

NOTICE TO MEMBERS

Shared Risk Plan for Certain Bargaining Employees of NB Hospitals

The following provides an update to members of the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (the “CBE Shared Risk Plan”) with respect to a recent decision made by the CBE Shared Risk Plan Board of Trustees relating to purchase of service provisions of the pension plan.

The CBE Shared Risk Plan now allows Members to purchase eligible periods of prior non-contributory part-time, casual or temporary service.

Periods of Prior Non-Contributory Part-Time, Casual or Temporary Employment

Description	A period of service as a part-time, casual or temporary employee in a position where a full-time employee would have contributed to the CBE Shared Risk Plan or the former CBE Pension Plan. If the employee was participating in the Pension Plan for Part-time and Seasonal Employees of the Province of NB or any other pension plan sponsored by the Province, the period of service would not be eligible.
Eligibility	<p>The responsibility is with the member to provide sufficient proof with their purchase of service application. The supporting documentation must prove the following criteria:</p> <ul style="list-style-type: none"> • that they were employed in an eligible position; and • the percentage of a full-time position that they worked for the period. <p>The administrator will accept payroll records, pay stubs, tax returns, and T4 slips if they provide the required proof of the above-mentioned criteria. This information must be included with the application form before a costing will be provided. Please be advised that due to the age of some of these records, your employer may or may not have supporting documentation available.</p>
Cost to Purchase Service	<p>The cost will be the <u>greater of</u>:</p> <ul style="list-style-type: none"> • the required employee contributions for the period of service being purchased based on the CBE Shared Risk Plan’s current contribution rate and the member’s current salary; or • the Adjusted Termination Value*.

* The **Adjusted Termination Value** is the cost to the pension plan of providing the benefit.

The tables on the following page provide examples of the cost to purchase one year of full-time equivalent service (i.e., 1,950 hours) assuming current annual full-time equivalent earnings of \$50,000, \$60,000, and \$70,000, along with the value of the additional benefit at age 65. As can be seen from the tables, a member’s age and salary at the date of application are important factors in determining the cost to purchase service.

Example #1 – Member with Current Earnings of \$50,000 per year (Based on 1,950 hours)

Age	Cost to Purchase One Year of Service (Adjusted Termination Value)*	Benefit Based on One Year of Service Payable at Age 65	
		Pre-1990 Service	Post-1989 Service
60	\$11,500	\$1,000 per year (\$83.33 per month)	\$650 per year (\$54.17 per month)
55	\$11,500		
50	\$9,300		
45	\$7,500		
40	\$6,000		
35	\$4,900		
30	\$3,900		

* Employee contributions based on current CBE Shared Risk Plan contribution rate are \$3,900. Since this is less than the amounts calculated under the Adjusted Termination Value (ATV), the cost to purchase service would be based on the ATV.

Example #2 – Member with Current Earnings of \$60,000 per year (Based on 1,950 hours)

Age	Cost to Purchase One Year of Service (Adjusted Termination Value)*	Benefit Based on One Year of Service Payable at Age 65	
		Pre-1990 Service	Post-1989 Service
60	\$14,300	\$1,200 per year (\$100 per month)	\$780 per year (\$65 per month)
55	\$14,100		
50	\$11,400		
45	\$9,200		
40	\$7,400		
35	\$6,000		
30	\$4,800		

* Employee contributions based on current CBE Shared Risk Plan contribution rate are \$4,680. Since this is less than the amounts calculated under the Adjusted Termination Value (ATV), the cost to purchase service would be based on the ATV.

Example #3 – Member with Current Earnings of \$70,000 per year (Based on 1,950 hours)

Age	Cost to Purchase One Year of Service (Adjusted Termination Value)*	Benefit Based on One Year of Service Payable at Age 65	
		Pre-1990 Service	Post-1989 Service
60	\$17,500	\$1,400 per year (\$116.67 per month)	\$1,033 per year (\$86.08 per month)
55	\$17,000		
50	\$13,800		
45	\$11,100		
40	\$9,000		
35	\$7,200		
30	\$5,800		

* Employee contributions based on current CBE Shared Risk Plan contribution rate are \$5,460. Since this is less than the amounts calculated under the Adjusted Termination Value (ATV), the cost to purchase service would be based on the ATV.

Application to Purchase Service

If you are interested in obtaining a purchase of service estimate for an eligible period of casual, temporary or part-time service, please contact your human resources/payroll officer in order to complete a purchase of service application form. Please ensure that sufficient proof of employment is provided with your application so that there is no delay in processing your request.

Questions

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).