

## Year in Review: 2007

This bulletin summarizes key 2007 activities of the NSAHO Pension Plan Trustees and staff. We invite you to visit [www.nsahopensionplan.ca](http://www.nsahopensionplan.ca) if you are interested in more information. After May 2008 you can find our 2007 Financial Statements by clicking on the web-site's "Publications" tab.

### Benefits

Effective January 1, 2008:

- Our Base Year was updated to 2006; and
- Pensions in payment increased 2.5% (prorated if retired for less than a year)

In a 2007 comparison\* with a benchmark group of other pension plans, our:

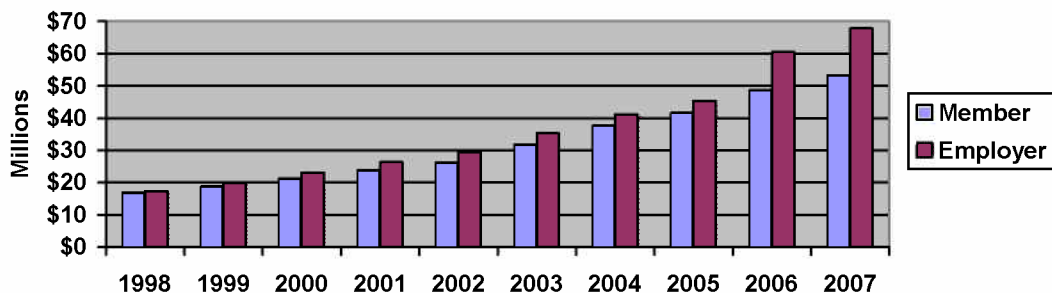
- Benefits were 108.7% of median;
- Member contributions were 86.9% of median; and
- Employer contributions were 109.0% of median

\*The benchmark plans are the NS provincial government plan and the plans for health care employees in Ontario, Manitoba and Saskatchewan. This comparison was based on a 40 year old member with 10 years of service and earnings up to \$45,000. The benefit comparison was based on our actuary's best estimate of future experience. This includes the assumption that ad-hoc improvements that have been regularly made in the past will continue to be made.

### Funding

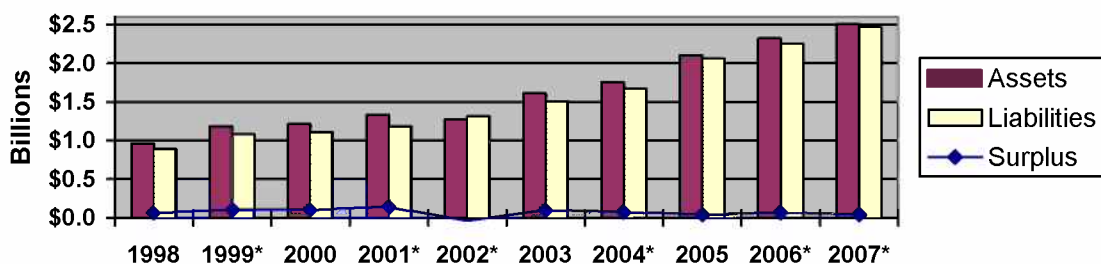
Total contributions to the Plan have increased significantly over the past decade. This results from increases in members' earnings, contribution rates and the number of members. Employer's share of contributions increased following a 2006 round of collective bargaining.

Contributions



These contributions help keep our plan fully funded. Assets exceeded liabilities by 1.8% at the end of 2007. These liabilities are calculated based on the Plan operating as a going concern.

Assets vs. Going Concern Liabilities



\*Results in the indicated years are estimated as formal actuarial valuations are not completed every year.

(continued from other side)

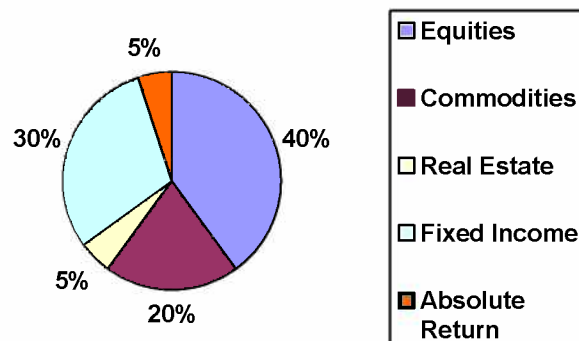
## Investments

Investments returned 5.90% for the year, 1.16% ahead of the benchmark.

Year	Annual Returns (net of expenses)	Benchmark *	Value Added
2003	24.11%	16.30%	7.81%
2004	6.35%	11.09%	(4.74%)
2005	18.00%	13.14%	4.86%
2006	8.07%	11.74%	(3.67%)
2007	5.90%	4.74%	1.16%
<b>Average</b>	<b>12.25%</b>	<b>11.34%</b>	<b>0.91%</b>

\* The 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 "Absolute Return" exposure to increase expected returns. This is done without significantly increasing our key risk measure.



Note: "Absolute Return" refers to hedge fund strategies with returns that tend to be unrelated to our other investments. Because of this the diversification benefit is especially high.

## Administration

Key administrative accomplishments in 2007 included:

- New service standards improved our turn around time; and
- An update to our Plan text to include prior amendments since 1999.

Our per member administration costs continue to be low; about 29% less than median based on a sample of 17 other large pension plans.

## Governance

Highlights of your Board of Trustees' activities in 2007 are:

- Obtained additional training in governance, the Plan's funding policy, Trustees' duties related to surplus, plan designs used by others, and investments;
- Surveyed active and retired members regarding communications and plan competitiveness;
- Completed a strategic review to clarify long term benefit and contribution targets;
- Started a thorough review of our investment strategies;
- Revised various policies, and monitored compliance with all staff and Trustee policies; and
- Monitored financial and investment results, including the adequacy of contributions.

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