



PENSION ADMINISTRATION  
***BULLETIN***

**Reference No. 2008-04**

**Date: October 7, 2008**

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

**RE: The Recent Turmoil in the Capital Markets**

You may be receiving questions from Plan members regarding the recent turmoil in the capital markets. To address questions that members may have about this, we have prepared the attached Notice that you can use with your employee members. We recommend that you copy and circulate this notice to the appropriate employees via your internal E- mail and/or post it on bulletin boards throughout your facility.

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

**NSAHO Pension Plan  
October 7, 2008**

Attachment – Notice for employees who are Plan Members



## Notice to All Active Members Regarding the Recent Turmoil in the Capital Markets

Given the recent turmoil in the capital markets, you may be wondering how this will impact your pension with the NSAHO Pension Plan. You may find the following information helpful.

Unlike most Canadians, we are in a defined benefit pension plan. In a defined benefit pension plan our benefits are not a direct function of investment returns. While recent market declines can be expected to impact the financial position of our Plan (and virtually every other pension plan), there is not a direct impact on our benefits. If you are retiring this month you will get exactly the same pension as if the markets had been positive over the past month.

There are several things about our Plan that put us in a relatively good position to weather this storm. These include:

- Reasonably good initial financial position. Our audited financial statements at the end of 2007 reported that the Plan was fully funded on a going concern basis;
- Our contributions are relatively low compared to other comparable pension plans. If need be, this makes it more feasible for members and employers to increase contributions to address the impact of recent declines. While nobody likes contribution increases, this is a much better situation than if contributions were already so high that further increases would be practically impossible; and
- While more subtle, we have greater ability to tolerate financial downturns than most other public sector pension plans. This is because we have a smaller proportion of retired members. This means that the payroll of our active members is quite large compared to the size of our pension fund. As a result, when we have an unfunded liability, the contributions that are required to pay it off represent a smaller percent of covered payroll.

This is an extremely difficult time in the capital markets. Many people who are close to retirement and don't belong to a defined benefit pension plan will be significantly impacted. For defined benefit pension plans the situation is serious, but at this point members of the NSAHO Pension Plan do not have reason to be alarmed.

Calvin Jordan

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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](mailto:pensionplan@nsaho.ns.ca)