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PENSION NEWS

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

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YOUR BENEFITS ARE INCREASING

Your Board of Trustees (the Board) is pleased to announce that due to the financial position of the CUPE Hospitals SRP (the Plan), once again, a number of benefit increases, also known as Step increases, have been approved.

Every year, an actuarial valuation report is prepared for the Plan. This actuarial valuation determines the financial ability of the Plan to provide benefits to members. Based on the actuarial valuation for the period end date of December 31, 2020 (see the Fall 2021 Newsletter for more information), the Plan has enough funds to allow the Board to **increase the pension benefits for members**.

Step 1 is awarding a full Cost of Living Adjustment (COLA) of 1.46%, which was mentioned in the last newsletter. Steps 1 through 5 of the Funding Policy are briefly explained below. A more detailed Summary of the Funding Policy can be found at cupeh.ca.

STEP 1

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

Since there was still a surplus available after providing the full COLA, the Board has awarded additional Steps.

STEP 2

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

STEP 3

All members who retired prior to the valuation 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 retirees representing a reasonable estimate of missed past payment increases, up to the levels arising from Steps 2 and 3.

STEP 5

Provide a further increase to active members up to the increase in the “average wage” as calculated and published by Statistics Canada.

WHO IS ELIGIBLE?

To start, the current pension benefit of every Plan member is recalculated to determine if the Step increases will increase their pension benefit. This recalculation is done for all active, deferred, and retired members. 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. Members who benefit from these increases will be notified in writing from Vestcor on behalf of the Board. Please note that updates regarding the distribution of the Step 2/5 increase letters to impacted members are provided on the cupeh.ca website; Step 3/4 confirmation letters will be sent to impacted retirees individually once their pension recalculations are processed.

The purpose of the Step increase process is to grow members’ pension benefits. If, after recalculation, the Step increases don’t result in a higher benefit for a member, their accrued pension benefit remains unchanged.

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.

INVESTMENT UPDATE

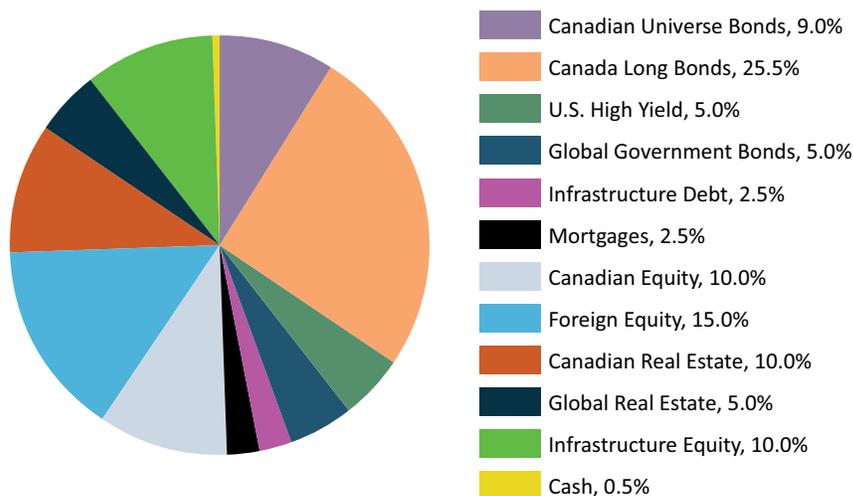
The CUPE Hospitals SRP Board of Trustees is responsible for all decisions related to the investment policy for the Plan, subject to specific risk management constraints set out in their Funding Policy and the *Pension Benefits Act* (PBA).

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, 2021 were \$1.2 billion. The current target asset mix is shown to the right.

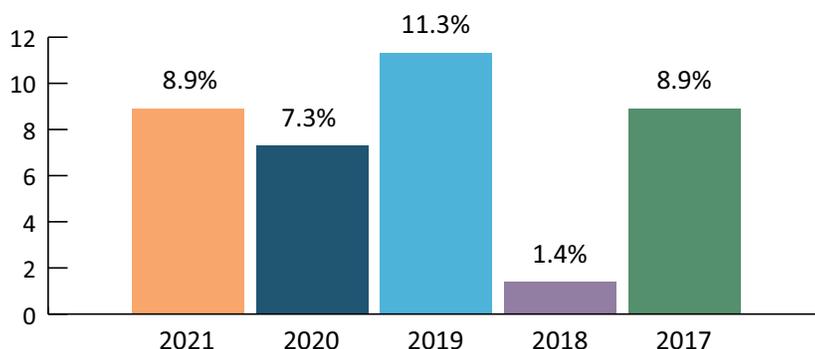
CUPE HOSPITALS SRP CURRENT TARGET ASSET MIX (AS AT DEC. 31, 2021)



INVESTMENT PERFORMANCE (AS AT DEC. 31, 2021)

The investment objective of the CUPE Hospitals SRP is to follow investment principles and guidelines which are appropriate to the needs and objectives of the plan.

For the year ended December 31, 2021, the rate of return was 8.9%. Investment returns are reported gross of investment management fees. The calendar year returns over the past 5 years can be seen in the chart on the right.



HELPFUL DEFINITIONS

ASSET: An investment of economic value owned by an investor. For example, public stocks, bonds, and real estate investments would all be considered financial assets.

FUNDING POLICY: The decision framework created to help ensure a pension plan maintains a fully funded status.

GROSS INVESTMENT RETURN: Return before fees are deducted (for example, investment management fees).

PENSION BENEFITS ACT (PBA): A government act created to regulate employee pension plans.

PORTFOLIO: A group of investments and financial instruments that are grouped together for specific investment purposes.

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 CUPE Hospitals SRP by scanning the code to the right or by visiting vestcor.org/glossary.



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.

If you have a spouse, 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 unless the applicable waiver is signed (see below).

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 cupeh.ca.

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 cupeh.ca 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%.

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

YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the CUPE Hospitals SRP in 2021, your 2021 Employee Statement of Pension Benefits is targeted to be delivered before September 30. This statement will provide you with updated estimated pension amounts as of December 31, 2021. Your statement also includes the information you need to use Vestcor's pension estimate calculator, found at vestcor.org/calculators.

Need help with your statement? A guide is included. This guide is also available by scanning the code to the right with your mobile device or at cupeh.ca under "Booklets".



WATCH THE VIDEO NOW
or visit
[CUPEH.CA](https://cupeh.ca)



YOUR RETIREMENT CHECKLIST

Are you close to retirement, or do you just have questions about what the process will be once the time comes? Our plan administrator, Vestcor, has recently released a short video explaining the steps you'll need to take to apply for your pension.

You can watch the video by scanning the code above with your mobile device, or by visiting cupeh.ca.

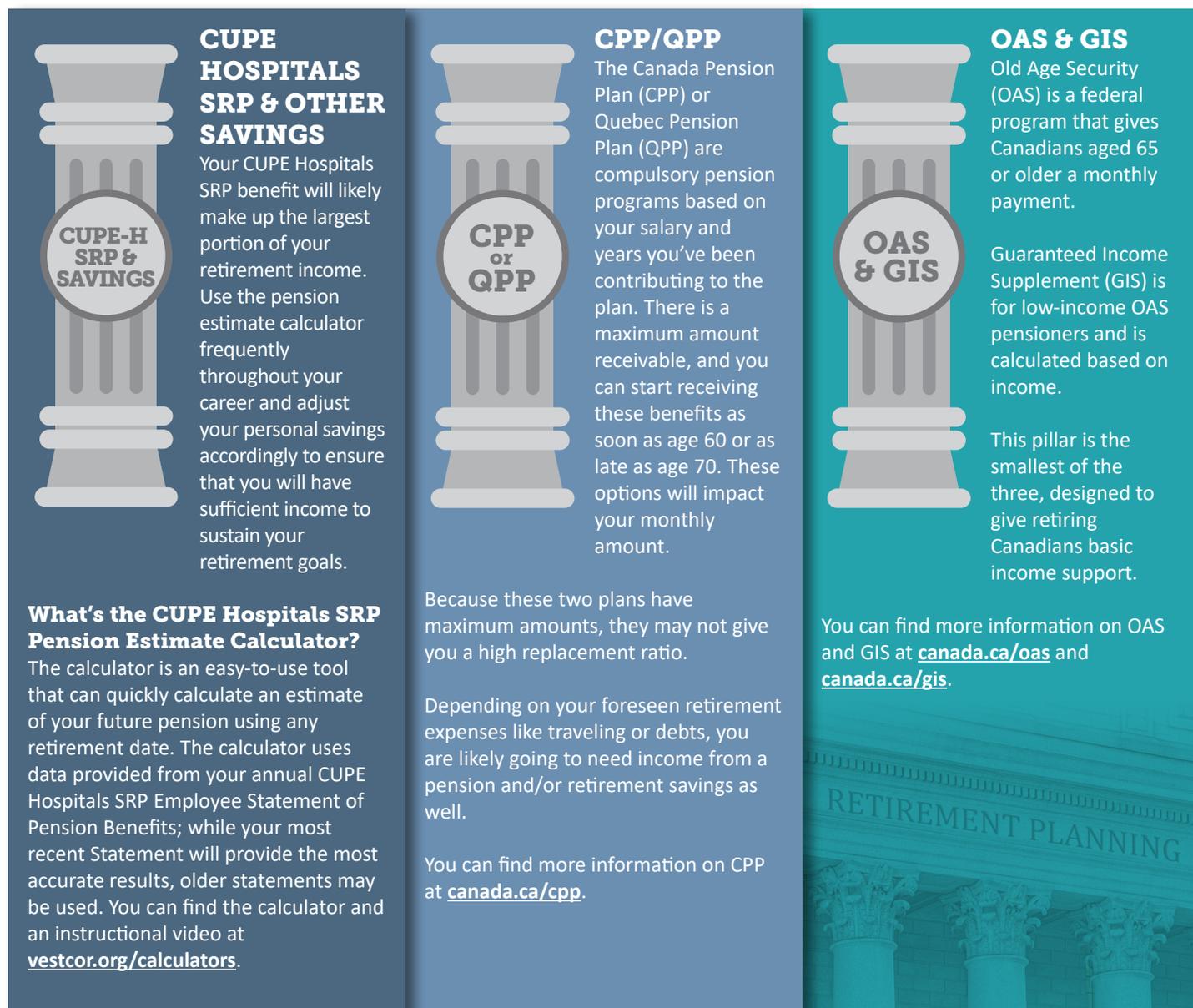
THREE PILLARS OF RETIREMENT PLANNING

In Canada, we have three pillars that hold up our retirement goals: Old Age Security (OAS) & Guaranteed Income Supplement (GIS); Canada Pension Plan (CPP)/Quebec Pension Plan (QPP); and employer pensions & personal savings.

Ensuring that you'll have the income required to enjoy your retirement takes some planning. Many financial planners recommend that you should aim for a replacement ratio of 70% of your pre-retirement income; while this is just a guideline, your actual retirement income needs are going to be unique to you, and there are some important questions you should be asking yourself:

- **Will you continue working part-time?**
- **Will your expenses increase or decrease in retirement?**
- **Do you plan on traveling?**
- **How do you plan on filling your days?**
- **Will you still have debts to be paid off?**

Some of these questions may be difficult to answer depending on what stage you are in your career, but understanding your pre- and post-retirement financial goals will help you plan your sources of retirement income.



The graphic features three stylized grey pillars on a teal background. Each pillar has a circular label in the center. The first pillar is labeled 'CUPE-H SRP & SAVINGS', the second 'CPP or QPP', and the third 'OAS & GIS'. The background also features a faint image of a classical building with columns and the text 'RETIREMENT PLANNING' on a pediment.

CUPE HOSPITALS SRP & OTHER SAVINGS

Your CUPE Hospitals SRP benefit will likely make up the largest portion of your retirement income. Use the pension estimate calculator frequently throughout your career and adjust your personal savings accordingly to ensure that you will have sufficient income to sustain your retirement goals.

What's the CUPE Hospitals SRP Pension Estimate Calculator?
The calculator is an easy-to-use tool that can quickly calculate an estimate of your future pension using any retirement date. The calculator uses data provided from your annual CUPE Hospitals SRP Employee Statement of Pension Benefits; while your most recent Statement will provide the most accurate results, older statements may be used. You can find the calculator and an instructional video at vestcor.org/calculators.

CPP/QPP

The Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) are compulsory pension programs based on your salary and years you've been contributing to the plan. There is a maximum amount receivable, and you can start receiving these benefits as soon as age 60 or as late as age 70. These options will impact your monthly amount.

Because these two plans have maximum amounts, they may not give you a high replacement ratio.

Depending on your foreseen retirement expenses like traveling or debts, you are likely going to need income from a pension and/or retirement savings as well.

You can find more information on CPP at canada.ca/cpp.

OAS & GIS

Old Age Security (OAS) is a federal program that gives Canadians aged 65 or older a monthly payment.

Guaranteed Income Supplement (GIS) is for low-income OAS pensioners and is calculated based on income.

This pillar is the smallest of the three, designed to give retiring Canadians basic income support.

You can find more information on OAS and GIS at canada.ca/oas and canada.ca/gis.

LIFE EVENTS: WELCOME TO RETIREMENT

Without a doubt, your retirement is a time for celebration, but for many members it's also a time of serious adjustment. If you have questions about your pension, the Life Events page is a great place to start. You'll find information about what to do if you move, your income tax deductions (see page 7), a pension pay date calendar, and more!

In addition to information for new retirees you'll also find resources regarding the death of a member, information about ending a spousal relationship and the impact it may have on your pension, as well as information about other points of transition in your life.



Visit the Life Events page by scanning the code to the left with your mobile device, or by visiting vestcor.org/life-events.



Key Resources

For Plan Members

CUPE Hospitals SRP Website - cupeh.ca

Find application forms, the Plan's governing documents, financial results, past newsletters, and more, including:

CUPE Hospitals SRP At-a-Glance

A simplified document to help walk you through the basics of the CUPE Hospitals SRP. Wondering how much you contribute to the Plan? Curious as to how your pension benefit is calculated? Wondering how transitions in your life can affect your pension? The At-a-Glance covers all of this information and more. You can find the most recent version at cupeh.ca under "Booklets".

Helpful Documents

- Pension Plan Member Booklet
- Understanding Your Employee Statement
- Marriage Breakdown Booklet
- Pre-Retirement Death Benefits
- Purchase of Service Information

TIPS FOR RETIREES

INCOME TAX

It's tax season again. If you find yourself owing additional taxes, we wanted to let you know that there is an option that may decrease what is payable 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 CUPE Hospitals SRP pension, they are automatically deducted as if the CUPE Hospitals 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 CUPE Hospitals 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, 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 by 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.

CHANGING YOUR ADDRESS

Are you planning on moving? Don't forget to change your address with Vestcor using our Change of Address form available at vestcor.org/address or by calling 1 800 561 4012. Let us know if your phone number has changed as well.

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 CUPE SRP Funding Policy was amended and filed with the Superintendent of Pensions on November 19, 2021 to incorporate the new discount rate of 4.25% per annum approved by the Board of Trustees effective December 31, 2020, and to reflect the adjustments determined following a mortality study using experience from 2012 – 2019.
- The CUPE SRP Statement of Investment Policies and Goals was amended and filed with the Superintendent of Pensions on December 1, 2021 to include the recently approved discount rate of 4.25% per annum approved by the Board of Trustees effective December 31, 2020, the addition of Commercial Mortgages mandate and update to the demographic and financial statistics.
- The Board of Trustees approved amendments to the Plan Text on December 9, 2021 in order to include details regarding the approved benefit increase associated with Steps 1-5 of the Funding Policy (effective January 1, 2022).

The governing documents of the CUPE Hospitals SRP are available at cupeh.ca, and include:

- **The Funding Policy:** the tool used by the Board of Trustees to manage the inherit risks of the Plan. It is a document that provides guidance and rules regarding decisions that must, or may, as applicable, be made by the Board of Trustees around funding levels, contributions and benefits. The Funding Policy is accessible at cupeh.ca/fp.
- **The Summary of the Funding Policy:** a quick summary of some of the main provisions of the Funding Policy of the CUPE Hospitals SRP, which is available at cupeh.ca/fps.