



SECURE AND SUSTAINABLE

PENSION NEWS

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VOLUME 9



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SEPARATED SPOUSES AND YOUR PENSION



As a member of the CBE, both you and your spouse are entitled to various benefits under the Plan. But what if you are separated from your spouse? What are they potentially entitled to?

The following section is designed to answer some common questions and misconceptions regarding the entitlement of separated spouses along with the actions that you may want to take to ensure that any entitlement to your pension benefit is what you expected.

WHAT IS A “SPOUSE”?

A “spouse” under the CBE means a person who:

- is legally married to the member (regardless of whether or not they live with the member); or
- is a common-law partner, which is someone who lived with the member in a conjugal relationship for a continuous period of at least two years immediately before the date in question (e.g., retirement start date, date of death, etc.).

WHAT IS MY SPOUSE ENTITLED TO UNDER THE CBE?

The CBE may provide a benefit to your spouse in the future depending on the circumstances. Benefits which may be payable to your spouse include:

- If you die before starting your pension, a refund of your employee contributions plus interest or the termination value (as applicable).
- Upon your death as a retiree, a survivor pension (e.g., a pension payable for the rest of their lives or for a limited guarantee period, depending on the optional form of pension you chose at retirement).
- A payout to your spouse of up to 50% of the benefit earned in the Plan while you were married/living together, if you and your spouse undergo a marriage/common-law partnership breakdown.

I’M SEPARATED FROM MY SPOUSE – ARE THEY STILL ENTITLED TO MY PENSION BENEFIT?

Generally speaking, a spouse you are separated from is entitled to a payout of 50% of the pension benefit earned in the Plan while you were married/living together. If a marriage/common-law partnership breakdown payout has not taken place, your separated spouse may still be entitled to the applicable death benefit payable upon your death if 1) you are not divorced; or 2) there is no court order or domestic contract (e.g., separation agreement, etc.) which addresses the treatment of the pension benefit.

DISCLAIMER: This newsletter is a publication on behalf of the Board of Trustees of the Shared Risk Plan for Certain Bargaining Employees of NB Hospitals. This publication is intended to provide information about the Shared Risk Plan for Certain Bargaining Employees of NB Hospitals (also known as the CBE or CBE Pension Plan). If there is a discrepancy between the information contained herein and the pension plan text or other appropriate governing documents, the latter will prevail.

SEPARATED SPOUSES AND YOUR PENSION

WHY IS IT IMPORTANT FOR ME TO HAVE MY LEGAL AFFAIRS IN ORDER REGARDING MY MARITAL STATUS?

If you are separated from your spouse but 1) are not divorced from them; or 2) there is no court order or domestic contract which addresses the treatment of the pension benefit, the separated spouse still has a right to the pension benefit.

This means that if you now have a common-law partner, the spouse you are separated from could still be the person entitled to any survivor death benefit.

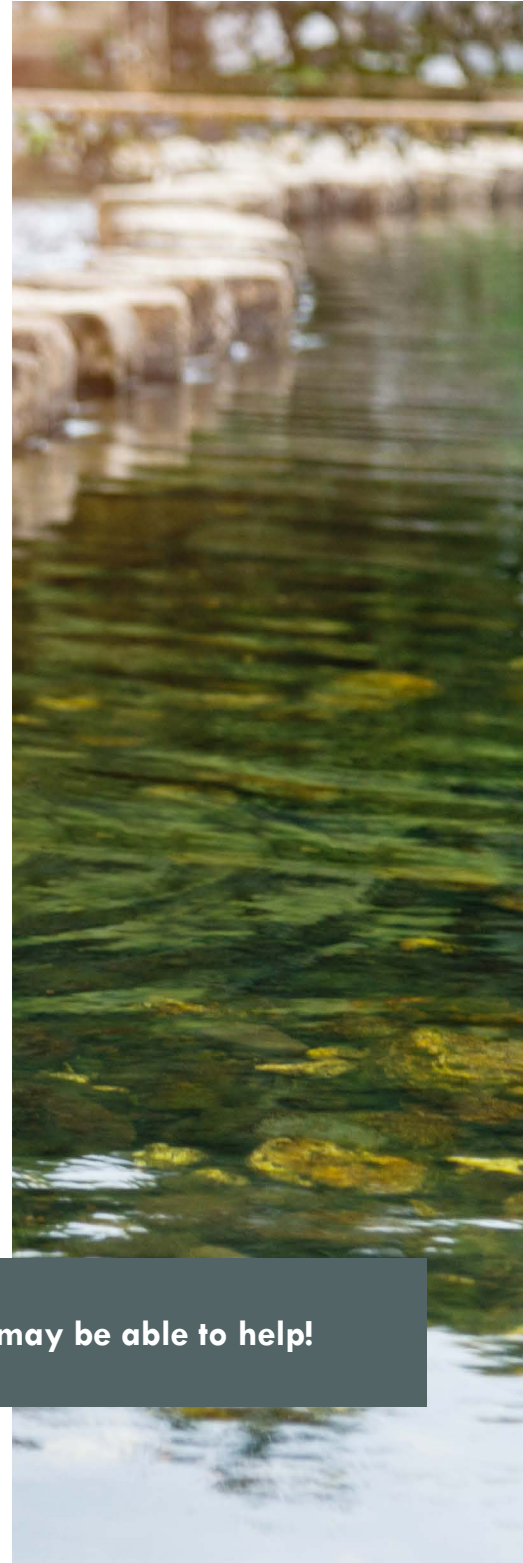
Even if you don't have a new common-law partner, you may still run into problems in the future. For example:

- Your pension options (i.e., optional forms of pension) at retirement may be limited because you are recognized as having a spouse; or
- Your designated beneficiaries' (e.g., your children) entitlement upon your death may not apply as the benefit would default to your separated spouse (unless they have signed the applicable waiver form prior to your death).

I HAVE OTHER QUESTIONS REGARDING MY MARITAL STATUS AND ITS IMPACT ON MY PENSION BENEFIT – WHO SHOULD I CONTACT?

Questions regarding your marital status and the entitlement of current and former spouses can be very tricky. If you have any questions regarding a specific scenario, please reach out to Vestcor's Member Services Team toll-free at 1 800 561 4012 for further information.

Remember, it is usually best to address situations regarding your marital status sooner rather than later. That way you can ensure that the individual that you intend to benefit from your pension (e.g., a survivor benefit) is the person who is ultimately entitled to receive the benefit.



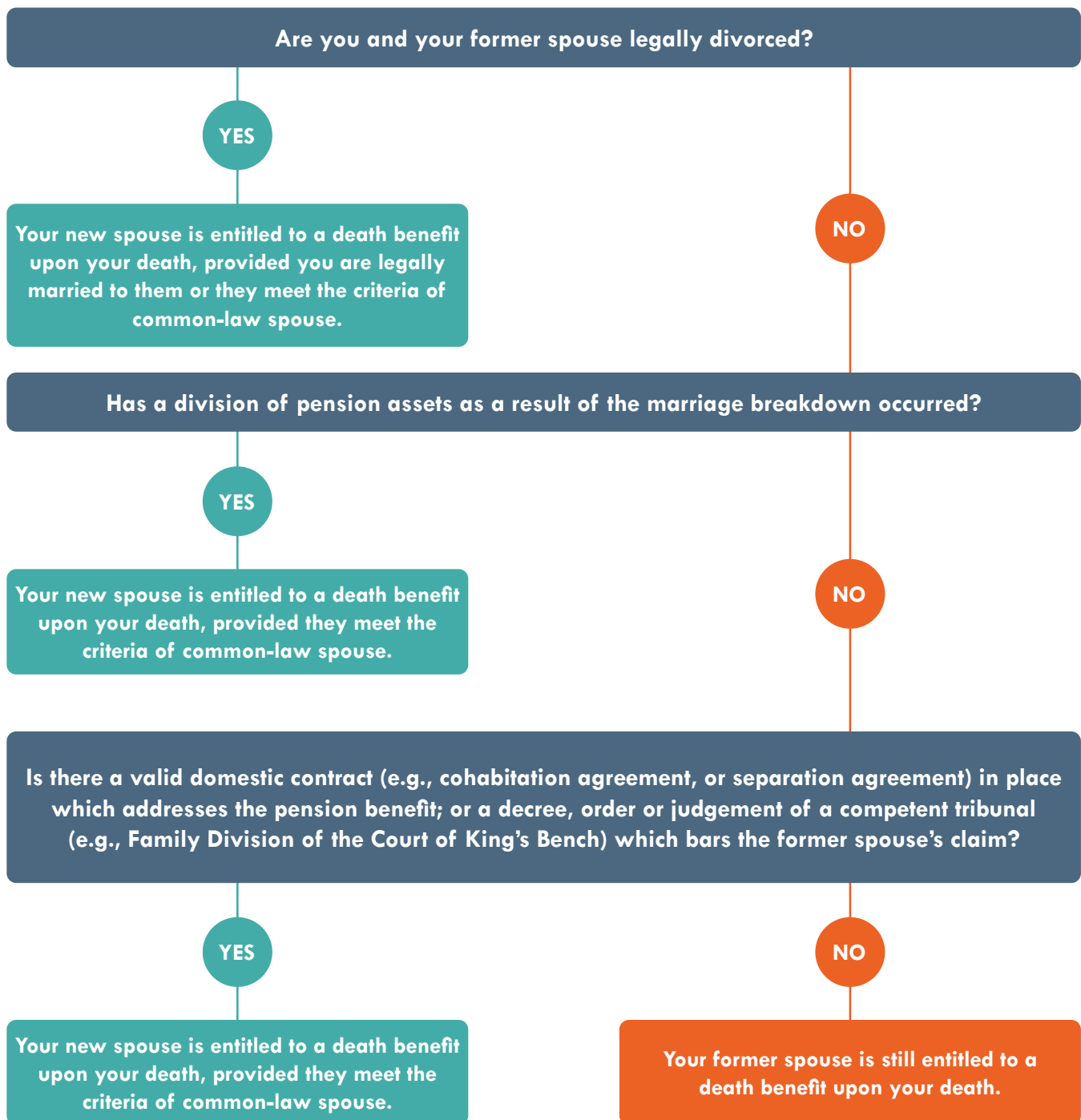
Still unsure of your situation? The chart on the next page may be able to help!

SEPARATED SPOUSES

AND YOUR PENSION

For active members:

Were you previously married? Are you currently in a common-law relationship? If you were to pass away, do you know who would be eligible to receive your death benefit? Ask yourself the questions in the chart below.



YOUR CBE BENEFITS ARE INCREASING

We are pleased to announce that the solid financial health of the CBE Pension Plan has allowed us to once again approve several benefit increases (also known as Step increases) that will positively impact the pension of current and future retirees.

Every year, an Actuarial Valuation Report is prepared by our independent actuary. This report determines the financial ability of the Plan to provide benefits to members. It helps us, your Board of Trustees, by determining if the Plan is in a surplus, and if it is, if there are enough funds for us to award Steps 1 through 4 in accordance with the Plan's Funding Policy (cbenb.ca/fp).

WHAT ARE THE "STEP INCREASES"?

Steps 1 through 4 of the Funding Policy are briefly summarized below. A more detailed Summary of the Funding Policy can be found at cbenb.ca/sfp.

STEP
1

A Cost of Living Adjustment (or "COLA") is provided to active*, deferred**, and retired members. For January 1, 2024, we were able to grant a full COLA of 5.59%.

STEP
2

All active and deferred members are brought up to a highest five-year average salary pension benefit calculation for the valuation period end date.

STEP
3

All members who retired prior to the valuation period end date are brought up to a highest five-year average salary pension benefit calculation.

STEP
4

A lump sum payment is provided to retirees representing a reasonable estimate of missed past payment increases up to the levels arising from Steps 2 and 3.

WHO IS ELIGIBLE?

The current pension benefit of every Plan member is recalculated based on the applicable Step increase (i.e., all active* and deferred** members' benefits are recalculated for Step 2, all retirees' benefits are recalculated for Step 3, etc.) to determine if it will increase their pension benefit. If increases do apply:

- Active and deferred members have this increase applied to their accrued pension, which they will benefit from upon retirement; and
- Retired members see this increase applied to their monthly pension benefit.

Members who benefit from these increases are notified in writing from Vestcor on behalf of the Board. **The purpose of the Step increase process is to further grow members' pension benefits.** If, after recalculation, the Step increases don't result in a higher benefit for a member, their accrued pension benefit remains unchanged. A pension will never be reduced because of these Steps.

*Active members are employees who are currently contributing to the CBE Pension Plan.

**Deferred members are those who are no longer contributing to the CBE but still have funds in the Plan (for example, former employees) and are not yet receiving a CBE pension.

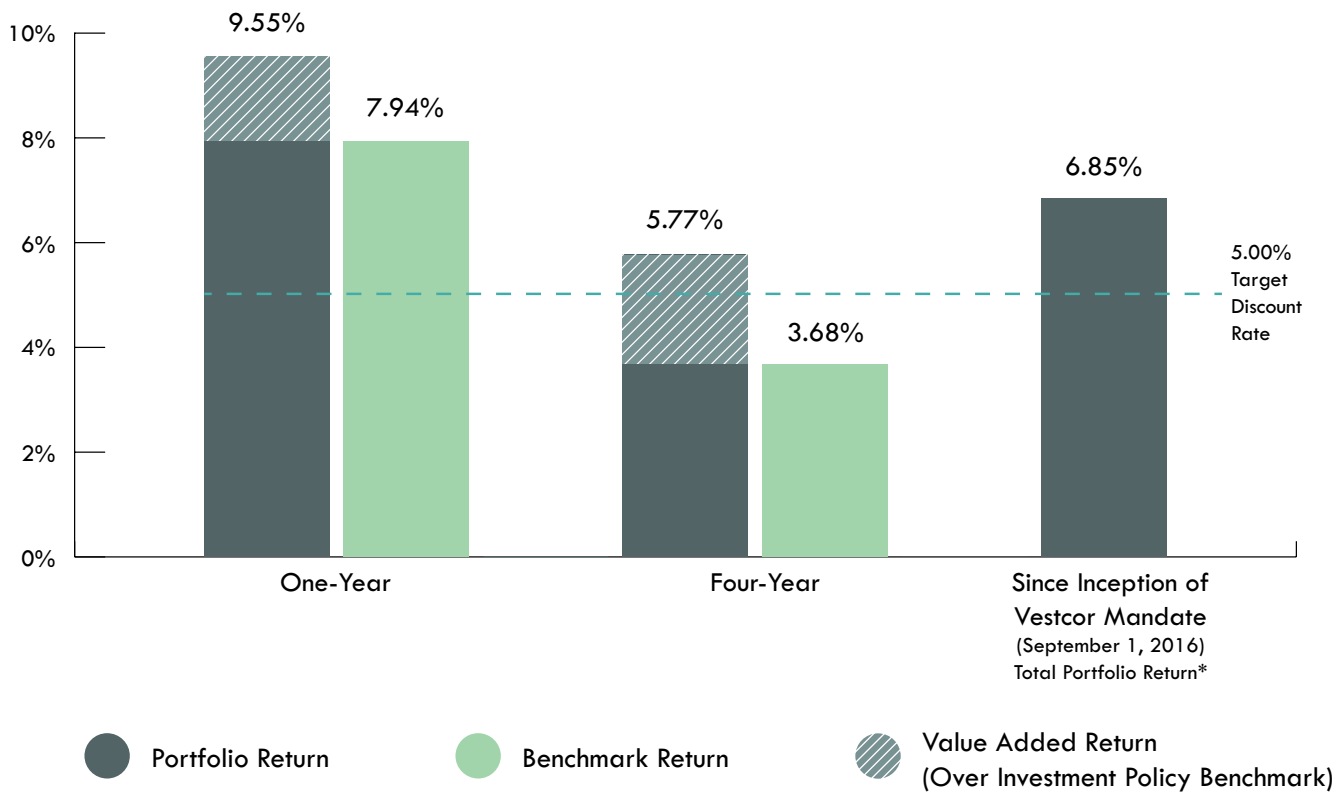
A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT DECEMBER 31, 2023

2023 GROSS INVESTMENT RETURN 9.55%	NET INCREASE OF \$271.3 MILLION	INVESTMENT ASSETS \$3.023 BILLION	FOUR-YEAR GROSS INVESTMENT RETURN 5.77%
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Look for terms with a dotted underline in this Investment Report. You can find definitions of these terms and others relevant to CBE by scanning the code to the right with your mobile device, or by visiting vestcor.org/glossary.



INVESTMENT RETURNS (AS AT DECEMBER 31, 2023)



We are pleased to report that the overall investment program earned a strong positive return of 9.55% for 2023. Active investment management provided strong added value in excess of benchmarks with 1.61% of active return in 2023.

Over the longer term, both the four-year annualized return of 5.77% and the annualized return since September 1, 2016 of 6.85% have continued to exceed their respective benchmarks.

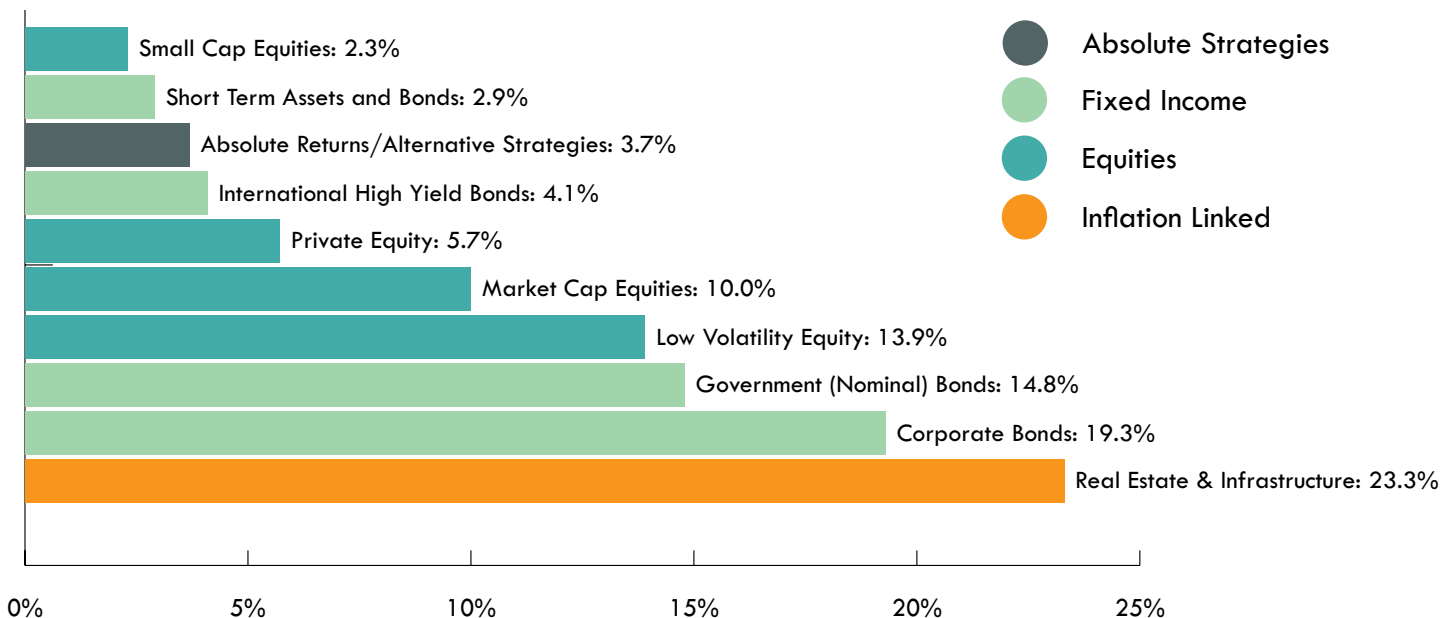
*Including assets that had yet to be transitioned to Vestcor's management.

INVESTMENT ASSETS

The fair value of the CBE Pension Plan investment assets on December 31, 2023 was \$3.023 billion, an increase of \$271.3 million from the fair value on December 31, 2022.

ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2023 and illustrates how well-diversified (see “diversification” in the glossary) the Plan’s investment assets are.



As a result of the Board’s annual review of the investment policy, the CBE’s investments are being transitioned to a new asset mix over the next 6 to 12 months. More information on the Board’s policies can be found in the [Statement of Investment Policies](#) available at cbenb.ca, under “Plan Governance” then “Governing Documents.”

MARKET SNAPSHOT

2023 can be described as a year of significant bifurcation. Global stocks produced strong gains in 2023, but the significant concentration within U.S. equity markets – around a few technology companies – meant active managers had a challenging time adding additional value over and above benchmarks. Interest rates, especially over the medium term, experienced significant volatility throughout the second half of the year. As mid to long term interest rates fell in the last quarter this drove higher returns for bonds.

Inflation continued to decline throughout the early part of 2023 before stabilizing above 3% in the second half of 2023 for both Canada and the US. Overall, despite the significant volatility and pockets of uncertainty in certain markets, medium to long term return expectations for investors remain strong.

For more information, including a summary of the market outlook for this period, visit the [Quarterly Market Updates](#) provided by Vestcor at vestcor.org/marketupdates.



CBE'S FIRST ANNUAL INFORMATION MEETING

The CBE Pension Plan held its first Annual Information Meeting online on November 29, 2023. A recording of the meeting and a summary of the Question and Answer session are now available at cbe.ca/2023aim.

Some of your most frequently asked questions are summarized below. If you have any other questions, please don't hesitate to contact us.

The date for this year's meeting will be announced soon!

Why did the former CBE plan convert to a Shared Risk Plan?

When the conversion to a shared risk plan took place in 2012, the former CBE plan was under significant stress. It was underfunded and was going to be forced to cut benefits for existing members. The Parties (i.e., the Province of New Brunswick, the New Brunswick Nurses Union, and the New Brunswick Union of Public and Private Employees), with the guidance of external pension experts, had to make decisions to protect the Plan long-term. Ultimately, the Plan is meant to provide all members – current and future retirees – with secure retirement benefits.

The converted Plan is functioning as was envisioned. The Plan is fully funded, and the benefits of members are secure. The Plan's actuary described this in more detail during the meeting – see their portion of the presentation in the recording, noted above.

Are there any retirees on the Board of Trustees?

Yes. It is a requirement that the Board always has at least one retiree from the Plan. Currently, three of the Board's Trustees are retirees, with two of them retirees of the CBE Pension Plan.

I plan to retire soon. How do I know how much my pension will be?

Accurate estimates of your pension are important to help you plan your retirement. The pension estimate calculator can help you with this – see page 9 for more detail.

Why do our Blue Cross premiums keep increasing?

Your health benefits and pension plan are both provided by your employer – but they aren't managed by the same groups. The CBE Board of Trustees is not involved in any decisions regarding your health benefits. Those benefit programs are administered by the Government of New Brunswick and their Standing Committee on Insured Benefits and Committee on Long-Term Disability. There is a website that provides information on the Committees and their roles: gnb.ca/employeebenefits.

For some retirees, your benefit payments may be directly deducted from your monthly CBE pension administered by Vestcor. This is simply a service Vestcor provides to facilitate payment of the Blue Cross benefits – neither the Board nor Vestcor have any involvement in the actual benefit plans, how they are designed or administered.

UPCOMING INFORMATION SESSIONS

In our ongoing efforts to help you better understand the CBE Pension Plan, we will soon begin offering employee information sessions on a variety of topics, such as Planning for Retirement. If you are unable to attend these information sessions, videos relating to the topics covered will be made available to you.

Keep an eye on the Plan's website at cbenb.ca to see when the next information session is taking place.

ESTIMATING YOUR FUTURE CBE PENSION

Workplace pension plans that offer a lifetime retirement pension are becoming increasingly rare. For many of you, your CBE pension benefit will be a very important part of your retirement income. How can you find out how much your pension could be?

As a member of the CBE Pension Plan, there are tools you can use to get a clearer picture of what your future pension benefit could be. See below to learn about a few of the tools available to you.



YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the CBE Pension Plan in 2023, your 2023 Employee Statement of Pension Benefits will arrive soon. **This statement will provide you with your updated estimated pension amounts as of December 31, 2023.** Your statement also includes the information you need to use Vestcor's Online Pension Estimate Calculator.

Need help with your statement? A guide will be included with your Employee Statement. This guide is also available by scanning the code to the right with your mobile device or at cbebn.ca under "Booklets".



ONLINE PENSION ESTIMATE CALCULATOR

Did you know that you can quickly and easily get an estimate of your future monthly pension using Vestcor's Online Pension Estimate Calculator? There are no forms to fill out and return, no waiting, and you can calculate as many estimates as you like. Want to know what your pension may look like at ages 55, 60, or 65? You can calculate estimates for all of these ages and more in minutes. You'll want to make sure you have your most recent Employee Statement of Pension Benefits handy when you visit the website. It has information you'll need to use the calculator. Don't have a copy of your statement? Contact Vestcor at 1 800 561 4012 or info@vestcor.org to request a copy. Go to vestcor.org/calculators to get started.

Are you within a year of retirement? Complete a formal pension estimate using the form available at cbebn.ca, under "Application Forms", and then "Retirement".

CBE BOARD OF TRUSTEES



1. Tom Maston, CPA, CA, CHE

Chair

Retired Deputy Minister of Health, Province of New Brunswick

2. Matt Hiltz, B.Sc., LL.B.

Vice-Chair

Executive Director and Chief Negotiator, New Brunswick Nurses Union

3. Paula Doucet, RN

Trustee

President, New Brunswick Nurses Union

4. Richard Luton, CFA, M.Econ.

Trustee

Managing Director Capital Markets, Treasury Division, Province of New Brunswick

5. Ben Mersereau, BBA, MBA

Trustee

Assistant Deputy Minister of Corporate Services, Department of Social Development, Province of New Brunswick

6. Susie Proulx-Daigle

Trustee

President, New Brunswick Union

7. Marilyn Quinn, RN

Trustee

Former President, New Brunswick Nurses Union, and retired registered nurse

8. Maria Richard, RN

Trustee

1st Vice-President, New Brunswick Nurses Union

9. Vicki Squires, B.ScFN., MBA

Trustee

Retired Health Care Executive, Horizon Health Network

10. Lisa Watters, BSW

Trustee

Director, Specialized Health Care Component, and Member, New Brunswick Union Board of Directors

11. Catherine Little, RN

Observer

Hospital Part III representative, New Brunswick Nurses Union Board of Directors

12. Leigh Sprague, LL.B.

Observer

Executive Director, New Brunswick Union

Find full biographies of your Trustees at cbenb.ca.

TIPS FOR RETIREES UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with the change of address form available at cbenb.ca/address. If you would rather call, you can also contact Vestcor at 1 800 561 4012.
- If you have owed money after filing your income tax return in the past few years, you may want to consider increasing the amount of tax withheld from your monthly pension payment. By doing so, you can reduce how much money you owe when you file your tax return next year. The form is available at cbenb.ca/incometax. You may want to contact a tax specialist before making any decisions regarding your income tax deductions.
- Have you opened a new bank account? Go to cbenb.ca/banking to find the form you need to update your banking information. You can also contact Vestcor by phone at 1 800 561 4012. Remember to keep your old account open until you've seen a payment deposited in your new account.



AMENDMENTS TO GOVERNING DOCUMENTS

The *Pension Benefits Act* (New Brunswick) requires that Plan members be provided with an update on any Plan amendments. As such, the Board of Trustees would like to inform you of the following amendments which were filed with the Superintendent of Pensions:

- The CBE Plan Text was amended in order to document the Cost of Living Adjustment (COLA, also known as indexation) and the benefit increases associated with Steps 2-4 of the Funding Excess Utilization Plan as at January 1, 2024. The amendment was filed with the Superintendent of Pensions on January 15, 2024.
- The CBE Statement of Investment Policies was amended to update a few housekeeping items, add clarity and streamline wording around rebalancing and permitted asset mix deviations, and balance the implementation of the absolute return overlay given the current macroeconomic environment. A schedule was also added to the policy which outlines value add targets by asset class. The amendments were filed with the Superintendent of Pensions on December 22, 2023.

The updated versions of the governing documents are available at cbenb.ca, and include:

- **The Funding Policy:** the tool used by the Board of Trustees to manage the inherent risks of the Plan. It is a document that provides guidance and rules regarding decisions that must, or may, as applicable, be made by the Board of Trustees around funding levels, contributions and benefits. The Funding Policy is accessible at cbenb.ca/fp. A quick summary of some of the main provisions of the Funding Policy of the CBE SRP is available at cbenb.ca/sfp.

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

Contact us at info@cbenb.ca or by calling 1 800 561 4012.

