



PENSION ADMINISTRATION *BULLETIN*

Reference No. 2009 – 03

Date: June 24, 2009

**TO: All Pension Administration Contact Persons at
Contributing Member Organizations**

RE: NSAHO Pension Plan – Update re Base Year improvements

Base Year improvement update

In Bulletin 2008-06 we informed you that the Pension Plan Trustees deferred their recommendation for a Base Year improvement to a later date. The attached member bulletin comments on what we think the current prospects are for an improvement later this year.

Some quick facts about the Base Year

- The Plan's Base Year affects the way a Member's career earnings are taken into account when calculating their pension benefits.
- When the Base Year is upgraded, it means that a Member's previous annualized pensionable earnings for years before the new Base Year are "upgraded" to the same level as their annualized pensionable earnings in the new Base Year.
- When a Member's annualized pensionable earnings in a new Base Year are higher than those in the previous Base Year, it results in a higher pension benefit.
- In those cases where using an earlier Base Year than the current one results in a higher pension for the Member, that earlier Base Year will be used in that Member's pension calculation instead.
- Note: When a Base Year upgrade is granted in our Plan, it usually does not result in a recalculation of benefits for those former members who have already terminated their membership in the Plan. Pension benefit calculations usually reflect the Base Year that is applicable to the Member at the date of the event (termination of employment, retirement, or death).

Action Required:

We need your help to distribute this information promptly. Changes in the Base Year are usually only effective for retirements and terminations of employment on and after the effective date of such changes. Therefore, Plan members may wish to postpone their departure to see if the Base Year will be improved later this year. Whether it is feasible and financially advantageous to postpone retirement or termination will depend on each member's specific circumstances. You should discuss this with your employees if they are considering retiring or terminating their employment since a Base Year improvement may affect the timing of their departure.

We have prepared the attached Notice that you can use with your employee members. We recommend that you copy and circulate this notice to the appropriate employees via your internal mail system, your internal e-mail, as an insert in pay stub envelopes, and/or post it on bulletin boards throughout your facility. If you anticipate any logistical difficulties related to distributing this information on a timely basis, please let us know right away and we will attempt to assist you. We appreciate your cooperation in helping us communicate this information.

Please call us if you have any questions about this Bulletin.

NSAHO Pension Plan
June 24, 2009

Attachment – Notice for employees who are Plan Members



Will there be a Base Year improvement this fall? A message from your pension plan's CEO

Unfortunately I don't know yet whether there will be a Base Year improvement this fall. But the odds are starting to look good. In fact, by January 1, 2010 it is possible that there **may** be two Base Year improvements (from 2006 to 2008). **However it is not a promise or guarantee that either of these improvements will be made.**

Thinking about retiring or leaving your employment soon? If so, this could be very big news. In most cases, a Base Year improvement will increase your benefits. With the possibility of 2 Base Year improvements by January 1, 2010 **it may be worth postponing your retirement or resignation.**

The world investment markets performed very poorly last year. As a result, at the end of 2008 our pension plan was not fully funded. Because of this situation, our Base Year was not improved on January 1, 2009 and today it continues to be 2006.

Mid-way through 2009 our financial situation has improved significantly. This is related to three developments that have had a positive impact:

1. Our Investment returns so far in 2009 have been quite good;
2. Contributions from members and employers were increased on April 1, 2009; and
3. Changes to provincial Pension Legislation have been proposed that would provide pension plans more time to address deficiencies in their funding.

Because of the above three developments I am currently projecting that Base Year improvements **may** be possible this fall. **I must stress however that this situation could change.** Investment returns could turn negative again. The proposed pension legislation changes may not be put in place. However the situation is currently positive enough that we decided to provide you with this update. Your Trustees understand that many of you decide when to retire based in part on when the Base Year is improved.

When a decision is made to improve the Base Year, we will inform you immediately. This will be done on the Plan's web-site (www.nsahopensionplan.ca) and by an employer distributed bulletin. We can also let you know personally if you email us with the subject line: "Base Year Alert Request".

Calvin Jordan
CEO, NSAHO Pension Plan

If you have any questions or comments please contact us at:

- Write: NSAHO Pension Plan, 2 Dartmouth Road, Bedford, NS, B4A 2K7
- Telephone: (902) 832-8500 for local calls; 1-866-400-4400 for long distance toll free
- E-mail: pensionplan@nsaho.ns.ca ; Fax: (902) 832-8506

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(Reference Facility Bulletin No. 2009 – 03)