

At-A-Glance July 2012 (updated May 2017)
Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

WHAT DOES A SHARED RISK PENSION PLAN MEAN?

- The primary purpose of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (the “CUPE Hospitals Shared Risk Plan”) is to provide secure pensions to plan members after retirement and until death in respect of their service as employees.
- The CUPE Hospitals Shared Risk Plan does not provide an absolute guarantee to plan members; however, because of the risk focused management approach there is a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.
- All future cost of living adjustments for current and future retirees and other ancillary benefits under the CUPE Hospitals Shared Risk Plan shall be provided only to the extent that funds are available for such benefits, as determined by the Board of Trustees in accordance with applicable laws and the plan’s funding policy.

WHEN MUST I JOIN THE PENSION PLAN?

Effective July 1, 2012, participation is **mandatory** if you are a permanent full-time or part-time employee (as defined in the applicable collective agreement) under the age of 65 and are:

- a. a member of the Institutional Services bargaining unit, the Patient Services bargaining unit or the Clerical, Stenographic, and Office Equipment Operation bargaining unit of the Canadian Union of Public Employees; or
- b. a member who occupies an excluded position with Ambulance New Brunswick Inc., FacilicorpNB Ltd., New Brunswick Health Council, Horizon Health Network or Vitalité Health Network and whose position classification is included in the Collective Agreement.

Effective July 1, 2014, participation is **mandatory** if you are not a permanent full-time or part-time employee (as defined in the applicable collective agreement) but you are under the age of 65, you are a member of one of the groups listed above, and you meet the following eligibility requirements:

- have at least 24 months of continuous employment; and
- have earned at least 35% of the YMPE in the previous two calendar years

YMPE = Year’s Maximum Pensionable Earnings used to calculate the Canada Pension Plan (CPP) contributions

HOW MUCH DO I NEED TO CONTRIBUTE? WHAT ABOUT MY EMPLOYER?

You are required to contribute...	Effective July 1, 2012: <ul style="list-style-type: none"> • 9.0% on your eligible earnings
Your employer is required to contribute...	Effective July 1, 2012: <ul style="list-style-type: none"> • 10.1% on your eligible earnings

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HOW IS MY PENSION CALCULATED?	
Your <u>annual basic lifetime pension</u> is the sum of the following:	
For <u>each</u> year (or part year) of pensionable service on or after July 1, 2012:	1.4% X Annualized Pensionable earnings accrued during the year up to the YMPE for the year PLUS 2% X Annualized Pensionable earnings accrued during the year in excess of the YMPE for the year MULTIPLIED BY # of hours worked (and contributed) / 1,950 hours
For <u>all</u> pensionable service between January 1, 1997 and June 30, 2012:	Pensionable service X 1.4% X Best 5 year average salary up to June 30, 2012, up to the average YMPE PLUS Pensionable service X 2% X Best 5 year average salary up to June 30, 2012, in excess of the average YMPE
For <u>all</u> pensionable service prior to January 1, 1997:	Pensionable service X 1.75% X Best 5 year average salary up to June 30, 2012, up to the average YMPE PLUS Pensionable service X 2% X Best 5 year average salary up to June 30, 2012, in excess of the average YMPE
For <u>all</u> pensionable service:	Any cost of living increases granted in accordance with the Funding Policy.
<small>YMPE = Year's Maximum Pensionable Earnings used to calculate the Canada Pension Plan (CPP) contributions YMPE for 2017 = \$55,300; Average YMPE = 5 year average YMPE (2012 = \$47,360)</small>	
A Pension Estimate Calculator tool is located at the following website: http://www.vestcor.org/cupe1252	
WHAT IS THE BRIDGE BENEFIT?	
<p>If you are eligible for early retirement, a bridge benefit (which is an ancillary benefit) is paid on top of the annual basic lifetime pension. It ceases to be paid at age 65 or at your death, whichever is earlier. The monthly bridge benefit is equal to:</p> <ul style="list-style-type: none"> • \$18 per month X number of years of pensionable service up to July 1, 2012; PLUS • \$18 per month X number of years the member is a contributor to the CUPE Hospitals Shared Risk Plan on and after July 1, 2012. <p>The bridge benefit is also subject to any cost of living increase granted.</p>	
ARE MY PENSION BENEFITS ADJUSTED FOR COST OF LIVING INCREASES?	
<p>For active contributors to the CUPE Hospitals Shared Risk Plan, the benefit that you earn each year, including benefits earned up to June 30, 2012, may be adjusted by a cost of living adjustment up to the increase in the Consumer Price Index (CPI) if the funding status of the CUPE Hospitals Shared Risk Plan allows for it. Once you retire, your lifetime pension and bridge benefit (if any) may be adjusted each year by a cost of living adjustment up to the increase in the CPI, provided that the funding status of the CUPE Hospitals Shared Risk Plan is adequate. If the funding status of the CUPE Hospitals Shared Risk Plan does not allow for cost of living increases to be granted in a given year, the increases are carried forward to future years and may be paid if the funding status of the CUPE Hospitals Shared Risk Plan allows. These rules also apply to any survivor pension benefit payable. COLA is an ancillary benefit under the plan.</p>	

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HOW LONG DO I HAVE TO WORK BEFORE I'M ENTITLED TO RECEIVE A MONTHLY PENSION BENEFIT?

Upon retirement, you are entitled to receive a monthly pension benefit (become vested) under the CUPE Hospitals Shared Risk Plan upon the completion of the earlier of:

- Five years of continuous employment;
- Two years of pensionable service; or
- Two years of membership in the CUPE Hospitals Shared Risk Plan, including membership in any Predecessor Plan.

Predecessor Plan = the CUPE Hospitals Pension Plan, the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick, and the Pension Plan for Employees of New Brunswick Hospitals.

AT WHAT AGE CAN I RETIRE?

Your normal retirement date is:	The first day of the month coincident with or following your 65 th birthday.
Your early retirement date is:	Between your 55 th and 65 th birthday.
Your postponed retirement date is:	After your 65 th birthday, but not beyond your 71 st birthday.

WHAT WILL I RECEIVE AT THE TIME OF RETIREMENT?

At the time of your normal retirement:	You will receive a monthly pension calculated according to the <u>annual basic lifetime pension</u> formula previously described (no bridge benefit included).
At the time of your early retirement:	<p>You will receive a monthly pension calculated according to the <u>annual basic lifetime pension</u> and <u>bridge benefit</u> formulas previously described, with the following adjustments:</p> <ul style="list-style-type: none"> • For only the portion of your benefit earned <u>prior to July 1, 2012</u>: <ul style="list-style-type: none"> ○ Your <u>annual basic lifetime pension</u> will be permanently reduced by 3/12% for each month that your pension becomes effective prior to age 60. • For only the portion of your benefit earned <u>on or after July 1, 2012</u>: <ul style="list-style-type: none"> ○ Your <u>annual basic lifetime pension</u> will be permanently reduced by 5/12% for each month that your pension becomes effective prior to age 65. <p>The early retirement subsidy is an ancillary benefit.</p>
At the time of your postponed retirement:	<p>You will receive a monthly pension calculated according to the <u>annual basic lifetime pension</u> formula previously described (no bridge benefit included), with the following adjustments:</p> <ul style="list-style-type: none"> • Your <u>annual basic lifetime pension</u> will be permanently increased by 3/5% for each month that your pension becomes effective after age 65.

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ARE THERE DIFFERENT FORMS OF PENSION THAT I CAN CHOOSE FROM?	
<p>Yes. If you are eligible to receive a pension under the CUPE Hospitals Shared Risk Plan and do not have a spouse, the Normal Form of Pension is the <i>Life Pension with Guaranteed Period of Five Years</i> (detailed below). If you do have a spouse, the Automatic Form of Pension is the <i>Joint and Survivor Pension – 60%</i> (detailed below). There are, however, optional forms of pension that you can select if your personal status allows. These optional forms of pension result in the reduction of your own pension to account for the payment of a higher survivor pension or a longer period of guarantee. The various forms of pension are described below:</p>	
<p>Life Pension with Guaranteed Period of 5 Years (Normal Form of Pension):</p>	<p>Payments are made to you during your lifetime. If you die before receiving sixty (60) monthly installments, payments are continued to your designated beneficiary or to your estate (in a lump sum) as applicable, until in total sixty (60) monthly installments have been paid. <u>This option is only available if there is no spouse at the date of retirement, or if a spousal waiver form is completed.</u></p>
<p>Joint and Survivor Pension – 60% (Automatic Form of Pension):</p>	<p>Payments are made to you during your lifetime. If you predecease your spouse, payments are continued to your spouse during the spouse's lifetime at a level equal to 60% (chosen by you at retirement) of your lifetime pension. <u>This option is only available if there is a spouse at the date of retirement.</u></p>
<p>Life Pension with Guaranteed Period of 10 Years:</p>	<p>Payments are made to you during your lifetime. If you die before receiving one hundred twenty (120) monthly installments, payments are continued to your designated beneficiary or to your estate (in a lump sum) as applicable, until in total one hundred twenty (120) monthly installments have been paid. <u>This option is only available if there is no spouse at the date of retirement, or if a spousal waiver form is completed.</u></p>
<p>Joint and Survivor Pension – 75% or 100%:</p>	<p>Payments are made to you during your lifetime. If you predecease your spouse, payments are continued to your spouse during the spouse's lifetime at a level equal to either 75% or 100% (chosen by you at retirement) of your lifetime pension. <u>This option is only available if there is a spouse at the date of retirement.</u></p>
<p><i>“Spouse” means “spouse” or “common-law partner”, each as defined in the Pension Benefits Act. Please note that a “Declaration of Marital Status” form will need to be completed when selecting the desired form of pension.</i></p>	

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WHAT HAPPENS IN CASE OF...	
...termination of employment (prior to age 55)?	<p>With less than five years of continuous employment; less than two years of pensionable service; <u>and</u> less than two years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any Predecessor Plan):</p> <ul style="list-style-type: none"> • You will receive a refund of your own contributions from the CUPE Hospitals Shared Risk Plan with accumulated interest. <p>With five or more years of continuous employment; two or more years of pensionable service; <u>or</u> two or more years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any Predecessor Plan), you have the choice to:</p> <ul style="list-style-type: none"> • Defer commencement of your pension benefit until age 65 and receive an unreduced pension (this is the default option if no election made); or • Defer commencement of your pension benefit until a date between your 55th and 65th birthday and receive a reduced pension benefit; or • Transfer your Termination value in a lump sum to: <ul style="list-style-type: none"> ○ a locked-in retirement account (LIRA); ○ a life income fund (LIF); ○ an annuity contract issued by an assurance company; or ○ your new employer's pension plan (if the Plan allows it)
...death during retirement?	<p>The benefit paid will be determined based on the form of pension that you elect at the time of your retirement. (Refer to the section "<i>ARE THERE DIFFERENT FORMS OF PENSION THAT I CAN CHOOSE FROM?</i>" for additional information)</p>
...death prior to retirement?	<p>With less than five years of continuous employment; less than two years of pensionable service; <u>and</u> less than two years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any Predecessor Plan):</p> <ul style="list-style-type: none"> • Your surviving spouse (or your beneficiary if there is no spouse or if your spouse has waived his/her entitlement*) will receive a refund of your own contributions to the CUPE Hospitals Shared Risk Plan with interest. <p>With five or more years of continuous employment; two or more years of pensionable service; <u>or</u> two or more years of membership in the CUPE Hospitals Shared Risk Plan (including membership in any Predecessor Plan):</p> <p>Your surviving spouse (or your beneficiary if there is no spouse or if your spouse has waived his/her entitlement*) will receive a lump sum equal to the Termination value amount you would have received had you terminated service just before death.</p>
<p><i>Termination Value = the value of the member's base benefit at date of termination of employment, adjusted for the funded status of the plan, and in accordance with the requirements of the Pension Benefits Act.</i></p> <p><i>Predecessor Plan = the CUPE Hospitals Pension Plan, the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick, and the Pension Plan for Employees of New Brunswick Hospitals.</i></p> <p><i>*If a member designates a person other than his/her spouse as a beneficiary, the entitlement of the spouse shall supersede the entitlement of the beneficiary to a death benefit. The spouse can, however, unilaterally waive his/her entitlement to a <u>pre-retirement death benefit</u> by completing a "Form 9 - Pre-Retirement Death Benefit Waiver". The Form 9 waiver can also be later revoked by completing a "Form 10 – Revocation of Pre-Retirement Death Benefit Waiver"; however, this Form 10 would need to be completed by <u>both</u> the member and the spouse. These forms, if applicable, must be filed with the Vestcor Pension Services Corporation (VPSC) prior to the member's death and are available online at: http://www.vestcor.org/cupe1252.</i></p>	

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