

You asked it!

Our pension staff get a lot of good questions from our 35,000 members. This article provides responses to some of the questions we hear most often. If you have a question that we haven't thought of, please call or email us.

These responses provide a general description of the Plan rules today. The rules are subject to change. If there are any differences between the following and the official Plan text, the Plan text will prevail.

Question #1: Why does my pension reduce at age 65?

Answer: The idea is to provide you with a higher pension for the years before you are old enough for Old Age Security (OAS) and unreduced Canada Pension Plan (CPP). If our pension did not decrease at age 65, it would cost more.



Question #2: Will the age 65 reduction get changed to age 67, to match the OAS change that was announced earlier this year?

Answer: It is too early to know. Currently this change is not possible because of limits that need to be changed in the Income Tax Act. And since the OAS change only phases-in starting in 2023, this will probably not occur quickly. And of course, before making such a change, the Trustees need to consider the cost.

Question #3: Will my pension reduce my CPP and OAS pensions?

Answer: Not for most people. CPP is not impacted by how much other income you receive. OAS is reduced only for people that have very high retirement incomes (above \$69,562 for 2012).

The Guaranteed Income Supplement (GIS) is a third government retirement benefit that is aimed at individuals with lower incomes. Members that have been in our Plan for most of their career will usually have

retirement incomes that are too high to be eligible for GIS benefits.

Question #4: If I start receiving my CPP Pension before age 65, will my NSHEPP pension reduce when my CPP starts?

Answer: No. Your NSHEPP pension will reduce at age 65 even if you start your CPP pension earlier than this.

Question #5: What happens if I return to work after my pension starts?

Answer: Your pension will be temporarily suspended if you start to contribute to NSHEPP again. You will have to start contributing again if you work "full-time" for more than three months in covered employment for an employer that participates in the NSHEPP. Full-time for this purpose means that you work 50% or more of regularly scheduled full-time hours on a regularly scheduled basis.

Question #6: When I receive my pension, will I have to pay income tax on it?

Answer: Unfortunately yes.



Question #7: When I die, what happens to my pension?

Answer: The answer to this question depends on several things, including whether you die before or after retirement. We'll answer assuming you die after you have retired. For other situations, please see your member booklet or give us a call.

When you retire, your pension will be payable for as long as you are alive. In fact we have some members who are over 100 years old and are still receiving a pension.

Your pension is subject to a 5 year guarantee. This means that at least 5 years of pension will be paid even if you die before this. This guarantee applies to your lifetime pension, but not the temporary extra pension you receive before you are age 65.

If you have a spouse at retirement that survives you, they would also receive a pension that continues after your 5 year guarantee is over.

This survivor pension would be 2/3rds of the lifetime pension you were receiving before you died. This survivor pension would continue for the rest of your spouse's life.

When you retire, you also have the option of having better survivor benefits than are described above. Members that opt for these improved survivor benefits pay for the improvement by receiving a slightly lower pension while they are alive.

Question #7: Isn't there a maximum of 35 years service that can count towards my pension?

Answer: No. Some pension plans have maximums like this but NSHEPP doesn't.

A BIG pay raise you might not have noticed

Ten years ago, the lump sum value of a new retiree's pension was about 7.2 times their pre-retirement earnings. Today a new retiree's pension is worth about 10.6 times their pre-retirement earnings. Why the increase? Ten years ago expected investment returns were higher than they are today. With today's lower expected investment returns, more money needs to be accumulated by the time we retire. This means that the same pension is worth much more than it was ten years ago. You pay for some of this because your contributions have increased over the past decade. But a big portion of your more valuable pension is paid for by your employer.

Note: The numbers in this article assume retirement at age 60 with 30 years of plan membership, and an average member's earnings and spousal status.



What's behind our new name?

In June our name changed to Nova Scotia Health Employees' Pension Plan (NSHEPP). Our new name reflects a significant change in the governance of your pension plan.

Governance responsibility for your pension plan is now shared equally between four Trustees selected by the major unions:

- Jim Mott (CAW)*
- Wayne Thomas (CUPE)*
- Bruce Thomson (NSGEU)*
- Janet Hazelton (NSNU)*

and four Trustees selected by the Health Association Nova Scotia (HANS):

- Rakesh Minocha*
- Blaise MacNeil*
- Joe Haverstock*
- Mary Lee*

While union nominees have been on your Board of Trustees for years, June 4th was the

first time that they held 50% of the Trustee seats.

Some of the Board of Trustees' decisions have always been subject to a second Board's approval. In the past this second Board has been the HANS Board. Under our new governance structure, this second Board has equal representation from HANS and the major unions.

These changes are the result of several years of review by a joint union-management committee and the HANS Board. This review was undertaken as agreed to in a Memorandum of Agreement that was signed in October 2006 between the pension plan's major participating employers and unions.

Even though the structure of your Board of Trustees changed on June 4th, your Trustees have a great deal of pension governance experience. All of them served on your Board of Trustees prior to June 4th. In combination they have served as your Trustees for 53 years.

Then and Now

NSHEPP has experienced remarkable growth over the last 10 years. This has resulted from two things:

1. Growth in membership: A large portion of this growth is from new employers joining NSHEPP. Most of the province's nursing homes and a growing portion of the home care support providers now participate in NSHEPP.
2. Investment returns: Investment returns in recent years have been very positive, averaging 10.8% per year net of expenses over the past decade (to the end of September).



The impact of this growth can be seen in the following table.

	10 years ago	Today
Members	20,052	35,768
Employers	34	88
Assets	\$1.2 billion	\$4.2 billion
Total annual contributions	\$56 million	\$208 million
Pensions paid annually	\$34.9 million	\$109 million

There are two practical benefits to you of NSHEPP's growth. First, with a large portion of Nova Scotia's health care providers participating in our pension plan, your pension is now more portable should you change employers. Second, with increasing size comes increased administrative and investment efficiency, improving the value we are able to deliver.