

Volume 4 · Issue 4 | Fall 2018

PENSION NEWS



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

ISBN 978-1-4605-1355-2

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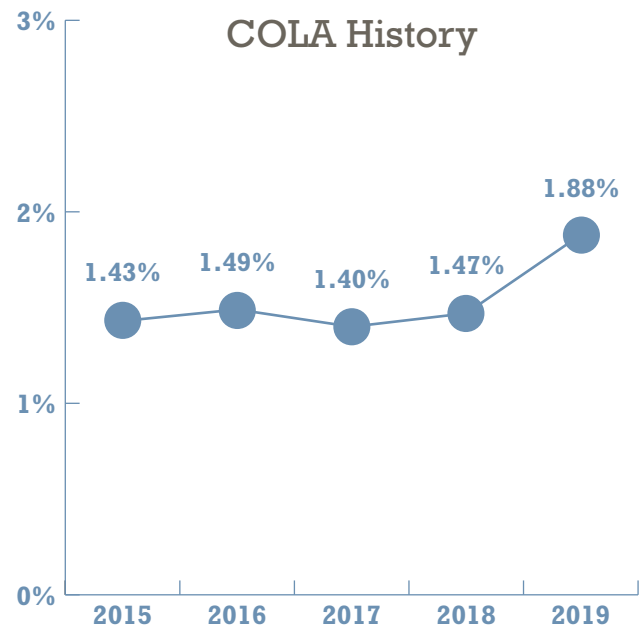
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COST OF LIVING ADJUSTMENT AWARDED TO MEMBERS

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) this year. Due to the level of positive returns of the Plan, the Board was able to apply the full COLA, 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.



AMENDMENTS TO GOVERNING DOCUMENTS

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 amendments which were filed with the Superintendent of Pensions:

- The Statement of Investment Policy and Goals was updated and filed with the Superintendent of Pensions on August 2, 2018 in order to incorporate the following changes:
 - o Sections V, VI, and VIII – Revised certain asset proportions in the benchmark portfolio along with other benchmark amendments;
 - o Appendix 2 – Added Global Real Estate to asset class mandate;
 - o Appendix 2.5 – Updated the Return Objective;
 - o Appendix 2.6 – Appendix was added for Global Real Estate; and
 - o Appendix 3 – Inserted a paragraph to clarify the rebalancing policy for a manager that manages more than one asset class.
- The Funding Policy was amended in order to revise provisions which were approved by both the Board of Trustees and the CUPE Hospitals SRP Parties related to the recent legislative changes to the Shared Risk Plan Regulations. This amendment was filed with the Superintendent of Pensions on August 3, 2018.

The updated version of these governing documents, along with the Summary of the Funding Policy document, is available at www.vestcor.org/cupe-h.

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.

PLANNING FOR THE LONG HAUL

LEAVING YOUR EMPLOYMENT BEFORE RETIREMENT

If you are a vested* member of the Shared Risk Plan for CUPE Employees of NB Hospitals (CUPE Hospitals 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 CUPE Hospitals 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 will be. If you are age 55 or older, you can take an immediate reduced pension, or defer it up to age 65.

BENEFITS OF YOUR DEFERRED PENSION

• TAKE SOME STRESS OUT OF YOUR RETIREMENT

The goal of the CUPE Hospitals 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 paid from an investment portfolio 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 monthly 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 page 1 of this newsletter!



PLANNING FOR THE LONG HAUL (CONT.)

• 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 OTHER 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 CUPE Hospitals 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.



CUPE HOSPITALS 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 base benefits earned will not be reduced over the next 20 years.	99.60% (Passed) ✓	99.75% (Passed) ✓
1 st Secondary Risk Management Goal — Provide indexing in excess of 75% of CPI to members and retirees over the next 20 years.	91.80% of CPI (Passed) ✓	89.40% 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.	99.60% (Passed) ✓	99.75% (Passed) ✓

The Funding Status of the Plan is as follows:

- **The Termination Value Funded Ratio** is 89.4% as at December 31, 2017. This ratio is used in calculating members' benefits on termination of employment, retirement, death and marriage breakdown.
- **The 15-year Open Group Funded Ratio**, as at December 31, 2017, is 125.0%. 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 funded status of the Plan.

WHEN?

Valued as at December 31 of a given year, 2017 in this case. Completed and presented to the Board of Trustees, and filed with the Superintendent of Pensions by September 30 of the following year, 2018 in this case.

WHO?

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

WHY?

As a shared risk plan, the CUPE Hospitals 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 CUPE Hospitals SRP Funding Policy.

CUPE HOSPITALS 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 Canada 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.

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