



Providing
Confidence
+Value



Nova Scotia Public Service
Long Term Disability Plan Trust Fund

Annual Report Summary

MOVING IN THE RIGHT DIRECTION

IN 2009 WE ACHIEVED RESULTS THAT WERE AMONG THE BEST EVER FOR THE PLAN. TAKING ACTION TO ENHANCE THE QUALITY OF LIFE OF OUR MEMBERS AND CONTINUING TO IMPLEMENT A PROACTIVE STRATEGY ENABLED US TO STRENGTHEN OUR POSITION.

In my CEO statement a year ago, I noted that claims for income continuation decreased, and in 2009 we continued to experience a decrease in the number of claims. We believe this is a combination of the results of the Short-term Illness Return to Work Program, and a general focus on health and safety in the workplace. While this is a positive trend, we also have more employees who are working past retirement age. We have prepared for the impact this may have on Plan resources by focusing on strong financial management and lower premiums.

More Benefits for Members

The Plan is at its best financial position in over 23 years. Members now benefit from increased coverage at a reduced cost and have the peace of mind that the Plan is fully funded to deliver on its promises during turbulent times and into the future.

Maintaining our Position as an Industry Leader

We're now in the midst of selecting an investment consultant to advise the Board on future investment strategies that will benefit our members.

Focus on Members

Understanding the needs of members as well as how they think, feel and act when they are disabled or ill enables us to design a Plan that is comprehensive and forward thinking.

Communications That Connect With You

This is the age of digital communications. The Plan is now more accessible online, e.g., we created an online version of the annual report and produced a video that explained the Plan changes to members.

External Factors May Pose Obstacles

Change and improvement is nothing new for the Plan. The Plan has evolved to better meet the needs of its changing members and participating employers. Together with a strong funded position, this enables us to maintain support for employees who are unable to work due to illness.

Better Outlook for 2010

We have complied with our strategy, we have strengthened our funding position, and we have taken a big step forward towards achieving our overall goal of positioning the Plan for the future. We all have reason to be more optimistic about the coming year.

Charles J. Bruce
Chief Executive Officer, CFP, C. Dir.

2009 Highlights

PLAN AMENDMENTS

The following is a description of Plan amendments effective January 1, 2009:

- The premium rate has been reduced by 25% for all Plan members
- Coverage has been extended to age 65 and over
- Coverage beyond age 63 is limited to two years of benefits
- Covered salary increased from \$120,000 to \$175,000
- Increased benefit from 65% to 70% after three years in receipt of LTD
- Rehabilitation income deducted is reduced from 50% to 35% after five years in receipt of LTD
- The 80% All Source Maximum increased to 90% after five years in receipt of LTD

PLAN DESIGN

- We continued to coordinate with partners on issuing 2008 tax information slips
- Claimants eligible for indexing were identified and received an increased LTD benefit on a go forward basis, and a retroactive payment to January 1, 2009. All claimants received a letter confirming the amount of payment and explaining the increase in LTD benefit
- Proposals for investment consulting services were requested and received for consideration. A firm will be selected early in 2010

PARTICIPATING EMPLOYERS AND INDUSTRY PEERS

- Discussions on implementing the STI RTW Program are continuing with participating employers
- Approximately \$3.5 million in premiums has been rebated as at December 31st
- We're working with the Institute of Work and Health on a project entitled "Workplace Disability Benchmarking (WDB)". This work is

designed to measure the effectiveness of disability programs in a group of sector peers

COMMUNICATIONS

- During the year, the following organizations and individuals were presented with an overview of the Plan, the programs and processes: New managers at the "Success through Managers" session developed by the Public Service Commission; CUPE local 1867 and Unit 09, Cumberland County; Committee on Ability Case Management; Nova Scotia Geomatics Centre
- An online annual report was created and print copies were distributed to all participating employers
- The changes to the Plan design were broadly communicated using a combination of print and video tools
- Meetings were held with the Nova Scotia Pension Agency to ensure continued coordination of services for mutual clients
- A survey was conducted among claimants who received indexing to gather feedback on their understanding of the services provided to them, and on how the Plan could better meet their needs. This survey was designed as a tool for the Plan to reach out to members and to incorporate their feedback into our processes. We anticipate conducting similar surveys periodically

FUNDING POSITION

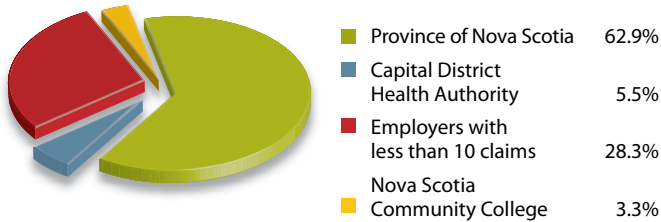
| YEAR END | 2009 |
|--|------|
| Assets (minus accounts payable) \$ millions | 92.3 |
| Accrued Liabilities for Benefits \$ millions | 64.7 |
| Surplus/Deficit \$ millions | 27.6 |
| Funded Ratio | 143% |

Source: Morneau Sobeco



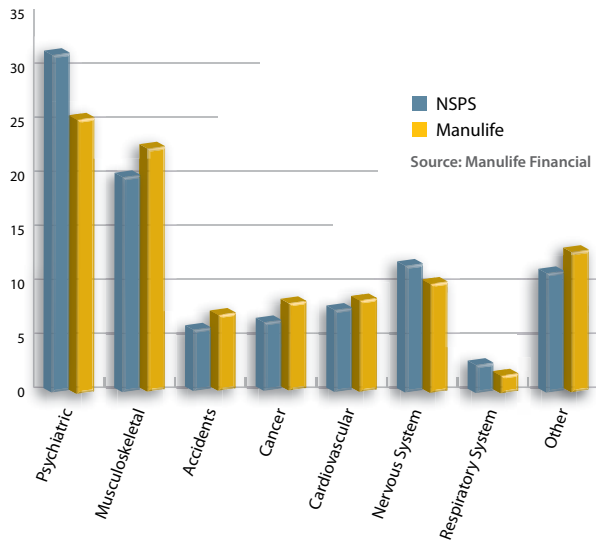
LTD CLAIMS ADMINISTRATION

Active LTD claims by employer as at December 31, 2009



Source: Manulife Financial

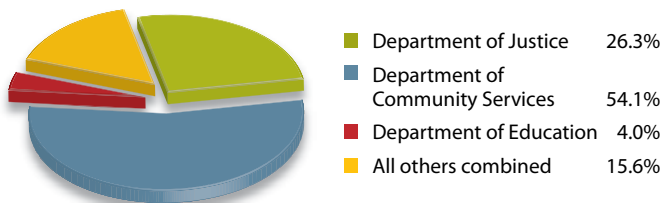
PERCENTAGE OF TOTAL LTD CLAIMS IN 2009



Source: Manulife Financial

STI RTW CLAIMS ADMINISTRATION

STI RTW Claims Referred by Department for 2009



Source: Manulife Financial

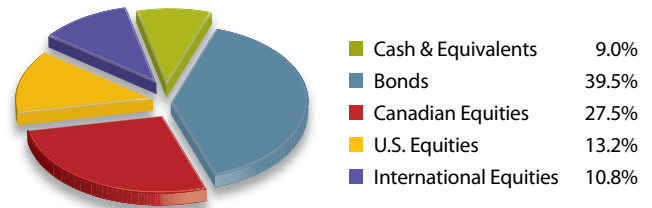
PERCENTAGE OF TOTAL STI RTW REFERRALS IN 2009

| NSPS | 2008 | 2009 |
|-----------------|---------------|---------------|
| Psychiatric | 33.0% | 27.2% |
| Musculoskeletal | 17.2% | 13.0% |
| Injury | 7.8% | 10.7% |
| Genitourinary | 11.0% | 10.1% |
| Digestive | 7.8% | 7.7% |
| Respiratory | 7.0% | 8.9% |
| Other | 13.2% | 17.7% |
| Circulatory | 3.0% | 4.7% |
| | 100.0% | 100.0% |

Source: Manulife Financial

INVESTMENT PORTFOLIO SUMMARY

The following pie chart shows the asset mix of the portfolio as at December 31, 2009



Source: CI Investments

The rates of return for the total portfolio for one year

| AS OF DECEMBER 31, 2009 | 1 YEAR(%) |
|------------------------------|-----------|
| NSPS LTD | 14.1% |
| NSPS LTD Benchmark* | 15.5% |
| CANADIAN EQUITIES | 32.9% |
| S&P/TSX | 35.1% |
| U.S. EQUITIES | 8.4% |
| S&P 500 (Cdn.\$) | 8.6% |
| INTERNATIONAL EQUITIES | 15.3% |
| MSCI EAFE (Cdn.\$) | 13.7% |
| FIXED INCOME | 7.7% |
| Scotia Capital Universe Bond | 5.4% |

Source: CI Investments

Audited Financial Statements

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND

Statement of Financial Position as at December 31, 2009


| | 2009 | 2008 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$3,475,169 | \$4,862,837 |
| Accounts receivable | 333,630 | 953,120 |
| Investments (note 5) | 89,620,508 | 70,133,507 |
| Equipment and furnishings (note 6) | 25,646 | 22,999 |
| | \$93,454,953 | \$75,972,463 |
| LIABILITIES | | |
| Accounts payable | \$1,182,247 | \$1,062,051 |
| Accrued liability for benefits (note 8) | 64,700,000 | 58,300,000 |
| | 65,882,247 | 59,362,051 |
| NET ASSETS | | |
| | 27,572,706 | 16,610,412 |
| | \$93,454,953 | \$75,972,463 |

Source: Lyle Tilley Davidson

Signed on behalf of the Board of Trustees



George L. Fox,
Chair



Charles J. Bryce,
Chief Executive Officer



Audited Financial Statements

NOVA SCOTIA PUBLIC SERVICE LONG TERM DISABILITY PLAN TRUST FUND

Statement of Operations and Changes in Net Assets for the year ended December 31, 2009

| | 2009 | 2008 |
|---|---------------------|---------------------|
| REVENUE | | |
| Premiums (note 7) | \$18,267,602 | \$22,010,109 |
| El premium rebates | 1,651,922 | 1,522,430 |
| | 19,919,524 | 23,532,539 |
| EXPENSES | | |
| Disability claims (schedule) | 11,353,599 | 11,071,531 |
| Program administration (schedule) | 1,202,422 | 1,148,687 |
| General administration (schedule) | 813,675 | 770,788 |
| | 13,369,696 | 12,991,006 |
| | 6,549,828 | 10,541,533 |
| INVESTMENT INCOME (LOSS) | | |
| Dividends, interest and valuation change | 11,031,286 | (12,999,523) |
| Investment expenses (schedule) | (218,820) | (189,419) |
| | 10,812,466 | (13,188,942) |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | 17,362,294 | (2,647,409) |
| (INCREASE) DECREASE IN ACCRUED LIABILITIES FOR BENEFITS (note 8) | (6,400,000) | 1,300,000 |
| INCREASE (DECREASE) IN NET ASSETS | 10,962,294 | (1,347,409) |
| NET ASSETS - BEGINNING OF YEAR | 16,610,412 | 17,957,821 |
| NET ASSETS - END OF YEAR | \$27,572,706 | \$16,610,412 |

Source: Lyle Tilley Davidson

2009 Highlights

By the Numbers Quiz

Test your knowledge! Take this quiz to test your knowledge of the NSPS Plan – your Plan that gives you confidence, value and support in real life.

1 YOUR LONG TERM DISABILITY PREMIUM PAYMENTS WERE REDUCED IN 2009. HOW MUCH WAS THE PERCENTAGE REDUCTION?

- a. **15%**
- b. **25%**
- c. **5%**

2 DISABILITY COVERAGE HAS BEEN EXTENDED TO WHAT AGE?

- a. **55 and over**
- b. **60 and over**
- c. **65 and over**

3 LTD COVERAGE BEYOND AGE 63 IS LIMITED TO HOW MANY YEARS OF BENEFITS?

- a. **One**
- b. **Two**
- c. **Three**

4 COVERED SALARY INCREASED FROM \$120,000 TO WHAT AMOUNT?

- a. **\$120,000 to \$163,000**
- b. **\$120,000 to \$170,000**
- c. **\$120,000 to \$175,000**

5 NSPS HAS INCREASED INCOME CONTINUATION BENEFITS WHILE AN EMPLOYEE IS AWAY FROM WORK AFTER THREE YEARS IN RECEIPT OF LTD BY WHAT PERCENT?

- a. **from 60% to 65%**
- b. **from 65% to 70%**
- c. **from 70% to 75%**

6 WHAT WAS THE REDUCTION IN THE REHABILITATION INCOME AFTER FIVE YEARS IN RECEIPT OF LTD?

- a. **50% to 35%**
- b. **70% to 65%**
- c. **45% to 35%**

7 BY WHAT PERCENTAGE DID THE ALL SOURCE MAXIMUM INCREASE FOR CLAIMANTS IN RECEIPT OF LTD AFTER FIVE YEARS?

- a. **from 75% to 80%**
- b. **from 80% to 85%**
- c. **from 80% to 90%**

FOR ANSWERS, PLEASE SEE HIGHLIGHTS INSIDE.

RATING

1-2 CORRECT ANSWERS – There's more information you can arm yourself with to know of your full coverage

3-5 CORRECT ANSWERS – Good job, there is still room for improving your knowledge of the Plan

6-7 CORRECT ANSWERS – You're a winner! You're well informed and on top of your game

For More Information

This summarized annual report provides highlights of the LTD Plan's operation from the past fiscal year. The complete annual report, including full audited financial statements, notes and other information, is available on our website at www.nsps-ltd.com.

You may request a printed copy of the complete annual report by contacting the NSPS LTD Plan's office.

Please call (902) 461-0421, Toll Free 1-877-461-0421, Fax (902) 466-3406 or Email comments@nsps-ltd.com