



This bulletin summarizes key 2021 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 2021 Audited Financial Statements by clicking on the website's "Publications" tab.

BENEFITS

The following benefit improvements were made during 2021:

- Our Base Year was updated to 2020 effective December 31, 2021; and
- Retirement pension payments increased by 3.0% effective January 1, 2022 (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 2021, our assets were about \$11.2 billion, or about 140% 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 2021, we were estimated to be about 110% funded on a solvency basis.

Regular contributions did not change in 2021 and are not expected to change in 2022.

ADMINISTRATION

The Covid-19 pandemic continued to result 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 2021 included:

- Preparation of 32,220 annual statements. 100% were prepared within our time standards;
- Processing of 1,072 retirements, 2,089 terminations, 49 active member deaths and 38 past-service purchases. Of the retirements, 82% were processed within the time frame outlined in our service standards, and 65% of the terminations were processed within the timelines outlined in our service standards;
- Total membership increased from 47,836 to 50,943 and participating employers increased to 89;
- NSHEPP's new pension administration system was successfully launched in 2021;
- Work continued to upgrade and modernize the website to provide for on-line member access, expand on-line employer access and to integrate with the pension administration system. The website is expected to be launched in 2022.

Our per member administration costs continue to be low; about 30% 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 other secure methods of exchanging confidential information with pension staff. 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 your annual pension statement for reference.

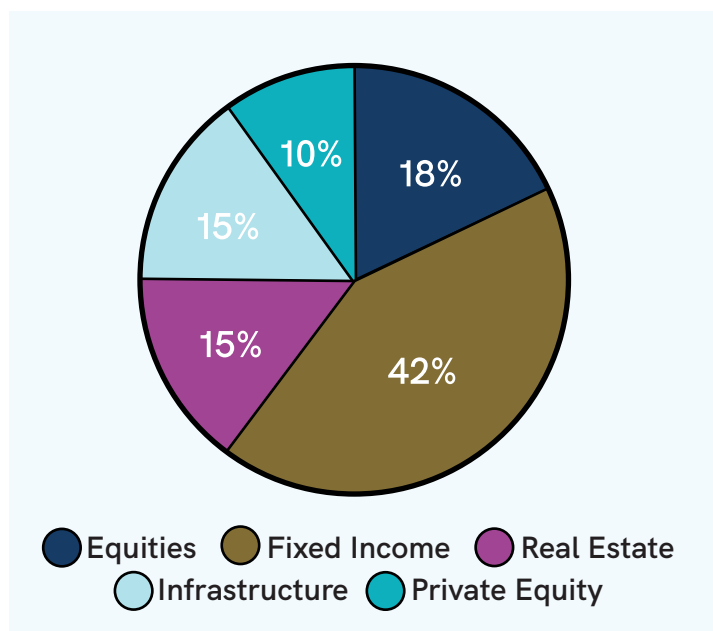
INVESTMENTS

At about 4.9%, net of fees, our 2021 investment return was less than average when compared with other Canadian pension plans. Our investment return was 9.2%, 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. Compared to the fund's liability benchmark, the fund exceeded this measure by 3.3% for 2021 and by 4.5% over the last five years.

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 2021 were:

- Ongoing monitoring of the adequacy of contributions including completion of an actuarial valuation report with a filing date of July 1, 2021;
- Updated Investment Policy;
- Addition of Private Debt asset class for investments;
- Restructuring the fixed income portfolio from a long bond to universe structure;
- Continued oversight on new pension administration system build; and
- Compliance with all Trustee policies was achieved.

The last two years have been challenging for all, especially those working in the health care industry. 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.

