



PENSION ADMINISTRATION *BULLETIN*

Reference No. 2011 – 02

Date: October 6, 2011

TO: All Pension Administration Contact Persons at
Contributing Member Organizations

RE: NSAHO Pension Plan – Deferral of Base Year improvement

Base Year improvement deferred

We wish to inform you that the Pension Plan Trustees have deferred their recommendation for a Base Year improvement to a later date. Therefore, until further notice, the NSAHO Pension Plan's Base Year continues to be 2009. When the Base Year is eventually improved to 2010, it will be applied with retroactive effect to members that are receiving a pension at the time of the improvement if they were actively accruing benefits under the Plan as of December 31, 2011.

Some quick facts about the 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 normally result in a recalculation of benefits for those former members who have terminated their membership in the Plan. Pension benefit calculations reflect the Base Year that is applicable to the member at the date of the event (termination of employment, retirement, or death).

Action Required:

The Plan needs your assistance to distribute this information promptly. When the Base Year is eventually improved to 2010, it will be applied with retroactive effect to members that are receiving a pension at the time of the improvement if they were actively accruing benefits under the Plan as of December 31, 2011. Therefore, ***Plan members may wish to postpone their retirements until January.*** Whether it is feasible and financially advantageous to postpone retirement will depend on each member's specific circumstances. You should discuss this with your employees if they are considering retiring since a Base Year improvement may affect the timing of their departure.

We have prepared the attached Notice that you can use in providing this news to your employee members. We recommend that you copy and circulate this notice to the appropriate employees via your internal mail system, your internal email, 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 distribute this important information.

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

NSAHO Pension Plan
October 6, 2011

Attachment – Notice for employees who are Plan members



Notice to all active Members Regarding deferral of Base Year improvement

An improvement to the Base Year is typically announced in the fall of each year. Unfortunately, this year the improvement is being deferred. The declines in the investment markets and long term interest rates over the past few months have led to this decision.

When the Base Year is eventually improved to 2010, in some cases it will be applied retroactively. This will apply to all members that are receiving a pension at the time of the improvement, if they were actively accruing benefits under the Plan as of December 31, 2011.

It is not possible to estimate how long it will be until the Base Year is improved. The Trustees are monitoring this situation so the improvement can be made just as soon as prudently possible. Until an improvement is made, the Base Year continues to be 2009.

When a decision is made to improve the Base Year, we will inform you immediately. This will be done on the Plan's web-site (www.nsaohpensionplan.ca) and by employer distributed bulletin. We can also let you know personally if you email us with the subject line: "Base Year Alert Request".

Some quick facts about the Base Year

- ***If you are thinking about retiring in the near future, you may wish to postpone your retirement until January or later.*** This is necessary in order for you to eventually receive the benefit of a 2010 Base Year as explained in the second paragraph above. Whether this would benefit you will depend on your specific situation.
- The Plan's Base Year determines the earnings that we use when calculating your pension benefits.
- 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.

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

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