



PENSION ADMINISTRATION ***BULLETIN***

Reference No. 2006-10

Date: December 1, 2006

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

RE: NSAHO Pension Plan Amendment - Base Year Upgrade effective January 1, 2007

We wish to inform you the Pension Plan Trustees' recommendation for a Base Year upgrade was approved by the NSAHO Board of Directors at their meeting on December 1, 2006. Therefore *effective January 1, 2007*, the NSAHO Pension Plan's Base Year will be upgraded from 2004 to 2005.

Some quick facts about 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 the new Base Year are higher than those in the previous Base Year, it results in a higher pension benefit than would have occurred if the previous Base Year had not been changed.
- As always, in those cases where using an earlier Base Year than the current one results in a higher pension for the Member, that Base Year will be used in that Member's pension calculation instead.
- Note: When a Base Year upgrade is granted in our Plan, it does not result in a recalculation of benefits for those former members who have terminated their membership in the Plan. Pension benefit calculations always reflect the Base Year that is applicable to the Member at the date of the event (termination of employment, retirement, or death).

Action Required:

Two important things require that this announcement be made to your employee members promptly:

1. Presently, some Plan Members may be considering retirement, or terminating their employment. The change in the Base Year will be effective for retirements and terminations of employment on and after January 1, 2007. Therefore, such Plan members may wish to postpone their departure until January. Whether it is feasible and financially advantageous to postpone retirement or termination to January will depend on each member's specific circumstances. For example, in many cases there will be very little advantage for members who did not have an increase in earnings in 2005. Similarly, this will tend to be less important for members who have a relatively short period of service. 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.
2. The Nova Scotia Pension Benefits Act regulations require that all employees who are Plan Members be notified of this Plan amendment.

The Plan needs your timely assistance to meet these information and compliance requirements. Therefore, we have prepared the attached Notice that you can use in announcing the Plan amendment to 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 the Plan to meet its legal compliance requirements in this matter.

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

NSAHO Pension Plan
December 1, 2006

Attachment – Notice for employees who are Plan Members



Notice to all active Members Regarding a Base Year Upgrade

Effective January 1, 2007, the Plan has been amended to upgrade the Base Year from **2004 to 2005**.

Some quick facts about Base Year

- The Plan's Base Year determines the earnings that we use when calculating your pension benefits.
- When the Base Year is upgraded, it means that your previous annualized pensionable earnings for years *before* the new Base Year are improved to the same level as your *new* Base Year annualized earnings.
- When your annualized earnings in the new Base Year are higher, you will receive a higher pension benefit.
- The current Base Year is used unless a prior Base Year provides a higher pension benefit for you.
- If you are thinking about retiring or terminating your employment in the near future, you should take note of the following information. A change in the Base Year will only apply to retirements and terminations of employment on and after January 1, 2007. Therefore, if feasible, you may wish to postpone your departure until January. Whether you are better off to wait will depend on your specific situation. For example, did you have an increase in your annualized earnings in 2005 compared to 2004?

If you have any questions or comments about these changes, 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
- Fax: (902) 832-8506
- E-mail: pensionplan@nsaho.ns.ca

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