

## Year in Review: 2018

This bulletin summarizes key 2018 activities of the NSHEPP Trustees and staff. We invite you to visit [www.nshepp.ca](http://www.nshepp.ca) if you are interested in more information. You can find our 2018 Audited Financial Statements by clicking on the website's "Publications" tab.

### **Benefits**

The following benefit improvements were made during 2018:

- Our Base Year was updated to 2017 effective December 31, 2018; and
- Retirement pension payments increased by 2.2% effective January 1, 2019 (prorated for retirees that had been retired for less than a year).

Each September your Trustees monitor the competitiveness of our benefits. They compare NSHEPP to the pension plans for health care workers in Ontario, Manitoba and Saskatchewan, as well as the NS Public Service Superannuation Plan. This year your contributions paid were a little less than average and your benefits received were a little better than average.

### **Funding**

At the end of 2018, our assets were about \$8.13 billion, or about 133% of our going-concern liabilities. (These results and assumption details are reported in our Audited Financial Statements which are posted on our website.)

NSHEPP's funding is also subject to Nova Scotia's minimum pension funding laws (called "solvency" rules). These rules tend to provide more conservative results and provide a valuable level of benefit security to our members. At the end of 2018, we were estimated to be about 110% funded on a solvency basis.

Regular contributions did not change in 2018 and are not expected to change in 2019.

### **Administration**

Key administrative accomplishments in 2018 included:

- Preparation of 29,866 annual statements. 100% were prepared within our time standards;
- Processing of 973 retirements, 1,646 terminations, 38 active deaths and 76 past-service purchases. 99.12% of these were within our time standards;
- Total membership increased from 43,711 to 45,193, and participating employers remained the same at 87;
- Work continued to upgrade and modernize the Plan's administration systems and website to provide for on-line member access and expanded on-line employer access. The project is expected to be completed by the end of 2020.

Our per member administration costs continue to be low; about 40% less than median based on a sample of 30 other large pension plans.

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## Investments

At about -0.6%, our 2018 investment return was better than that of most other Canadian pension plans. Our investment return was 11.2% annualized over the last five years. Our investment strategy is very different than what is typical of other Canadian pension plans, with this sometimes leading to higher investment returns, and sometimes to lower returns.

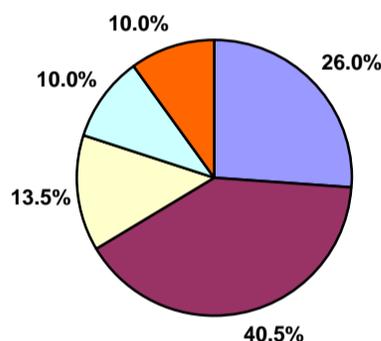
Year	Annual Returns (net of expenses)	Market Benchmark *	Value Added
2014	21.22%	18.95%	2.27%
2015	14.74%	11.59%	3.15%
2016	7.55%	6.70%	0.85%
2017	14.02%	13.98%	0.04%
2018	-0.60%	-1.77%	1.17%
<b>2014-2018</b>	<b>11.16%</b>	<b>9.66%</b>	<b>1.50%</b>

\* 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 have derivative exposures to improve our expected risk-adjusted returns.

Actual allocations may temporarily vary from the targets on the right because of the time required to transition between illiquid assets.

A more complete description of NSHEPP's investment policies can be found at [www.nshepp.ca](http://www.nshepp.ca) by clicking on the "Publications" tab.



## Governance

Highlights of your Board of Trustees' activities in 2018 are:

- Completed Asset Liability Review;
- Updated Investment Policy;
- Ongoing monitoring of the adequacy of contributions;
- Continued oversight on new pension administration system build;
- Participated in the Review of the Pension Benefits Act of Nova Scotia; and
- Compliance with all Trustee policies was achieved.

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