

January 2007 Pension Increase

An important benefit of your Plan is that pensions are indexed. Pensions are subject to increase each January. The increase for January 2007 will be 0.7%. Members who received their pension for the full 12 months in 2006 receive this increase. Those who started their pension part way through 2006, receive a partial increase.



Your annual pension increase is based on the change in the Canadian Consumer Price Index. The index is measured each September. The pension increase is normally subject to a 3% maximum.

The maximum increase of 0.7% in 2007 is much less than the 2006 amount of 3.4%. Statistics Canada explains that changes in gasoline prices caused the 2006 Consumer Price Index increase to be higher than in recent years, and the 2007 increase to be lower.

Different pension plans may measure changes in the Consumer Price Index in different ways. This can cause year to year differences between pension plans in the amount of pension increase

that is granted. For example, compared to the pension plan for NS government workers (the "PSSP"), your Plan provided a larger maximum increase last year but a smaller maximum increase this year. A comparison of how increases have compared with several major public sector pension plans over the last five years is at www.nsahopensionplan.ca (click on "I'M A PENSIONER" and scroll down).

Competitive Benefits

How does your Plan stack up against other Canadian pension plans?

Only about a third of the Canadian workforce belongs to a defined benefit pension plan. Membership in the NSAHO Pension Plan puts us ahead of most on that basis alone.

Let's look closer at how we compare with other defined benefit pension plans. One large Canadian pension database provides the following information:



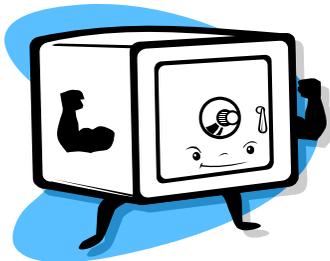
- Only 25% of plans have early retirement provisions that are as generous as ours;
- Only 35% of plans provide bridge pensions;
- Only 20% of plans guarantee any inflation increases for pensioners;

- Only 6% of plans provide retiree survivor benefits as generous as ours.

In short, we have a very good plan that compares well with other Canadian pension plans.

The Plan is Financially Secure

Our Plan's last formal financial review was at December 2005. In this review assets were more than Plan liabilities. *This is an important indicator that our benefits are secure.*



This is a better situation than most Canadian pension plans are currently in. Many other plans have large funding shortfalls.

Our Actuarial Valuation Report provides the technical details of the financial review. It is in the "Publications" section of www.nsaHopensionplan.ca

Plan Governance

Our Plan is administered by 20 Trustees. Trustees are appointed to provide broad stakeholder representation. Plan changes are also approved by the NSAHO Board of Directors.

The Trustees follow a policy-based governance model. This model is viewed by many governance experts as a "*best practice*" approach. The

Trustees maintain policies that guide the management of the Plan. Trustees then strictly monitor staff's compliance with these policies.

The model enables the Trustees to focus on the larger issues and to delegate to staff with clarity.



This Newsletter is a result of recent changes to the Trustees' policies. Increased focus has been placed on communication with Plan members. We hope you find this information helpful.

An Annual Report will no longer be published. Members who want more detailed financial information can review our most recent Actuarial Valuation Report. It is in the "Publications" section of www.nsaHopensionplan.ca

Interesting Facts

At the end of October 2006, there were about 4,800 members receiving pensions. Pensions and bridge benefits totalled over \$4.5 million per month. The number of pensioners has grown by about 27% over the past five years.

In addition there are approximately 21,000 members who have not yet started to receive a pension. Total Plan assets are about \$2.1 billion.