

PENSION NEWS

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SHARED RISK PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NB HOSPITALS (CBE SRP)

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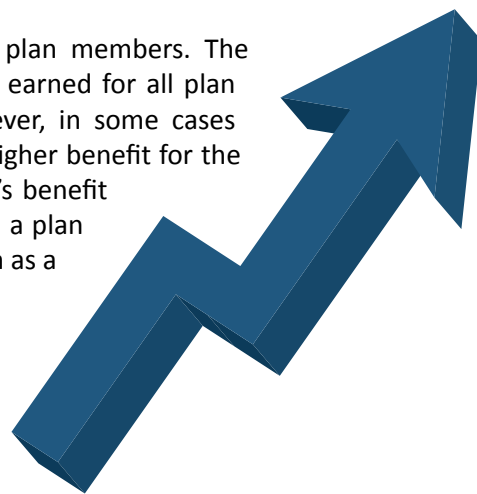
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INCREASE IN PENSION BENEFITS AWARDED ONCE AGAIN IN 2016

Your Board of Trustees is pleased to advise you that as a result of strong investment returns in 2016, they were once again able to grant an increase in benefits as per the terms of the Plan's Funding Policy (Steps 2 through 4). This is similar to the increase that was awarded at the end of 2015 and detailed in the November 2017 Newsletter.

This increase does not apply to all plan members. The process is to recalculate the benefits earned for all plan members at the end of 2016, however, in some cases the recalculation will not result in a higher benefit for the member. In these cases the member's benefit remains unchanged. In no case would a plan member's benefit result in a reduction as a result of the recalculation.

Members who will see a change in their benefit will be notified directly in writing by Vestcor.



PLAN 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 to the following governing documents:

Funding Policy – amendments to Section III (Risk Management) and Section V (Funding Deficit Recovery Plan) of the Funding Policy that were “housekeeping” in nature and provided clarification to the sections were filed with the Superintendent of Pensions on February 27, 2018.

Statement of Investment Policies – amendments were applied in order to accommodate changes to the Investment Policy Portfolio that were a result of a recently completed Asset-Liability Study. These amendments were filed with the Superintendent of Pensions on February 5, 2018.

The updated versions of the CBE Funding Policy and Statement of Investment Policies are available at the following website: www.vestcor.org/cbe



DISCLAIMER: This newsletter is a publication on behalf of the Board of Trustees of the Shared Risk Plan for Certain Bargaining Employees of NB Hospitals. This publication is intended to provide information about the Shared Risk Plan for Certain Bargaining Employees 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.

CHOOSING THE RIGHT PENSION OPTION FOR YOU

There are five different forms of pension available to you when you retire. With all options you will receive your pension benefit to the end of your life. However, the optional forms differ in how any survivor benefits are paid as follows:

LIFE PENSION WITH 5 YEAR GUARANTEE

If you die before receiving 60 monthly payments, payments are continued to your designated beneficiary or to your estate (in a lump sum) as applicable, until a total of 60 monthly payments have been paid.

LIFE PENSION WITH 10 YEAR GUARANTEE

If you die before receiving 120 monthly payments, payments are continued to your designated beneficiary or to your estate (in a lump sum) as applicable, until a total of 120 monthly payments have been paid.

60% JOINT AND SURVIVOR

If you die and your spouse (spouse at retirement) is still living, they will receive 60% of your lifetime pension for the remainder of their life.

75% JOINT AND SURVIVOR

If you die and your spouse (spouse at retirement) is still living, they will receive 75% of your lifetime pension for the remainder of their life.

100% JOINT AND SURVIVOR

If you die and your spouse (spouse at retirement) is still living, they will receive 100% of your lifetime pension for the remainder of their life.

An adjustment will be made to your pension if you choose an option other than the Life Pension – 5 Years of Guaranteed Payments. The adjustment takes into account that the pension plan may end up paying a higher benefit upon your death.



REMEMBER

Choosing the right optional form of pension at retirement based on your individual circumstances is extremely important. Once you start receiving your pension, you cannot change the option you have selected.



NEW PENSION CALCULATOR

HOW MUCH WILL MY CBE SRP PENSION BE?

In a few easy steps, our **new and improved pension estimate calculator** can give you an estimate of the monthly pension benefit you'll receive when you retire.

To estimate your CBE SRP pension, you'll need some information from your most recent Employee Statement of Pension Benefits.

STEP ONE

Select your pension plan.



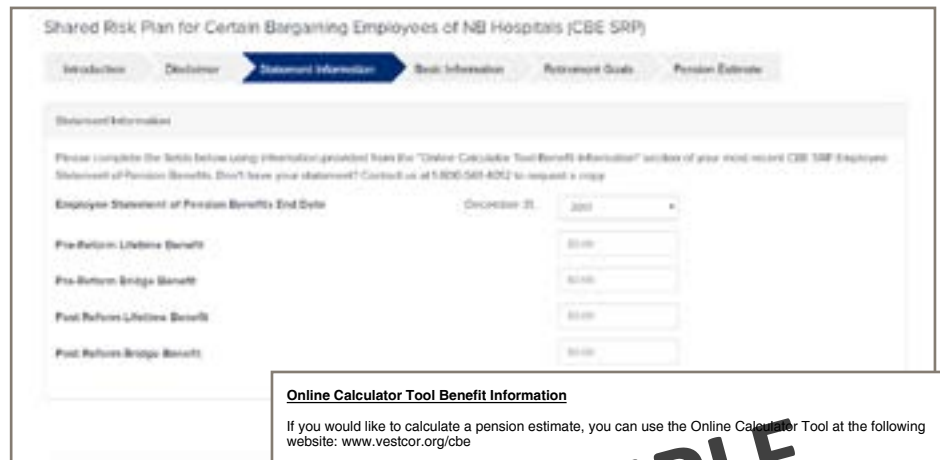
STEP TWO

Read the introduction and accept the disclaimer.



STEP THREE

Complete the following statement information:



This information can be found in the "Online Calculator Tool Benefit Information" section of your most recent CBE SRP Employee Statement of Pension Benefits. Don't have a copy of your statement? Contact Vestcor to request one.

Online Calculator Tool Benefit Information

If you would like to calculate a pension estimate, you can use the Online Calculator Tool at the following website: www.vestcor.org/cbe

Please note that in order to process an estimate, the Online Calculator is designed so that you will be required to input the information displayed below

1) Employee Statement of Pension Benefits End Date	December 31, 2017
2) Pre-Reform Lifetime Benefit	\$30,670.70
3) Pre-Reform Bridge Benefit	\$9,002.25
4) Post-Reform Lifetime Benefit	\$6,867.77
5) Post-Reform Bridge Benefit	\$1,843.20

STEP FOUR

Complete the following basic information:

This screenshot shows the 'Basic Information' step of the pension calculator. The navigation bar includes 'Introduction', 'Disclaimer', 'Statement Information', 'Basic Information' (highlighted), 'Retirement Goals', and 'Pension Estimate'. The form asks for the following information: Date of Birth (with Year, Month, and Day dropdowns), Current Gross Annual Salary (with a text input field), Retirement or other income (with a text input field), and Percent of Full Time Hours Worked (with a dropdown menu set to 100%). There are 'Previous' and 'Next' buttons at the bottom right.

STEP FIVE

Enter your retirement goals and calculate!

This screenshot shows the 'Retirement Goals' step of the pension calculator. The navigation bar includes 'Introduction', 'Disclaimer', 'Statement Information', 'Basic Information', 'Retirement Goals' (highlighted), and 'Pension Estimate'. The form asks for: Projected Last Day of Work (with Year, Month, and Day dropdowns), and Pension Start Date (with Year and Month dropdowns). There are also input fields for 'If Retiring' and 'If Moving', and a note: '(You can also adjust the Pension Start Date using the age slider below)'. There are 'Previous' and 'Next' buttons at the bottom right.

REVIEW YOUR ESTIMATE

This screenshot shows the 'Pension Estimate' result page. The navigation bar includes 'Introduction', 'Disclaimer', 'Statement Information', 'Basic Information', 'Retirement Goals', and 'Pension Estimate' (highlighted). The main heading is 'Pension Estimate'. Below it, the text reads: 'Gross Monthly Pension Payable (before deductions)'. A sub-note says: 'Calculations based on a termination date of July 31, 2016 and a pension start date of August 1, 2016'. A green bar represents the 'Monthly Pension After Age 65' with the value '\$1,234.56'. There is a 'Summary' section with a 'Summary of Results' table. The table shows 'Pension Start Date' as 'August 1, 2016' and 'Service before Jul 1, 2012' as '0.00%'. There is also a section for 'Early Retirement Reduction Factors'.

The online calculator gives you an estimate of what your future CBE SRP pension benefit will be based on the information you input.

If you are nearing retirement, we encourage you to contact our Member Services Team at Vestcor to request a formal pension estimate.

FOR MORE INFORMATION about your CBE SRP pension, please visit vestcor.org/CBE or contact Vestcor at 1 800 561 4012.

Estimate your pension today!
vestcor.org/CBE

INVESTMENT REPORT

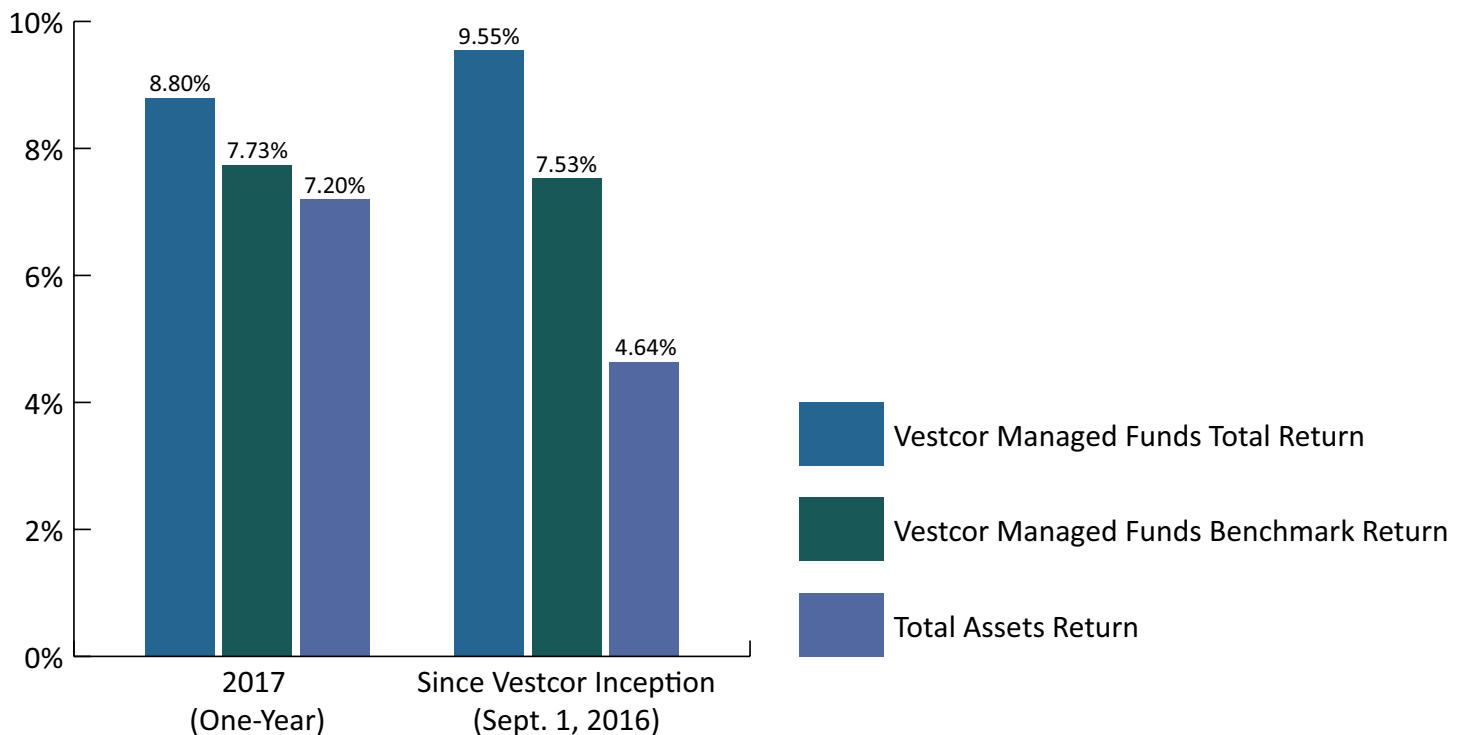
INVESTMENT RETURNS

We are pleased to report that the gross investment return for the CBE SRP for the second half of 2017 was 4.13%. This brings the annual return to 8.80% for the period ended December 31, 2017, the longer term four-year total annualized return to approximately 7.62%, and the ten-year annualized return to 5.98%. Both long-term measures exceeded the performance objectives outlined in the current Statement of Investment Policy and Goals of “a real rate of return of at least 3.0% after expenses and a nominal return of 5.5% after expenses, as calculated on an annualized basis over moving 4 year time periods.”

All asset classes produced solid contributions to total returns during the year, with particularly strong contributions from private market strategies (Real Estate and Infrastructure) and equities. Despite continued interest rate volatility during the second half of the year, fixed income portfolios also contributed positively to total returns for the full year.

Vestcor’s active management activities were also significant contributors to portfolio returns during the year, as the return earned in excess of the benchmark portfolio on Vestcor managed assets was 1.07% for 2017.

NOMINAL RETURN - ANNUALIZED FOR PERIODS > 1 YEAR



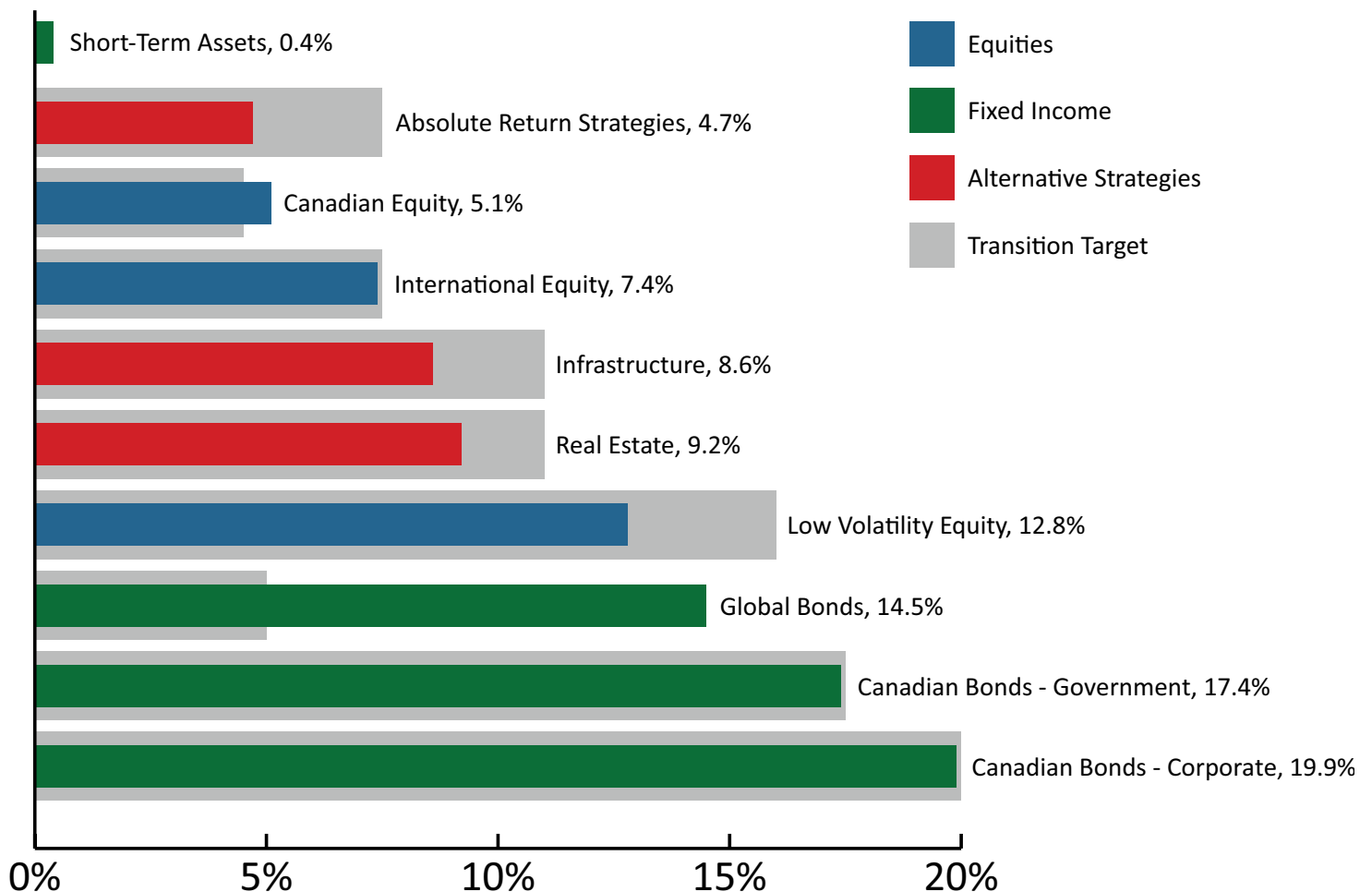
INVESTMENT REPORT

INVESTMENT ASSETS

As reported in the fall 2017 newsletter, the transition of the CBE SRP assets from the previous external investment managers to Vestcor continues to proceed according to the recommended transition plan for the remaining assets, which was approved by the Board in August 2017.

The ultimate transition to the new asset mix is expected to take up to one year to complete. The asset mix at December 31, 2017, compared to the new target asset mix was:

ASSET MIX AS AT DEC. 31, 2017



The fair value of the CBE SRP assets at December 31, 2017 was \$2.065 billion (of which \$1.765 billion, or 85.5%, has been transitioned to Vestcor's investment strategies), up \$63 million since June 30, 2017.

For more information, please visit www.vestcor.org/quarterly_market_updates

TIPS FOR RETIREES



DID YOU OWE INCOME TAX LAST YEAR?

If you have owed money after filing your income tax return in the past few years, 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 Vestcor's website at vestcor.org/incometax or call 1 800 561 4012 and a form will be mailed to you.



THE NEW VESTCOR.ORG

- An all new website featuring a user-friendly experience
- New and improved Pension Estimate Calculator
- Find application forms relating to your pension plan quickly and easily with our new search feature
- Download member booklets, governing documents, financial results, and more
- Sign up for electronic versions of newsletters

