

## **January 2011 Pension Increase**

An important benefit of your Plan is that pensions are indexed. Pensions are subject to increase each January. The increase for January 2011 will be 1%. Members who received their pension for the full 12 months in 2010 receive this increase. Those who started their pension part way through 2010, 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.

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. A comparison of how increases from several major public sector pension plans have compared over the last five years is at [www.nsahopensionplan.ca](http://www.nsahopensionplan.ca) (click on "I'M A PENSIONER" and scroll down).

## **Happy 50<sup>th</sup> Birthday NSAHO Pension Plan!**

January 1, 2011 is the NSAHO Pension Plan's 50<sup>th</sup> birthday.

In 1961 we were known as the Hospitals of Nova Scotia Pension Plan. There were 2,188 initial members. Male members contributed 6%, and curiously, female members contributed 1% less. Normal retirement age was 65, there was no option to retire early without a reduction, and survivor benefits were very modest.

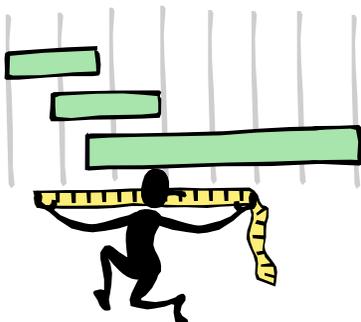
After 50 years a lot has changed. Today we are the largest Nova Scotia regulated pension plan. Our assets are now in the range of \$3.4 billion. There are about 32,400 members, about 6,400 of whom are retired. There are now 75 participating employers, including most of the province's Continuing Care facilities and a growing number of Home Care Support employers. Today our retirees' monthly pensions dwarf what our active members used to receive in earnings for an entire year back in 1961.



Perhaps surprisingly, contribution rates since 1961 have increased only modestly. Despite this, benefits have improved significantly. Today most members retire well before age 65 without a reduction. Pensions are now indexed for inflation up to a maximum of 3% per year. And when retirees die, the benefit for their surviving spouse has improved greatly.

## How Does Your Pension Measure Up?

Each September your Trustees monitor the competitiveness of our pension plan compared to four “benchmark” pension plans. For the past several years we have reported these results in the fall newsletter.



Over the past year the Saskatchewan Health-Care pension plan has increased their contributions. And the Nova Scotia provincial government pension plan has decreased the value of their benefits. These changes are understandable given the severity of 2008’s investment market declines. Thankfully, similar changes were not necessary for the NSAHO Pension Plan over the past year. This is in large part because of our outstanding 2009 investment results (26.8%).

Measuring our competitiveness requires a comparison of several important areas. There can be differences in the lifetime pension amount, the bridge benefit, how early you can retire and inflation protection. Any fair comparison must reflect all of these differences and contributions too.

Our results are set out in the following table (to simplify this table we have only included contributions below the Canada Pension Plan earnings threshold):

Pension Plan	Value compared to NSAHO pension	“Earnings” used to calculate pension (with a few exceptions to simplify table)	Annual increases to retirees’ pensions	Contributions (% of earnings)	
				Member	Employer
NSAHO Pension Plan	100%	From Base Year (currently 2008)	Price Inflation up to 3%	7.0666	8.4961
Nova Scotia Provincial	93.2%	Average over best 5 years	Indexing on current benefits is not guaranteed	8.4	8.4
Ontario Health Care	93.1%			6.9	8.694
Manitoba Health Care	92.6%			6.8	6.8
Sask’wan Health Care	93.9%			7.2	8.064
<b>Median of comparison plans</b>	<b>93.1%</b>			<b>7.05</b>	<b>8.232</b>

*Note: The values in this table are based on “best estimate” actuarial assumptions as of August 2010. This includes the assumption that ad-hoc improvements (e.g. base year upgrades) that have regularly been made in the past will continue to be made in the future. The value for the NS Provincial Plan is an average of the value for a member employed before (100.2%) and after (86.2%) April 6, 2010. The inflation indexing for the NS Provincial Plan was recently changed to “ad-hoc”, and as this new design doesn’t yet have any history, we have assumed that their future indexing will be 50% of inflation. All values are based on a current year of service for a 40- year-old member with 10 years of service and annual earnings of \$45,000.*

You will see that our benefits are better than all of the four benchmark pension plans (100% vs. a median of 93.1%).

You will note that the table above only compares provincially sponsored pension plans. All of these are very good pension plans compared to what most Canadians participate in. Only about 17% of the private sector participates in a defined benefit pension plan.



### Annual Summary

In March 2011 we will publish our annual summary of key activities of the NSAHO Pension Plan Trustees and staff.

This summary and other plan documents can be found in the “Publications” section of [www.nsahopensionplan.ca](http://www.nsahopensionplan.ca).

If you would like to receive a copy of the annual summary by mail, you can telephone us. Our number is at the bottom of the reverse side of this newsletter.