



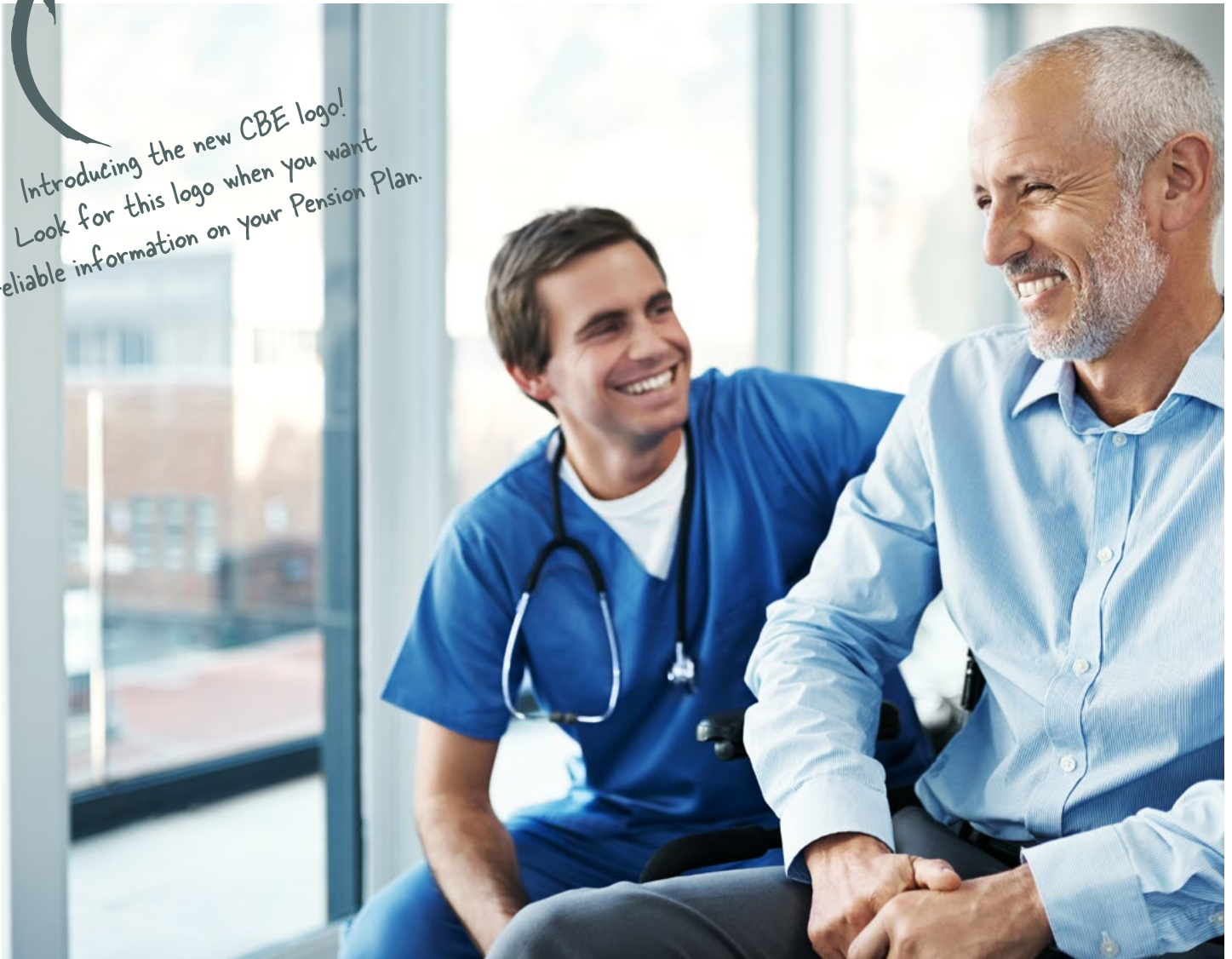
SHARED RISK PLAN FOR CERTAIN
BARGAINING EMPLOYEES OF NB HOSPITALS

PENSION NEWS

FALL 2018

VOLUME 3 ISSUE 4

Introducing the new CBE logo!
Look for this logo when you want
reliable information on your Pension Plan.



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COST OF LIVING ADJUSTMENT AWARDED TO MEMBERS

Your Board of Trustees is very pleased to announce that it has once again been able to provide all Plan members with a Cost of Living Adjustment (COLA, also known as “indexation”) this year. Due to the level of positive returns of the Plan, the Board was able to apply the full indexation, matching Canada’s Consumer Price Index of 1.88%.

If you’re an active or deferred member, the increase will be applied to the benefits you’ve earned up to December 31, 2017, positively impacting your future pension. If you’re a retiree, the increase will be applied to your monthly pension benefit as of January 1, 2019. You’ll receive notification of this increase in writing in December 2018.

For more information on the funded status of the Plan, please refer to the Actuarial Valuation Report on page 4.

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PLANNING FOR THE LONG HAUL LEAVING YOUR EMPLOYMENT BEFORE RETIREMENT

If you are a vested* member of the Shared Risk Plan for Certain Bargaining Employees of NB Hospitals (CBE SRP) and cease your employment, the pension benefits that you have earned in the Plan do not need to leave with you.



VESTED MEANS YOU HAVE:

- two or more years of pensionable service in the Plan; or
- two or more years of membership in the Plan; or
- five or more years of continuous employment.

For many members of the CBE SRP, the pension benefit they have earned is the most valuable asset they have for their retirement. If you are leaving your employment, you may be concerned about what will happen to the benefits you have earned. The good news is that you can opt to receive a **deferred pension**.

If you are under the age of 55, your deferred pension can be started as early as age 55 (reduced pension) or as late as age 65 (unreduced pension). When you leave your employment, you will receive a statement which details what your monthly deferred pension benefit is projected to be. If you are age 55 or older, you can take an immediate reduced pension, or defer it up to age 65.

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.

PLANNING FOR THE LONG HAUL (CONTINUED)

BENEFITS OF YOUR DEFERRED PENSION

TAKE SOME STRESS OUT OF YOUR RETIREMENT

The goal of the CBE SRP is to provide you with an income for the rest of your life. Choosing a deferred pension means you can enjoy the security that, upon retirement, you will have a monthly pension you do not have to manage. Your pension funds will be managed by experienced investment professionals.

GROWTH OF YOUR BENEFITS

Even after you leave your employment, your deferred pension benefits can continue to grow. Every year, your benefits will be eligible for increases through Cost of Living Adjustments. These Cost of Living Adjustments are based on the financial health of the Plan and Canada's Consumer Price Index. Keep this in mind when referring to the projected benefit amount on your termination statement. By the time you retire, that amount may have increased. For more information on the Cost of Living Adjustment that was awarded for this year, please see the previous page of this newsletter!

PLANNING FOR YOUR LOVED ONES

A deferred pension includes spousal benefit options. During your retirement, if you pre-decease your spouse, they may be eligible to receive a portion of your pension benefits for the rest of their life. This gives an added layer of security for those you care most about as you move through the phases of your life.

SUMMING IT ALL UP

As you can see, there are a number of benefits that you can reap by leaving your assets in the Plan when you cease your employment. The first priority of your pension plan is to provide secure pension benefits to members after their retirement. Ultimately, the choice is up to you. Make sure you consider your options carefully and make an informed decision. Your choice will affect you throughout your retirement.



YOUR SECOND OPTION - ACCEPTING A TERMINATION VALUE

- Instead of a deferred pension, you can also opt to accept a termination value payout.
- Your termination value is a one-time only, lump sum payment based on the value of your pension on the date you cease your employment.
- By accepting the termination value you will no longer be eligible for a CBE SRP pension when you retire.
- The termination value you receive has a number of restrictions on it. The funds must be transferred into a locked-in retirement planning vehicle, such as a Locked-In Retirement Account (LIRA). It cannot be used to pay down mortgages or any other expenses that you may have. It is set aside specifically to provide for your retirement.
- You will be responsible for managing your funds and ensuring that they provide you with enough income in your retirement to last you the rest of your life. This includes responsibility for paying any costs you incur from investment advisors.
- You won't be eligible for future increases through Cost of Living Adjustments.

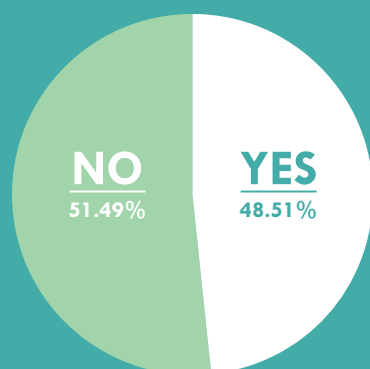
CBE SRP **MEMBER SATISFACTION SURVEY**

Last Fall, the Board launched a survey with the intention of better understanding how you, as a member of the CBE SRP, perceive your pension plan. Over 1,100 members took the time to complete the survey, with 53.5% of surveys completed by active members, 40% by retired members, and 6.5% by inactive members.

The results provided us with valuable feedback. A full report will be made available later this year. Below are highlights of the results we felt important to share with you.

COST OF LIVING ADJUSTMENT (COLA)

When asked if aware that COLA was provided to all members last year, only half of members responded that they were.



7 YEARS RUNNING

Did you know that COLA positively impacts the pension benefits of all members, whether they are active, deferred, or retired? In fact, COLA has been awarded for the 7th consecutive year since conversion, effective January 1, 2019. See page 1 for more details.

GOVERNANCE



7 out of 10 members are familiar with their Board of Trustees. Find out more about your Board's experience and expertise by visiting their biographies at www.vestcor.org/cbe.

RESOURCES

Top 5 resources members currently use to find out more about their pension plan:

ACTIVE MEMBERS

1. Employee Statement of Pension Benefits
2. Human Resources Department
3. Colleagues
4. Financial Advisor
5. CBE SRP Website

RETIREES

1. CBE SRP Newsletter
2. Previous Statements of Pension Benefits
3. Vestcor
4. CBE SRP Website
5. Former Colleagues/Fellow Retirees

Have you visited the new CBE SRP website?

VESTCOR.ORG/CBE

Find application forms, the pension calculator, member booklets, governing documents, financial results, and more!

EMPLOYEE PRESENTATIONS BY VESTCOR

78.45% of active members who responded have never attended one; 50% aren't aware they're offered.

Why are they valuable to you? They provide you with information about your pension plan, whether you're a new employee, mid-career, or nearing retirement.

Contact your human resources department to find out when sessions will be held.

QUESTIONS OR COMMENTS?

Your feedback is welcome. Contact us today!

1 800 561 4012 (toll free)
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CBE SRP'S ACTUARIAL VALUATION REPORT

AT-A-GLANCE

The Actuarial Valuation Report is a complex assessment completed using models developed by the actuary which examines the Plan's: assets and liabilities as at December 31 of a given year; membership information; and investment, economic and demographic assumptions.

LATEST VALUATION RESULTS

REQUIREMENT	Result as at December 31, 2017	Result as at December 31, 2016
Primary Risk Management Goal — Achieve 97.5% probability that past base benefits earned will not be reduced over the next 20 years.	98.75% (Passed) ✓	98.45% (Passed) ✓
1 st Secondary Risk Management Goal — Provide indexing in excess of 75% of CPI to members and retirees over the next 20 years.	83.70% of CPI (Passed) ✓	81.10% of CPI (Passed) ✓
2 nd Secondary Risk Management Goal — Achieve at least 75% probability that ancillary benefits (i.e., early retirement subsidy) can be provided over the next 20 years.	96.35% (Passed) ✓	95.95% (Passed) ✓

The Funding Status of the Plan is as follows:

- **The Termination Value Funded Ratio** is 107.6% as at December 31, 2017. This ratio compares the fair market value of the pension plan's assets to the pension plan's liabilities as at December 31, 2017, and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown or retirement.
- **The 15-year Open Group Funded Ratio**, as at December 31, 2017, is 126.4%. This ratio is used to determine the actions, such as granting COLA, to be taken by the Board under the Plan's Funding Policy.

FEELING CONFUSED?

Sometimes the terminology used when discussing your pension plan can be confusing. With that in mind, we've prepared a What, When, Who, and Why of the Plan's Actuarial Valuation Report to help you learn about this valuable report, and how it helps keep your plan secure.

WHAT?

The Actuarial Valuation Report is a type of appraisal conducted to determine the Plan's ability to provide benefits.

WHEN?

Completed as at December 31 of a given year, 2017 in this case.

WHO?

By Morneau Shepell, the Plan's current actuarial services provider.

WHY?

As a shared risk plan, the CBE SRP is subject to requirements under the provincially legislated *Pension Benefits Act (PBA)* when completing an annual valuation, which includes risk management testing and reporting on risk management goals. These tests are meant to ensure the Plan's security and ability to provide long-term benefits to members.

Results of the tests may cause the need for short-term adjustments, as outlined in the *PBA* and the CBE SRP Funding Policy.

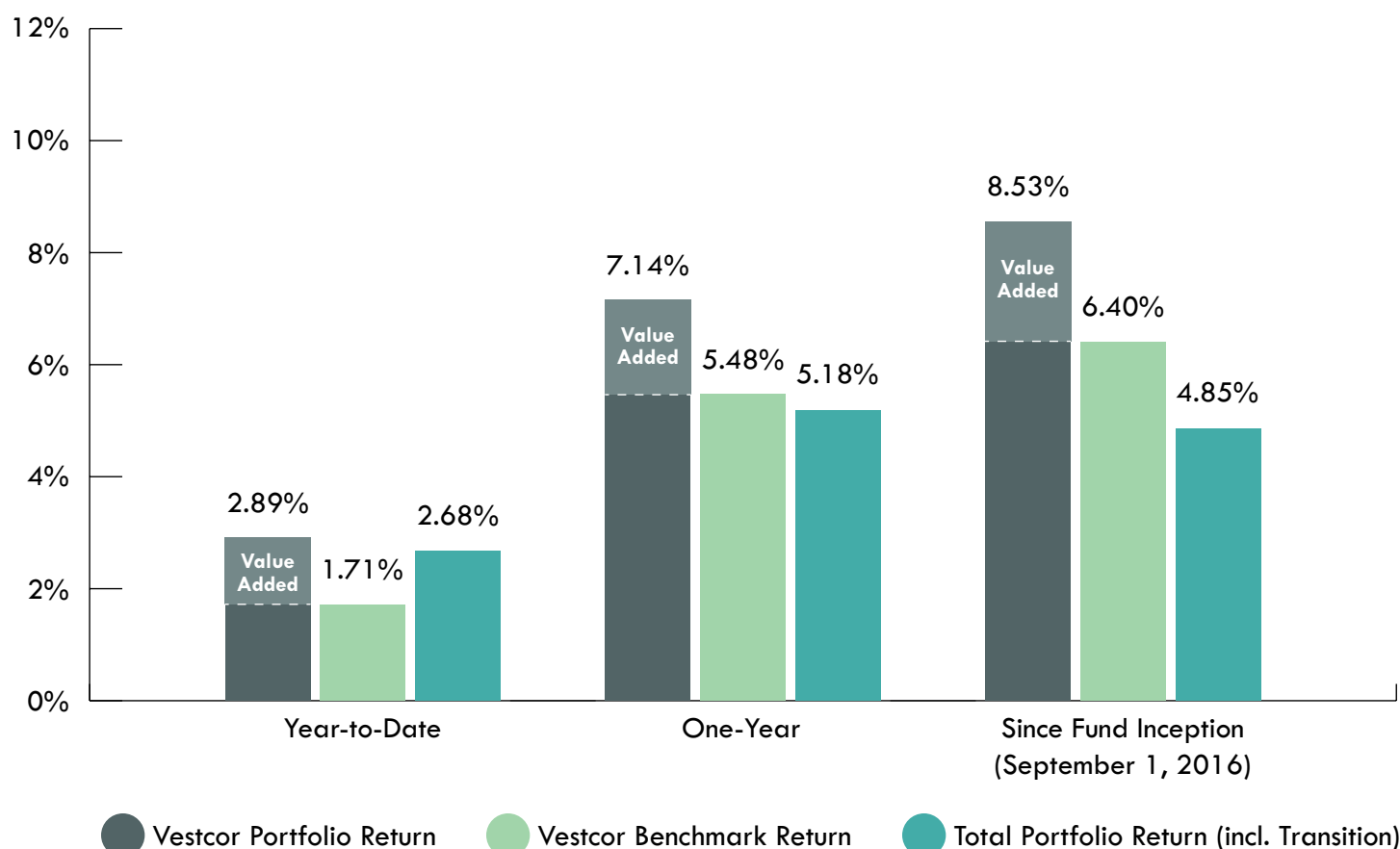
INVESTMENT RETURNS

We are pleased to report that the gross investment return for the CBE SRP for the first half of 2018 was approximately 2.89%. This brings the longer term four-year total annualized return as of June 30, 2018 to approximately 6.39%, and the ten-year annualized return to 6.26%, with both long-term measures exceeding 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."

Although global equity markets have produced mixed performance (with developed markets strongly outperforming emerging markets year to date), the weakening trend in the Canadian dollar against the U.S. dollar served to offset some of the underlying weakness in markets. Alternative strategies have continued to produce positive results thus far in 2018, while fixed income portfolios have been relatively unchanged in market value due to the relative stability in government interest rates in Canada.

The return earned in excess of the benchmark portfolio on Vestcor-managed assets contributed positive value add at 1.18% for the current year to date, and 2.13% over the period of Vestcor's management of the assets.

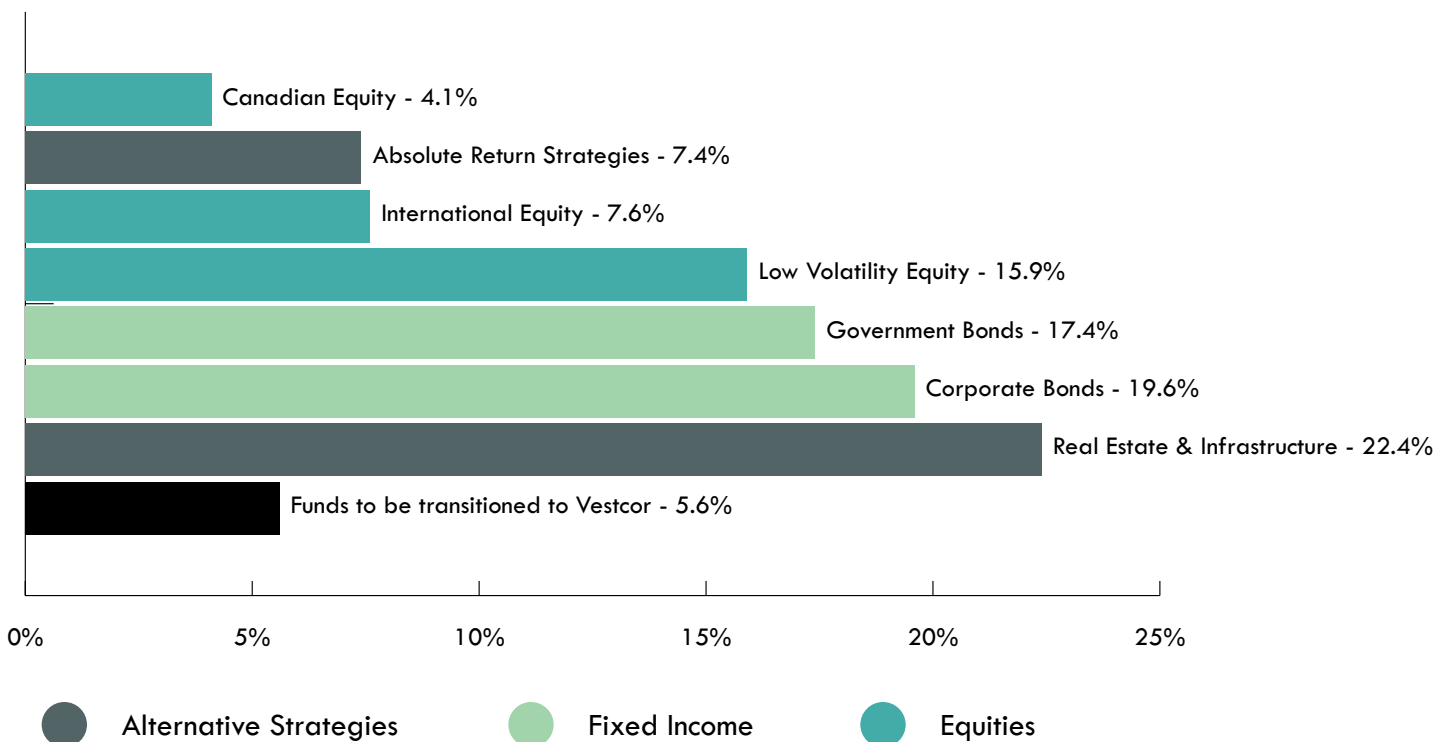
NOMINAL RETURN - ANNUALIZED FOR PERIODS > 1 YEAR



INVESTMENT ASSETS

The transition of the CBE SRP assets from the previous external investment managers to Vestcor was substantially completed as at June 30, 2018, with the remaining transition completed at the end of July 2018.

ASSET MIX AS AT JUNE 30, 2018



The fair value of the CBE SRP assets at June 30, 2018 was \$2.128 billion (of which \$2.010 billion, or 94.4%, has been transitioned to Vestcor), up \$0.63 million from the fair value at December 31, 2017.

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

SIGN UP FOR PAPERLESS NEWSLETTERS

- **It's easy!** Just go to www.vestcor.org/newsletters to sign up.
- **It's convenient!** You'll receive an email as soon as the newsletter is released. No waiting for the mail to arrive.
- **It's green!** Receiving your newsletter electronically saves paper.
- **It's economical!** Signing up for an electronic newsletter saves your plan money in printing and postage costs.



CBE SRP 2019 PENSION PAYMENT DATES

January 1

February 1

March 1

April 1

May 1

May 31 (for June)

June 28 (for July)

August 1

August 30 (for September)

October 1

November 1

November 29 (for December)

TIPS FOR RETIREES



QUICK TIPS

- Make sure to keep your notice of deposit. Notices of deposit confirm your gross and net pension amounts, and are only sent out when there is a change in the net amount. If you require proof of income for any reason, you'll need this document.
- Are you planning on moving? Don't forget to change your address with Vestcor using our Change of Address form available at www.vestcor.org or by calling 1 800 561 4012. Let us know if your phone number has changed as well.
- Do you have a Power of Attorney? Make sure you send us a copy of this document to be sure that person can act on your behalf.
- Need to contact the Canadian Pension Plan or Old Age Security? They can be contacted toll free at 1 800 277 9914.
- Have you opened a new bank account? Make sure to let Vestcor know by calling 1 800 561 4012, and keep your old account open until you've seen a payment deposited in your new account.

AMENDMENTS TO GOVERNING DOCUMENTS

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 the following amendments which were filed with the Superintendent of Pensions:

- The **Plan Text** was amended in order to document the benefit increase associated with the Steps 2-4 Increase of the Funding Policy (effective January 1, 2018). These amendments were filed with the Superintendent of Pensions on May 9, 2018.
- The **Funding Policy** was amended in order to apply changes which were "housekeeping" in nature. These amendments were filed with the Superintendent of Pensions on May 9, 2018.

The updated versions of the CBE SRP Plan Text, Funding Policy, and Summary of Funding Policy document are available at www.vestcor.org/cbe.