

PENSION ADMINISTRATION *BULLETIN*

Reference No. 2012 – 05

Date: October 10, 2012

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

RE: Nova Scotia Health Employees' Pension Plan – Deferral of Base Year improvement

Base Year Update

An improvement to the Base Year is typically announced in the fall of each year. Many members who are planning to retire soon may be wondering whether there will be a Base Year improvement this fall. Unfortunately, we don't yet know the answer to this question. However, this bulletin explains that most members who retire before the Base Year is improved will benefit when the Base Year is eventually improved to 2010.

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.

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.

Nova Scotia Health Employees' Pension Plan
October 10, 2012

Attachment – Notice for employees who are Plan members



Notice to all active Members

Update regarding deferral of Base Year improvement

An improvement to the Base Year is typically announced in the fall of each year. Last fall the improvement was deferred because of market conditions at that time.

Unfortunately, the base year improvement continues to be deferred. However, even if you are retiring in the near future, there is a good chance that you will benefit when the base year is eventually improved to 2010. The reason for this is explained below.

Last fall we announced that 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.nsahopensionplan.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

- 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: NSHEPP, 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

Nova Scotia Health Employees' Pension Plan (formerly NSAHO Pension Plan)

October 10, 2012

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