

Year in Review: 2010

This bulletin summarizes key 2010 activities of the NSAHO Pension Plan Trustees and staff. We invite you to visit www.nsahopensionplan.ca if you are interested in more information. After May 2011 you can find our 2010 Audited Financial Statements by clicking on the web-site's "Publications" tab.

Benefits

Effective January 1, 2011:

- Our Base Year was updated to 2009; and
- Pensions in payment increased 1.0% (prorated if retired for less than a year).

In a 2010 comparison* with a benchmark group of other pension plans, our:

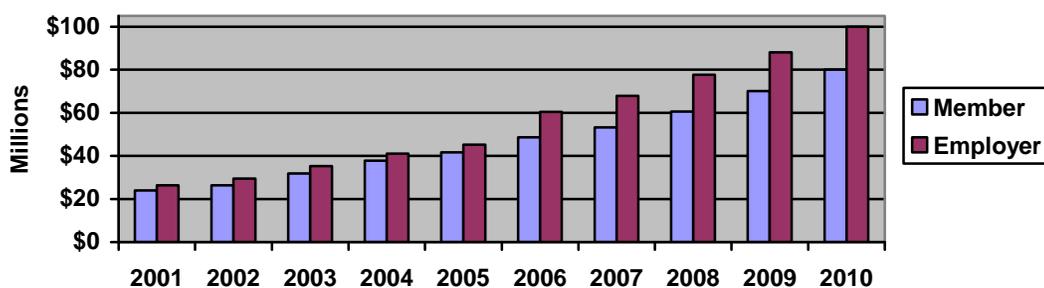
- Benefits were 7.4% better than median;
- Member contributions were very close to median; and
- Employer contributions were about $\frac{1}{4}$ % of earnings higher than median.

*The benchmark plans are the NS provincial government plan and the plans for health care employees in Ontario, Manitoba and Saskatchewan. 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. The inflation indexing for the NS provincial government plan was recently changed, and as this new design has very limited history, we have assumed that their future indexing will be 50% of inflation. The NS provincial government plan design is also different for members employed before and after April 6, 2010, so we have compared ourselves with the average value of their two designs. Our comparison was based on a 40-year-old member with 10 years of service and earnings up to \$48,300.

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 2010 our assets were about 102% 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 2011.

(continued from other side)

Investments

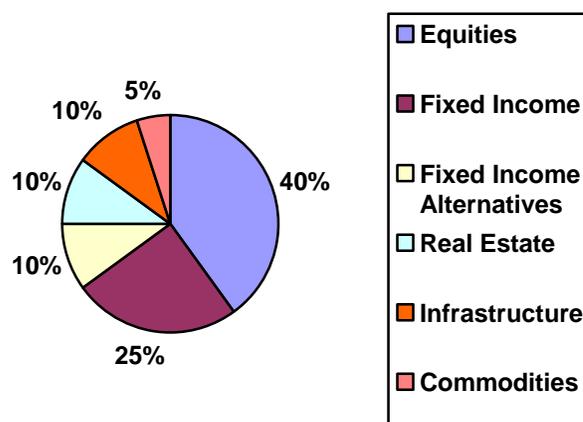
At 17.9%, our 2010 investment return was much higher than what was earned by most other pension plans. Much of this out-performance was caused by "hedges" that we maintain. These hedges are used *to better manage Plan risk*. They help to protect us from unexpected changes in our liabilities. While this strategy paid off in 2010, in years when our liabilities decrease unexpectedly, our investment returns will tend to be less than other pension plans. The following 2010 returns are preliminary and may change slightly.

Year	Annual Returns (net of expenses)	Market Benchmark *	Value Added
2006	8.07%	11.74%	(3.67%)
2007	5.90%	4.74%	1.16%
2008	-13.36%	-17.53%	4.17%
2009	26.84%	25.32%	1.52%
2010	17.91%	16.95%	.96%
2006-2010	8.20%	7.18%	1.02%

* 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 by clicking on the "Publications" tab.



Administration

Key administrative accomplishments in 2010 included:

- Preparation of 24,089 annual statements. 99.5% were prepared within our time standards;
- Processing of 571 retirements, 1,072 terminations, 27 active deaths and 80 past service purchases. 100% of these were within our time standards; and
- Total membership increased from 31,050 to 32,711, and participating employers increased from 73 to 75.

Our per member administration costs continue to be low; about 32% less than median based on a sample of 17 other large pension plans.

Governance

Highlights of your Board of Trustees' activities in 2010 are:

- Ongoing fine-tuning of our investment policies;
- Actuarial valuation of the Plan's financial position; and
- 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.