



SHARED RISK PLAN FOR CERTAIN
BARGAINING EMPLOYEES OF NB HOSPITALS

PENSION NEWS

FALL 2020

VOLUME 5



1
AN UPDATE
FROM YOUR
BOARD OF
TRUSTEES

2
NAMING YOUR
BENEFICIARY

3
RETURNING
FROM A LEAVE
OF ABSENCE
YOUR PENSION
BENEFITS ARE
GROWING
AGAIN

4
ACTUARIAL
VALUATION
UPDATE

5-6
MID-YEAR
INVESTMENT
REPORT

7
QUICK TIPS FOR
RETIREES
2021 PENSION
PAYMENT DATES
AMENDMENTS
TO GOVERNING
DOCUMENTS

CONTACT US

ISBN 978-1-4605-2737-5

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

AN UPDATE FROM YOUR BOARD OF TRUSTEES

No one understands the impacts of the COVID-19 epidemic better than you, the members of the CBE SRP. Everyday, you are on the front lines, making the sacrifices necessary to protect the public. In these unprecedented times, we, as your CBE SRP Board of Trustees, want to reassure you that though times have been challenging for global financial markets, your pensions are safe, and your Plan remains well-funded.

The assets of your plan are invested in a well-diversified portfolio, with very strict risk management measures in place. These lower-risk investments are designed to help reduce the impacts of market downturns on the Plan. Short-term fluctuations in the investment performance of the CBE SRP are to be expected, so it's important that we maintain a long-term focus when looking at the assets of the Plan. Despite the recent challenges, long-term investment returns for the CBE SRP exceed what is required for the Plan to remain on a strong financial footing.

For more information on the investment returns of the CBE SRP, please refer to the Investment Report prepared by our investment manager, Vestcor, on page 5. We will continue to diligently monitor the situation and provide you with updates as financial markets continue their recovery.

Key points to remember:

- Your Plan remains well-funded, with enough assets to make the required pension payments for a very long time.
- The investments of the CBE SRP are less risky than the traditional pension plan and designed to better withstand market downturns.
- A more detailed Investment Report is available on page 5 of this newsletter.



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.

NAMING YOUR BENEFICIARY:

YOUR PRE-RETIREMENT BENEFITS & THE PEOPLE THAT MATTER MOST TO YOU



WHAT IS A BENEFICIARY?

Beneficiaries are the individuals designated by you to receive the benefit available under the CBE SRP in the event of your death.

Your spouse is automatically entitled to the pre-retirement death benefit in the event of your death. You do not have to name your spouse as your beneficiary. Even if you were to name someone other than your spouse as your beneficiary, your spouse would still be entitled to the death benefit available upon your death.

Under the CBE SRP, a spouse is a person who is either:

- legally married to the member; or
- has cohabitated in a conjugal relationship with the member for a continuous period of at least two years immediately before the date in question.

WHAT IF I WANTED SOMEONE OTHER THAN MY SPOUSE TO RECEIVE THE BENEFIT?

If you would like someone other than your spouse to receive the pension benefit in the event of your death, and your spouse agrees, your spouse can sign a **Pre-retirement Death Benefit Waiver Form** and waive all or a portion of their entitlement to the death benefit. This form can be found at vestcor.org/cbe.

If you do not have a spouse, you can name the beneficiary of your choice.

WHAT HAPPENS IF I DON'T NAME A BENEFICIARY?

If you do not name a beneficiary and you do not have a spouse at the time of your death, the death benefit will be paid to your estate. Naming a beneficiary or beneficiaries allows for the direct payment of the death benefit without it having to go through your estate.

HOW DO I DESIGNATE OR CHANGE MY BENEFICIARY?

If you would like to designate or change a beneficiary, please complete the Designation/Change of Beneficiary Form found at vestcor.org/cbe and forward it to Vestcor.

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

NAMING MORE THAN ONE BENEFICIARY?

When filling out your Designation/Change of Beneficiary Form, you will be asked to assign a percentage of the benefit to each beneficiary. Remember, the percentages assigned to your beneficiaries must total 100%.

For example, if you include three beneficiaries and wish to provide them with equal shares, two must receive 33.33% and one 33.34%, so that the total equals 100%.

$$33.33\% + 33.33\% + 33.34\% = 100\%$$

LIFE EVENTS:

RETURNING FROM A LEAVE OF ABSENCE

Life happens! There may be times when you need to take a leave from your work, to care for a new baby, travel, or go back to school. Taking this time off from work can create gaps in your pensionable service, impacting your future pension benefit at retirement. You may be eligible to contribute to your Plan to make up for these gaps – this is known as a **purchase of service**.

Purchasing service increases your pensionable service and, in turn, increases your pension benefit at retirement – it could even allow you to retire sooner! Other events in your life may also allow for you to purchase service, such as having previously refunded service from certain pension plans, or prior service when you weren't contributing for example.

It's important to note that certain purchases of service are time-sensitive, and either have a deadline or increase in cost as your age and salary increases. If you think you may qualify for a purchase of service, we suggest you begin considering your options.

Visit vestcor.org/life-events. You'll find resources you can use to purchase your prior service. You'll also find other Life Events including Planning for Retirement, Leaving Your Employment, Ending a Spousal Relationship, and more.

You can also learn more about purchasing your prior service by reading the information sheet available at vestcor.org/cbe-purchase.



YOUR PENSION BENEFITS ARE GROWING AGAIN

Your Board of Trustees is very pleased to announce that it has once again been able to provide all CBE SRP members with a cost of living adjustment (COLA, also known as "indexation") effective January 1, 2021. Due to the level of positive returns of the Plan, the Board was able to approve the full COLA, matching Canada's Consumer Price Index of 1.46%.

If you're an active or deferred member, the increase will be applied to the benefits you've earned up to December 31, 2019, positively impacting your future pension. If you're a retiree, the increase will be applied to your monthly pension benefit as of January 1, 2021. You'll receive notification of this increase in writing in December 2020.



ACTUARIAL VALUATION UPDATE

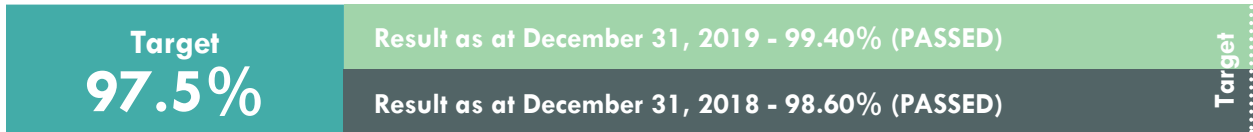
The actuarial valuation report is a vital tool to assess the CBE SRP’s ability to provide long-term benefits to members and helps guide the Board of Trustees in making decisions regarding the finances of the Plan, such as granting COLA (see page 3). As a shared risk plan, the CBE SRP is subject to requirements under the provincially legislated *Pension Benefits Act* (PBA) to complete an annual actuarial valuation. This valuation includes risk management testing and reporting on risk management goals. These tests are meant to ensure the Plan’s security, and the results may cause the need for short-term adjustments, as outlined in the PBA and the CBE SRP Funding Policy.

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. The key results of the actuarial valuation report as at December 31, 2019 can be found below.

RISK MANAGEMENT RESULTS

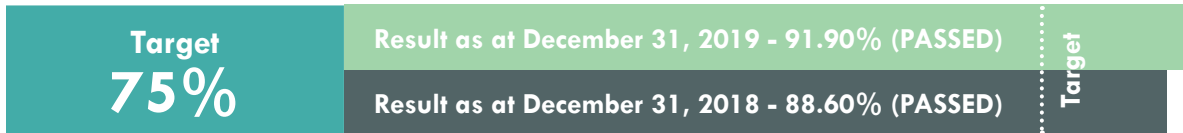
Primary Risk Management Goal

Achieve 97.5% probability that past **base benefits earned will not be reduced** over the next 20 years.



1st Secondary Risk Management Goal

Ability to **provide cost of living adjustments (indexing) in excess of 75% of the Consumer Price Index to members and retirees** over the next 20 years.



2nd 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.



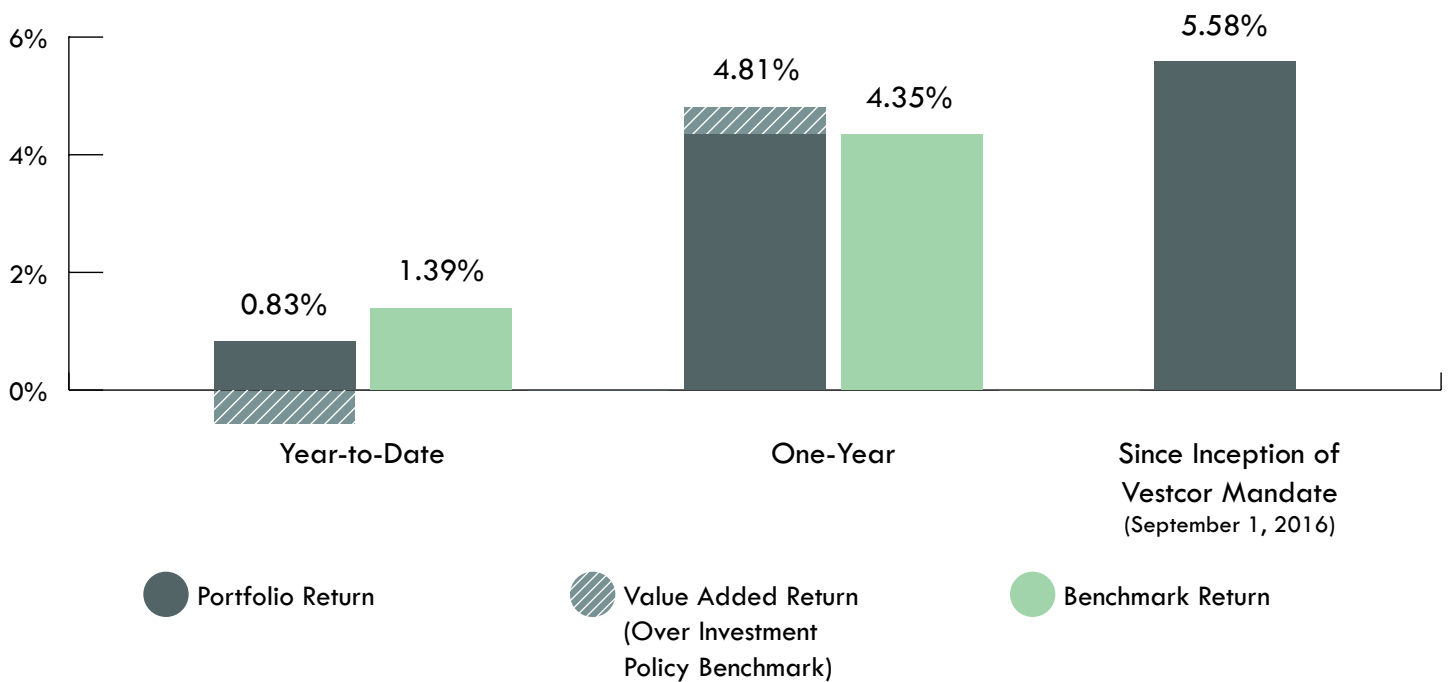
FUNDING STATUS OF THE PLAN

- **The Termination Value Funded Ratio** is 112.1% as at December 31, 2019. This ratio is used in the calculation of a member’s benefits on termination of employment, death or marriage breakdown.
- **The 15-year Open Group Funded Ratio**, as at December 31, 2019, is 129.9%. This ratio is used to determine the actions, such as granting COLA, to be taken by the Board under the Plan’s Funding Policy.

A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT JUNE 30, 2020

GROSS INVESTMENT RETURN 0.83% AT JUNE 30, 2020	NET INCREASE OF \$24.0 MILLION	INVESTMENT ASSETS \$2.419 BILLION
---	--	---

INVESTMENT RETURNS (AS AT JUNE 30, 2020)



The first half of 2020 proved to be an extremely challenging investment environment. Global economic activity declined significantly during the first quarter of the year as most governments essentially shut down their economies to try to mitigate the COVID-19 virus outbreak. This subsequently caused unprecedented financial market volatility, with a significant decline in global risk assets in the first quarter undergoing a strong recovery in the second quarter.

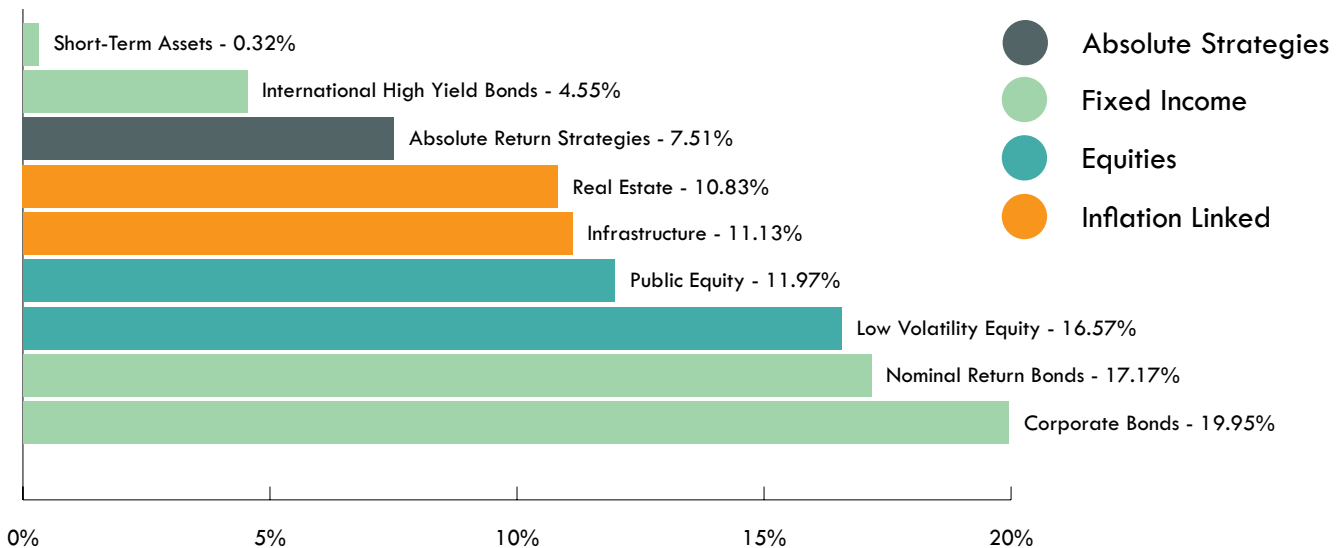
The well diversified CBE SRP investment program experienced a positive return of 0.83% for the year-to-date as of June 30th. More importantly, the longer term annualized return since the inception of Vestcor’s management in 2016 of 5.58% remains in excess of the Fund’s 4.75% discount rate.

INVESTMENT ASSETS

The fair value of the CBE SRP’s investment assets at June 30, 2020 was \$2.419 billion, an increase of \$24.0 million from the investment assets at December 31, 2019.

ASSET MIX

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



MARKET SNAPSHOT

After the significant volatility in the first quarter of 2020, most equity markets recovered rapidly to close the first half of the year just slightly below the levels at the end of 2019. The U.S. S&P 500 equity market Index ended 2019 at 3230, reached a low of 2237 (-31% return) in late March, but rallied 39% from the lows to close the month of June at 3100. Interest rates have declined further as global central banks try to further stimulate economic activity. Outside of the U.S., global equity markets have also recovered significantly, although remain somewhat lower relative to previous peak values when compared to the U.S. market.

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

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

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.

QUICK TIPS FOR RETIREES

- Are you planning on moving? Don't forget to change your address with Vestcor using our Change of Address form available at 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 certified copy of this document to be sure that person can act on your behalf.
- Need to contact Service Canada about 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.



2021 CBE SRP PENSION PAYMENT DATES

JANUARY 1	FEBRUARY 1	MARCH 1	APRIL 1	APRIL 30 (FOR MAY)	JUNE 1
JUNE 30 (FOR JULY)	JULY 30 (FOR AUGUST)	SEPTEMBER 1	OCTOBER 1	NOVEMBER 1	DECEMBER 1



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 amendments to the CBE SRP Statement of Investment Policies were approved on September 18, 2020 and filed with the Superintendent of Pensions on September 24, 2020.

The updated version of the Statement of Investment Policies is available at vestcor.org/cbe.