



PENSION ADMINISTRATION ***BULLETIN***

Reference No. 2006-01

Date: February 10, 2006

TO: All Pension Administration Contact Persons
At Contributing Member Organizations

Re: Past Service Purchase Program – Time Sensitive

Effective February 27, 2006, the assumptions and methods used to determine the actuarial value of past service purchases will change. These changes reflect significant reductions that have occurred over the past several years in the level of long term interest rates, and in expected future investment returns. As a result, the cost of purchasing most types of past service will increase.

As a result of this change, the Past Service Purchase Program Guide that was distributed in November, 2002 will, in most cases, produce results that are less than the actual cost of purchasing past service. Therefore this Guide should no longer be relied upon to provide reliable estimates of the cost of a past service purchase. We will no longer be issuing the current past service guide to employers and employees and we ask that you destroy any existing supply of the guides that you may have onsite. New past service purchase information will be distributed later in 2006.

We have prepared the attached notice that explains this change to employees. Please refer to this notice for further details on this change. **Please note that this notice to employees is time sensitive.** Therefore we ask that you distribute this notice to your employees right away via your internal mail system, your internal E-mail and/or post the notice on bulletin boards throughout your worksites (If you wish, we can send the notice to you as an Adobe PDF document so that you can include it as an E-mail attachment. Please tell us if you are interested in this option).

The notice will also be placed on the Plan's website, which can be accessed at www.nsahopensionplan.ca.

If you have any questions, please contact us. Thank you.

Attachment – Notice for employees who are Plan Members



IMPORTANT NOTICE TO MEMBERS OF THE NSAHO PENSION PLAN REGARDING THE PAST SERVICE PURCHASE PROGRAM

The NSAHO Pension Plan permits active members of the Plan (i.e., those who are making contributions as required) to purchase certain periods of past employment when you did not contribute to the Plan. Purchasing periods of past service will increase the amount of your pension and, in some cases, may allow you to retire earlier.

The cost of purchasing most types of past service is 100% of the lump sum financial value of the additional service (known as the "actuarial value"). The actuarial value depends on several assumptions such as expected future investment returns.

Effective February 27, 2006, the assumptions and methods used to determine the actuarial value of past service purchases will change. These changes reflect significant reductions that have occurred over the past several years in the level of long term interest rates, and in expected future investment returns. As a result the **cost of purchasing most types of past service will increase**.

The prior (lower) cost basis will continue to be honoured for quotation requests that are received by NSAHO Pension Plan staff prior to February 27, 2006 even if staff has not yet provided the requested quotation. However, for the prior cost basis to apply in these cases, the member must proceed with the purchase on the quoted terms within 6 months of the date that staff provides the quotation.

As a result of this change, the Past Service Purchase Program Guide that was distributed in November, 2002 will in most cases produce results that are less than the actual cost of purchasing past service. Therefore this **Guide should no longer be relied upon to provide reliable estimates** of the cost of a past service purchase. For past service purchase quotations in the future, please contact the NSAHO Pension Plan at:

- Write: NSAHO Pension Plan, 2 Dartmouth Road, Bedford, NS, B4A 2K7
- Telephone: (902) 832-8500 for local calls; 1-866-400-4400 for long distance toll free
- Fax: (902) 832-8506
- E-mail: pastservicepurchases@nsaho.ns.ca

NSAHO Pension Plan

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