

**RETIREMENT PLAN FOR THE EMPLOYEES OF  
MUNICIPALITY OF THE DISTRICT OF EAST HANTS**

**ACTUARIAL VALUATION**

as at  
December 31, 2025

Registration Number: 0370015

Paul Burnell, F.C.I.A., F.S.A.  
May 2026

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## INTRODUCTION

At the request of the Municipality of East Hants, we have prepared a report to present the results of the actuarial valuation of the Retirement Plan for the Employees of Municipality of the District of East Hants (the Plan) as at December 31, 2025.

This actuarial valuation was performed to:

- monitor the funding of the Plan for the purpose of accumulating assets to provide for the benefits in advance of their actual payment;
- determine the contributions required to fund benefits accruing in the next year and provide for special payments in accordance with the requirements of the Pension Benefits Act (Nova Scotia), the Income Tax Act and their respective Regulations;
- examine the solvency of the Plan as required under the Pension Benefits Act (Nova Scotia);
- meet the statutory filing requirements under the Income Tax Act.

The intended users of this report include the Municipality of East Hants, the Superintendent of Pensions (Nova Scotia) and Canada Revenue Agency (CRA).

### **Events Since the Previous Valuation**

The previous actuarial valuation of the Plan was performed as at December 31, 2022. Throughout this report we have shown results from the previous valuation for comparative purposes.

The going concern interest rate assumption has changed from 6.00% as of December 31, 2022 to 5.45% as of December 31, 2025. The going concern retirement assumption has changed so that 35% (previously 50%) of members are assumed to retire at age 65 and 65% (previously 50%) of members are assumed to retire at their earliest unreduced retirement age. The impact of these assumption changes have been quantified in the reconciliations of the Plan's funded status and current service cost found in this report.

The following solvency assumptions have been updated since the previous valuation:

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
Interest rate (lump sum)	4.10% per annum for 10 years, 4.50% per annum thereafter	3.50% per annum for 10 years, 5.00% per annum thereafter
Interest rate (annuity purchase)	4.91% per annum	4.90% per annum
Wind-up expenses	\$90,000	\$150,000

Please refer to Appendix 1 for a full summary of the actuarial assumptions and methods used in this valuation.

### **INTRODUCTION (continued)**

#### **Events Since the Previous Valuation (continued)**

Since the previous valuation benefits at retirement were upgraded for several individuals to reflect more recent earnings.

The Plan was also amended effective February 26, 2026 to eliminate the ability for members to transfer contributions into the Plan from other registered plans.

We are not aware of any other amendments since the previous valuation which impact the cost of the Plan.

#### **Subsequent Events**

We are not aware of any subsequent events that would have a material impact on the results of the valuation.

**SUMMARY OF RESULTS**

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
<b>Funded Status</b>		
Actuarial value of assets	\$13,231,308	\$18,349,256
Actuarial liabilities	14,279,892	19,396,242
Provision for adverse deviations (PfAD) <sup>1</sup>	<u>642,595</u>	<u>872,831</u>
Actuarial surplus	<u>(\$1,691,179)</u>	<u>(\$1,919,817)</u>
<b>Current Service Cost</b>		
Estimated Payroll	\$5,540,454	\$7,765,188
Current Service Cost	\$654,762	\$1,036,769
Member contributions	\$360,130	\$504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	\$294,632	\$532,032
Employer contribution as a % of payroll	5.32%	6.85%
Employer contribution as a % of Member contributions	81.8%	105.4%
<b>Active Membership</b>		
Number of Members	74	90
Number of Members included in current service cost	74	90
Average annualized salary <sup>2</sup>	\$74,871	\$86,280
Average age	40.7	42.1
Average age of Members included in current service cost	40.7	42.1
Average pensionable service	7.6	7.3
Estimated payroll (for year following valuation)	\$5,540,454	\$7,765,188

**Solvency**

There is a solvency deficiency.

**Plan Wind-Up**

If the Plan were wound up on the valuation date, the liabilities would exceed the market value of assets, less assumed wind-up expenses of \$150,000, by \$3,414,314. Note that the Plan's wind-up position differs from the Plan's solvency position because grow-in benefits are taken into account in the wind-up valuation.

<sup>1</sup> The results reflect a Provision for Adverse Deviations equal to 4.5% of going concern liabilities

<sup>2</sup> This is the estimated average annualized salary for the year following the valuation.

## VALUATION RESULTS

### Assets

For purposes of the valuation, we have used the market value of assets. This is the same method that was used in the last valuation.

The total market value of assets at December 31, 2025 is \$18,349,256. For further details of the assets, please refer to Appendix 2.

### Actuarial Liabilities and Current Service Cost

The actuarial liability is the portion of the total cost of the Plan that has been allocated by the actuarial method and assumptions to the period preceding the valuation date.

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
Actuarial liabilities	\$14,279,892	\$19,396,242

The current service cost is the portion of the total cost of the Plan that has been allocated by the actuarial method and assumptions to the year (12 months) immediately following the valuation date. The Employer contribution refers to the Employer's portion of the current service cost.

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
Current Service Cost	\$654,762	\$1,036,769
Member contributions	\$360,130	\$504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	\$294,632	\$532,032
Employer contribution as a % of payroll	5.32%	6.85%
Employer contribution as a % of Member contributions	81.8%	105.4%

**VALUATION RESULTS (continued)**

**Actuarial Surplus**

The actuarial surplus is the excess of the actuarial value of assets over the actuarial liabilities as at the valuation date.

	<b><u>December 31, 2022</u></b>	<b><u>December 31, 2025</u></b>
Actuarial value of assets	\$13,231,308	\$18,349,256
Actuarial liabilities	14,279,892	19,396,242
Provision for adverse deviations <sup>3</sup>	<u>642,595</u>	<u>872,831</u>
Actuarial surplus	<u>(\$1,691,179)</u>	<u>(\$1,919,817)</u>

Since the previous valuation, the funded status of the Plan has evolved from a deficit of \$1,691,179 to a deficit of \$1,919,817. This change in funded status can be reconciled as follows:

	<b>(\$000s)</b>
Surplus as at December 31, 2022 (including PfAD)	(\$1,691)
PfAD at December 31, 2022	643
Surplus at December 31, 2022 (excluding PfAD)	(1,048)
Interest on surplus since December 31, 2022	(200)
Contribution gain	789
Investment relative to Market Value	1,316
Retirement experience	(320)
Mortality experience	(115)
Other miscellaneous experience	33
Change in interest rate assumption	(1,114)
Change in early retirement assumption	(388)
Surplus as at December 31, 2025 (excluding PfAD)	(\$1,047)
PfAD at December 31, 2025	873
Surplus as at December 31, 2025 (including PfAD)	(\$1,920)

<sup>3</sup> The results reflect a Provision for Adverse Deviations equal to 4.5% of going concern liabilities

**VALUATION RESULTS (continued)**

Below is an explanation of the factors that have resulted in gains and losses since the last actuarial valuation.

Special payments were made to fund the Plan's going concern deficit and fund the cost, on a solvency basis, of benefit upgrades since the date of the previous valuation. The special payments resulted in a gain (net of the cost of plan amendments) of \$789,000.

At the time of the last valuation, it was assumed that the Plan's assets would earn 6.00% per annum. Actual investment earnings were above this level, resulting in an increase in surplus of \$1,316,000.

Retirement experience has been different than expected; as a result, the surplus has decreased by \$320,000.

Mortality experience has been different than expected; as a result, the surplus has decreased by \$115,000.

Other miscellaneous factors have resulted in a net increase in surplus of \$33,000.

The going concern discount rate has decreased from 6.00% as at December 31, 2022 to 5.45% as at December 31, 2025. As a result of this change, the surplus has decreased by \$1,114,000.

The early retirement assumption changed from 50% assumed to retire at age 65 and 50% assumed to retire at their earliest unreduced retirement age to 35% assumed to retire at age 65 and 65% assumed to retire at their earliest unreduced retirement age. As a result of this change, the surplus has decreased by \$388,000.

**VALUATION RESULTS (continued)**

**Reconciliation of Current Service Cost**

Since the previous valuation, the total current service cost as a percent of payroll has increased from 11.82% to 13.35%. This change can be reconciled as follows:

Current Service Cost at December 31, 2022	11.82%
Demographic and other experience	0.18%
Change in early retirement assumption	0.34%
Change in interest rate assumption	<u>1.01%</u>
Current Service Cost at December 31, 2025	13.35%

Demographic and other experience including the increase in the average age increased the current service cost by 0.18%.

The change in the early retirement assumption from 50% assumed to retire at age 65 and 50% assumed to retire at their earliest unreduced retirement age to 35% assumed to retire at age 65 and 65% assumed to retire at their earliest unreduced retirement age increased the current service cost by 0.34%.

The change in the interest rate assumption from 6.00% to 5.45% increased the current service cost by 1.01%.

**Special Payments**

Under the provisions of the Nova Scotia *Pension Benefits Regulations* effective April 1, 2020, the required annual special payments are \$247,953 starting in 2026 and continuing for 10 years (up to and including 2035).

### SOLVENCY VALUATION

The Pension Benefits Act (and Regulations) requires that the actuary report on the solvency of the plan as at the valuation date.

#### **Solvency Assets**

For the purposes of the solvency valuation, we have used the market value of assets (including contributions in transit) less a provision for wind-up expenses.

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
Actuarial value of assets	\$13,231,308	\$18,349,256
Provision for wind-up expenses	<u>(90,000)</u>	<u>(150,000)</u>
Total solvency assets	<u>\$13,141,308</u>	<u>\$18,199,256</u>

#### **Solvency Liabilities**

As per the requirements of the Regulations, the value of the solvency liabilities is determined as if the Plan had been wound up on the valuation date. The solvency liabilities are meant to represent the cost of settling the benefits accrued at the date of valuation.

	<u>December 31, 2022</u>	<u>December 31, 2025</u>
Active Members	\$6,330,012	\$8,136,037
Deferred Vested Members	773,128	892,357
Retired Members & Survivors	9,033,476	11,125,694
Voluntary and Transfer Contributions	54,820	68,455
Pending Terminations	<u>2,237</u>	<u>20,595</u>
Total Liabilities	<u>\$16,193,673</u>	<u>\$20,243,138</u>

#### **Statement**

As at December 31, 2025, the valuation date, the solvency liabilities exceed the solvency assets by \$2,043,882, therefore there is a solvency deficiency.

The ratio of market value of assets to solvency liabilities is 0.91. The transfer ratio, which includes growth in benefits, is 0.85.

### **SOLVENCY VALUATION (continued)**

#### **Special Payments**

Municipal pension plans are not required to fund solvency deficits, so no special payments are required in respect of the solvency deficiency.

Cost certificates are required on an annual basis if the funded ratio (ratio of assets to liabilities) on a solvency basis is less than 0.85. As the funded ratio is 0.91, annual cost certificates are not be required.

#### **Grow-in**

In accordance with the Pension Benefits Act (Nova Scotia), grow-in has not been included in the calculation of solvency liabilities. If grow-in provisions had been included, solvency liabilities would have been approximately \$1,370,432 higher than the values shown above. In the event of a full or partial Plan wind-up, grow-in benefits must be fully funded, as required by legislation.

#### **Incremental Solvency Cost**

We have also calculated the expected incremental cost to the Plan on a solvency basis. To do this, we have calculated the solvency liabilities at December 31, 2028, taking future expected accruals into account and using the same actuarial basis used to determine the December 31, 2025 solvency liabilities. The solvency liabilities at December 31, 2028 were then discounted back to the valuation date and the December 31, 2025 solvency liabilities were subtracted to obtain the incremental cost. The incremental cost on a solvency basis for the three year period from December 31, 2025 to December 31, 2028 was calculated to be \$3,408,444. Note that this calculation makes no allowance for any excess return of the Fund above the interest rate used to value the solvency liabilities.

**SENSITIVITY ANALYSIS AND PLAUSIBLE ADVERSE SCENARIOS**

In order to illustrate the effects of adverse deviations/plausible adverse scenarios on the funded status of the Plan, we have performed sensitivity analyses on the going concern valuation. Specifically, we have looked at the impact on the ongoing surplus (deficit) and on the current service cost of: interest rate risk, deterioration of asset values, longevity risk and retirement risk. The different plausible adverse scenarios were developed based on discussions with the Municipality.

The following table illustrates the sensitivity analysis related to the interest rate risk on a going concern basis. The sensitivity analysis presents the impact of a decrease of 1% in the interest rate assumption, by estimating the impact on the actuarial liabilities under the Plan. In the following table, we have also estimated the impact on plan assets of a 1% decline in interest rates by increasing the assets invested in fixed income based on the duration of the Plan's fixed income assets. For purposes of this analysis we have not made any adjustment to the assets invested in equities or real estate.

**As of December 31, 2025**

<b>Scenario:</b>	<b><u>1.0% Reduction in Interest Rate Levels</u></b>	<b><u>No Change in Interest Rate Levels</u></b>
<b>Interest Rate:</b>	<b><u>4.45%</u></b>	<b><u>5.45%</u></b>
<b>Funded Status</b>		
Actuarial value of assets	\$19,157,445	\$18,349,256
Actuarial liabilities	22,013,118	19,396,242
Provision for adverse deviations	<u>990,590</u>	<u>872,831</u>
Actuarial surplus (deficit)	<u>(\$3,846,263)</u>	<u>(\$1,919,817)</u>
Annual Special Payment	\$475,275	\$247,953
Current Service Cost	\$1,255,425	\$1,036,769
Member contributions	504,737	504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	750,688	532,032
Employer contribution as a % of payroll	9.67%	6.85%
Employer contribution as a % of Member contributions	148.7%	105.4%

**SENSITIVITY ANALYSIS AND PLAUSIBLE ADVERSE SCENARIOS (continued)**

The following table illustrates the impact of a 15% decrease in value of Plan's assets invested in equities. No change is assumed for Plan's assets invested in fixed income or real estate.

Scenario:	As of December 31, 2025	
	<u>15% drop in value of Plan assets invested in equities</u>	<u>No change in Plan assets</u>
<b>Funded Status</b>		
Actuarial value of assets	\$16,877,326	\$18,349,256
Actuarial liabilities	19,396,242	19,396,242
Provision for adverse deviations	<u>872,831</u>	<u>872,831</u>
Actuarial surplus (deficit)	<u>(\$3,391,747)</u>	<u>(\$1,919,817)</u>
Annual Special Payment	\$438,059	\$247,953
Current Service Cost	\$1,036,769	\$1,036,769
Member contributions	504,737	504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	532,032	532,032
Employer contribution as a % of payroll	6.85%	6.85%
Employer contribution as a % of Member contributions	105.4%	105.4%

**SENSITIVITY ANALYSIS AND PLAUSIBLE ADVERSE SCENARIOS (continued)**

The following table illustrates sensitivity analysis related to longevity risk. The base valuation results use 100% of CPM2014 Public with generational projection; for purposes of the sensitivity analysis, comparative results are shown below based on 90% of CPM2014 Public with generational projection:

Scenario:	As of December 31, 2025	
	90% CPM2014 Public sector with generational projection	100% CPM2014 Public sector with generational projection
<b>Funded Status</b>		
Actuarial value of assets	\$18,349,256	\$18,349,256
Actuarial liabilities	19,647,974	19,396,242
Provision for adverse deviations	<u>884,159</u>	<u>872,831</u>
Actuarial surplus (deficit)	<u>(\$2,182,877)</u>	<u>(\$1,919,817)</u>
Annual Special Payment	\$281,928	\$247,953
Current Service Cost	\$1,045,475	\$1,036,769
Member contributions	504,737	504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	540,738	532,032
Employer contribution as a % of payroll	6.96%	6.85%
Employer contribution as a % of Member contributions	107.1%	105.4%

**SENSITIVITY ANALYSIS AND PLAUSIBLE ADVERSE SCENARIOS (continued)**

The following table illustrates sensitivity analysis related to early retirement assumption. The base valuation results use the assumed retirement age assumption to 35% retiring at age 65 and 65% retiring at the earliest unreduced retirement age; for purposes of the sensitivity analysis, comparative results are shown below based on use the assumed retirement age assumption to 25% retiring at age 65 and 75% retiring at the earliest unreduced retirement age:

**As of December 31, 2025**

<b>Scenario:</b>	<b>25% retiring at age 65 and 75% retiring at the earliest unreduced retirement age</b>	<b>35% retiring at age 65 and 65% retiring at the earliest unreduced retirement age</b>
<b>Funded Status</b>		
Actuarial value of assets	\$18,349,256	\$18,349,256
Actuarial liabilities	19,654,712	19,396,242
Provision for adverse deviations	<u>884,462</u>	<u>872,831</u>
Actuarial surplus (deficit)	<u>(\$2,189,918)</u>	<u>(\$1,919,817)</u>
Annual Special Payment	\$282,838	\$247,953
Current Service Cost	\$1,054,314	\$1,036,769
Member contributions	504,737	504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	549,577	532,032
Employer contribution as a % of payroll	7.08%	6.85%
Employer contribution as a % of Member contributions	108.9%	105.4%

### **CONTRIBUTION REQUIREMENTS**

The Plan states that Member contributions are 6.50% of earnings. Employer contributions are determined by the Actuary, taking into consideration the assets and the remaining amount necessary to fund the plan benefits. The contributions are subject to the maximum tax-deductible contributions permitted by Canada Revenue Agency.

#### **Current Service Cost**

The current service cost is the portion of the total cost of the Plan that has been allocated by the actuarial method and assumptions to the year (12 months) immediately following the valuation date.

Estimated Payroll for 2026	\$7,765,188
Current Service Cost	\$1,036,769
Member Contributions	\$ 504,737
Balance of cost (to be funded by the Municipality)	\$ 532,032
Employer contribution as a % of payroll	6.85%
Employer contribution as a % of Member contributions	105.4%

For purposes of the current service cost calculation, we have increased Members' 2025 annualized earnings by 3%.

#### **Excess Surplus**

The Income Tax Act limits contributions which can be made to a pension plan. Contributions are limited if surplus exceeds a given threshold; any surplus in excess of the threshold is called excess surplus.

The surplus threshold is equal to 25% of the going concern liabilities for the Plan (\$4,849,061). The Plan has a deficit of \$1,919,817; therefore, there is no excess surplus.

#### **Special Payments**

The required annual special payments in accordance with the Nova Scotia Pension Benefits Regulations are \$247,953 per annum starting in 2026 and continuing for 10 years (up to and including 2035).

#### **Maximum Contributions**

The Current Service Cost and Special Payments outlined above are the minimum contributions required. The Municipality may make contributions in excess of the minimum required contributions. For an ongoing plan subject to maximum contribution rules outlined above, contributions are permitted up to the shortfall on a Plan Wind-up basis (\$3,414,315 as of December 31, 2025) plus the Current Service Cost for 2026 of \$532,032, for a total maximum contribution of \$3,946,347 in 2026.

### **STATUTORY FILINGS**

#### **Canada Revenue Agency (CRA)**

An actuarial opinion must be filed with CRA in accordance with the Income Tax Act in order to obtain certification with respect to a deduction for contributions to the Plan.

The last filed valuation report was as at December 31, 2022.

#### **Pension Regulation Division (Nova Scotia)**

An actuarial opinion and other prescribed information must be filed with the Superintendent of Pensions at least every three years. The last filed valuation report was as at December 31, 2022. We recommend that this valuation report at December 31, 2025 be filed with the Superintendent of Pensions.

Legislation requires annual cost certificates if the funded ratio (ratio of assets to liabilities) on a solvency basis is less than 0.85. The current funded ratio is 0.91, therefore annual cost certificates are not be required to be filed with the Superintendent of Pensions.

**ACTUARIAL COST CERTIFICATE  
IN RESPECT OF THE ACTUARIAL REVIEW OF THE  
RETIREMENT PLAN FOR THE EMPLOYEES OF MUNICIPALITY  
OF THE DISTRICT OF EAST HANTS  
AS AT DECEMBER 31, 2025**

I hereby certify that:

1. The current service cost for 2026 is \$1,036,769, or 13.35% of payroll. This consists of member contributions of \$504,737 (6.50% of payroll) and employer contributions of \$532,032 (6.85% of payroll). These rates apply until a further actuarial report is prepared.
2. The Plan has an actuarial deficit of \$1,919,817 on a going concern basis including Provision for Adverse Deviation. Annual special payments of \$247,953 in 2026 and subsequent years are required to fund this deficit.
3. On a going concern basis, the above payments are sufficient to ensure that all the obligations of the Plan with respect to the current service of members may be discharged in full.
4. The funded ratio on a solvency basis is 0.91 as of December 31, 2025. The Transfer Ratio, which includes grow-in benefits, is 0.85 as of December 31, 2025.
5. On a solvency basis, the Plan has a deficit of \$2,043,882. Grow-in benefits have not been included in the calculation of solvency liabilities. If grow-in benefits were included, solvency liabilities would be \$1,370,432 higher.
6. In the event of Plan wind-up, liabilities (including grow-in benefits) would exceed assets by \$3,414,314.
7. This valuation complies with the requirements of Section 147.2(2)(a)(iii) and (iv) of the Income Tax Act.
8. For the purposes of the Income Tax Act, there is no excess surplus under the Plan as at the valuation date.
9. All benefits provided by the Plan as at December 31, 2025 have been included for purposes of determining solvency liabilities.
10. The benefit limits imposed on certain pre-1990 accruals of service have been taken into account.
11. The next valuation of the Plan should be performed as at December 31, 2028 unless there are major revisions to the Plan prior to that date, whereupon a supplemental valuation would be required.
12. As the Plan's solvency ratio is more than 0.85, annual cost certificates are not required.

**ACTUARIAL OPINION**

I, the undersigned, hereby certify that, in my opinion, for the purpose of this actuarial valuation as of December 31, 2025:

- the data used are sufficient and reliable;
- the assumptions used are, in aggregate, appropriate;
- the methods used are appropriate.

Further, in my opinion, the value of the actuarial liabilities would be greater than the Plan assets if the Plan were to be wound up on the valuation date.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations.

This valuation report has been prepared and this opinion has been given in accordance with accepted actuarial practice in Canada.

May 4, 2026

\_\_\_\_\_  
Date Signed



\_\_\_\_\_  
Paul Burnell, F.C.I.A., F.S.A.

## **ACTUARIAL BASIS**

### **Actuarial Methods and Assumptions**

Actuarial methods and assumptions are employed in order to determine the Plan's assets and liabilities as of the review date and to estimate the future costs that are likely to be incurred by the Plan. The actuarial methods and assumptions provide an orderly program for meeting the ultimate costs of the Plan. The true costs of the Plan will emerge only as experience develops, investment earnings are realized and benefit payments are made. The actuarial methods and assumptions are reviewed from time to time in order to reflect adequately the emerging experience of the Plan.

Generally speaking, there is no single correct assumption; instead, there is a range of acceptable assumptions. At one end of the acceptable range, the assumptions are aggressive and have little in the way of margin for adverse deviation. At the other end of the range, the assumptions are conservative and have significant margins.

The actuaries explained the concept of range of assumptions and margins with a representative of the Municipality. After discussion between the actuaries and the Municipality's representative, it was determined that the margins in the proposed assumptions were acceptable, but that they should be monitored and reviewed in subsequent valuations.

### **Valuation of Liabilities**

For this actuarial valuation (as well as the previous valuation), we have determined the actuarial liabilities in respect of active members using the **Accrued Benefits Actuarial Cost Method**. Under this method, the actuarial liability is determined as the present value of benefits accrued up to the valuation date. This method serves to accumulate assets systematically to provide security for the benefits provided under the terms of the Plan in respect of service that has already been rendered, without further recourse to the assets of the Plan sponsor.

The current service cost is determined as the present value of benefits expected to be earned in the year immediately following the valuation date.

The current service cost under the Accrued Benefits Cost Method will increase over time. However, the cost will remain constant for the group as a whole if the average age remains constant (which can occur through the retirement of older members and the addition of new, younger members). If the Plan's average age increases, the cost will also increase. Such increases would be revealed in future valuations.

As the Plan has a relatively stable population, we believe that the Accrued Benefit Cost Method is appropriate.

The actuarial liability for inactive members is calculated as the present value of benefits payable to them.

### **Minimum Liability (50% Rule)**

Additional liabilities have been calculated and are included in total liability figures in an amount equal to the excess of Member contributions (after 1988) over 50% of the commuted value of benefits accrued after 1988 (50% rule). The current service cost has also taken the 50% rule into account.

**ACTUARIAL BASIS (continued)**

***Going Concern Assumptions***

**Economic Assumptions**

Asset Yield:	5.45% per annum net of all expenses; see interest rate discussion below. The previous valuation assumed 6.00% per annum net of all expenses.
Salary increases (used for Current Service Cost only)	3.0% per annum.

**Demographic Assumptions**

Mortality:	For post-retirement only: 2014 Canadian Pensioners' Mortality Table for Public employees (CPM 2014 Public) with generational projection using improvement factors from scale CPM-B.
Disability:	None
Termination:	None
Retirement Date:	35% assumed to retire at age 65 and 65% assumed to retire at their earliest unreduced retirement age. For active members, retirement is assumed to occur no earlier than one year after the valuation date. The previous valuation assumed that 50% of members retire at age 65 and 50% retire at their earliest unreduced retirement age.

**Other Assumptions**

Investment Expenses:	Implicitly recognized in interest rate
Administrative Expenses:	No allowance is made for non-investment expenses because these expenses are paid directly by the Municipality.
Actuarial Method (for liabilities):	Accrued Benefits Cost Method
Asset Valuation Method:	Market Value of Assets

**ACTUARIAL BASIS (continued)**

***Going Concern Assumptions (continued)***

**Discussion of Interest Rates:**

The going concern interest rate assumption is based on long-term expectations for the rate of return of the Plan's assets net of investment expenses. Administrative expenses are paid directly by the Municipality.

The investment expenses are based on the hypothetical cost of passive investment management considering the size of the Plan's assets. Investment expenses in excess of the hypothetical passive management fees are assumed to be offset by additional returns due to active management.

To determine the expected gross rate of return, we used expected return assumptions by asset class provided by a third-party. The weighted average expected return based on the Plan's target asset allocation was calculated with these assumptions. We then added an additional 0.50% to the weighted average to approximate the impact of rebalancing and diversification on the overall portfolio return.

The going concern interest rate assumption used in the valuation was derived as follows:

Expected return on assets:	5.60%
Investment expenses (passive)	(0.15%)
<b>Interest Rate</b>	<b>5.45%</b>

**ACTUARIAL BASIS (continued)**

***Solvency Assumptions***

**Economic Assumptions**

Interest rates (lump sums): 3.50% per annum for 10 years; 5.00% per annum thereafter

Interest rates (annuity purchase): 4.90% per annum

**Demographic Assumptions**

Mortality: The Canadian Pensioners Mortality 2014 (CPM2014) table with generational mortality improvements based on scale CPM-B (post-retirement only)

Disability: None

Termination: None

Retirement Date: Active members under age 50 were assumed to retire at the age they would receive the pension of greatest value (allowing for early retirement reductions). Active members age 50 and over and deferred members are assumed to retire on the valuation date or the earliest date they receive an unreduced pension, whichever results in the larger actuarial liability.

Expenses: \$150,000 subtracted from the assets, the previous valuation assumed \$90,000.

Actuarial Method (for liabilities): Accrued Benefits Actuarial Cost Method

Asset Valuation Method: Market Value of Assets

Annuity Purchase: All pensioners, deferred vested and active members over age 50 are assumed to elect an annuity on plan wind up. All other members are assumed to elect a lump sum.

Grow-in Provisions: Grow-in provisions have not been taken into account in our calculation of solvency liabilities. We have calculated the impact that grow-in provisions would have on the funded position of the Plan (grow-in benefits would need to be funded in the event of Plan wind-up) and have disclosed the impact.

**SUMMARY OF PLAN ASSETS**

The assets of the Plan are currently invested with Manulife.

All information relative to the Plan assets has been extracted from the financial statements of the Plan as prepared by Manulife.

The following schedule shows the development of the Fund's assets over the past three years:

**STATEMENT OF CHANGES IN NET ASSETS**

<b>MARKET VALUE</b>	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2025</b>
<b>INCREASE IN ASSETS</b>			
Investment income and gains	\$1,205,736	\$1,751,899	\$1,444,490
Employee contributions	366,311	433,201	474,231
Employee transferred contributions	0	0	0
Employer contributions	<u>709,432</u>	<u>540,398</u>	<u>919,830</u>
Total increase in assets	\$2,281,479	\$2,725,498	\$2,838,551
<b>DECREASE IN ASSETS</b>			
Fees and expenses	\$144,879	\$156,241	\$172,294
Benefit payments	<u>720,184</u>	<u>747,987</u>	<u>794,842</u>
Total decrease in assets	\$865,063	\$904,228	\$967,136
<b>NET INCREASE IN TOTAL ASSETS DURING THE YEAR</b>	\$1,416,416	\$1,821,270	\$1,871,415
<b>TOTAL ASSETS BEGINNING OF YEAR</b>	\$13,240,155	\$14,656,571	\$16,477,841
<b>TOTAL ASSETS END OF YEAR</b>	\$14,656,571	\$16,477,841	\$18,349,256
Annual investment rate of return <sup>4</sup>	7.91%	10.80%	7.58%

The total actuarial value of assets at December 31, 2025 is \$18,349,256.

<sup>4</sup> The Annual Investment Rate of Return (net of all expenses) has been estimated with the assumption that all payments in and out of the funds occur in the middle of the year.

### **HISTORICAL RETURNS**

The table below shows historical returns for the Plan:

<b><u>Year</u></b>	<b><u>Rate of Return<sup>5</sup></u></b>
2000	10.8%
2001	0.7%
2002	-4.4%
2003	11.2%
2004	9.0%
2005	11.0%
2006	9.8%
2007	2.0%
2008	-14.5%
2009	10.2%
2010	6.5%
2011	3.1%
2012	8.0%
2013	16.1%
2014	8.1%
2015	5.3%
2016	1.7%
2017	6.6%
2018	-4.0%
2019	13.4%
2020	8.0%
2021	9.5%
2022	-8.1%
2023	7.9%
2024	10.8%
2025	7.6%
Average of all years	5.6%

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<sup>5</sup> Note that these returns are calculated net of all expenses.

**INVESTMENT POLICIES TO MANAGE FUNDING RISKS**

The Municipality has an investment policy in place. The assets for the Plan are invested in Manulife Pooled Funds.

Note that solvency risks would be better managed by a cash flow matching program that broadly matched the liability stream of the Plan.

The table below compares the Plan’s investment policy with the actual asset mix at December 31, 2025.

<i>Asset Group</i>	<i>POLICY</i>			<i>ACTUAL</i>
	<i>Minimum</i>	<i>Benchmark</i>	<i>Maximum</i>	<i>December 31, 2025</i>
<i>Equities:</i>				
<i>Canadian</i>	15%	20.0%	25%	23.2%
<i>U.S. and International</i>	15%	<u>30.0%</u>	45%	<u>30.4%</u>
<i>Total Equities</i>	45%	50.0%	65%	53.6%
<i>Fixed Income</i>	35%	40.0%	45%	37.2%
<i>Real Estate</i>	0%	<u>10.0%</u>	10%	<u>9.2%</u>
<i>Total</i>		100%		100.0%

**ACTUARIAL LIABILITY**

	<b><u>December 31, 2022</u></b>	<b><u>December 31, 2025</u></b>
<b>Liabilities</b>		
Active members	\$5,419,490	\$7,882,075
Deferred vested members	646,795	824,277
Pensioners	8,156,550	10,600,840
Voluntary & Transfer contributions	54,820	68,455
Pending terminations	<u>2,237</u>	<u>20,595</u>
Total	<u>\$14,279,892</u>	<u>\$19,396,242</u>

**CURRENT SERVICE COST**

	<b><u>December 31, 2022</u></b>	<b><u>December 31, 2025</u></b>
Current Service Cost	\$654,762	\$1,036,769
Member contributions	\$360,130	\$504,737
Member contributions as a % of payroll	6.50%	6.50%
Employer contribution	\$294,632	\$532,032
Employer contribution as a % of payroll	5.32%	6.85%
Employer contribution as a % of Member contributions	81.8%	105.4%

**PLAN MEMBERSHIP**

We (Plenus Consultants) perform day-to-day administration of the Plan based on membership information provided to us by the Municipality of East Hants. The data, prepared as of December 31, 2025, were taken from our records.

The data were tested for consistency, reliability and appropriateness for the purposes of this valuation. These tests included:

- a reconciliation of the changes in membership since the date of the last valuation;
- a comparison of actual contributions and benefit payments as per the financial statements of the Plan to the contributions and benefit payments expected of the membership and Plan provisions;
- a test of consistency between the membership data provided for this valuation and the previous valuation.

While the data tests will not capture all possible deficiencies in the data and reliance is also placed on the certification of the plan administrator as to the quality of the data, on the basis of the results of these tests, the data are considered to be sufficient and reliable for the purposes of this valuation.

The following table summarizes the changes in membership from the previous valuation date to the current valuation date:

	<b>Active</b>	<b>Deferred Vested</b>	<b>Retirees</b>
Count at December 31, 2022	74	15	36
New Entrants	35		
Terminations with lump sum payment	(12)		
Terminations with deferred pension	(1)	1	
Terminations pending payouts			
Marriage breakdowns			
Deaths			
Retirement	(6)		6
Data corrections			
Count at December 31, 2025	90	16	42

Note that the above table excludes any individuals who joined and left the Plan in the period between the actuarial valuations.

**PLAN MEMBERSHIP (continued)**

The following tables show detailed membership information as of December 31, 2025<sup>6</sup>:

**Active Members**

**MALES**

<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Annual Benefit</b>	<b>Total CWI</b>	<b>Average Earnings</b>	<b>Average Service</b>
20-24	0	0	0	0	0
25-29	4	12,918	44,560	68,479	2.16
30-34	7	38,262	132,388	69,484	3.59
35-39	5	23,400	80,203	80,812	3.48
40-44	11	144,699	512,454	104,365	7.54
45-49	5	67,291	259,275	78,643	10.04
50-54	7	115,872	458,275	89,704	12.24
55-59	1	19,619	69,937	105,107	11.94
Over 60	4	79,948	320,243	100,883	13.84
<b>Total</b>	<b>44</b>	<b>502,009</b>	<b>1,877,335</b>	<b>87,322</b>	<b>7.67</b>

**FEMALES**

<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Annual Benefit</b>	<b>Total CWI</b>	<b>Average Earnings</b>	<b>Average Service</b>
20-24	0	0	0	0	0.00
25-29	3	11,721	41,265	55,808	3.61
30-34	9	44,948	157,253	51,307	4.61
35-39	13	64,315	223,707	58,170	4.02
40-44	8	42,907	155,964	62,639	4.92
45-49	8	130,438	500,861	93,687	12.17
50-54	2	71,866	289,331	164,148	16.50
55-59	3	47,352	193,750	77,243	16.17
Over 60	0	0	0	0	0
<b>Total</b>	<b>46</b>	<b>413,546</b>	<b>1,562,131</b>	<b>69,479</b>	<b>7.02</b>

<sup>6</sup> Totals may not match exactly, due to rounding.

**PLAN MEMBERSHIP (continued)**

**Active Members (continued)**

**TOTAL**

<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Annual Benefit</b>	<b>Total CWI</b>	<b>Average Earnings</b>	<b>Average Service</b>
20-24	0	0	0	0	0
25-29	7	24,639	85,825	63,049	2.78
30-34	16	83,209	289,642	59,259	4.17
35-39	18	87,715	303,909	64,459	3.87
40-44	19	187,606	668,418	86,797	6.44
45-49	13	197,729	760,135	87,901	11.35
50-54	9	187,738	747,607	106,247	13.19
55-59	4	66,971	263,687	84,209	15.11
Over 60	4	79,948	320,243	100,883	13.84
<b>Total</b>	<b>90</b>	<b>915,555</b>	<b>3,439,466</b>	<b>78,202</b>	<b>7.34</b>

**Deferred Vested**

<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Annual Benefit</b>	<b>Average Credited Service</b>
20-24	0	0	0.00
25-29	0	0	0.00
30-34	1	5,035	6.02
35-39	0	0	0.00
40-44	0	0	0.00
45-49	2	7,545	4.15
50-54	4	23,281	9.73
55-59	3	20,610	5.71
Over 60	6	34,345	5.04
<b>Total</b>	<b>16</b>	<b>90,817</b>	<b>6.29</b>

Of the 16 deferred vested members, 9 are male and 7 are female.  
 All deferred vested members are included in the summary above.

**PLAN MEMBERSHIP (continued)**

<b>Pensioners Male</b>		
<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Monthly Pension</b>
50-54	0	0
55-59	2	4,808
60-64	9	13,808
65-69	4	6,839
70-74	5	10,183
75-79	4	5,446
Over 80	3	2,367
<b>Total</b>	<b>27</b>	<b>43,452</b>

<b>Pensioners Female</b>		
<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Monthly Pension</b>
50-54	0	0
55-59	1	2,354
60-64	4	7,848
65-69	7	12,809
70-74	2	1,154
75 to 79	1	1,055
Over 80	0	0
<b>Total</b>	<b>15</b>	<b>25,220</b>

<b>Pensioners Total</b>		
<b>Age Last Birthday</b>	<b>Count</b>	<b>Total Monthly Pension</b>
50-54	0	0
55-59	3	7,162
60-64	13	21,656
65-69	11	19,648
70-74	7	11,337
75-79	5	6,501
Over 80	3	2,367
<b>Total</b>	<b>42</b>	<b>68,671</b>

### **SUMMARY OF PLAN PROVISIONS**

The Summary of Plan Provisions below is based on the plan text consolidated and restated to July 1, 2022.

#### **EFFECTIVE DATE**

The Effective Date of the original Plan is November 1, 1973. The Effective Date of the revised and amended Plan is July 1, 2022.

#### **ELIGIBILITY**

Eligible full-time employees hired prior to the effective date of the plan must join the plan on the effective date.

Eligible full-time employees hired on or after the effective date must join the plan on the first day of the month coinciding with or following their date of employment with the employer.

Eligible part-time employees hired before January 1, 2016 must join the plan on the first day of the month coincident with or following the completion of two consecutive calendar years of service with the employer during each of which they have earned not less than 35 percent of the year's maximum pensionable earnings or worked 700 hours with the employer.

Effective June 1, 2014, employees who are within 15 years of normal retirement age are given the option of choosing not to join the Plan.

Eligible part-time employees hired on or after January 1, 2016 and before February 1, 2020 have the option to join the plan on the first day of the month coincident with or following the completion of two consecutive calendar years of service with the employer during each of which they have earned not less than 35 percent of the year's maximum pensionable earnings or worked 700 hours with the employer.

Part-time employees hired who are not Members as of February 1, 2020 are not eligible to join the Plan.

#### **CONTRIBUTIONS**

Prior to January 1, 2021 Members were required to contribute 5.0% of earnings. For the period from January 1, 2021 to December 31, 2021, Members were required to contribute 5.5% of earnings. Effective January 1, 2022 Members are required to contribute 6.5% of earnings.

Effective January 1, 2016 Member voluntary contributions are prohibited. Previously Members were permitted contributions transferred in from other Plans but effective February 26, 2026 these contributions are no longer permitted. The employer contributes such additional amounts as are recommended by the actuary to fund the cost of the benefits in the Plan.

### **SUMMARY OF PLAN PROVISIONS (continued)**

#### **RETIREMENT DATE**

Normal – The normal retirement date is the first of the month following attainment of age 65.

Early – An active Member retiring after December 31, 2005 may retire on or after the first of the month following attainment of age 50. For all other retirements, a Member may retire on or after the first of the month following attainment of age 55. If the Member's age and number of years of service total 80 or more at retirement, an unreduced pension is payable. If not, the early retirement pension is reduced  $\frac{1}{2}\%$  for each month that retirement precedes the earlier of:

- the date age plus years of service total 80, and
- Normal retirement date.

Postponed – A Member may postpone retirement beyond age 65, but must retire no later than the end of the year of the attainment of age 71. Benefits continue to accrue to the Member on the same basis as prior to normal retirement. Accrued benefits will be actuarially increased on an equitable basis.

#### **NORMAL FORM OF PENSION**

The normal form is a life pension guaranteed for 10 years. Members with a spouse must receive an actuarially equivalent pension which is joint and survivor with 60% of the pension payable to the Spouse over their lifetime upon death of the Member, unless this form is waived by both the Member and the Spouse. Other optional forms of pension are available.

#### **RETIREMENT BENEFITS**

The annual amount of pension a member will receive from the Plan on normal, unreduced or deferred retirement will be the sum of the following, subject to limits prescribed by the Income Tax Act:

- For service prior to January 1, 2008, the greater of (A) and (B) as follows:
  - (A) the pension accrued under the terms of the Plan in effect as at December 31, 2007; and
  - (B) 2% of the annual average of the member's salary during the 5 years in which his salary was the highest as at January 1, 2008 multiplied by the member's service prior to January 1, 2008; plus
- For service after December 31, 2007, 2% of the member's annual salary.

**SUMMARY OF PLAN PROVISIONS (continued)**

**RETIREMENT BENEFITS (continued)**

In addition, seven individuals who retired between December 31, 2010 and December 31, 2015 had benefits upgraded so that benefits for service prior to January 1, 2011 were based on five-year average earnings as of December 31, 2010. Four additional Members had benefits upgraded on retirement so that benefits for service prior to January 1, 2014 were based on five-year average earnings as of December 31, 2013. Three Members had benefits upgraded on retirement so that benefits for service prior to January 1, 2017 were based on five-year average earnings as of December 31, 2016. A further seven Members had benefits upgraded on retirement so that benefits for service prior to January 1, 2020 were based on five-year average earnings as of December 31, 2019. Five members had benefits upgraded on retirement so that benefits for service prior to January 1, 2023 were based on five-year average earnings as of December 31, 2022.

**DEATH BENEFIT**

Death Prior to Retirement

- (a) With respect to benefits accrued up to December 31, 1987:

The member's required contributions plus interest and the value of any additional voluntary contributions will be paid to the beneficiary in one sum.

- (b) With respect to benefits accrued on or after January 1, 1988:

One hundred percent of the commuted value of the accrued benefit and the value of any additional voluntary contributions will be paid to the beneficiary in one sum.

Death After Retirement

The survivor/beneficiary benefit is determined by the form of the pension being received.

**DISABILITY BENEFITS**

A Member on Long-Term Disability will not accrue benefits in the Plan and no contributions will be made during the disability period.

**SUMMARY OF PLAN PROVISIONS (continued)**

**TERMINATION BENEFIT**

- (a) With respect to benefits accrued up to December 31, 1987:

*Less than 10 years of service*

The member's required contributions plus interest and the value of any member's additional voluntary contributions will be paid.

*More than 10 years of service*

The choice of:

- The member's required contributions plus interest and the value of any member's additional voluntary contributions *or*
- a deferred retirement annuity of the accrued pension plus any additional pension that may be purchased with voluntary contributions.

*After attainment of age 45 and 10 years of service*

A deferred retirement annuity of the accrued pension plus any additional pension that may be purchased with voluntary contributions is payable.

- (b) With respect to benefits accrued on or after January 1, 1988:

A deferred retirement annuity of the accrued pension plus any additional pension that may be purchased with voluntary contributions is payable.

**EMPLOYER COST SHARING**

If, on death, termination or retirement of the member, the required member contributions made after December 31, 1987 accumulated with interest exceed 50% of the commuted value of the member's accrued vested pension for the same period, the excess is payable to the member.

**CERTIFICATION**

I hereby certify that the description and the terms of the Plan, as described in summary form in Appendix 5, and adopted for the categories of members described in this report, represent a description of the Plan which is complete and accurate insofar as the terms of the Plan affecting cost are concerned, and that the membership data contained in Appendix 4 represent a complete and accurate description of the members covered by the Plan as of the date at which this actuarial review has been carried out, and that the assets of the Plan described in Appendix 2 are accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date