

Year in Review: 2019

This bulletin summarizes key 2019 activities of the NSHEPP Trustees and staff. We invite you to visit www.nshepp.ca if you are interested in more information. You can find our 2019 Audited Financial Statements by clicking on the website's "Publications" tab.

Benefits

The following benefit improvements were made during 2019:

- Our Base Year was updated to 2018 effective December 31, 2019; and
- Retirement pension payments increased by 1.9% effective January 1, 2020 (prorated for retirees who 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 2019, our assets were about \$9.5 billion, or about 138% of our going-concern liabilities. (These results and assumption details are reported in our Audited Financial Statements 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 2019, we were estimated to be about 111% funded on a solvency basis.

Regular contributions did not change in 2019 and are not expected to change in 2020.

Administration

Key administrative accomplishments in 2019 included:

- Preparation of 30,526 annual statements. 100% were prepared within our time standards;
- Processing of 930 retirements, 1,632 terminations, 38 active member deaths and 67 past-service purchases. 97.9% of these were within our time standards;
- Total membership increased from 45,193 to 47,078 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 expand 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.

Pension Systems Modernization Project

NSHEPP has embarked on a new customer service delivery model that includes a modernization of the pension administration system and the Plan's website. These updates will provide quick access to all your pension information and offer secure methods of exchanging confidential information with pension staff. The system is expected to be launched in late 2020, or early 2021. Log-in information and complete instructions for

accessing the site will be sent to you when the system is available. There is nothing for you to do until you receive notification the system is operational. Once launched, the log-in process will require you to enter your NSHEPP ID#. This ID# is located on your annual pension statement under the section titled YOUR PERSONAL DATA, so please keep this statement for reference.

Investments

At about 16.5%, our 2019 investment return was better than that of most other Canadian pension plans. Our investment return was 10.3% annualized over the last five years. NSHEPP's investment strategy is focussed on managing both the assets and liabilities of the Plan. This strategy sometimes leads to higher investment returns and sometimes to lower returns, while always targeting a strong funded position.

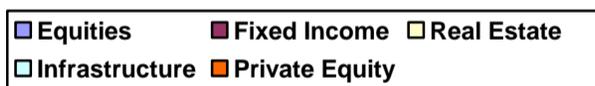
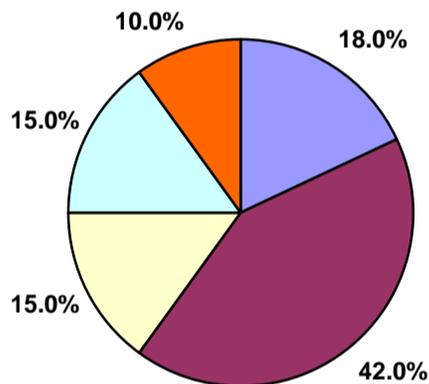
Year	Annual Returns (net of expenses)	Market Benchmark *	Value Added
2015	14.74%	11.59%	3.15%
2016	7.55%	6.70%	0.85%
2017	14.02%	13.98%	0.04%
2018	-0.60%	-1.77%	1.17%
2019	16.49%	16.74%	-0.25%
2015-2019	10.28%	9.25%	1.03%

* 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.

The 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 by clicking on the "Publications" tab.



Governance

Highlights of your Board of Trustees' activities in 2019 are:

- Updated Investment Policy;
- Addition of Private Equity asset class for investments;
- Ongoing monitoring of the adequacy of contributions;
- Continued oversight on new pension administration system build;
- Continued participation in the Review of the Pension Benefits Act of Nova Scotia; and
- Compliance with all Trustee policies was achieved.

NSHEPP Trustees, management and staff appreciate the outstanding efforts by members of the Plan during these unprecedented times. Everyone is having to step up to deal with new circumstances and go that extra mile. All of us extend our gratitude and thanks. Thank you to the frontline workers, to those who support the frontline workers, and to all who do their part in maintaining and improving the health of the people of Nova Scotia.