

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 recent decisions made by the CBE Shared Risk Plan Board of Trustees relating to specific provisions of the pension plan.

Phased-In Retirement Program

There have been no changes to the overall design (i.e., eligibility, entry periods, monthly pension pre-payments) of the Phased-In Retirement Program. Please note that the six-month notice period normally required to participate in the Phased-In Retirement Program, however, is temporarily reduced to a three-month notice period for plan members who wish to commence participation in the Phased-In Retirement Program on 1 September 2013, 1 October 2013, or 1 November 2013. The six-month notice period will be re-instated for plan members who wish to commence participation in the Phased-In Retirement Program on or after 1 March 2014. For further information on the Phased-In Retirement Program, please refer to the Phased-In Retirement booklet which is available on the Pensions and Employee Benefits Division website at the following address: www.gnb.ca/cbe.

If you are interested in receiving a Phased-In Retirement estimate, please complete and submit a Phased-In Retirement Request for Estimate application form which can also be found at the above-noted website.

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

Members Retiring

CBE 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 CBE Shared Risk Plan. Applications are available at the aforementioned Pensions and Employee Benefits Division website 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 CBE Shared Risk Plan will then be processed and provided to the retiring member.

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

Given that there is a very large number of CBE 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 CBE Shared Risk Plan member (full-time and part-time) that will outline the amount of service that can be purchased in the CBE Shared Risk Plan with the assets that are available in each members' 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 CBE Shared Risk Plan involves the designation of a Beneficiary. Please note that if a CBE Shared Risk Plan member has a spouse, and the CBE 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).

Designation of a Beneficiary (continued)

A spouse may waive her/his right to a pension benefit at the CBE 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.qnb.ca/cbe.

Purchase of Service

Purchase of service provisions have been updated for the CBE Shared Risk Plan. As part of the changes:

- Members are now able to purchase service where a commuted value refund had been taken; and
- There is no longer a time limit on being able to purchase approved leaves of absence or lay-off periods.

Please read the updated purchase of service provisions (below) closely to determine if the changes will now allow you an opportunity to purchase service that you were previously not able to purchase.

At this time, there are no provisions within the CBE 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 CBE 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 CBE Pension Plan / CBE Shared Risk Plan if not already credited as pensionable service under the CBE Pension Plan / CBE Shared Risk Plan or under any other plan covered under the Intra Provincial Reciprocal Agreement.
Eligibility	There are no time-limit restrictions on when a member can purchase their waiting period.
Cost to Purchase Service	The cost will be the <u>greater of</u> : <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 (<i>see "What is the Adjusted Termination Value?" section on page 4 for further details</i>).

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 CBE Pension Plan / CBE Shared Risk Plan within the lay-off period as defined in the appropriate collective agreement. The member must have been participating in the CBE Pension Plan / CBE Shared Risk Plan immediately prior to the lay-off period and must not have <u>elected to take a refund</u> for service prior to the layoff period.
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Lay-off Period (continued)

Eligibility	Group A: Members who elect to purchase their period of lay-off <u>within one year</u> of recommencing contributions in the CBE Pension Plan / CBE Shared Risk Plan.
	Group B: Members who elect to purchase their period of lay-off <u>after one year</u> of recommencing contributions in the CBE Pension Plan / CBE Shared Risk Plan.
Cost to Purchase Service	Group A: The cost will be 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.
	Group B: The cost will be the <u>greater of</u> : <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 (see "What is the Adjusted Termination Value?" section on page 4 for further details).

Previously Refunded Service

Description	Previously refunded service under the CBE Pension Plan / CBE Shared Risk Plan or any pension plan covered by the Intra-Provincial Reciprocal Agreement
Eligibility	Group A: <ul style="list-style-type: none"> • Member <u>did not</u> receive a commuted value or Adjusted Termination Value refund (received a refund of <u>contributions plus interest</u>) ; • 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 CBE Pension Plan / CBE Shared Risk Plan.
	Group B: All members that have previously refunded service under the CBE Pension Plan / CBE Shared Risk Plan or any pension plan covered by the Intra-Provincial Reciprocal Agreement but do not meet the eligibility requirements outlined for Group A.
Cost to Purchase Service	Group A: The cost will be the <u>greater of</u> : <ul style="list-style-type: none"> • The amount of the refund, plus interest between the date of the refund and the date of election to purchase the service; or • 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.
	Group B: The cost will be the <u>greater of</u> : <ul style="list-style-type: none"> • The amount of the refund, plus interest between the date of the refund and the date of election to purchase the service; • 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 (see "What is the Adjusted Termination Value?" section on page 4 for further details).

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 <i>Income Tax Act</i>).
Eligibility	<p>Group A: Members who elect to purchase their period of leave without pay <u>within one year</u> of recommencing contributions in the CBE Pension Plan / CBE Shared Risk Plan.</p> <p>Group B: Members who elect to purchase their leave without pay <u>after one year</u> of recommencing contributions in the CBE Pension Plan / CBE Shared Risk Plan.</p>
Cost to Purchase Service	<p>Group A: The cost will be 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.</p> <p>Group B: 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 (see "What is the Adjusted Termination Value?" section below 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 \$70,000 and what the cost to purchase one year of service would be under 1) employee contributions based on the CBE Shared Risk Plan's current contribution rate and 2) Adjusted Termination Value at various ages:

Age	Employee Contributions based on current CBE SRP contribution rate (Annual Earnings of \$70,000)	Adjusted Termination Value (Annual Earnings of \$70,000)
60	\$5,460	\$17,500
55	\$5,460	\$17,000
50	\$5,460	\$13,800
45	\$5,460	\$11,100
40	\$5,460	\$9,000
35	\$5,460	\$7,200
30	\$5,460	\$5,800

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).