

## Year in Review: 2009

This bulletin summarizes key 2009 activities of the NSAHO Pension Plan Trustees and staff. We invite you to visit [www.nsaohopensionplan.ca](http://www.nsaohopensionplan.ca) if you are interested in more information. After May 2010 you can find our 2009 Financial Statements by clicking on the web-site's "Publications" tab.

### Benefits

Two Base Year improvements were announced in 2009 as follows:

- to 2007 effective September 30, 2009; and
- to 2008 effective January 1, 2010.

In a 2009 comparison\* with a benchmark group of other pension plans, our:

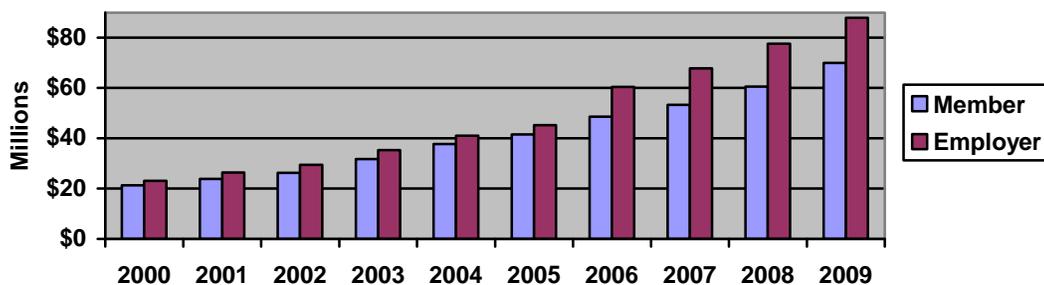
- Benefits were 7.9% better than median;
- Member contributions were 0.2% of earnings higher than median; and
- Employer contributions were 0.6% of earnings higher than median.

\*The benchmark plans are the NS provincial government plan and the plans for health care employees in Ontario, Manitoba and Saskatchewan. This comparison was based on a 40 year old member with 10 years of service and earnings up to \$45,000. The benefit comparison was based on our actuary's best estimate of future experience. This includes the assumption that ad-hoc improvements (e.g. base year upgrades) that have been regularly made in the past will continue to be made.

### Funding

Total contributions to the Plan have increased significantly over the past decade. This results from increases in members' earnings, contribution rates and the number of members.

Contributions



At the end of 2009 our assets were about 99% of our going-concern liabilities. This is a preliminary estimate and is subject to revision. These liabilities are based on our actuary's "best estimate" assumptions. Final results and assumption details will be reported in our Audited Financial Statements which will be posted on our web-site after May 2010.

(continued from other side)

## **Investments**

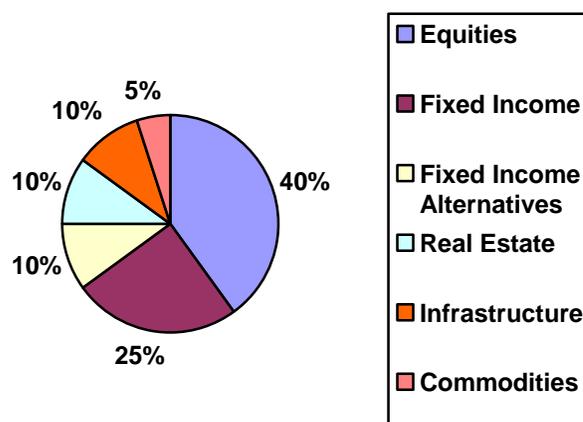
At over 27%, our 2009 investment return was much higher than what was earned by most other pension plans. Most of this out-performance was caused by "hedges" that we maintain. These hedges are used to better manage Plan risk. They help to protect us from unexpected changes in our liabilities. While this strategy paid off in 2009, in years when our liabilities decrease unexpectedly, our investment returns will tend to be less than other pension plans. The following returns are preliminary and may change slightly.

Year	Annual Returns (net of expenses)	Market Benchmark *	Value Added
2005	18.00%	13.14%	4.86%
2006	8.07%	11.74%	(3.67%)
2007	5.90%	4.74%	1.16%
2008	-13.36%	-17.35%	3.99%
2009	27.26%	26.02%	1.24%
<b>2005-2009</b>	<b>8.29%</b>	<b>6.64%</b>	<b>1.65%</b>

\* The market benchmark rate of return is one of the standards used to evaluate investment performance. It is the rate of return net of fees, expected if the assets were invested passively in the proportions dictated by the Asset Mix Policy.

Our fund's target asset mix is shown in the chart at the right. On top of this we overlay additional investments in bonds and hedge funds. In combination these overlays are expected to increase long term returns and reduce Plan risk.

A more complete description of the Plan's investment policies can be found at [www.nsaohpensionplan.ca](http://www.nsaohpensionplan.ca) by clicking on the "Publications" tab.



## **Administration**

Key administrative accomplishments in 2009 included:

- Preparation of 22,710 annual statements. 100% were prepared within our time standards;
- Processing of 489 retirements, 966 terminations, 18 active deaths and 100 past service purchases. 99.8% of these were within our time standards; and
- Total membership increased from 29,200 to 31,050, and participating employers increased from 67 to 83.

Our per member administration costs continue to be low; about 34% less than median based on a sample of 17 other large pension plans.

## **Governance**

Highlights of your Board of Trustees' activities in 2009 are:

- Implementation of new investment policies that were adopted in 2008;
- Monitoring of compliance with all staff and Trustee policies.

In addition, a joint union-management committee continued a review that was started in 2007 of possible changes to the pension plan's governance structure.