

# PENSION NEWS

SPRING 2018



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Shared Risk Plan for  
CUPE Employees of  
NB Hospitals  
(CUPE Hospitals SRP)

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# MESSAGE FROM THE CHAIR

On behalf of your Board of Trustees, I am pleased to provide the Spring 2018 newsletter.

Following the December 2017 Board of Trustees meeting, I am pleased to report that I was elected the new Chair of the Board and Brenda Vienneau was elected Vice-Chair. Brenda and I have served on the Board as Trustees since 2012, and we look forward to building on the progress that we have made as a Board. I would like to take this opportunity to thank David Matthews and Renée Laforest for their leadership as Chair and Vice-Chair.

As we indicated in our previous newsletter, the Plan is in a solid financial position. As a result, I am happy to report that the Board was in a position to once again approve a number of benefit increases effective January 1, 2018. Further details are provided in the "Increase in Pension Benefits Awarded" section of this newsletter.

As always, your Board of Trustees welcomes your feedback. You can contact us with any comments or feedback you have related to the newsletter, the pension plan, or the Board by email at [info@vestcor.org](mailto:info@vestcor.org), or in writing at CUPE Hospitals SRP Board of Trustees c/o Vestcor, PO Box 6000, Fredericton, NB E3B 5H1.

Sincerely,  
Luc J. Sirois, Chair  
CUPE Hospitals SRP Board of Trustees

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## YOUR BOARD OF TRUSTEES

### NBCHU/ CUPE LOCAL 1252

Brenda Vienneau  
(Vice-Chairperson)

David Matthews

Brian Poirier

Bernard Brun

### PROVINCIAL APPOINTEES

Luc J. Sirois  
(Chairperson)

Renée Laforest

Jean-Claude Pelletier

Larry Guitard

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**DISCLAIMER:** This newsletter is a publication on behalf of the Board of Trustees of the CUPE Hospitals SRP. This publication is intended to provide information about the Shared Risk Plan for Canadian Union of Public Employees (CUPE) 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.

# INCREASE IN PENSION BENEFITS AWARDED

## Financial Health of the Pension 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. Learn more at [vestcor.org/CUPE-H](http://vestcor.org/CUPE-H)

### 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 remains unchanged. 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.

### 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.

**STEP 1** | 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 "COLA") 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 COLA, 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, 2016 VALUATION

Based on the valuation for the period end date of December 31, 2016, a surplus was identified which allowed for the Board to award Steps 1 through 4, which included full COLA of 1.47% and the three increases outlined above, as per the Plan's Funding Policy. The valuation results for the period ending December 31, 2017 will be available in the next newsletter.

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

Members who benefit from these increases have been or will be notified in writing from Vestcor on behalf of the Board.

# TRANSFER AGREEMENT REMINDER

Just a reminder that if you are an active contributor to the CUPE Hospitals SRP and have previously contributed to the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick (the PT&S Pension Plan) you still have the option to transfer your PT&S Pension Plan contributions to the CUPE Hospitals SRP. Transferring these past contributions will provide you with more service when calculating your pension benefit under the rules of the CUPE Hospitals SRP upon your retirement.

If you are interested in finding out how your past PT&S Pension Plan contributions could increase your pension benefit under the CUPE Hospitals SRP, please complete and submit a "Reciprocal Transfer Agreement Application Form CUPE – PTS" which can be found at [vestcor.org/CUPE-H](http://vestcor.org/CUPE-H). If you have any questions, please contact Vestcor's Member Services Team at 1 800 561 4012.

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## PLAN TEXT AMENDMENTS

The New Brunswick *Pension Benefits Act* 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 the following amendment which has recently been filed with the Superintendent of Pensions:

An amendment was filed on February 14, 2018 to include details regarding the benefit increase associated with the Steps 1-4 Increase of the Funding Policy (effective January 1, 2018).

The updated version of the CUPE Hospitals SRP Plan Text is available at [vestcor.org/CUPE-H](http://vestcor.org/CUPE-H)

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## BRIDGE BENEFIT

If you retire and choose to begin receiving your CUPE Hospitals SRP pension payments prior to age 65, a bridge benefit is paid in addition to your lifetime pension benefit until age 65.

The purpose of the bridge benefit is to "bridge" members' pensions to age 65, when an unreduced Canada Pension Plan (CPP) pension is available. That being said, a member can elect to begin receiving their CPP pension before or after age 65 and the CUPE Hospitals SRP bridge benefit, upon retirement, will still be paid until age 65.

The monthly bridge benefit is equal to \$18 multiplied by the number of years of pensionable service prior to July 1, 2012, plus \$18 multiplied by the number of years you are a contributor to the Plan on and after July 1, 2012 (regardless of whether you work 100% of full-time employment or less).

The bridge benefit is subject to any cost of living adjustments granted by the Board of Trustees and, unlike the lifetime pension benefit, is not subject to any early retirement reduction factors.

HOW YOUR MONTHLY  
BRIDGE BENEFIT  
IS CALCULATED

**\$18x**  
number of years of  
pensionable service  
prior to July 1, 2012

PLUS

**\$18x**  
number of years you  
are a contributor  
to the Plan on and  
after July 1, 2012

### THINKING OF RETIRING?

Get an estimate of your pension benefit by using Vestcor's new Pension Estimate Calculator. See page 5 for more details.

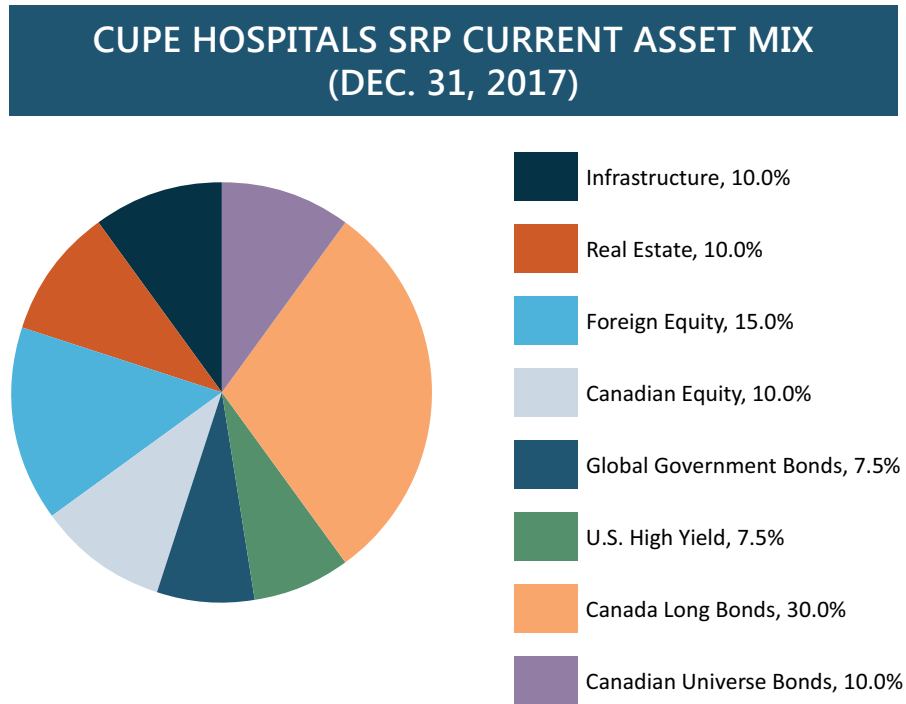
# INVESTMENT UPDATE

The CUPE Hospitals SRP Board of Trustees is responsible for all decisions related to the investment policy for the Plan, subject to specific risk management constraints set out in their Funding Policy and the *Pension Benefits Act (PBA)*.

## ASSET MIX

The development of the asset mix for the CUPE Hospitals SRP is dependent on the actuarial liability of the Pension Plan and the Pension Plan's ability to pass the risk management tests under the Funding Policy and requirements of the PBA.

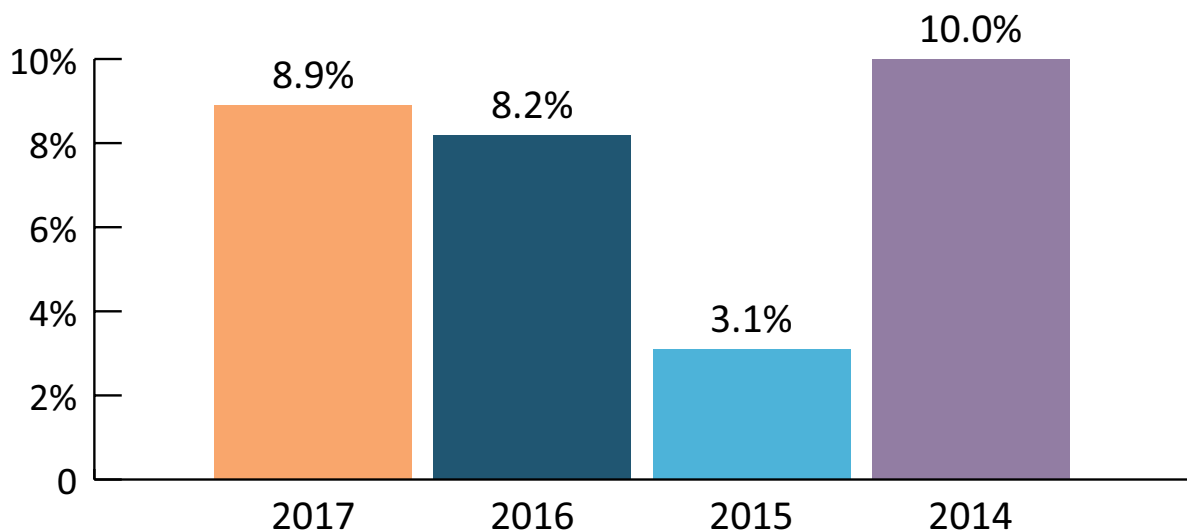
Total assets under management as at December 31, 2017 stood at \$861.9 million and the current asset mix is shown in the chart.



## INVESTMENT PERFORMANCE (AS AT DECEMBER 31, 2017)

In terms of the investment performance, the objective of the CUPE Hospitals SRP is to follow investment principles and guidelines which are appropriate to the needs and objectives of the plan.

The overall year ended December 31, 2017 rate of return was 8.9%. Investment returns are reported gross of investment management fees.



# NEW PENSION CALCULATOR

## HOW MUCH WILL MY CUPE HOSPITALS 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 CUPE Hospitals SRP pension, you'll need some information from your most recent Employee Statement of Pension Benefits.

**STEP ONE**

Select your pension plan.



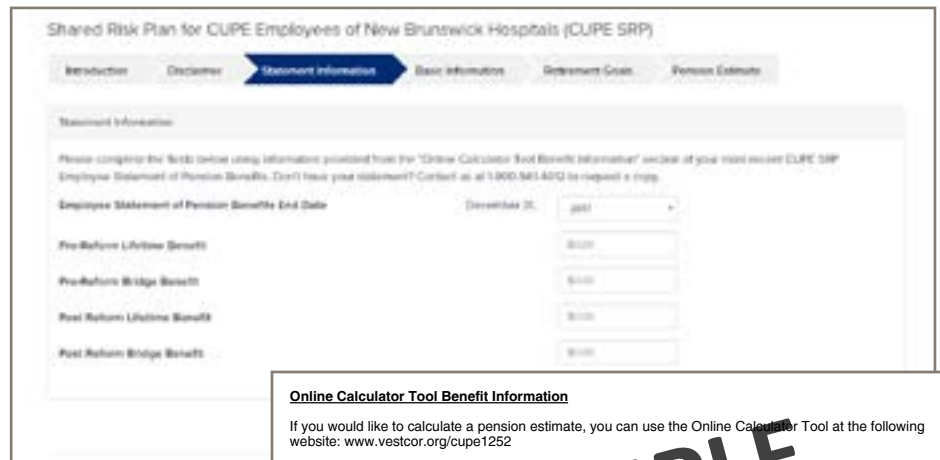
**STEP TWO**

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 CUPE Hospitals 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/cupe1252](http://www.vestcor.org/cupe1252)

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	\$3,448.00
3) Pre-Reform Bridge Benefit	\$1,375.00
4) Post-Reform Lifetime Benefit	\$3,618.81
5) Post-Reform Bridge Benefit	\$1,224.06



STEP  
FOUR

Complete the following basic information:

The screenshot shows the 'Basic Information' step of the online pension calculator. The title is 'Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (CUPE SRP)'. The navigation tabs are: Introduction, Disclaimer, Statement Information, Basic Information (highlighted), Retirement Goals, and Pension Estimate. The form asks for the following information: Date of Birth (Year, Month, Day), Current Gross Annual Salary (with a note to include bonuses or other deductions), and Percent of Full-Time Hours Worked. There are 'Previous' and 'Next' buttons at the bottom right.

STEP  
FIVE

Enter your retirement goals and calculate!

The screenshot shows the 'Retirement Goals' step of the online pension calculator. The title is 'Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (CUPE SRP)'. The navigation tabs are: Introduction, Disclaimer, Statement Information, Basic Information, Retirement Goals (highlighted), and Pension Estimate. The form asks for the following information: Projected Last Day of Work (Year, Month, Day) and Pension Start Date (Year, Month). There are also input fields for 'Years' and 'Months' and a note: '(You can also adjust the Pension Start Date using the age sliders below)'. There are 'Previous' and 'Next' buttons at the bottom right.

REVIEW  
YOUR  
ESTIMATE

The screenshot shows the 'Pension Estimate' step of the online pension calculator. The title is 'Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (CUPE SRP)'. The navigation tabs are: Introduction, Disclaimer, Statement Information, Basic Information, Retirement Goals, and Pension Estimate (highlighted). The main heading is 'Pension Estimate'. It displays 'Gross Monthly Pension Payable (before deductions)' with a calculation based on a termination date of April 21, 2018 and a pension start date of May 1, 2018. A green bar shows the 'Monthly Pension After Age-65' as \$1,234.56. A note states: 'Please note that pensions which commence after a Mandatory EBH withdrawal are subject to a Late Retirement actuarial adjustment increase.' There is a 'Summary' section with 'Summary of Results' and 'Early Retirement Reduction Factors'. At the bottom, it shows 'Pension Start Date: May 1, 2018' and 'Service before Jul 1, 2002: 0.00%'. There are 'Previous' and 'Next' buttons at the bottom right.

The online calculator gives you an estimate of what your future CUPE Hospitals 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. If you need more help in preparing for your retirement, a handy checklist can be found on our website. We encourage you to begin this process up to 12 months before your planned retirement date.

## FOR MORE INFORMATION

about your CUPE Hospitals SRP pension, please visit [vestcor.org/CUPE-H](https://vestcor.org/CUPE-H) or contact Vestcor at 1 800 561 4012.

Estimate your pension today!

[vestcor.org/CUPE-H](https://vestcor.org/CUPE-H)

# 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](https://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

