

Volume 5 | Spring 2019

PENSION NEWS



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

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YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

Keep an eye on your mailbox for your Employee Statement of Pension Benefits, which will arrive this summer. This statement will provide you with updated pension amounts as of December 31, 2018.

Need help making sense of it? A guide to Understanding your Employee Statement of Pension Benefits will be included with your statement. This guide is also available at www.vestcor.org/cupe-h under “Booklets”.



CALCULATE YOUR PENSION ESTIMATE

Did you know that you can quickly and easily get an estimate of your future monthly pension using Vestcor’s Online Pension Estimate Calculator? There are no forms to fill out and return, no waiting, and you can calculate as many estimates as you like. Want to know what your pension may look like at ages 55, 60, or 65? You can calculate estimates for all of these ages and more in minutes. You’ll want to make sure you have your most recent Employee Statement of Pension Benefits (see the article above) handy when you visit the website. It has information you’ll need to use the calculator.

If you need help using the calculator tool, an easy-to-follow video tutorial is also available on the Vestcor website. This quick video will walk you through the steps in using the calculator. Go to www.vestcor.org/calculators to get started.

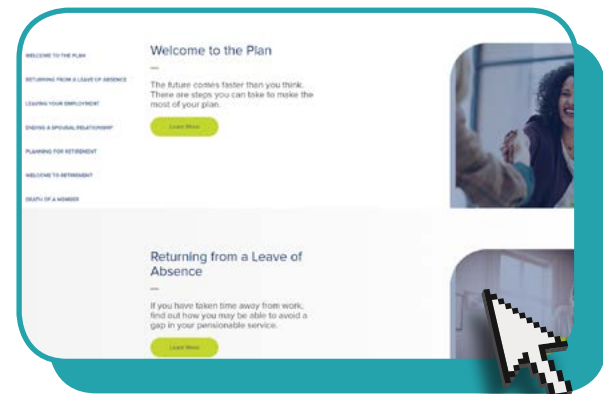
Are you within a year of retirement? Complete a formal pension estimate using the form available on www.vestcor.org/cupe-h, under “Application Forms”.

LIFE EVENTS

Do you ever wonder how your pension will be affected by times of transition in your life? Vestcor has launched a new section of their website to help you easily find the information you need relating to your pension during these transitional periods.

This new portion of the site is called Life Events, and you can navigate through it based on what stage of your life you are in. It’s divided into the following sections:

- **Welcome to the Plan**
- **Returning from a Leave of Absence**
- **Ending a Spousal Relationship**
- **Leaving your Employment**
- **Planning for Retirement**
- **Welcome to Retirement**
- **Death of a Member**



Visit www.vestcor.org/lifeevents today to experience it for yourself.

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.

GROWTH OF YOUR PENSION BENEFITS

Your Board of Trustees (the Board) is pleased to announce that due to the financial health 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.

WHO IS ELIGIBLE?

The current pension benefit of each Plan member, whether active, deferred, or retired, 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 as a result of this Step process.

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 increases (Step increases) can be considered by the Board.

STEP 1

A Cost of Living Adjustment (or "COLA") is provided to active, deferred, and retired members.

If there is still a surplus available after providing the full COLA, the Board can consider additional Steps.

STEP 2

All active members are brought up to a highest five-year average salary pension benefit calculation for the period end date.

STEP 3

All members who retired prior to the period end date are brought up to a highest five-year average salary pension benefit calculation.

STEP 4

A lump sum payment is provided to any retiree whose benefit payments have been adjusted as a result of Steps 2 and 3.

RESULTS FOR THE LATEST ACTUARIAL VALUATION*

Based on the actuarial valuation for the period end date of December 31, 2017, a surplus was identified which allowed for the Board to award Steps 1 through 4, which included full COLA of 1.88% and the three increases outlined above, as per the Plan's Funding Policy. The actuarial valuation results for the period ending December 31, 2018 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.

*The Actuarial Valuation Report is a type of appraisal conducted to determine the Plan's ability to provide benefits to its members. The Report is prepared by the Plan's actuarial services provider.

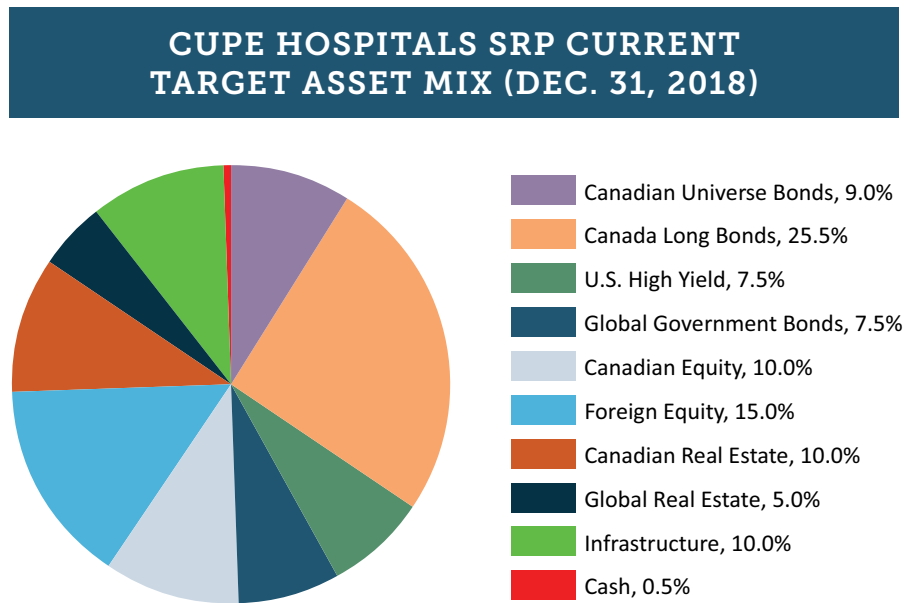
INVESTMENT UPDATE

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*.

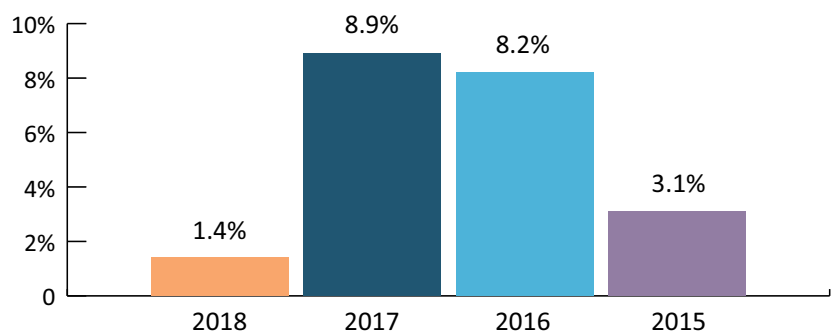
Total assets under management as at December 31, 2018 stood at \$883 million and the current target asset mix is shown in the chart.



INVESTMENT PERFORMANCE

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, 2018 rate of return was 1.4%. Investment returns are reported gross of investment management fees.



YOUR PENSION SERVICES ADMINISTRATOR

WHO IS VESTCOR?

Vestcor is the day-to-day administrator of your plan. Vestcor was formed from the amalgamation of two private not-for-profit companies; Vestcor Pension Services Corporation (formerly Pension and Employee Benefits of the Government of New Brunswick), and Vestcor Investment Management Corporation (formerly the New Brunswick Investment Management Corporation). They provide pension, employee benefits, and investment management services to over 90,000 members of pension plans and/or employee benefits plans from over 130 New Brunswick based employers. Vestcor is committed to providing high quality, cost-effective services to all of its clients, which includes the Shared Risk Plan for CUPE Employees of NB Hospitals (CUPE Hospitals SRP).

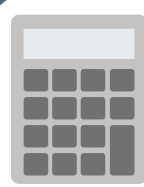


WHAT SERVICES DOES VESTCOR PROVIDE TO YOUR PLAN?

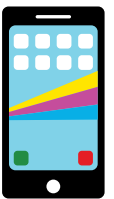
Vestcor provides a wide variety of key services in performing its administrator responsibilities for the CUPE Hospitals SRP. The services they provide include:



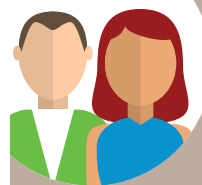
Payment of monthly pensions



Pension, purchase of service, reciprocal transfer agreement, marriage breakdown, and termination calculations



A Member Services Team available to answer any pension-related questions



Support for your Board of Trustees



Communication with members (including this newsletter)



Resources relating to your pension, including your Plan Member Booklet, which are available at www.vestcor.org/cupe-h

WHAT SERVICES AREN'T SUPPLIED BY VESTCOR?

Although Vestcor is also a full-service investment manager, the CUPE Hospitals SRP does not use Vestcor to manage its investments. Therefore, the Plan does not pay any investment fees to Vestcor. The Board has chosen various investment managers to manage the investments of the Plan.

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 Plan Text was updated and filed with the Superintendent of Pensions on February 7, 2019 in order to include details regarding the benefit increase associated with the Steps 1-4 of the Funding Policy (effective January 1, 2019).
- The Statement of Investment Policy and Goals was updated and filed with the Superintendent of Pensions on October 25, 2018 in order to incorporate the following changes:
 - o Section II – added requirement to communicate changes of the Statement of Investment Policy and Goals to the Actuary and Performance Measurement Consultant;
 - o Section III – revised signature requirements for Fund Managers related to the Statement of Investment Policy and Goals;
 - o Section VII – referenced quantitative investment limits required under the *PBA*;
 - o Section VIII – index name changes – “FTSE TMX Canada” to now read “FTSE Canada”;
 - o Appendix 2 – housekeeping changes; and
 - o Appendix 4 – updated data based on most recent actuarial valuation results.

The updated version of these governing documents is available at www.vestcor.org/cupe-h.

TIPS FOR RETIREES



UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with Vestcor using their change of address form available at www.vestcor.org/address. If you would rather call, you can also contact them at 1 800 561 4012.
- 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. The form is available at www.vestcor.org/incometax.
- Have you opened a new bank account? Go to www.vestcor.org/banking to find the form you need to update your banking information with Vestcor. You can also contact Vestcor by phone at 1 800 561 4012. Remember to keep your old account open until you've seen a payment deposited in your new account.

