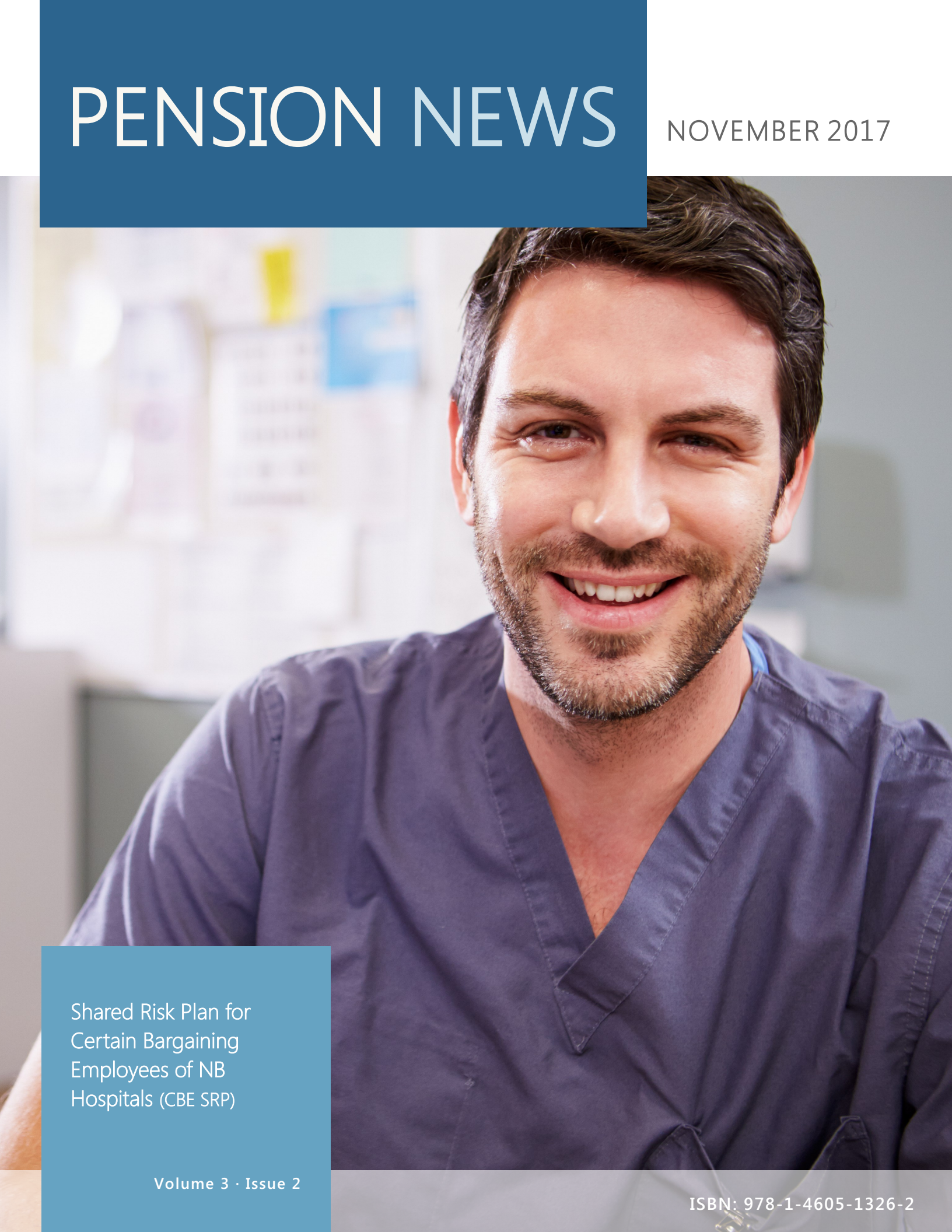


# PENSION NEWS

NOVEMBER 2017

A close-up portrait of a man with dark hair and a light beard, smiling warmly. He is wearing dark blue medical scrubs. The background is a blurred office or clinical setting with papers and charts on a wall.

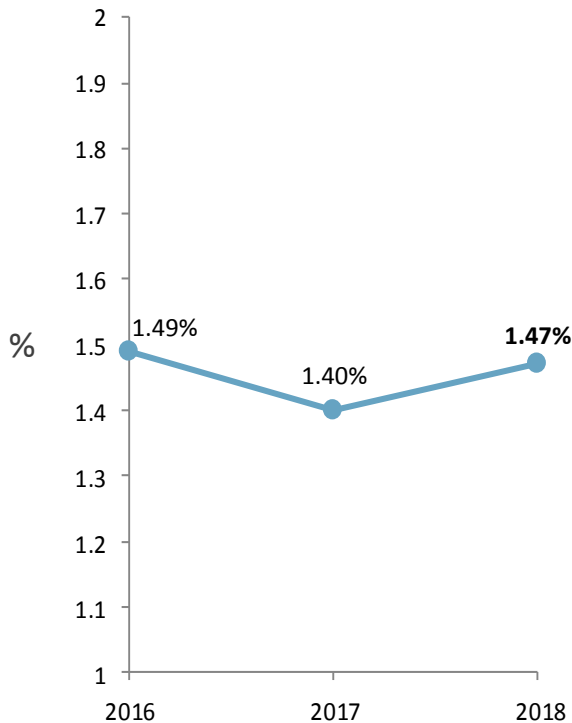
Shared Risk Plan for  
Certain Bargaining  
Employees of NB  
Hospitals (CBE SRP)

Volume 3 · Issue 2

ISBN: 978-1-4605-1326-2

# COLA

## AWARDED TO MEMBERS



COLA Trends

As a result of strong investment returns, the Board was able to award a Cost of Living Adjustment (COLA, also known as “Indexation”) to all members again this year.

The 2018 adjustment is 1.47%, which will be applied on January 1, 2018. Active members will have the increase applied to the benefit that they have earned up to December 31, 2016. Retirees will have this amount applied to their monthly pension benefit in January 2018 and will receive notification in December outlining the increase.

COLA is based on the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June.

For more information on how COLA is awarded, refer to *Increase in Pension Benefits Awarded* section on page 2.

## INTEGRATION OF OUR SERVICE PROVIDERS

# VESTCOR

Your Board of Trustees is pleased to advise that the two main service providers to your pension plan, Vestcor Pension Services Corporation and Vestcor Investment Management Corporation, began the process of merging into one company earlier this year. While continuing to receive the same quality and cost-effective services from them, this will allow the new organization to offer an integrated approach to governance best practices, risk management and organizational effectiveness.

As part of this integration, they’ve established a new brand allowing you to easily recognize Vestcor going forward as your trusted provider of pension, employee benefit and investment services. Be on the lookout for their new logo as they continue to provide you with important information about your pension plan. For more information regarding Vestcor and the integration, please visit [vestcor.org](http://vestcor.org).

# INCREASE IN PENSION BENEFITS AWARDED

## Financial Health of Plan Allows Board to Authorize Increases for Members

Your Board of Trustees (Board) is pleased to announce that due to the strong financial returns of the Pension Plan, a number of benefit increases (also known as Step\* increases) have been approved. The following sections describe who these increases apply to, and how they are determined and applied.

**\*STEP:** The term used to define a **benefit increase** that can be approved by the Board of Trustees as defined by the Pension Plan's Funding Policy (available online at [vestcor.org/CBE](http://vestcor.org/CBE))

### WHO IS ELIGIBLE?

The current pension benefit of each Plan member, whether an active, deferred or retired member, is recalculated to determine if the Step increases would result in a higher benefit to them. If it would not, their pension benefit would remain unchanged (i.e., in no case would a member's benefit be reduced).

If increases do apply, retired members would see this increase applied to their monthly pension benefit. Active and deferred members would have this increase applied to their pension, which they will benefit from upon retirement. Members who benefit from these increases have been or will be notified in writing from Vestcor, on behalf of the Board of Trustees.

### WHAT IS THE PROCESS?

Each year after the Plan's actuary reports on the financial position of the Pension Plan, the 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 (Step increases) can be considered.

The Board then considers whether there is enough surplus to provide a cost of living increase to members. If this is the case, the Cost of Living Adjustment (or "indexation") 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 the full indexation, the Board can consider the following additional increases (or "Steps") as 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 have been adjusted as a result of Steps 2 and 3.

### RESULTS FOR DECEMBER 31, 2015 VALUATION

Based on the valuation for the period end date of December 31, 2015, a surplus was identified which allowed for the Board to award Steps 1 through 4, which includes full COLA and the three increases outlined above, as per the Plan's Funding Policy.

Depending on the recalculations, Steps 2 through 4 will only apply to members who are eligible (see "Who is eligible?" above).

# ACTUARIAL REPORT

## VALUATION AS A SHARED RISK PLAN

The actuarial valuation report as of December 31, 2016 for the CBE SRP was completed and filed with the New Brunswick Superintendent of Pensions on September 28, 2017, and is available online at [vestcor.org/CBE](http://vestcor.org/CBE). As a shared risk pension plan, the CBE SRP is subject to requirements under the *Pension Benefits Act* when completing an annual valuation, which includes the requirement for risk management testing and for reporting on risk management goals.

## RISK MANAGEMENT TESTING

The pension plan's actuary has confirmed that the CBE SRP has successfully passed these tests as part of their annual actuarial valuation report as of December 31, 2016:



The CBE SRP passed the **primary risk management goal** with a 98.45% probability that base benefits earned would not be reduced over the next 20 years.

The CBE SRP passed the **first secondary risk management goal** with the projection that members, retirees and their beneficiaries will receive on average 81.1% of the Consumer Price Index (CPI) increase over the next 20 years.

## FUNDING STATUS OF THE PLAN

### TERMINATION VALUE FUNDED RATIO



As of December 31, 2016, the pension plan had \$1.92 billion in assets and \$1.81 billion in liabilities for a termination value funded ratio of **106.0%**.

### 15-YEAR OPEN GROUP FUNDED RATIO



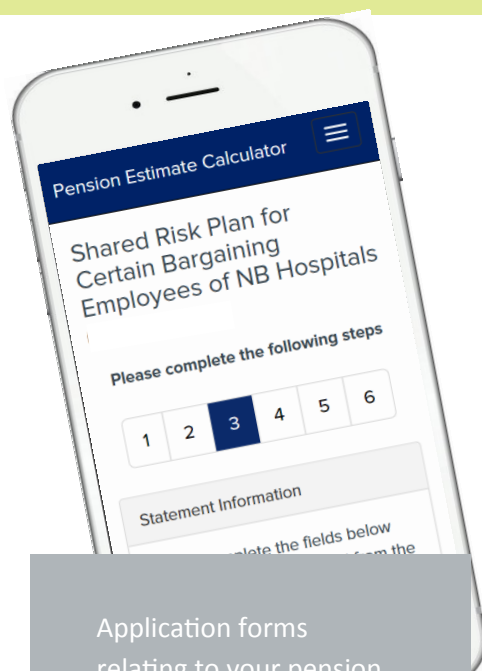
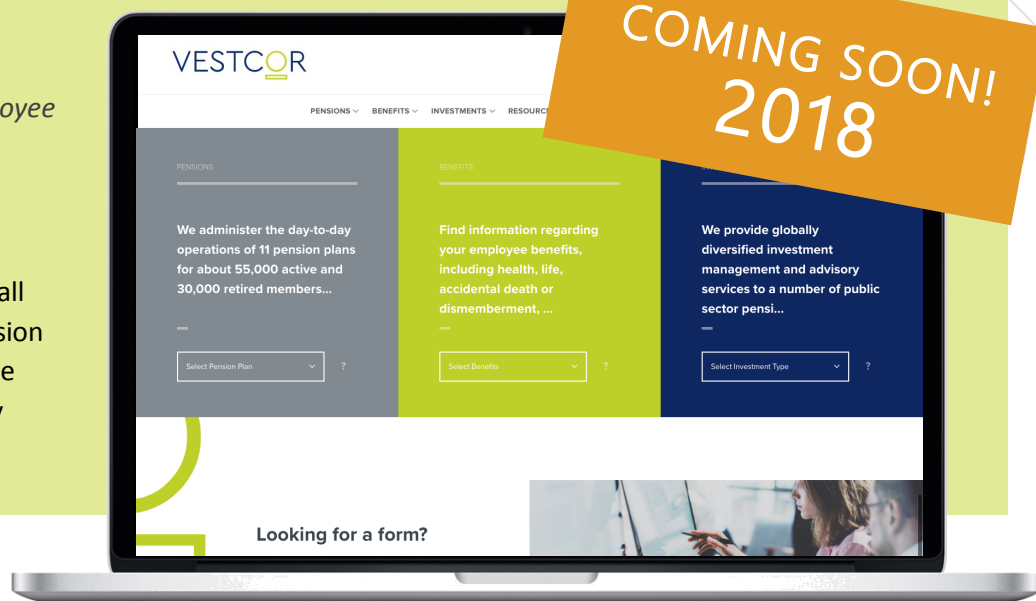
As of December 31, 2016, the pension plan's open group funded ratio was **125.3%**. Cost of living adjustment can be provided if this ratio exceeds 105.0%.



# A NEW PENSIONS AND EMPLOYEE BENEFITS WEBSITE FOR MEMBERS

*From Vestcor: Your Pensions and Employee Benefits Provider*

Vestcor is excited to announce the upcoming launch of its new website. Created to improve the overall experience and service offered to pension plan members, the website will provide support to members by providing easy access to:



New and improved **Pension Estimate Calculator**. Using your most recent Employee Statement of Pension Benefits, you'll have the ability to quickly generate an estimate of your future monthly pension payment based on when you are planning to retire. In addition, for those eligible to purchase service, the Purchase of Service section offers a quick estimate of what you'll need to pay;

Application forms relating to your pension plan and employee benefits. An all **new search feature** will make it easier than ever to find the information you need right away;

**Documents relating to your pension plan**, including Member Booklets, Governance documents, financial results, and more;

Quickly sign up for **electronic versions** of newsletters and other general communication.

Additional resources will be added to the website over the coming year as Vestcor focuses on continuously improving its service offerings to you. Look out for this new site coming soon at [vestcor.org](http://vestcor.org)!

## VESTCOR

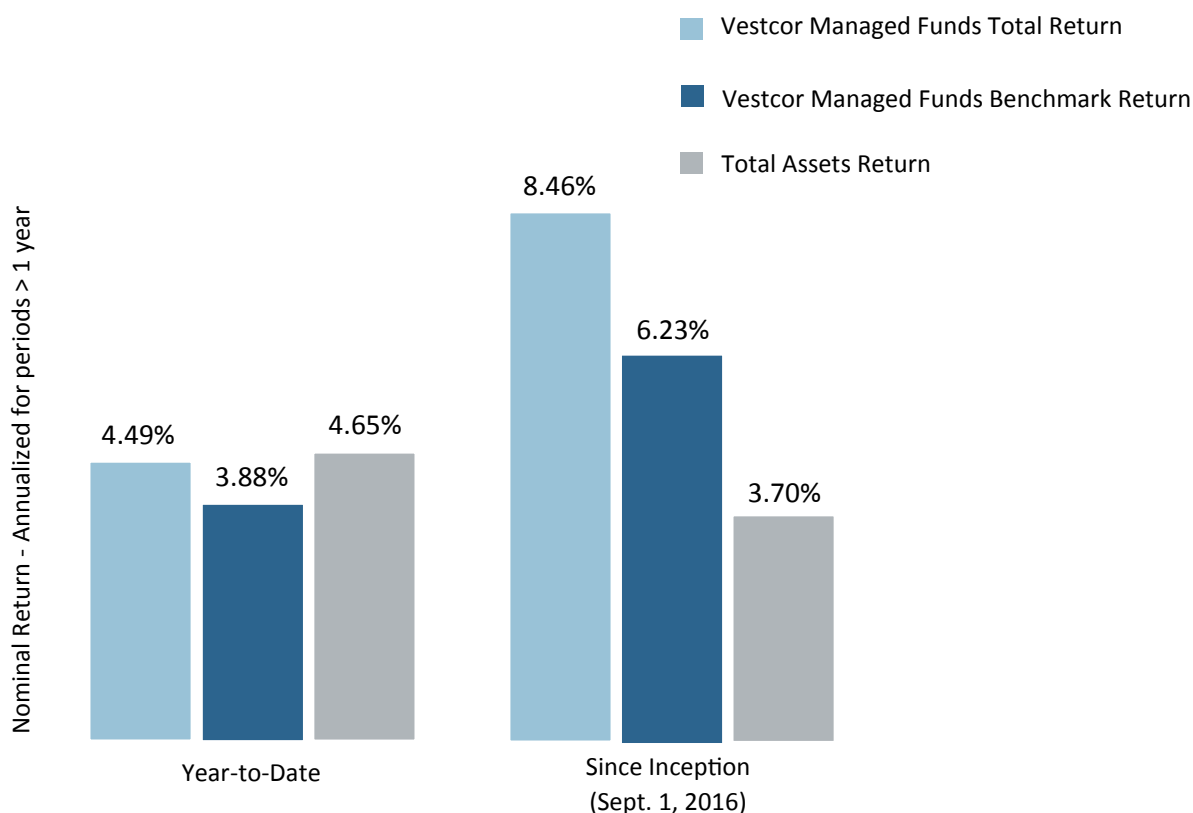
# MID-YEAR INVESTMENT REPORT

## INVESTMENT RETURNS

We are pleased to report that the gross investment return for the CBE SRP for the first half of 2017 was approximately 4.65%. This brings the longer term four-year total annualized return as of June 30, 2017 to approximately 9.33%, and the ten-year annualized return to 5.55%.

Global equity markets have remained solid in 2017, with particularly strong contributions from international markets combined with positive contributions from fixed income and alternative assets. With the strong continued performance, valuations across most markets have reached somewhat elevated levels, which, when combined with potential for continued central bank policy tightening in the coming quarters, leaves the market outlook somewhat mixed going forward.

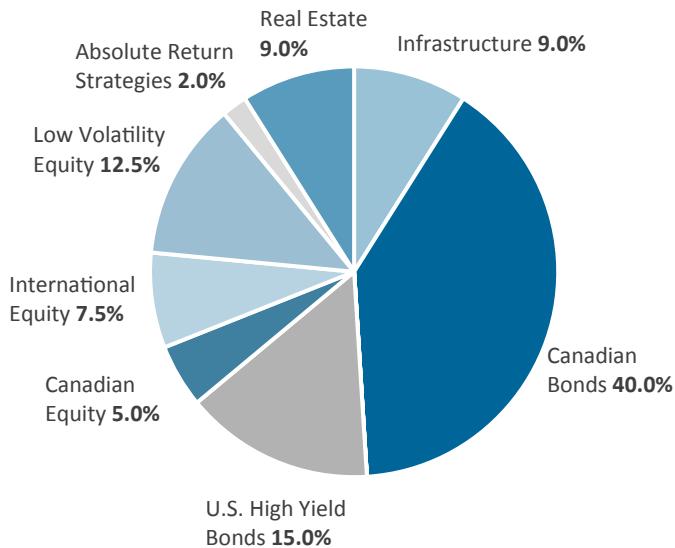
The investment manager transition to Vestcor is proceeding well. The return earned in excess of the benchmark portfolio on Vestcor managed assets contributed positive value add at 0.61% for the current year to date, and 2.23% over the period of Vestcor's management of the assets.



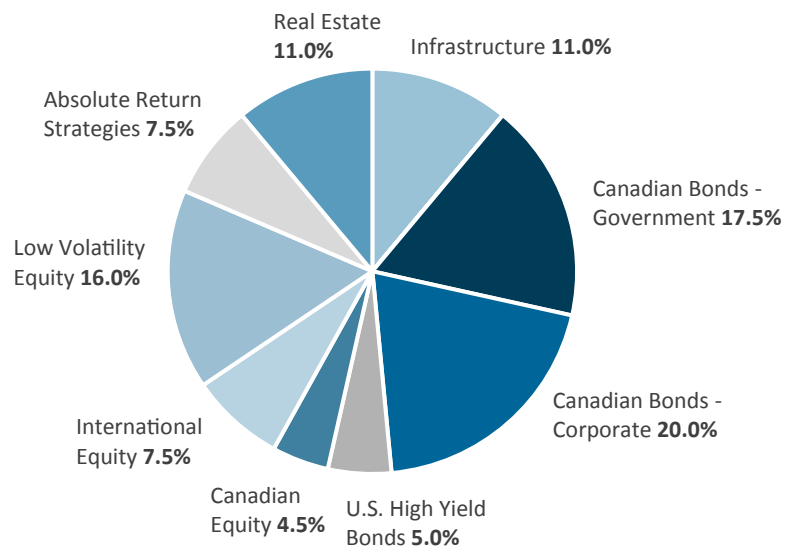
## INVESTMENT ASSETS

As reported in the spring 2017 newsletter, the transition of the CBE SRP assets from the previous external investment managers to Vestcor is well underway. Vestcor presented the results of the asset/liability study of the Fund's asset mix to the Board of Trustees in June 2017, as well as recommended a transition plan for the remaining assets in August 2017, both of which were approved by the Board.

## Asset Mix **Current Policy**



## Asset Mix **Target Policy**



The fair value of the CBE SRP investment assets at June 30, 2017 was \$2.002 billion (of which \$1.015 billion, or 50.7%, has been transitioned to Vestcor), up \$97 million from the fair value at December 31, 2016.

For more information, please visit [vestcor.org/marketupdate](http://vestcor.org/marketupdate).

## GOVERNING DOCUMENT 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 an amendment which was filed earlier this year with the Superintendent of Pensions.

- An amendment to the Plan Text was filed on May 9, 2017 to amend Pre-retirement Death Benefit provisions as required by the *Pension Benefits Act*.

The updated version of the CBE SRP Plan Text is available at the following website: [vestcor.org/cbe](http://vestcor.org/cbe).

## CBE SRP MEMBER SURVEY YOUR BOARD WANTS TO HEAR FROM YOU!

**Your Board of Trustees has launched a short survey to gauge your views of your pension plan's value, expertise, governance and reputation, as well as our service and communication. What you tell us through your responses will help guide our strategic priorities moving forward.**

The survey has been distributed to all plan members, if you have not received a copy, we invite you to complete it online at: [vestcor.org/CBEsurvey](http://vestcor.org/CBEsurvey).

**CBE Plan Satisfaction Survey**

The members of this survey are the undersigned have been the undersigned pension plan members and have been asked to provide feedback on the undersigned pension plan's value, expertise, governance and reputation, as well as our service and communication.

The information collected is strictly confidential and will not be used for the purpose of determining the undersigned's eligibility for the pension plan. The survey is intended to provide feedback to the undersigned pension plan's value, expertise, governance and reputation, as well as our service and communication.

1. Please select the statement below that best describes you:

☐ I am an active member, working and contributing to the CBE SRP.

☐ I am a retired member, receiving a pension from the CBE SRP.

☐ I am a contributor with the CBE SRP, but am not actively at work (on leave, terminated employment, etc.).

2. Do you believe your pension from the CBE SRP will be a significant source of your income at retirement?

☐ Yes ☐ No ☐ I don't know

3. How important was the probability of a workplace pension in your decision to join your current employer?

☐ Very important ☐ Somewhat important ☐ Neither ☐ Not a factor

4. How would you rate:

Your understanding of the CBE SRP? ☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

The benefits offered by the CBE SRP? ☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

The CBE SRP's reputation? ☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

# TIPS FOR RETIREES



## T4As

As a retiree drawing your pension, you'll receive a T4A reporting your annual pension income in order to file your annual income tax return. The T4A is the equivalent of the T4 you would have received as an active employee reporting employment income. Depending on your personal situation, you may see amounts reported in other boxes such as income tax deductions and health/dental premium deductions.

If you are a non-Canadian resident, you will receive a NR4 instead of a T4A to report your pension income.

**Vestcor will mail your T4A by February 28<sup>th</sup> of each year so it is very important to ensure that Vestcor has your current address. If your address recently changed, call them or complete the Change of Address form at [vestcor.org/pensions](https://vestcor.org/pensions).**

Please contact Vestcor if you lose or do not receive your T4A. Requests for duplicate T4As can be made by calling Vestcor at 1-800-561-4012.

Please note that a duplicate T4A cannot be sent to a new mailing address until a change of address is provided and processed by Vestcor.



## GOING PAPERLESS? SIGN UP TO RECEIVE YOUR NEWSLETTER BY EMAIL.

Simply contact Vestcor by telephone at 1-800-561-4012, by email at [info@vestcor.org](mailto:info@vestcor.org).



## Pension Payment Dates in 2018

<b>January</b>	<b>1</b>
<b>February</b>	<b>1</b>
<b>March</b>	<b>1</b>
<b>March</b> <i>(for April)</i>	<b>29</b>
<b>May</b>	<b>1</b>
<b>June</b>	<b>1</b>
<b>June</b> <i>(for July)</i>	<b>29</b>
<b>August</b>	<b>1</b>
<b>August</b> <i>(for September)</i>	<b>31</b>
<b>October</b>	<b>1</b>
<b>November</b>	<b>1</b>
<b>November</b> <i>(for December)</i>	<b>30</b>

## CONTACT INFORMATION

### Write:

CBE SRP Board of Trustees  
c/o Vestcor

P.O. BOX 6000, Fredericton, NB E3B 5H1

**Call:** 1 (800) 561-4012 or (506) 453-2296

**Email:** [info@vestcor.org](mailto:info@vestcor.org)

**Visit:** [vestcor.org/CBE](https://vestcor.org/CBE)

DISCLAIMER: This publication is provided on behalf of the Trustees of the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE SRP) and is intended to provide information about the CBE SRP. If there is a discrepancy between the information contained herein and the CBE SRP Text, the latter will prevail.