



SHARED RISK PLAN FOR CERTAIN  
BARGAINING EMPLOYEES OF NB HOSPITALS

# PENSION NEWS

SPRING 2020

VOLUME 5



**1**  
COVID-19, FINANCIAL  
MARKET VOLATILITY,  
AND YOUR CBE SRP

**YOUR EMPLOYEE  
STATEMENT OF  
PENSION BENEFITS**

**2**  
LIFE EVENTS:  
PLANNING FOR  
RETIREMENT

**3-4**  
WHO'S WHO

**5-6**  
INVESTMENT REPORT

**7**  
TIPS FOR RETIREES:  
TAX SEASON AND  
YOUR PENSION  
  
**AMENDMENTS TO  
GOVERNING  
DOCUMENTS**

## CONTACT US

ISBN 978-1-4605-2324-7

**CBE SRP Board of Trustees**  
c/o Vestcor  
PO Box 6000  
Fredericton, NB E3B 5H1

1 800 561 4012 (toll free)  
506 453 2296 (Fredericton)

[info@vestcor.org](mailto:info@vestcor.org)

# COVID-19, FINANCIAL MARKET VOLATILITY, AND YOUR CBE SRP

In the midst of the global financial challenges due to the spread of the COVID-19 virus, it is very important to remember that the investments of your CBE SRP are very well diversified and designed to be less risky than the traditional pension plan. Your Plan has been constructed to reduce the market volatility (impacts of market downturns on the Plan) experienced during these types of events. In addition, the Plan has enough liquidity to be able to make the required pension payments for a very long period of time.

With respect to performance reporting, and in consideration of the importance of the long-term focus of your pension plan, your Board of Trustees will continue to disclose investment performance twice a year. The year-end 2019 report is available on pages 5 and 6, while the mid-year report will be included in the Fall newsletter. If you wish to learn more about how your plan is invested, refer to the Asset Mix chart on page 6. As you might expect, the strong results realized by the financial markets in 2019 helped to improve the already strong funding position of your pension plan and its ability to weather this volatility.

With respect to your Plan's service provider Vestcor, they have a well-tested Business Continuity Plan in operation to help ensure that none of your Plan's investment or administration operations are adversely impacted. They have been able to redeploy staff to work from either their alternative work site or from their home if necessary. They have also implemented external visitor restrictions within their operations.


## YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the CBE SRP in 2019, your 2019 Employee Statement of Pension Benefits will arrive this summer. This statement will provide you with updated estimated pension amounts as of December 31, 2019. Your statement also includes the information you need to use Vestcor's pension estimate calculator, found at [vestcor.org/calculators](https://vestcor.org/calculators).

If you need help with your statement, an *Understanding your Employee Statement of Pension Benefits* guide will be included with it. This guide is also available at [vestcor.org/cbe](https://vestcor.org/cbe) under "Booklets".



**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.



# LIFE EVENTS PLANNING FOR RETIREMENT

## 12 MONTHS PRIOR TO RETIREMENT

---

- Contact Vestcor at 1 800 561 4012 to request a formal pension benefit estimate.
- Collect your required documentation, including:
  - Government Issued Identification (NB Driver's Licence, Passport or Birth Certificate)
  - Marriage Certificate or Common Law Partner Declaration (if applicable)
  - Spouse's Birth Certificate (if applicable)
- For information regarding the Canada Pension Plan (CPP) and Old Age Security (OAS), visit [canada.ca/en/services/benefits/publicpensions.html](https://canada.ca/en/services/benefits/publicpensions.html).

## 6 MONTHS PRIOR TO RETIREMENT

---

Contact your employer to complete a Retirement Application form – congratulations, you're almost there!

- Once Vestcor receives your Retirement Application form, you can expect to receive your benefit options within 60 days.
- Once you receive these options, select your preferred pension option and return the completed package to Vestcor as soon as possible.
- If you have any questions relating to your options, contact Vestcor's Member Services team at 1 800 561 4012.

### Visit [vestcor.org/life-events](https://vestcor.org/life-events)

You'll find additional resources you can use to plan for your retirement, including an online pension estimate calculator. You'll also find other Life Events including Returning from a Leave of Absence, Leaving Your Employment, Ending a Spousal Relationship, and more.



# PLAN GOVERNANCE

## CBE SRP WHO'S WHO

The Shared Risk Plan for Certain Bargaining Employees of NB Hospitals (CBE SRP) has a lot of moving parts that you don't always get to see. You may find it hard to keep track of who is taking care of the Plan.

With that in mind, feel free to take a moment to look at the following pages. You can familiarize yourself with the organizational bodies that keep the Plan running smoothly.

## BOARD OF TRUSTEES

### WHAT THEY DO

The CBE SRP Board of Trustees is responsible for the overall governance and administration of the CBE SRP.

The Board of Trustees makes its decisions according to the laws of New Brunswick and Canada, including the *Pension Benefits Act* and the *Income Tax Act*. The Board must also follow the Plan's governing documents, including the Funding Policy, Statement of Investment Policies, and the CBE SRP Plan Text. These documents can be found at [vestcor.org/cbe](http://vestcor.org/cbe).

The Board's duties include:

- setting the levels of contributions that you and your employer make to the CBE SRP in accordance with the Funding Policy;
- determining the benefits paid out to members of the CBE SRP in accordance with the Funding Policy; and,
- providing oversight of the various service providers.

### GOVERNANCE COMMITTEE

**WHAT THEY DO**  
The Governance Committee makes sure that best practices are followed in Board governance and stakeholder communications policies. They oversee work on governance documents, ethics, trustee compensation, risk management, and more.

### INVESTMENT COMMITTEE

**WHAT THEY DO**  
The Investment Committee provides investment oversight. Their duties include monitoring the asset mix to make sure it matches risk management goals. They also review the Statement of Investment Policies annually and recommend changes if necessary.

### AUDIT COMMITTEE

**WHAT THEY DO**  
The Audit Committee ensures the integrity and accuracy of the CBE SRP's financial reporting. They assist the Board in its oversight of the appointment of external auditors, maintenance of strong internal controls, management of financial risk, and compliance with acts and regulations.

# SERVICE PROVIDERS

## VESTCOR

### WHAT THEY DO

Vestcor is the day-to-day administrator of the CBE SRP. Vestcor collects employee and employer contributions and pays out benefits. They also provide pension services to help members understand their benefits, support services to the Board, and communication services.

Vestcor is also the investment manager for the CBE SRP. Vestcor receives employers' and employees' pension contributions and invests them in a diversified mix of asset classes according to the CBE SRP Statement of Investment Policies.

### AUDITING SERVICES



### ACTUARIAL SERVICES



## HAVE QUESTIONS?

### CONTACT VESTCOR

FOR QUESTIONS ABOUT:

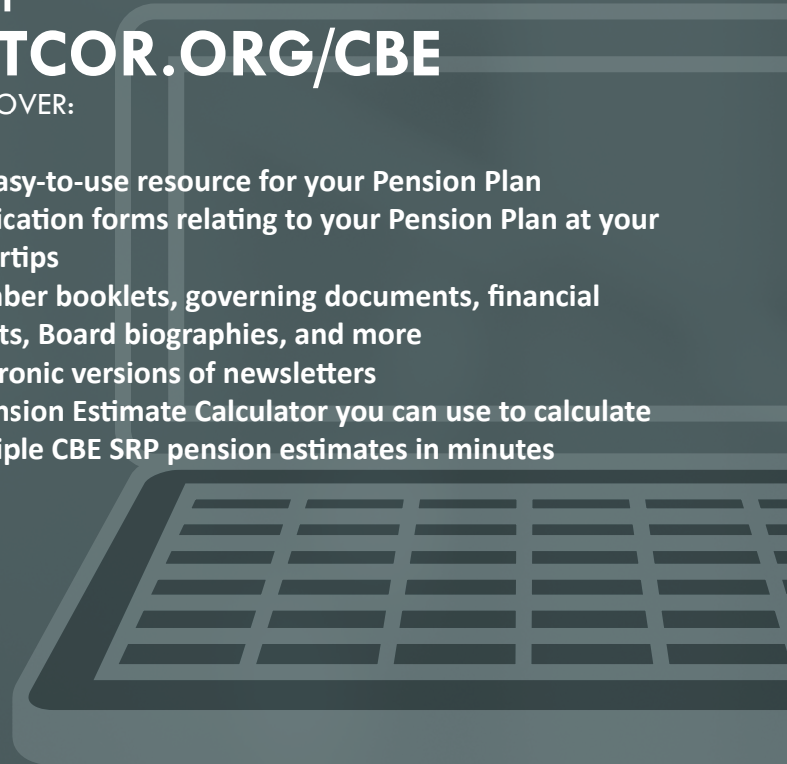
- Purchasing prior service
- Pension estimates
- Annual employee pension statements
- Benefits programs
- Work reduction programs
- Income tax and your pension

Call 1 800 561 4012 toll-free (in Canada) or 506 453 2296 in the Fredericton area. You can also reach Vestcor via email at [info@vestcor.org](mailto:info@vestcor.org).

### VISIT VESTCOR.ORG/CBE

TO DISCOVER:

- An easy-to-use resource for your Pension Plan
- Application forms relating to your Pension Plan at your fingertips
- Member booklets, governing documents, financial results, Board biographies, and more
- Electronic versions of newsletters
- A Pension Estimate Calculator you can use to calculate multiple CBE SRP pension estimates in minutes



## A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT DECEMBER 31, 2019

2019 GROSS INVESTMENT RETURN

11.35%

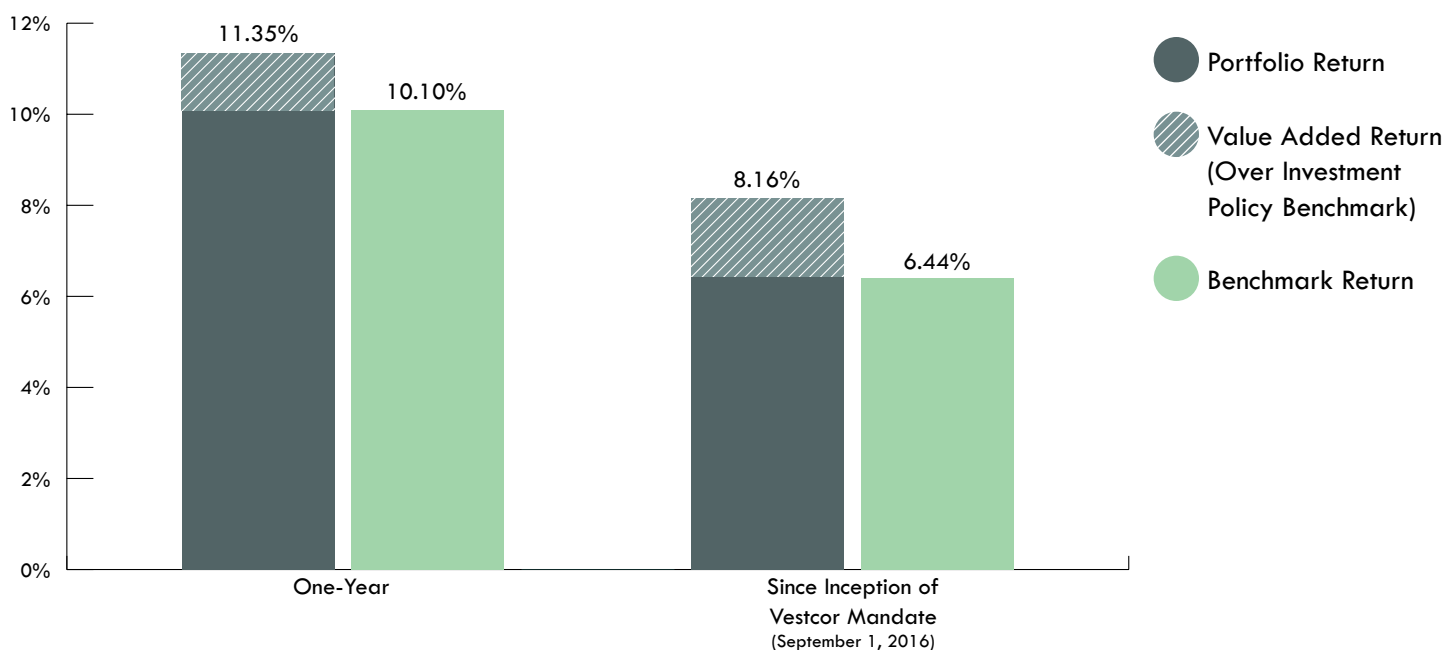
NET INCREASE OF

\$251 MILLION

INVESTMENT ASSETS

\$2.395 BILLION

## INVESTMENT RETURNS (AS AT DECEMBER 31, 2019)



2019 proved to be an extremely strong year for equity markets, with most global equity markets moving steadily upward with only occasional turbulence along the way. The S&P 500 U.S. equity index gained over 31% for the year in \$USD, leading the way amongst global equity markets. Interest rates, while experiencing significant volatility throughout the year, also realized positive returns.

The global geopolitical outlook remains mixed, with uncertainty as to the long-term impact of the coronavirus, U.S. - China trade relations, and various political events around the globe which continue to weigh on investors.

The total portfolio return for the year ended December 31, 2019 was 11.35%. The annualized return for the period since Vestcor began to manage the portfolio in 2016 was 8.16%. Both of these long-term returns exceed the long-term discount rate of 4.75% set by the Plan's independent actuary.

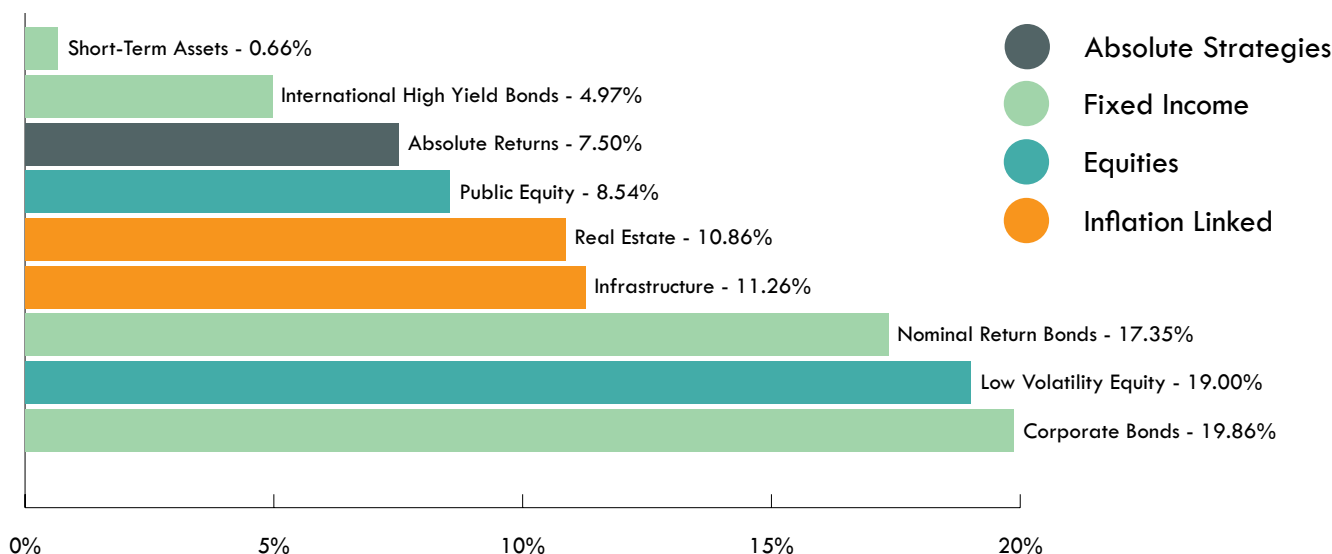
The "value added" outlined in the chart is the return provided above the CBE SRP's Investment Policy goal, through the expertise provided by Vestcor's active management. This active management provided a value-added return of 1.25% for the year ended December 31, 2019, and 1.72% since the Vestcor relationship was initiated in 2016.

## PENSION FUND ASSETS

The fair value of the CBE SRP's investment assets at December 31, 2019 was \$2.395 billion, up \$251 million from the fair market value at December 31, 2018.

## ASSET MIX

An outline of the asset mix, the breakdown of where the Pension Fund is invested, is included below.



## MARKET SNAPSHOT

Equity markets were strong performers in 2019 across all regions, with the U.S. market demonstrating particular strength. As would be expected in such a strong year for equity market returns, Low Volatility strategies underperformed broad equity market indexes somewhat for the year in most markets, although they continued to provide solid returns and downside risk protection for investors. Fixed income portfolios gained in 2019 due to yields trending steadily lower in the first three quarters of the year, despite a slight reversal in the fourth quarter.

After the continued market gains in 2019, current valuations indicate that forward-looking returns will be somewhat modest for global markets relative to long term averages.

For more information, including a summary of the market outlook for this period, visit the Quarterly Market Updates provided by Vestcor at [vestcor.org/marketupdates](https://vestcor.org/marketupdates).

## HELPFUL DEFINITIONS

**Fair Value:** The value of an asset (or liability) based on the market where the funds are traded, on the date reported.

**Global Equity Markets:** The markets used for trading equity securities, also referred to as stock markets.

**Equities:** Investment securities that represent an ownership interest in an asset such as shares in a company or real estate.

**Discount Rate:** Set by the Plan's independent actuary. The rate at which a Plan's expected benefits cash flows to members are discounted to determine its present value. In a Pension Fund, the assumed, net investment rate of return that the Pension Fund needs to conservatively earn over the long-term.

**Gross Investment Return:** Return before fees are deducted (for example, investment management fees).

**Statement of Investment Policies:** A legal document that outlines the investment policies and procedures of a fund.

For even more helpful definitions, you can find a glossary of terms relevant to the CBE SRP at [vestcor.org/glossary](https://vestcor.org/glossary).





## TIPS FOR RETIREES

### TAX SEASON AND YOUR PENSION

As you may have recently filed your taxes, we thought it would be helpful to remind members who owe additional taxes every year that there is an option that may decrease what is owed at the end of each year.

To begin, you may be wondering why you owe additional taxes in the first place. When taxes are deducted from your CBE SRP pension, they are automatically deducted as if the CBE SRP pension is your only income; however, you may have additional sources of income. Other sources of income that you may receive include, but are not limited to, the Canada Pension Plan, Old Age Security, employment income, RRSPs, or other pension plans you receive a benefit from. Just like your CBE SRP pension, any taxes that are automatically deducted from these other incomes are likely to be calculated as if they are your sole income. The issue arises because for tax purposes, you pay income tax on your total income. When all of your sources of income are totalled, you may find yourself taxed at a higher rate.

By going to [vestcor.org/incometax](https://vestcor.org/incometax), you can download a simple, one page form to request that Vestcor deduct additional taxes from your pension. The form allows you to specify exactly how much you would like to increase your deductions and can be filled out at any time of the year. By paying more taxes upfront, you may be able to decrease the amount you owe at the end of the year.

If you need additional help with the process, contact the Vestcor Member Services team at 1 800 561 4012.

## 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 that the Statement of Investment Policies was updated to clarify the rules around permitted deviations for asset classes and to modify the permitted investments section. The amendment was filed with the Superintendent of Pensions on October 15, 2019.

The Plan Text was amended in order to document the Cost of Living Adjustment (COLA), also known as indexation, awarded as of January 1, 2020. The amendment was filed with the Superintendent of Pensions on February 19, 2020.

The updated versions of the CBE SRP Statement of Investment Policies and Plan Text are available at the following website: [vestcor.org/cbe](https://vestcor.org/cbe).