, 2015, a surplus was identified which allowed for the Board to not only award full COLA of 1.4% (effective January 1, 2017), but to also implement Steps 2 through 4 of the Funding Policy described above.

All members who benefited from the Step 2 through 4 increases have been or will be notified with a letter detailing the increase.

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-b811



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

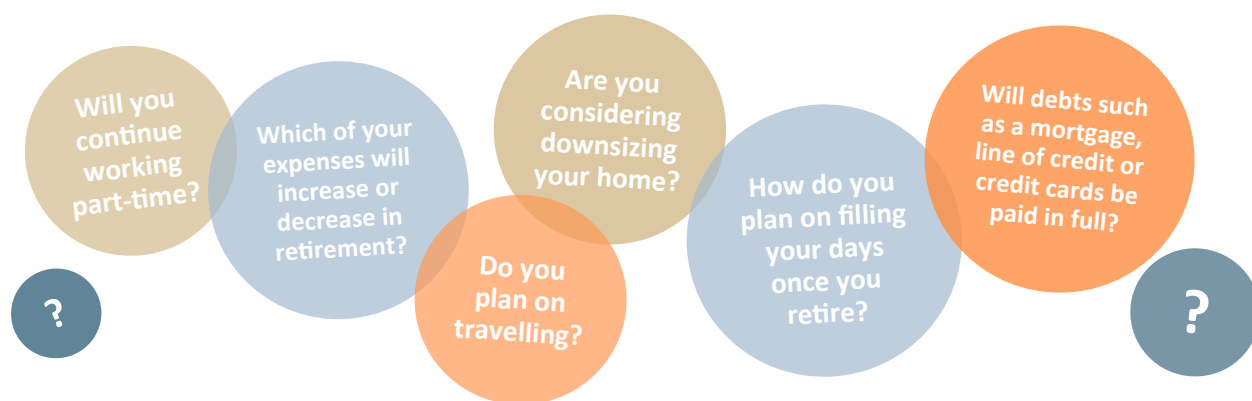
PLANNING FOR RETIREMENT

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, some of which are provided through your employment, others which are optional:



SOURCE 1: CUPE HOSPITALS SRP & OTHER SAVINGS

The first source consists of your CUPE Hospitals SRP and any other savings plans you may have. Examples of savings plans include Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSAs) & Other Non-Registered Savings Accounts.

Your CUPE Hospitals SRP pension will likely be a major component of the first source of your retirement income. The primary purpose of the CUPE Hospitals 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 plans to increase your retirement income. It is never too early or too late to look into RRSPs and TFSAs. 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.

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. 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 upon retirement. For more information on CPP, please visit www.canada.ca/en/services/benefits/publicpensions.html

SOURCE 3: OAS & GIS

The third 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

Combining these three sources can provide you with a healthy retirement income.

For an estimate of your future CUPE Hospitals SRP pension entitlement, use the online Pension Estimate Calculator at vestcor.org/cupe1252.

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

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) 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 the end of the month. Your pension is always effective and paid on the 1st of the month following your retirement date.

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

PLAN TEXT AMENDMENTS

The New Brunswick *Pension Benefits Act (PBA)* requires that Plan members be provided with an update on any Plan amendments. As such, the Board of Trustees would like to inform you of amendments which have recently been filed with the Superintendent of Pensions.

The following Plan Text amendments have been filed:

- An amendment was filed on September 28, 2016 to correct dates with regards to “Funding Policy Step IV Increase” section (iv); and
- An amendment was filed on December 19, 2016 to include details regarding the benefit increase associated with the Step 2, Step 3, and Step 4 Increase of the Funding Policy (effective January 1, 2017).

An amended Statement of Investment Policy and Goals (SIP&G) document was also filed on December 19, 2016 to consolidate the investment managers under one policy and to ensure its compliance with the *Pension Benefits Act*.

The updated versions of the CUPE Hospitals SRP Plan Text and SIP&G document are available at the following website: vestcor.org/cupe1252.

FUNDING POLICY

Your pension plan’s Funding Policy is an important governance tool that is used by the Board of Trustees (BOT) 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/cupe1252.

EMPLOYEE STATEMENT OF PENSION BENEFITS January 24, 2017

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals
(Registration Number: 0305549)
For the period January 1, 2015 to December 31, 2015

STATEMENT SAMPLE
2020 TESTER STREET
APT. 9999
FREDERICTON NB E1E 2E3

Reference Number: 10295304
Employee Number: 144170
Date of Birth: December 14, 1964
Gender: Female
REGIONAL HEALTH AUTHORITY 1
(BEAUSÉJOUR)

Plan Membership Status
Continuous Employment Date: May 14, 1990
Plan Membership Date: March 1, 1991
Vesting Status or Projected Vesting Date: Vested

Pensionable Service Credited (in years)
Pensionable Service as of December 31, 2014: 23.852
Regular Service during statement period: 1.000
Total Pensionable Service as of December 31, 2015: 24.852

Employee Contributions
Contributions with interest as of December 31, 2014: \$68,093.46
Regular Contributions during statement period: \$4,077.83
Interest credited during statement period: \$1,513.82
Total Employee Contributions with interest as of December 31, 2015: \$73,675.11

Employer Contributions
Employer Contributions during statement period: \$4,578.14

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 CUPE Employees of New Brunswick Hospitals.

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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.

INVESTMENT UPDATE

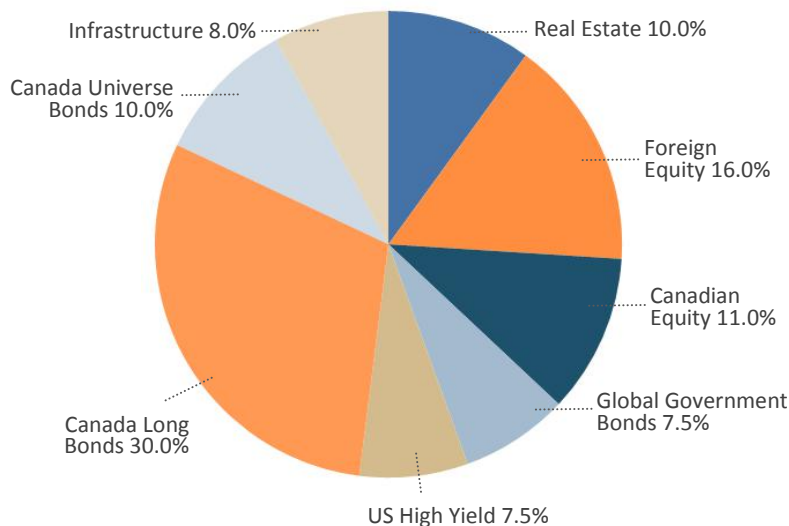
The CUPE Hospitals SRP Board of Trustees is responsible for all decisions related to the investment policy for the Plan, subject to specific risk management constraints set out in their Funding Policy and the *Pension Benefits Act (PBA)*.

ASSET MIX

The development of the asset mix for the CUPE Hospitals 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*.

Total assets under management as at December 31, 2016 stood at \$780.6 million and the current asset mix is shown in the chart.

CUPE Hospitals SRP Current Asset Mix (December 31, 2016)

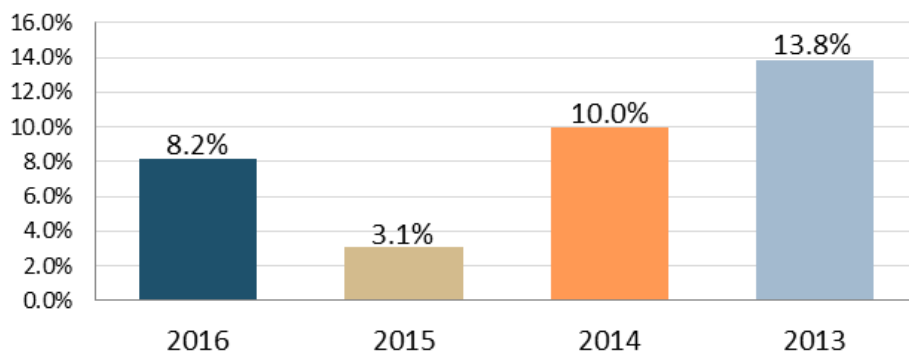


INVESTMENT PERFORMANCE (AS AT DECEMBER 31, 2016)

In terms of the investment performance, the objective of the CUPE Hospitals SRP is to follow investment principles and guidelines which are appropriate to the needs and objectives of the plan.

The overall year ended December 31, 2016 rate of return was 8.2%. Investment returns are reported gross of investment management fees.

Investment Performance (as at December 31, 2016)



VESTCOR – A NEW LOOK

Since the transition on October 1, 2016, Vestcor Pension Services Corporation (VPSC) has focused its efforts on continuing to offer professional services to you.

The next phase of this transition will be the launch of VPSC's new look and website, which will include new tools to better serve you.

Stay tuned for the official launch of the new website in summer 2017!

SOCIÉTÉ DES SERVICES DE RETRAITE
VESTCOR
PENSION SERVICES CORPORATION

TIPS FOR RETIREES



DID YOU OWE **INCOME TAX** THIS YEAR?

If you owed money this year after filing your income tax return, you may want to consider increasing 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 "Request For Income Tax Deduction" form which can be found on VPSC's website at vestcor.org/incometax or call 1-800-561-4012 and a form will be mailed to you.



DID YOU KNOW YOU COULD **RECEIVE THIS NEWSLETTER ELECTRONICALLY?**

Going paperless? 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@gnb.ca to provide your name and email address.

DISCLAIMER: This newsletter is a publication by the CUPE Hospitals SRP Board of Trustees. This publication is intended to provide information about the Shared Risk Plan for Canadian Union of Public Employees (CUPE) of NB Hospitals. If there is a discrepancy between the information contained herein and the pension plan text or other appropriate governing documents, the latter will prevail.