



PENSION ADMINISTRATION *BULLETIN*

Reference No. 2007- 06 Date: October 9, 2007

**TO: All Pension Administration Contact Persons at
Contributing Member Organizations**

**RE: NSAHO Pension Plan Amendments – Base Year Upgrade and Change to the Maximum Age Limit
from age 69 to age 71**

1. Base Year Upgrade effective January 1, 2008

We wish to inform you that the Pension Plan Trustees' recommendation for a Base Year upgrade was approved by the NSAHO Board of Directors at their meeting on October 5, 2007. Therefore *effective January 1, 2008*, the NSAHO Pension Plan's Base Year will be upgraded from 2005 to 2006.

Some quick facts about Base Year

- The Plan's Base Year affects the way a Member's career earnings are taken into account when calculating their pension benefits.
- When the Base Year is upgraded, it means that a Member's previous annualized pensionable earnings for years before the new Base Year are "upgraded" to the same level as their annualized pensionable earnings in the new Base Year.
- When a Member's annualized pensionable earnings in the new Base Year are higher than those in the previous Base Year, it results in a higher pension benefit than would have occurred if the previous Base Year had not been changed.
- As always, in those cases where using an earlier Base Year than the current one results in a higher pension for the Member, that Base Year will be used in that Member's pension calculation instead.
- Note: When a Base Year upgrade is granted in our Plan, it does not result in a recalculation of benefits for those former members who have terminated their membership in the Plan. Pension benefit calculations always reflect the Base Year that is applicable to the Member at the date of the event (termination of employment, retirement, or death).

2. Change to the Maximum Age Limit from age 69 to age 71

Reflecting recent changes to limits under the Income Tax Act, the Pension Plan Trustees recommended an increase to the maximum age to which a member may actively participate in the pension plan. This change was approved by the NSAHO Board of Directors at their meeting on October 5, 2007. *Effective January 1, 2007*, the participation limit is increased to the end of the calendar year that a member turns age 71 (previous limit was age 69).

Action Required:

The Nova Scotia Pension Benefits Act regulations require that all employees who are Plan Members be notified of these Plan amendments. The Plan needs your timely assistance to meet these information and compliance requirements promptly since:

- Some Plan Members may be considering retirement, or terminating their employment. The change in the Base Year will be effective for retirements and terminations of employment on and after January 1, 2008. Therefore, such Plan members may wish to postpone their departure until January. Whether it is feasible and financially advantageous to postpone retirement or termination to January will depend on each member's specific circumstances. For example, there will be very little (if any) advantage for members who did not have an increase in earnings in 2006. Similarly, this will tend to be less important for members who have a relatively short period of service. You should discuss this with your employees if they are considering retiring or terminating their employment since a Base Year improvement may affect the timing of their departure.
- Members are no longer required to start to draw their pension at age 69 if they continue to work.

We have prepared the attached Notice that you can use in announcing the Plan amendments to your employee members. We recommend that you copy and circulate this notice to the appropriate employees via your internal mail system, your internal E- mail, as an insert in pay stub envelopes, and/or post it on bulletin boards throughout your facility. If you anticipate any logistical difficulties related to distributing this information on a timely basis, please let us know right away and we will attempt to assist you. We appreciate your cooperation in helping the Plan to meet its legal compliance requirements in this matter.

Please call us if you have any questions about this Bulletin.

NSAHO Pension Plan
October 9, 2007

Attachment – Notice for employees who are Plan Members



Notice to all active Members Regarding Two Plan Changes

1. Base Year Upgrade:

Effective January 1, 2008, the Plan has been amended to upgrade the Base Year from **2005 to 2006**.

Some quick facts about Base Year

- If you are thinking about retiring or terminating your employment in the near future, you should take note of the following information. A change in the Base Year will only apply to retirements and terminations of employment on and after January 1, 2008. Therefore, you may wish to postpone your departure until January. Whether you are better off to wait will depend on your specific situation. For example, did you have an increase in your annualized earnings in 2006 compared to 2005?
- The Plan's Base Year determines the earnings that we use when calculating your pension benefits.
- When the Base Year is upgraded, it means that your previous annualized pensionable earnings for years *before* the new Base Year are improved to the same level as your *new* Base Year annualized earnings.
- When your annualized earnings in the new Base Year are higher, you will receive a higher pension benefit.
- The current Base Year is used unless a prior Base Year provides a higher pension benefit for you.

2. Changes in the maximum Age Limit from age 69 to age 71:

As a result of changes to the Income Tax Act made earlier this year, the Plan has been changed to increase the maximum retirement age under the Plan from age 69 to age 71. As a result, you are not required to start your pension until the end of the calendar year in which you turn age 71.

If you have any questions or comments about these changes, please contact us 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: pensionplan@nsaho.ns.ca

NSAHO Pension Plan

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(Reference Facility Bulletin No. 2007- 06)