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PENSION NEWS

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Shared Risk Plan for
CUPE Employees of
NB Hospitals
(CUPE Hospitals SRP)
vestcor.org/cupe-h

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AN INCREASE IN BENEFITS TO ALL 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) effective January 1, 2021. Due to positive returns of the Plan, the Board was able to approve the full COLA, matching Canada's Consumer Price Index (CPI) 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.



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.

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 CUPE Hospitals SRP in the event of your death.

Your spouse is automatically your pension beneficiary 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 CUPE Hospitals 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 www.vestcor.org/cupe-h.

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 www.vestcor.org/cupe-h 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 AN APPROVED LEAVE OF ABSENCE

Life happens! There may be times when you need to take an approved 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 www.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 www.vestcor.org/cupe-purchase.



CUPE HOSPITALS SRP

ACTUARIAL VALUATION REPORT

The actuarial valuation report is a vital tool to assess the CUPE Hospitals SRP's ability to provide long-term benefits to members and helps guide the Board in making decisions regarding the finances of the Plan, such as granting COLA (see page 1). As a shared risk plan, the CUPE Hospitals 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 CUPE Hospitals 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.

| | | |
|-----------------|---|-----------------|
| Target 97.5% | Result as at December 31, 2019 - 99.95% (PASSED) | Target |
| | Result as at December 31, 2018 - 99.90%* (PASSED) | |

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.

| | | |
|---------------|---|-----------------|
| Target 75% | Result as at December 31, 2019 - 94.20% (PASSED) | Target |
| | Result as at December 31, 2018 - 95.10%* (PASSED) | |

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.

| | | |
|---------------|---|-----------------|
| Target 75% | Result as at December 31, 2019 - 99.95% (PASSED) | Target |
| | Result as at December 31, 2018 - 99.90%* (PASSED) | |

FUNDING STATUS OF THE PLAN

- **The Termination Value Funded Ratio** is 94.0% 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 128.0%. This ratio is used to determine the actions, such as granting COLA, to be taken by the Board under the Plan's Funding Policy.

*Figures differ slightly from those reported in the fall 2019 newsletter as nursing home members did not transfer until late 2019.

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 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 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 CUPE HOSPITALS 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

There have been no amendments made to governing documents since the last newsletter.

To view the current CUPE Hospitals SRP governing documents please visit www.vestcor.org/cupe-h.