

January 2009 Pension Increase

An important benefit of your Plan is that pensions are indexed. Pensions are subject to increase each January. The increase for January 2009 will be 3.0%. Members who received their pension for the full 12 months in 2008 receive this increase. Those who started their pension part way through 2008, 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.nsaohopensionplan.ca (click on "I'M A PENSIONER" and scroll down).

Investment Market Turmoil



During the latter half of 2008, investment markets around the world were very volatile. This article explains why our Plan is in a good position to weather this financial "storm".

But first, it is important to remember that we are in a defined benefit pension plan. Market declines generally do not have a direct impact on a defined benefit pension plan's benefits.

Here are three reasons why our Plan should weather this storm relatively well:

➤ Initial financial position

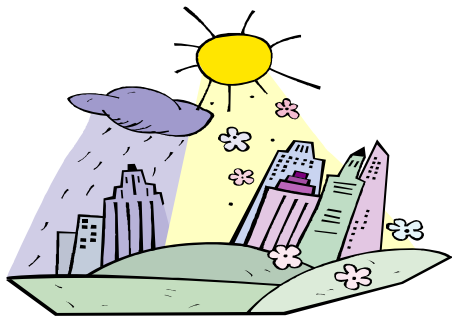
As of July 1, 2008 our Plan was fully funded on a going concern basis. Technical details can be found in the Actuarial Valuation Report that will be posted in the "Publications" section of www.nsaohopensionplan by the end of 2008;

➤ Contributions

Contribution rates that active members and their employers pay are low relative to other comparable pension plans. This makes it more feasible to increase contributions when necessary. While nobody likes contribution increases, this is a much better situation than if contributions were already so high that further increases would be impractical; and

➤ **Demographics**

Demographics refer to the age of our members, and the mix of active and retired members. Our Plan demographics allow us to tolerate financial downturns better than most other public sector pension plans. This is because we have a smaller proportion of retired members. This means that the payroll of our active members is quite large compared to the size of our pension fund. As a result, when we have an unfunded liability, the contributions that are required to pay it off represent a smaller percent of covered payroll.



This is a difficult time in the investment markets. Many people who are close to retirement and don't belong to a defined benefit pension plan will be significantly impacted. For defined benefit pension plans the situation is serious, but at this point members of the NSAHO Pension Plan do not have reason to be alarmed.

Life Expectancy

Our Plan currently has about 5,500 retired members. Average retirement age is currently about 59.7 years.

We recently analyzed the life expectancies of our retired members. What we found was typical of pensioners throughout North America.

We currently have about 188 members over age 85. This is up significantly from just 135 five years ago.



Retired members of our pension plan continue receiving their pension, no matter how long they live. *You cannot outlive your pension.* This is a tremendous advantage of the NSAHO Pension Plan compared to the Defined Contribution retirement plans that exist in many workplaces.

Annual Summary

In March 2009 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

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 this page.

Form: NSAHO

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