

Year in Review: 2015

This bulletin summarizes key 2015 activities of the NSHEPP Trustees and staff. We invite you to visit www.nshepp.ca if you are interested in more information. After June 2016 you can find our 2015 Audited Financial Statements by clicking on the web-site's "Publications" tab.

Benefits

The following benefit improvements were made during 2015:

- Our Base Year was updated to 2014 effective December 31, 2015;
- Pensions in payment increased by 1% effective January 1, 2016 (prorated for retirees that had been retired for less than a year); and
- Various relatively small improvements, primarily to comply with revisions to Nova Scotia's pension laws (as reported in the Spring 2015 newsletter).

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 were a little less than average and your benefits were a little better than average (assuming that our Base Year continues to be improved regularly in the future).

Funding

At the end of 2015 our assets had increased to about \$6.6 billion, or about 132% of our going-concern liabilities. (This is a preliminary estimate and is subject to revision. These liabilities are based on "best estimate" assumptions. Final results and assumption details will be reported in our Audited Financial Statements which will be posted on our web-site after June 2016.)

NSHEPP's funding is also subject to Nova Scotia's minimum pension funding laws (so-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 2015 we were estimated to be 108% funded on a solvency basis.

Regular contributions did not change in 2015 and are not expected to change in 2016.

Administration

Key administrative accomplishments in 2015 included:

- Preparation of 28,800 annual statements. 100% were prepared within our time standards;
- Processing of 1,081 retirements, 1,386 terminations, 37 active deaths and 157 past service purchases. 99.9% of these were within our time standards; and
- Total membership increased from 39,568 to 41,089, and participating employers remained unchanged at 85 (to improve comparability, the nine District Health Authorities at the beginning of the year were counted as one).

Our per member administration costs continue to be low; about 40% less than median based on a sample of 25 other large pension plans.

(continued from other side)

Investments

At about 14.9%, our 2015 investment return was higher than what was earned by most other Canadian pension plans. Our returns were higher than average in 2015 primarily because of currency gains on our foreign assets (the up-side of the Canadian dollar getting weaker). The following 2015 returns are preliminary and may change slightly.

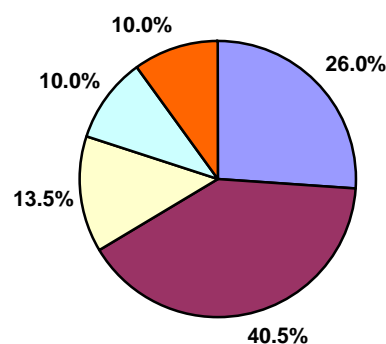
Year	Annual Returns (net of expenses)	Market Benchmark *	Value Added
2011	8.18%	8.63%	-0.45%
2012	9.78%	11.20%	-1.42%
2013	4.04%	4.60%	-0.56%
2014	21.22%	18.97%	2.25%
2015	14.86%	11.65%	3.21%
2011-2015	11.46%	10.91%	0.55%

* 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 significant 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 2015 are:

- Risks that NSHEPP faces were prioritized and a process was put in place to monitor their management (so-called "Enterprise Risk Management");
- Initial preparation for our CEO's eventual retirement was completed;
- Various new investments were made in real estate, infrastructure and commercial mortgage loans;
- More consequential parts of the 2015 revisions to Nova Scotia's pension laws were assessed;
- The continued adequacy of contributions was monitored; and
- Compliance with all Trustee policies was monitored.

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