

Volume 9 | Spring 2023

PENSION NEWS



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

ISBN 978-1-4605-3284-3

CONTACT US

WRITE:
CUPE Hospitals SRP Board of Trustees
c/o Vestcor
PO Box 6000
Fredericton, NB E3B 5H1

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

EMAIL: info@vestcor.org

Keeping Track of Your Future CUPE Hospitals SRP Pension

Workplace pension plans that offer a lifetime retirement pension are becoming increasingly rare. For many of you, your CUPE Hospitals SRP pension benefit is a very important part of your retirement planning. But where do you start when planning for retirement?

As a member of the CUPE Hospitals SRP, there are tools you can use to get a clearer picture of what your future pension benefit could be. In this newsletter we want to give you a better understanding of what these tools are, and how you can make the most of them.

Let's start with your Employee Statement of Pension Benefits and the Online Pension Estimate Calculator.



YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the CUPE Hospitals SRP in 2022, your 2022 Employee Statement of Pension Benefits will arrive soon. This statement will provide you with your updated estimated pension amounts as of December 31, 2022. Your statement also includes the information you need to use Vestcor's Online Pension Estimate Calculator.

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



ONLINE PENSION ESTIMATE CALCULATOR

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 handy when you visit the website. It has information you'll need to use the calculator. Don't have a copy of your statement? Contact Vestcor at 1 800 561 4012 or info@vestcor.org to request a copy. Go to cupeh.ca/calculators to get started.

Are you within a year of retirement? Complete a formal pension estimate using the form available at cupeh.ca, under "Application Forms".

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.

UNDERSTANDING YOUR BRIDGE BENEFIT

An important element of your retirement planning

If you retire before age 65, the monthly pension benefit you'll receive from the CUPE Hospitals SRP will include two parts: a lifetime benefit that will be paid for the rest of your life, and a temporary bridge benefit which is paid until you reach age 65.

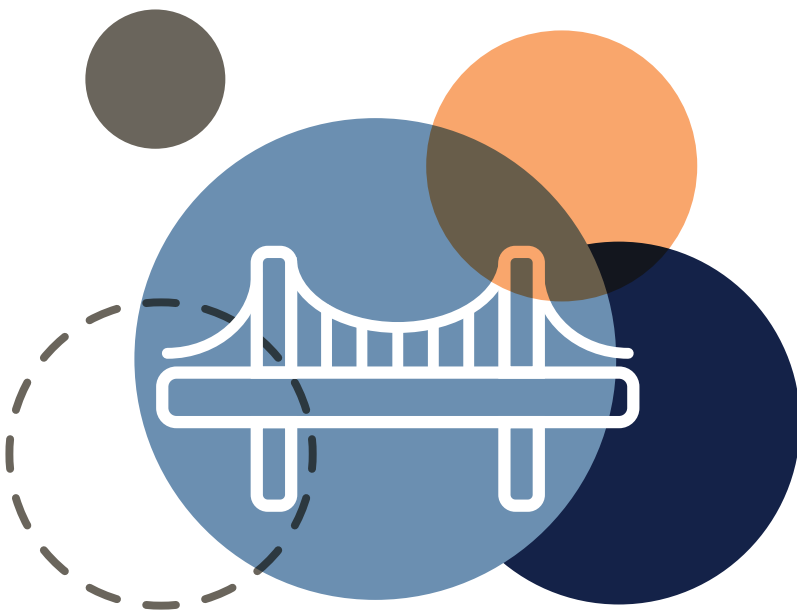
Why is there a bridge benefit?

Your CUPE Hospitals SRP pension plan is designed to work along with the Canada Pension Plan (CPP) to provide you with income in retirement (see your Spring 2022 newsletter at cupeh.ca to learn more about the Three Pillars of Retirement Planning, which include your CUPE Hospitals SRP pension, CPP or Quebec Pension Plan, and Old Age Security and Guaranteed Income Supplement). Under the CUPE Hospitals SRP the normal retirement age is 65, but you can retire as early as age 55 with a reduced pension. You are eligible to receive an unreduced CPP benefit when you reach age 65. To help you financially until you are old enough to start receiving your unreduced CPP benefit, your CUPE Hospitals SRP pays you an extra, supplemental amount. This extra amount is called a **"bridge benefit"** and is paid to you until you reach age 65. The intention is that once your bridge benefit ends, your CPP benefit will start and replace the bridge benefit as a source of income, although your bridge benefit and CPP benefit are unlikely to be the same amount. Remember, you will receive your bridge benefit regardless of whether or not you decide to start receiving an early CPP benefit upon your retirement.

I've heard there's a penalty when I reach age 65. Is that true?

No, as mentioned above, you are actually receiving an extra payment up until age 65. If you are not aware of the bridge benefit and the extra money you receive from it, when it ends it may feel like a penalty. The bridge benefit is paid until you are eligible for your full, unreduced CPP at 65, but some CUPE Hospitals SRP pension plan members decide to take an early, reduced CPP before they turn 65. However, the bridge benefit is paid until age 65, regardless of when you start receiving your CPP. This means that if you are receiving your CPP before age 65, when you reach age 65, the bridge benefit ends and there is no new income to balance out the end of the bridge benefit.

It is important to remember that your bridge benefit and your CPP are unlikely to be the exact same amount. You may notice a difference in your income on the month following your 65th birthday.



What to Remember

- If you retire before the age of 65, your CUPE Hospitals SRP pension benefit will include a temporary bridge benefit to age 65.
- You may notice a difference in your monthly benefit on the month following your 65th birthday when your bridge benefit ends.
- The Online Pension Estimate Calendar includes an estimate of your bridge benefit. Find it at cupeh.ca/calculators.



Money Matters

Your Financial Know-How

cupeh.ca/moneymatters



SCAN
HERE

Improving your financial knowledge can help you make important financial decisions.

By knowing which financial decisions are best for you, you can reduce your stress and better support your overall well-being. Visit cupeh.ca/moneymatters or scan the code to the left with your mobile device for a series of resources to help you no matter your current knowledge level.

Please note that while Vestcor (our Plan's administration services provider) and your pension plan do not provide specific financial education or advice on an individual basis, we are pleased to provide a collection of Vestcor and third-party sourced reference material.

INVESTMENT UPDATE

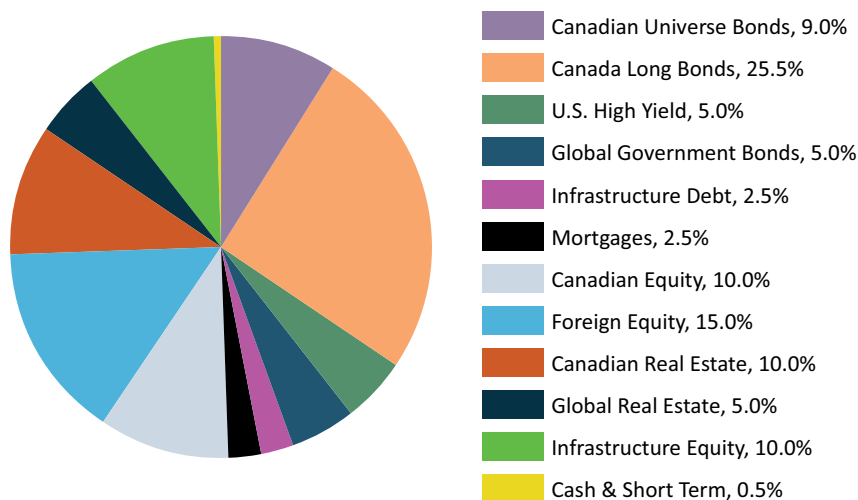
The CUPE Hospitals SRP Board of Trustees is responsible for all decisions related to the investment policy for the Plan, subject to specific risk management constraints set out in their Funding Policy and the *Pension Benefits Act* (PBA).

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, 2022 were \$1.1 billion. The current target asset mix is shown to the right:

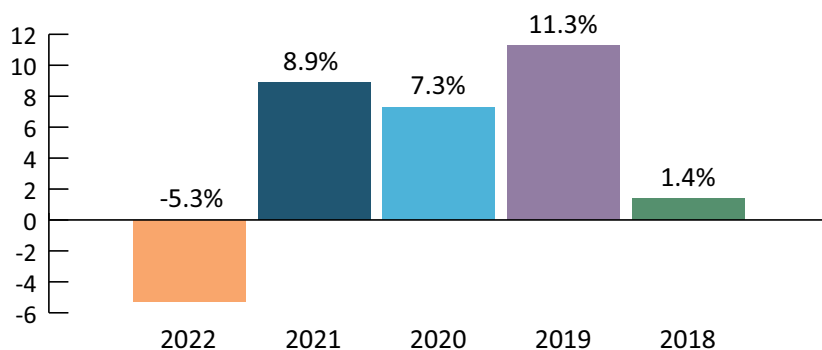
CUPE HOSPITALS SRP CURRENT TARGET ASSET MIX (AS AT DEC. 31, 2022)



INVESTMENT PERFORMANCE (AS AT DEC. 31, 2022)

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, 2022, the rate of return was -5.3% exceeding the benchmark of -7.8%. Investment returns are reported gross of investment management fees. The calendar year returns over the past 5 years can be seen in the chart to 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.

BENCHMARK: An industry standard against which rates of return can be measured, such as equity and bond market indices developed by stock exchanges and investment dealers.

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.

TIPS FOR RETIREES

UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with the change of address form available at cupeh.ca/address. If you would rather call, you can also contact Vestcor 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 benefit. By doing so, you can reduce how much money you owe when you file your tax return next year. The form is available at cupeh.ca/incometax. You may want to contact a tax specialist before making any decisions regarding your income tax deductions.
- Have you opened a new bank account? Go to cupeh.ca/banking to find the form you need to update your banking information. 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.



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 Statement of Investment Policies and Goals was amended and filed with the Superintendent of Pensions on September 24, 2022 to reflect amendments approved by the CUPE SRP Board of Trustees on September 7, 2022 related to date updates, new valuation year (2021) and valuation data information, as well as the termination of Franklin Templeton's global government bond mandate.
- The CUPE SRP Plan Text was amended by the CUPE SRP Board of Trustees on October 12, 2022 and filed with the Superintendent of Pensions on January 23, 2023 in order to include details regarding the approved benefit increase associated with Step 1 of the Funding Policy (effective January 1, 2023).

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 inherent 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. A quick summary of some of the main provisions of the Funding Policy of the CUPE Hospitals SRP is available at cupeh.ca/fps.