

Business Plan

Nova Scotia Pension Agency

2010 - 2011



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Mission Statement

The mission of the Nova Scotia Pension Agency is to provide independent pension administration and investment services to the trustees and members of the Teachers' Pension Plan, the Public Service Superannuation Plan, the Members of the Legislative Assembly Pension Plan, and the Sydney Steel Corporation Superannuation Fund.

As more fully detailed in the Agency's operating charter, we provide services in a manner that accommodates different plan governance models while achieving economies of scale, minimizing risk exposures and meeting or exceeding trustee and member expectations.

The Agency, now in its fourth year, strives to be a high performing organization. We provide high quality pension administration and investment management services through dedicated teamwork that emphasizes our commitment to plan members and stakeholders. We perform our duties with the highest regard for integrity and professionalism, while working to achieve consistent progress.

Planning Context

The Environment

Global financial markets have partially rebounded from the record declines sustained in 2008 and early 2009. As a result, the funded health of the Public Service Pension Plan and the Teachers' Pension Plan have improved. However, both plans continue to have substantial funding deficits.

Plan trustees and plan sponsors are diligently analyzing the most appropriate options to ensure the long term sustainability of the plans.

Plan members, employers and stakeholders are anxious about the financial health of their plans.

Taxpayers are concerned about the future cost to the Province that may arise from its pension obligations.

It is within this challenging context that the Agency will strive to achieve its 2010-11 goals. Our goals emphasize customer service, member communication and education, proactive investment administration, disciplined risk management and accountability to plan trustees.

2010-11 Goals

1. Consistently enhance member services, communications and education.

Outcome	Measure	Target: 2010-11	Ultimate Target	Strategic Action
Achieve clearly established service expectations and cost targets that are set by trustees and stakeholders.	Various service quality measures Year-on-year operating costs Costs per member	Overall satisfactory performance with respect to detailed service targets. No material increase in operating expenses TPP: \$60.00 per member per annum PSSP: \$60.00 per member per annum	High quality and cost effective services to plan members.	Manage Agency resources in a manner that achieves satisfactory response times, accuracy and other key service measurements within our annual operating budget.
Achievement of 2010-2011 member, retiree and employer communication plans.	Meet the milestones that are detailed in trustee approved member and retiree communication plans. Deliver employer communications as per the Agency's Communication Plan.	Informative and timely communication and education materials for members. Informative and timely communication and education materials for employers.	Provide plan members, retirees and employers with informative and timely communication about the funded health, investment performance and the benefit structure of their plan.	Consistent execution of communication plans.
Improve member services and access to information by enhancing systems and technology.	Achievement of detailed project milestones for year 1 of the multi-year technology plan.	Achievement of detailed project milestones for year 1 of the multi-year technology plan.	Implementation of a high functioning, well integrated multi-module pension system, providing enhanced services, reporting and web access.	Ensure that project timelines, project budgets and change management initiatives are achieved through effective project management.

2. Provide in-depth analysis and recommendations to trustees that will assist them in improving the long term health of the plans.

Outcome	Measure	Target: 2010-11	Ultimate Target	Strategic Action
Work at the direction of plan trustees to develop and analyze a comprehensive range of alternatives to improve the long term health of the plans and to enhance plan governance models.	Satisfactory assessment by plan trustees of the Agency's support of and contribution to their decision making processes and strategic initiatives.	Comprehensive analysis and meaningful recommendations for evaluation by plan trustees.	Contribute to a process of diligent analysis and well-informed decision making by plan trustees	Manage internal and external resources to provide the highest quality information and recommendations to the trustees in support of strategic and structural decisions to improve the health and the operation of their plans.
Meet stated deadlines for annual plan actuarial and financial reporting documentation.	Plan actuarial valuations and audited financial statements presented to trustees 120 days from fiscal year end.	Detailed plan information available to trustees on a timely basis.	Enable well informed decisions by plan trustees by providing timely actuarial and financial reporting.	A well managed process to ensure timely completion of actuarial and financial reports.

3. Working within the investment guidelines set by plan trustees, achieve superior investment performance while effectively managing risk.

Outcome	Measure	Target: 2010-11	Ultimate Target	Strategic Action
Acting within policies and guidelines approved by plan trustees, perform investment administration functions to maximize returns while effectively managing risk.	Investment performance for the Teachers' Pension Fund and Public Service Superannuation Fund compared against customized market benchmarks. Investment performance for the Teachers' Pension Fund and Public Service Superannuation Fund compared against a universe of similar defined benefit plans.	Investment performance that achieves value-add exceeding customized market benchmarks. Investment performance that is within or exceeds the upper 50% of performance by similar plans.	Superior investment performance that complies with trustee approved policies and guidelines.	In-depth and timely analysis and recommendations to the trustees regarding asset allocation and manager selection. Complete a strategic asset allocation review for consideration by plan trustees. Continue to enhance investment administration process. Continue to refine practices and policies in a manner that promotes and strengthens effective risk management.

4. Ensure continued customer focused relationships with trustees and stakeholders.

Outcome	Measure	Target: 2010-11	Ultimate Target	Strategic Action
That the Agency, in its role as service provider, continues to earn the confidence and trust of plan trustees and stakeholders.	Trustee satisfaction with the overall performance of the Agency, based upon mutually agreed assessment processes.	Trustee satisfaction with the overall performance of the Agency.	That the Agency is perceived by plan trustees and stakeholders to be a high performing organization that consistently meets or exceeds their expectations.	High quality and comprehensive information and analysis provided to plan trustees to support proactive decision making processes. Enable plan trustees to provide the highest level of fiduciary care for the benefit of their plans and plan members.

5. Drive a high performing culture for the Agency.

Outcome	Measure	Target: 2010-11	Ultimate Target	Strategic Action
A motivated and highly effective team of colleagues providing high quality service to plan members and trustees. An organization that continues to attract and retain talented and energetic colleagues.	Shared values and behaviours that are consistently demonstrated across our team. The quality and quantity of applicants posting for open positions at the Agency. Satisfactory measures and indicators of team-wide engagement.	Consistent follow-through by the entire Agency team on our shared values and behaviour initiatives. A working environment that we all enjoy and are proud of. A minimum short list of fully qualified and experienced candidates – 3 for managerial competitions and 6 for staff competitions.	A positive, professional and energetic culture within the Agency that is readily apparent to plan members, stakeholders and industry colleagues.	Provide colleagues with opportunities to contribute to the success of the Agency while developing their talents and careers. Increase our investment in technical training, professional development initiatives and succession planning.

Core Business Areas

The Agency's operating charter identifies three core business areas. These are the core services provided by the Agency. These services are at the direction of, and subject to the oversight of plan trustees.

1. Pension Services – collection of employee and employer pension contributions, pension record-keeping, member and retiree services, pension payment calculation and disbursement, employer services, and plan administration compliance.
2. Investment Services – the provision of investment services for the assets of the plans. The activities are performed according to the Statement of Investment Principles and Goals that have been developed and approved by plan trustees.
3. Financial Reporting and Actuarial Services – the completion of annual reports, regulatory filings, actuarial analysis, pension policy analysis, financial reports and tax filings for each of the plans.

Agency Priorities

Priorities for 2010-11

The Agency's priorities for the coming year are summarized as:

- ✓ Focus on member services and communication
- ✓ Work with trustees to improve the funded health of the plans we administer
- ✓ Achieve superior investment performance while effectively managing risk
- ✓ Actively support plan trustees in the execution of key initiatives
- ✓ Drive a high performing culture for the Agency

The priorities and strategic goals of the Agency are closely aligned with those of the plan trustees and stakeholders.

Human Resource Strategy

The Agency's human resource strategy is a critical component of our day-to-day effectiveness and long term success. This strategy was launched during the previous year and will continue to evolve through 2010-2011. The key elements of our human resource strategy are:

- ✓ Ensuring an organizational design that maximizes accountability, execution and professional opportunity
- ✓ Retaining, attracting and developing a diverse team of talented colleagues
- ✓ Ongoing investment in technical training, leadership development and succession planning across our team
- ✓ Evolve a work environment that we are all proud of and that reflects our shared values

Budget Context

Nova Scotia Pension Agency Estimated Budget Expenditures

NOVA SCOTIA PENSION AGENCY 2010-11 OPERATING BUDGET

	2009-2010 Budget	2009-2010 Forecast	Variance Forecast to Budget	2010-2011 Budget	Budget % change 2008-09 to 2009-10
Revenue					
General Administration Recoveries					
Teachers Pension Plan	3,625,488	3,603,695	(21,793)	3,720,794	2.6%
Public Service Superann.	3,059,451	3,041,451	(18,000)	3,027,957	-1.0%
Sysco	159,604	159,506	(99)	148,719	-6.8%
MLA's Pension Plan	26,457	26,449	(9)	22,986	-13.1%
Total Revenue	<u>6,871,000</u>	<u>6,831,100</u>	<u>(39,900)</u>	<u>6,920,456</u>	<u>0.7%</u>
Operating Expenses *					
Salaries and Benefits	4,156,000	4,115,900	(40,100)	4,028,549	-3.1%
Professional Services	1,219,300	1,210,200	(9,100)	1,390,882	14.1%
Supplies and Services, Travel	929,500	943,900	14,400	931,150	0.2%
Lease Expense and Overhead	566,200	561,100	(5,100)	569,875	0.6%
Total Expenses	<u>6,871,000</u>	<u>6,831,100</u>	<u>(39,900)</u>	<u>6,920,456</u>	<u>0.7%</u>
Surplus (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	

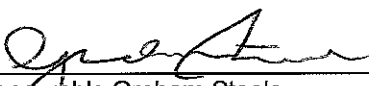
* Agency expenses are shown exclusive of investment management and custodian fees which are recovered directly from each of the applicable Plans.

Financial Statement

Audited Financial Statement as at March 31, 2010 Attached

Subject to final approval on or before June 30, 2010

Approved:



Honourable Graham Steele
Minister of Finance

June 15, 2010
Date