

You asked it!

Our pension staff get a lot of good questions from our 31,000 members. This article provides responses to some of the questions we hear most often. If you have a question that we haven't thought of, please call or email us.

These responses provide a general description of the Plan rules today. The rules are subject to change. If there are any differences between the following and the official Plan text, the Plan text will prevail.

Question #1: Why does my pension reduce at age 65?

Answer: The idea is to provide you with a higher pension for the years before you are old enough for Old Age Security (OAS) and unreduced Canada Pension Plan (CPP). If our pension did not decrease at age 65, it would cost more.



Question #2: Will my pension reduce my CPP and OAS pensions?

Answer: Not for most people. CPP is not impacted by how much other income you receive. OAS is reduced only for people that have very high retirement incomes (above \$66,335 for 2009).

The Guaranteed Income Supplement (GIS) is a third government retirement benefit that is aimed at individuals with lower incomes. Members that have been in our Plan for most of their career will usually have retirement incomes that are too high to be eligible for GIS benefits.

Question #3: If I start receiving my CPP Pension before age 65, will my NSAHO Pension Plan reduce when my CPP starts?

Answer: No. Your NSAHO Pension Plan will reduce at age 65 even if you start your CPP pension earlier than this.

Question #4: What happens if I return to work after my pension starts?

Answer: Your pension will be temporarily suspended if you start to contribute to the NSAHO Pension Plan again. You will have to start contributing again if you work "full-time" in covered employment for an employer that participates in the NSAHO Pension Plan. Full-time for this purpose means that you work 50% or more of regularly scheduled full-time hours on a regularly scheduled basis.

Question #5: When I receive my pension will I have to pay income tax on it?

Answer: Unfortunately yes.



Question #6: When I die, what happens to my pension?

Answer: The answer to this question depends on several things, including whether you die before or after retirement. We'll answer assuming you die after you have retired. For other situations, please see your member booklet or give us a call.

When you retire, your pension will be payable for as long as you are alive. In fact we have some members who are over 100 years old and are still receiving a pension.

Your pension is subject to a 5 year guarantee. This means that at least 5 years of pension will be paid even if you die before this. This guarantee applies to your lifetime pension, but not the temporary extra pension you receive before you are age 65.

If you have a spouse at retirement that survives you, they would also receive a pension that continues after your 5 year guarantee is over. This survivor pension would be 2/3rds of the lifetime pension you were receiving before you died. This survivor pension would continue for the rest of your spouse's life.

When you retire, you also have the option of having better survivor benefits than are described above. Members that opt for these improved survivor benefits pay for the improvement by receiving a slightly lower pension while they are alive.

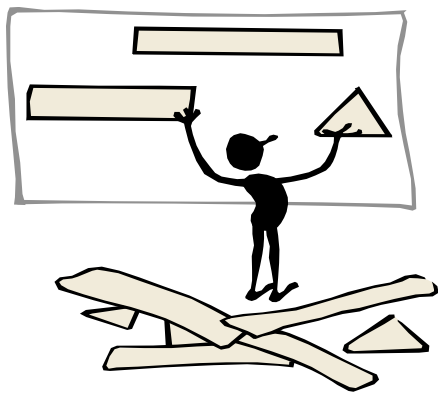
Question #7: Isn't there a maximum of 35 years service that can count towards my pension?

Answer: No. Some pension plans have maximums like this but the NSAHO Pension Plan doesn't.

2010 Provincial Budget

On April 6, 2010, the Provincial Public Service Superannuation Plan announced a proposal to change their indexing provision. Starting in 5 years their annual pension increase will depend on the Plan's financial health. This applies to all service for all members including retired members. Also proposed is a change from the Rule of 80 to the Rule of 85 that will apply only to future new hires.

We have been getting lots of questions from our members asking if this affects us. It does not. The changes that were announced do not impact the NSAHO Pension Plan and similar changes to our Plan are not being considered. Each January our retirement pensions continue to be inflation adjusted up to a maximum of 3% per year.



2009 Investment Returns

Most Canadian pension funds had good investment returns in 2009. For the NSAHO Pension Plan, results were remarkable. At almost 27% (net of expenses) it was our best year in over twenty years.

Because our pension plan is a defined benefit pension plan, our investment returns do not have a direct impact on our benefits. However, good investment returns make it easier to keep our contributions at a reasonable level, while still keeping our benefits secure.

Very few Canadian pension plans did as well as we did in 2009. Most of our outperformance came from "hedges" that we maintain. While details of these hedges are complicated, the basic idea is straightforward. These hedges are tools we use to manage Plan risk.

The specific kind of risk that our hedges help us manage is the risk of changes in either long term interest rates or expected future inflation rates. If we didn't have our hedges in place, interest rate and inflation rate changes would be a bigger risk to our financial condition.

We invest very differently than most other pension plans. In some years this will result in us outperforming, and in other years we will underperform. We follow these different investment strategies because we believe that in the long term our approach will provide a better balance between returns and risk.

For a detailed description of our investment policies, click on the "Publications" tab at www.nsahopensionplan.ca.



Past service in New Brunswick Public Service Superannuation Plan

Have you paid into the **New Brunswick Public Service Superannuation Plan** in the past? Did you leave your money in the pension plan when you terminated your New Brunswick employment? If so, you may be able to transfer your New Brunswick pension service into the NSAHO Pension Plan.

Our new agreement with New Brunswick has a time limit. You must complete the transfer by February 11, 2011, or within a year of when you became a member of our Plan if later.

Interesting Facts

At the end of 2009, there were about 5,800 members receiving pensions. Pensions and bridge benefits totalled over \$6.0 million per month. The number of retirees has grown by about 34% over the past five years.

In addition, there are about 24,600 members who have not yet started to receive a pension.

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