

**Reference No. 2013-01**

**Date: February 14, 2013**

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

**RE: NSHEPP Amendment – Base Year improvement**

We are pleased to announce that the Pension Plan Trustees have approved a Base Year improvement. Effective February 11, 2013, NSHEPP's Base Year is improved from 2009 to 2010. This improvement would typically have occurred at the beginning of 2012, but as previously announced, was deferred because of challenging investment market conditions. It is too early to tell when the Base Year will be improved beyond 2010, but we will provide you another update before the end of this year.

When the Base Year is improved, it usually does not result in a recalculation of benefits for former members who have ended their active membership in the Plan. However, this improvement is being applied to all members who were receiving a pension from the Plan on February 11, 2013 if they were actively accruing benefits as of December 31, 2011.

**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 improved, 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.

**Action Required:**

The Nova Scotia Pension Benefits Act requires that all employees who are Plan Members be notified of this Plan amendment. We need your assistance to meet this legal requirement promptly.

We have prepared the attached Notice that you can use to announce this amendment 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.

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

NSHEPP  
February 14, 2013

Attachment – Notice for employees who are Plan Members



## Notice to all active Members Regarding Base Year Improvement

**Effective February 11, 2013**, the Plan has been amended to improve the Base Year from **2009 to 2010**. This improvement would typically have occurred at the beginning of 2012, but was deferred because of challenging investment markets.

### **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 usually only applies to retirements and terminations of employment that occur after the improvement. *It is too early to tell when the Base Year will be improved beyond 2010.* We will update you again before the end of this year.
- 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.

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@nshepp.ca](mailto:pensionplan@nshepp.ca)

### **NSHEPP**

February 14, 2013

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