



2020 YEAR IN REVIEW

This bulletin summarizes key 2020 activities of the NSHEPP Trustees and staff. We invite you to visit www.nshepp.ca if you are interested in more information. You can find our 2020 Audited Financial Statements by clicking on the website's "Publications" tab.

BENEFITS

The following benefit improvements were made during 2020:

- Our Base Year was updated to 2019 effective December 31, 2020; and
- Retirement pension payments increased by 0.5% effective January 1, 2021 (prorated for retirees who had been retired for less than a year).

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 paid were a little less than average and your benefits received were a little better than average.

FUNDING

At the end of 2020, our assets were about \$10.6 billion, or about 126% of our going-concern liabilities. (These results and assumption details are reported in our Audited Financial Statements posted on our website.)

NSHEPP's funding is also subject to Nova Scotia's minimum pension funding laws (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 2020, we were estimated to be about 105% funded on a solvency basis.

Regular contributions did not change in 2020 and are not expected to change in 2021.

ADMINISTRATION

The covid-19 pandemic resulted in operational changes in the delivery of pension services. The team prioritized pension payments and the set-up of new pensioners. We continued to process terminations, however resources were first allocated to pension payments for retirees, and the termination processing was somewhat delayed, which is illustrated in the service standard statistics below. Key administrative accomplishments in 2020 included:

- Preparation of 31,475 annual statements. 100% were prepared within our time standards;
- Processing of 999 retirements, 1,235 terminations, 47 active member deaths and 45 past-service purchases. Of the retirements, 87% were processed within the time frame outlined in our service standards, and 57% of the terminations were processed within the timelines outlined in our service standards;
- Total membership increased from 47,078 to 47,836 and participating employers remained the same at 87;
- Work continued to upgrade and modernize the Plan's administration systems and website to provide for on-line member access and expand on-line employer access. The project is expected to be completed by the end of 2021.

Our per member administration costs continue to be low; about 40% less than median based on a sample of 30 other large pension plans.

PENSION SYSTEMS MODERNIZATION PROJECT

NSHEPP has embarked on a new customer service delivery model that includes a modernization of the pension administration system and the Plan’s website. These updates will provide quick access to all your pension information and offer secure methods of exchanging confidential information with pension staff. The system is expected to be launched in Fall 2021. Log-in information and complete instructions for accessing the site will be sent to you when the system is available. There is nothing for you to do until you receive notification the system is operational. Once launched, the log-in process will require you to enter your NSHEPP ID#. This ID# is located on your annual pension statement under the section titled YOUR PERSONAL DATA, so please keep this statement for reference.

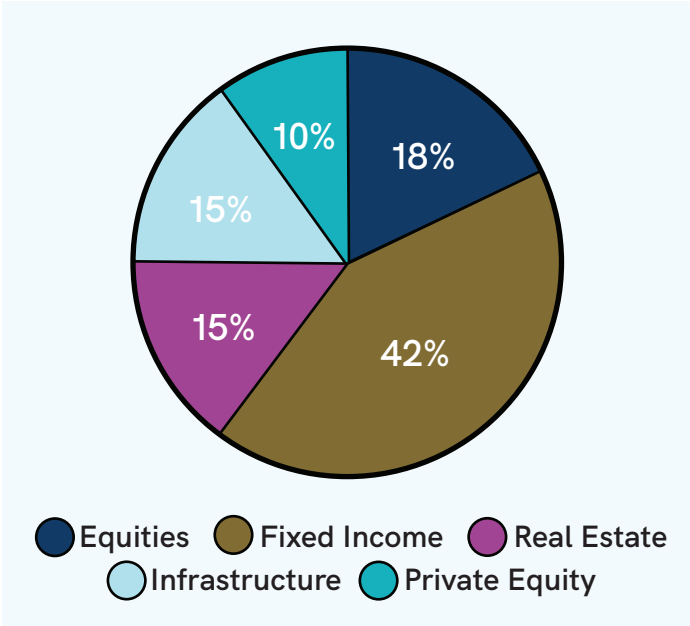
INVESTMENTS

At about 12.6%, net of fees, our 2020 investment return was better than that of most other Canadian pension plans. Our investment return was 9.8%, net of fees, annualized over the last five years. NSHEPP’s investment strategy is focused on managing both the assets and liabilities of the Plan. This strategy sometimes leads to higher investment returns and sometimes to lower returns, while always targeting a strong funded position.

The fund’s target asset mix is shown in the chart at the right. On top of this we have 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 2020 are:

- Ongoing monitoring of the adequacy of contributions including completion of an actuarial valuation report with a filing date of July 1, 2020;
- Updated Investment Policy;
- Addition of Private Debt asset class for investments;
- Continued oversight on new pension administration system build; and
- Compliance with all Trustee policies was achieved.

As we continue to navigate the global pandemic, NSHEPP Trustees, management and staff appreciate the outstanding efforts by members of the Plan during these unprecedented times. Thank you to the frontline workers, to those who support the frontline workers, and to all who do their part in maintaining and improving the health of the people of Nova Scotia.

