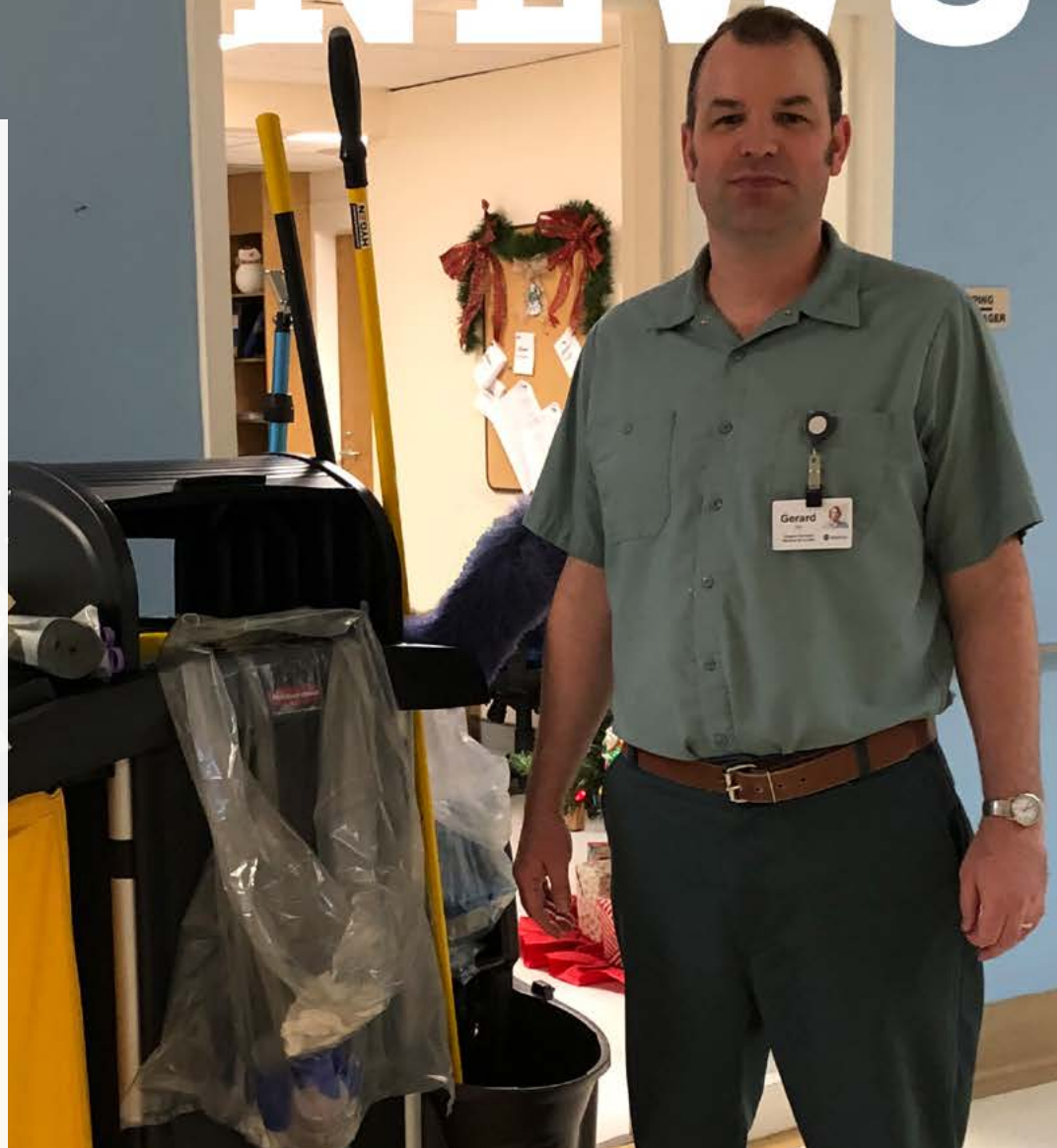


Volume 6 | Spring 2020

# PENSION NEWS

## IN THIS ISSUE

- 1 | YOUR PENSION BENEFITS CONTINUE TO GROW
- 2 | YOUR BOARD OF TRUSTEES
- 3 | INVESTMENT UPDATE
- 4 | LIFE EVENTS: PLANNING FOR RETIREMENT
- 4 | YOUR STATEMENT OF PENSION BENEFITS
- 5 | TIPS FOR RETIREES
- 5 | AMENDMENTS TO GOVERNING DOCUMENTS



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

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# YOUR PENSION BENEFITS CONTINUE TO GROW

Your Board of Trustees (the Board) is pleased to announce that due to the financial health of the Pension Plan (the Plan), once again, a number of benefit increases, also known as Step increases, have been approved. Every year, a report called an actuarial valuation 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, 2018, the Plan is in a surplus, with enough funds to allow the Board to increase the pension benefits for members in the form of Steps 1 through 4 in accordance with the Funding Policy.

Step 1 is awarding a full Cost of Living Adjustment (COLA) of 2.12%, which was mentioned in the last newsletter. Steps 1 through 4 of the Funding Policy are briefly summarized below. A more detailed Summary of the Funding Policy can be found at [vestcor.org/cupe-h](http://vestcor.org/cupe-h).

## STEP 1

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

If there is still a surplus available after providing the full COLA, the Board can consider additional Steps.

## STEP 2

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

## STEP 3

All members who retired prior to the 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.

## 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 have been or will be notified in writing from Vestcor on behalf of the Board.

If the Step increases don't result in a higher benefit for a member, their pension benefit remains unchanged. A member's benefit would never be reduced as a result of this Step increase process.

**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.

# YOUR BOARD OF TRUSTEES



From left to right: Jean-Claude Pelletier, David Matthews, Larry Guitard, Renée Laforest, Bernard Brun, Brenda Vienneau, Carolyn Roberts, Brian Poirier, Heather Parker, Rick Patten

## CUPE 1252 Appointed

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**Brenda Vienneau, Chairperson**

**David Matthews, Trustee**

**Bernard Brun, Trustee**

**Brian Poirier, Trustee**

## Provincially Appointed

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**Larry Guitard, Vice-Chairperson**

**Renée Laforest, Trustee**

**Jean-Claude Pelletier, Trustee**

**Carolyn Roberts, Trustee**

## Trustees in Training

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**Rick Patten**

**Heather Parker**

Your Board of Trustees is responsible for the overall governance and administration of the CUPE Hospitals SRP. The Board 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 CUPE Hospitals SRP Plan Text. These documents can be found at [vestcor.org/cupe-h](http://vestcor.org/cupe-h).

The Board's duties include, but are not limited to:

- providing oversight of the various service providers;
- triggering increases or decreases in the level of contribution that you and your employer make to the CUPE Hospitals SRP when the Plan reaches a specific funding threshold as determined by the Funding Policy;
- triggering increases in benefits payable (such as for conditional indexation) or decreases in benefits payable to members of the CUPE Hospitals SRP when the Plan reaches a specific funding threshold as determined by the Funding Policy; and
- ensuring the integrity and accuracy of the CUPE Hospitals SRP's financial reporting. This includes overseeing the appointment of external auditors, maintaining strong internal controls, managing financial risk, and complying with acts and regulations.

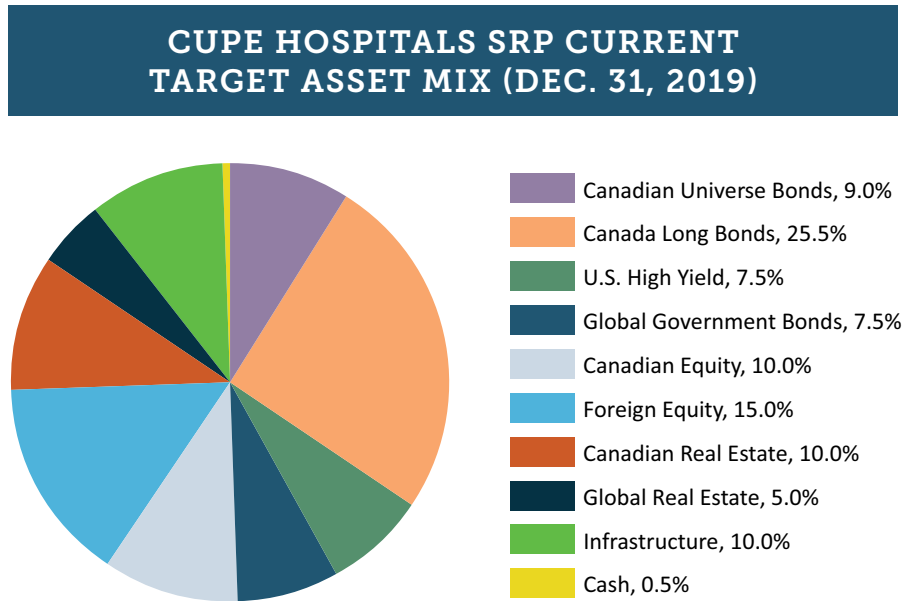
# INVESTMENT UPDATE

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.

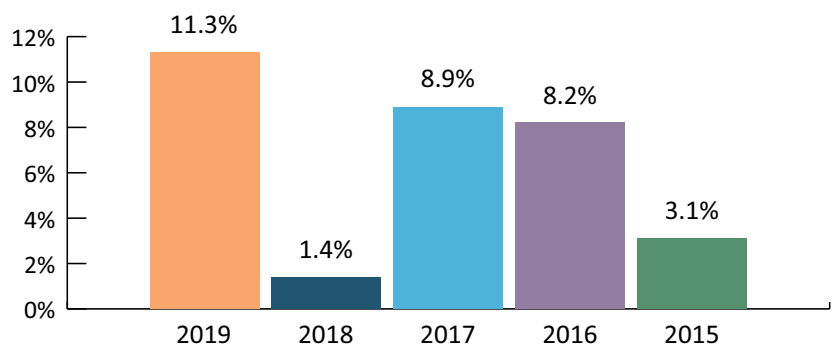
Total assets under management as at December 31, 2019 stood at \$991 million and the current target asset mix is shown in the chart.



## INVESTMENT PERFORMANCE

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

The overall year ended December 31, 2019 rate of return was 11.3%. Investment returns are reported gross of investment management fees.



# LIFE EVENTS: PLANNING FOR RETIREMENT

## 12 MONTHS PRIOR TO RETIREMENT

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- 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 (married or common law) 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

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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.

## YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

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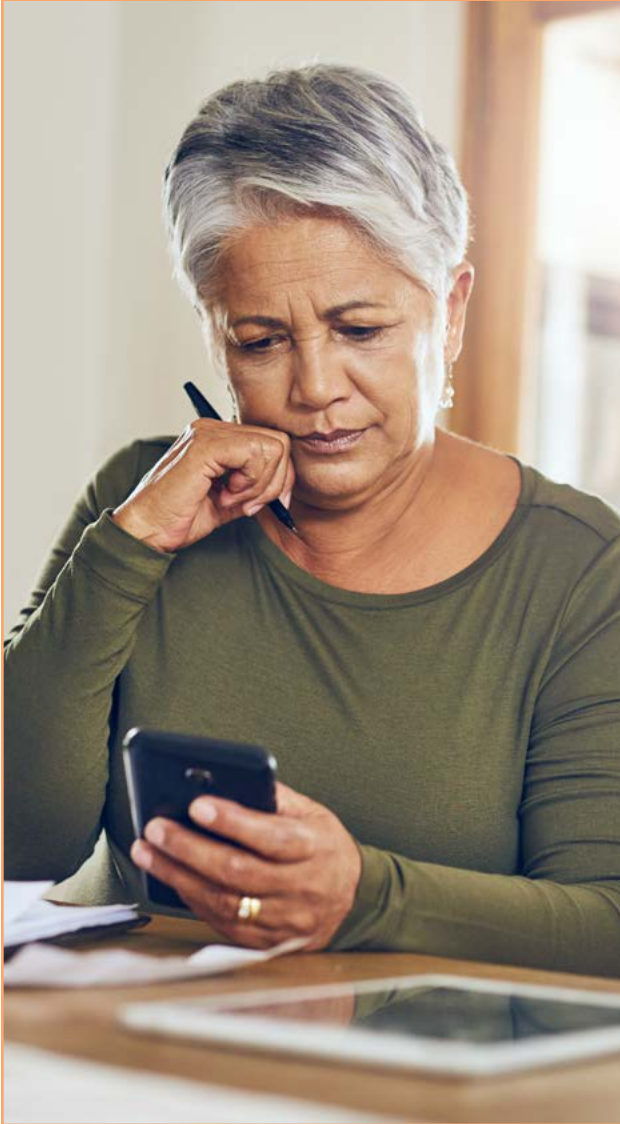
If you were an active member of the CUPE Hospitals SRP in 2019, your 2019 Employee Statement of Pension Benefits will arrive this summer. This statement will provide you with updated estimated pension amounts as of December 31, 2019. Your statement also includes the information you need to use Vestcor's 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/cupe-h](https://vestcor.org/cupe-h) under "Booklets".



## 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 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](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* 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 amendment which was filed with the Superintendent of Pensions:

- The Plan Text was updated and filed with the Superintendent of Pensions on February 26, 2020 in order to include details regarding the benefit increase associated with Steps 1-4 of the Funding Policy (effective January 1, 2020).