Fall 2014 Newsletter

For Active Members of the NSHEPP

You asked it!

Our pension staff get a lot of good questions from our 39,000 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.

<u>Question #1</u>: Why does my pension reduce at age 65?

<u>Answer</u>: 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.

<u>Question #2</u>: Will the age 65 reduction get changed to age 67, to match the OAS change that was announced by the federal government in 2012?

<u>Answer</u>: 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.

<u>Question #3</u>: Will my pension reduce my CPP and OAS pensions?

<u>Answer</u>: Not for most people. CPP is not impacted by how much other income you receive. OAS is reduced only for people who have very high retirement incomes (above $71,592 for 2014).

The Guaranteed Income Supplement (GIS) is a third government retirement benefit that is aimed at individuals with lower incomes. Members who 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.

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

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

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

<u>Answer</u>: 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.

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

<u>Answer</u>: Unfortunately yes.

<u>Question #7</u>: When I die, what happens to my pension?

<u>Answer</u>: 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.

Contact us: Nova Scotia Health Employees' Pension Plan, 2 Dartmouth Road, Bedford, NS B4A 2K7
(902) 832-8500 (local call in the Metro Halifax area) ● **1-866-400-4400** (Toll Free) ● **(902) 832-8506** (Fax)
e-mail: **pensionplan@nshepp.ca**

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 who 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 who 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.

How NSHEPP is governed

NSHEPP is administered by a Board of 8 Trustees. Four Trustees are selected by the major unions that our members belong to, and four Trustees are selected by Health Association Nova Scotia (HANS).

The Board of Trustees is responsible for the overall operation of the Plan. As an extra measure of prudence, some of the Board of Trustees' decisions are subject to approval by the major unions and HANS directly.

The day-to-day operations of the Plan is the responsibility of the CEO who reports to the Board of Trustees.

How does your pension measure up?

Each September your Trustees monitor the competitiveness of your pension plan. 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.

So how did we compare this year? Your contributions are about average, and your benefits are a little better than average. This assumes that our Base Year continues to be improved regularly in the future.

The pension plans that your Trustees compare your pension to are all very good pension plans compared to what most Canadians participate in. They are all public sector, defined benefit pension plans.

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 9.7% 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	23,500	39,157
Employers	53	94
Assets	$1.7 billion	$5.3 billion
Total annual contributions	$79 million	$227 million
Pensions paid annually	$43 million	$123 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.