

# NEW BRUNSWICK TEACHERS' PENSION PLAN



**NBTPP Board of Trustees**  
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For questions, please contact Vestcor Pension Services Corporation toll free at 1 (800) 561-4012 or 453-2296 (Fredericton) or by email at [pensions@vestcorservices.com](mailto:pensions@vestcorservices.com).

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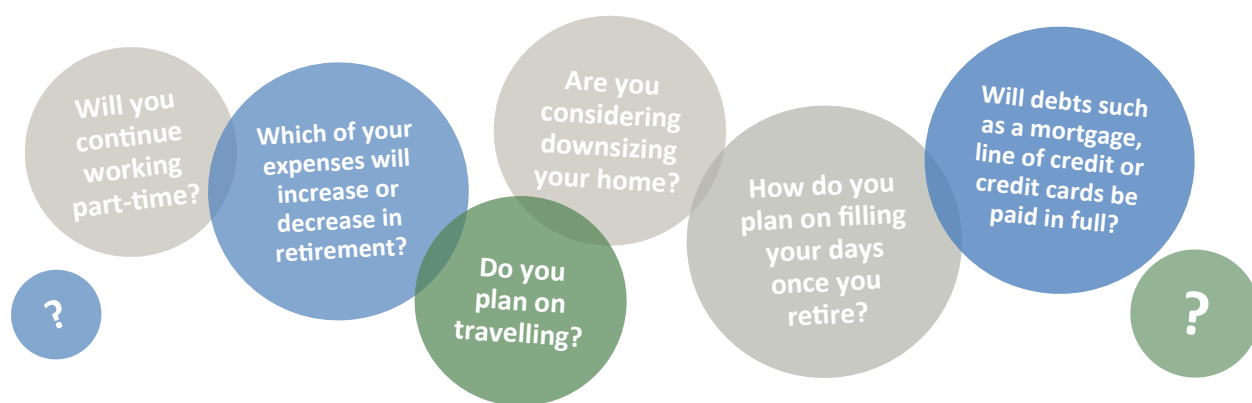
# PLANNING FOR RETIREMENT

*It's never too soon to begin planning for your retirement*

Achieving the retirement lifestyle you desire requires a bit of planning. We've outlined below some easy steps to follow to help you estimate how much income you'll need through your retirement, and how you can achieve this level of retirement income.

## HOW MUCH INCOME WILL YOU NEED TO RETIRE?

Typically, it's suggested that you should aim to replace 70% of your annual pre-retirement income through your pension plan, and other sources of income to maintain the same standard of living throughout your retirement. This may be a good gauge, but remember that your actual retirement income needs are going to be unique to you, based on your personal circumstances. To begin estimating how much you'll need, answer the following questions:



Now that you have a better idea of how much income you'll need to enjoy the lifestyle you want in retirement, consider which sources of the Canadian Retirement Income System you will need to rely on.

## THE THREE SOURCES OF RETIREMENT INCOME

There are three sources of retirement income in Canada:

SOURCE 1: OLD AGE SECURITY (OAS) & GUARANTEED INCOME SUPPLEMENT (GIS)



SOURCE 2: THE CANADA PENSION PLAN (CPP) & QUEBEC PENSION PLAN (QPP)



SOURCE 3: NEW BRUNSWICK TEACHERS' PENSION PLAN & OTHER SAVINGS ACCOUNTS

= Retirement Income

### SOURCE 1: OAS & GIS

**The first source** is made up of two programs financed by the Government of Canada (Federal Government) through general tax revenues. The OAS and GIS programs are available to seniors based on their age, years of Canadian residency and level of income.

For more information on OAS and GIS, please visit [www.canada.ca/en/services/benefits/publicpensions.html](http://www.canada.ca/en/services/benefits/publicpensions.html).



## SOURCE 2: CPP & QPP

**The second source** consists of the CPP/QPP programs. These mandatory programs are designed to provide a basic level of income for all Canadian workers at retirement. As an employee, you pay into these programs throughout your years of employment, so you can access the benefits during retirement. Note that QPP is only required by employees working in the Province of Quebec.

The monthly CPP/QPP entitlement you'll receive is based on the amount you contributed while working, the number of years you contributed and the age you begin drawing your CPP/QPP upon retirement. For more information on CPP and QPP, please visit [www.canada.ca/en/services/benefits/publicpensions.html](http://www.canada.ca/en/services/benefits/publicpensions.html)

## SOURCE 3: NBTPP PENSION & OTHER SAVINGS

**The third source** consists of your NBTPP pension and any other savings plans you may have. Examples of savings plans include Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSAs) & Other Non-Registered Savings Accounts.

Your NBTPP pension will likely be a major component of the third source of your retirement income. The primary purpose of the NBTPP is to provide secure pensions to plan members at retirement.

Depending on the lifestyle you seek at retirement, you may want to consider other savings plans to increase your retirement income. It is never too early or too late to look into RRSPs and TFSAs. For more information on those programs, visit [www.cra-arc.gc.ca/rrsp](http://www.cra-arc.gc.ca/rrsp) and [www.cra-arc.gc.ca/tfsa](http://www.cra-arc.gc.ca/tfsa), or speak to a financial advisor.

**Combining these three sources can provide you with a healthy retirement income. For an estimate of your future NBTPP entitlement, use the online Pension Estimate Calculator at [vestcor.org/nbtpp](http://vestcor.org/nbtpp).**

**Are you retiring soon? Refer to the Retirement Planning Checklist on the next page.**

## RETIREMENT PLANNING CHECKLIST

As you think about retiring, the following checklist will help you with your planning:

### 12 months prior to retirement

- Contact Vestcor Pension Services Corporation (VPSC) or your employer to obtain a formal pension benefit estimate.
- Collect required documents you will need at retirement
  - Proof of birth
  - Marriage Certificate / Common Law Partner declaration
  - Spouse's proof of birth
- For CPP and OAS benefits, visit [www.canada.ca/en/services/benefits/publicpensions.html](http://www.canada.ca/en/services/benefits/publicpensions.html) for an application. To apply for QPP benefits, visit [www.rrq.gouv.qc.ca/en/services/formulaires/regime\\_rentes/retraite/Pages/B-001.aspx](http://www.rrq.gouv.qc.ca/en/services/formulaires/regime_rentes/retraite/Pages/B-001.aspx).

### 6 months prior to retirement

- Contact your employer to complete a retirement application along with related forms.
- When choosing your retirement date, you may want to choose a date close to the end of the month. Your pension is always effective on the 1<sup>st</sup> of the month following your retirement date, and paid the 24<sup>th</sup> of the month.

Once VPSC receives your retirement application, you can expect your retirement benefit options to be sent to you within 60 days.

SOCIÉTÉ DES SERVICES DE RETRAITE  
**VESTCOR**  
PENSION SERVICES CORPORATION

**For any questions you may have in relation to your pension plan, contact a Pensions and Benefits Specialist at 1-800-561-4012.**

## PLAN AMENDMENTS

New Brunswick's *Pension Benefits Act (PBA)* requires that plan members be provided with an update on any plan amendments. As such, the Board of Trustees would like to inform you of the following:

- **The Plan Text** was amended to provide new eligibility and participation provisions for Supply Teachers and Non-certified Teachers. In addition, the definition of "Vesting Date" was amended to include 5 years of continuous employment as a means by which NBTPP members could become vested under the plan.
- **The Statement of Investment Policies** was amended to remove *Section C.5 – Local and Regional Investments (NB and Atlantic Opportunity)* as such investments will be covered under the Private Equity section of *C.4 Permissible Investments* in the future.

# ACTUARIAL VALUATION

The Actuarial Valuation Report for the NBTPP was completed as of August 31, 2016 and filed with the Superintendent of Pensions.

The NBTPP is subject to requirements under the *Pension Benefits Act* (PBA) and the *Teachers' Pension Plan Act* (TPPA) when completing an actuarial valuation, which includes the requirement for risk management testing and for reporting on the risk management goal.

## RISK MANAGEMENT TESTING

The NBTPP is required to undergo a risk management test to ensure its security and ability to provide long-term benefits to its members. The result of this test may cause the need for shorter-term adjustments, as outlined in the TPPA and the NBTPP Funding Policy to help preserve the long-term financial health of the pension plan.

We are pleased to report that the pension plan's actuary has confirmed that the NBTPP has successfully passed this test as part of the actuarial report as of August 31, 2016. The NBTPP passed the risk management test with a 98.3% probability that benefits earned would not be reduced over the next 20 years.

## FUNDING STATUS OF THE PENSION PLAN

The TPPA requires that the funding status of the NBTPP be measured on the basis of the termination value funded ratio as part of the valuation. This ratio compares the fair market value of the pension plan's assets to the pension plan's liabilities as of August 31, 2016 and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown or retirement.

As at August 31, 2016, the NBTPP had \$5.48 billion in assets and \$5.19 billion in liabilities for a termination value funded ratio of 105.6%.



# INVESTMENT REPORT

FOR DECEMBER 31, 2016 (UNAUDITED)

## INVESTMENT RETURNS

We are pleased to report that the gross investment return for the NBTPP Fund for the second half of 2016 totaled approximately 3.49%. This brings the full-year total returns (unaudited) as of December 31, 2016 to 6.28%, compared to its total fund benchmark of 5.06%, leaving long-term investment results well in excess of the 6% long-term return required by the independent actuary.



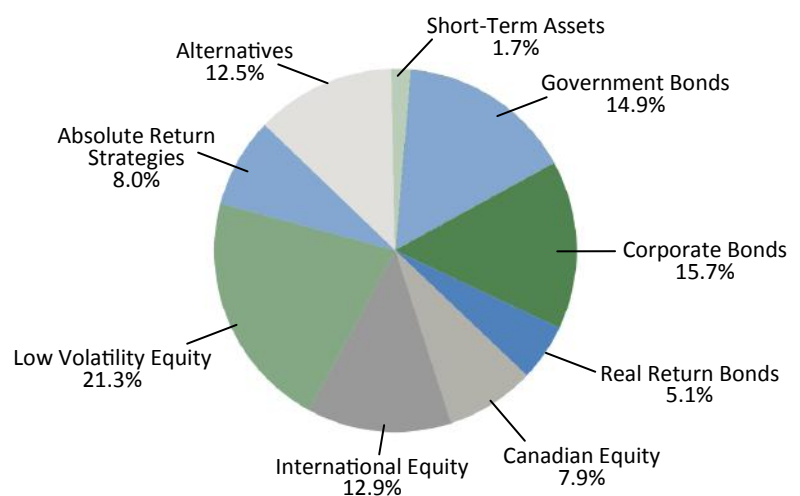
While investment returns for the full year were generally solid across all major asset classes, the second half – in particular the 4<sup>th</sup> calendar quarter – experienced a reversal in fixed income markets with negative returns brought on by interest rate increases across most maturities. Despite this, the diversified nature of the NBTPP asset mix provided effective protection, with particularly strong results in most equity markets and alternative asset classes more than offsetting the challenges in bond markets.

VIMC’s active investment management provided strong value in excess of benchmarks during the second half with approximately 1.1% active return during the most recent six-month period, resulting in just over 1.2% return in excess of benchmarks for the full calendar year.

## INVESTMENT ASSETS

The fair value of the NBTPP assets at December 31, 2016 was \$5.484 billion, up \$106 million from the fair value at June 30, 2016. Investment asset mix weights were held fairly close to investment policy targets during the period and the pie chart outlines our asset mix at December 31, 2016.

For more information, please visit [vestcor.org/marketupdate](http://vestcor.org/marketupdate).



# FREQUENTLY ASKED QUESTIONS

Below are some of the most frequently asked questions by **active employees and retirees**. Have any others? Don't hesitate to call us toll free at 1-800-561-4012 or email us at [pensions@vestcorservices.com](mailto:pensions@vestcorservices.com), with subject line "Newsletter FAQs".

## When can I retire under the NBTPP?

While this may seem like a straight-forward question, a number of factors including your age at retirement and total years of pensionable service will determine when you can retire with a reduced or unreduced pension.

You can retire and begin receiving a **reduced pension** if:

- You have an Age + Service Index of at least 80 (e.g., 53 years old with 27 years of pensionable service); or
- You are at least age 55.

It should be noted that your pension will be subject to an early retirement reduction under the above scenario.

You can retire and begin receiving an **unreduced pension** if:

- You have an Age + Service Index of at least 91 (e.g., 59 years old with 32 years of pensionable service);
- You are age 62 or older and have at least 20 years of pensionable service;
- You have 35 years of pensionable service; or
- You are at least age 65.

For more information on how your pension is calculated, refer to the "How is my pension calculated?" section of the NBTPP Guide for Plan Members, available at [vestcor.org/nbtppguide](http://vestcor.org/nbtppguide).

## How do I notify VPSC of my address or contact information change?

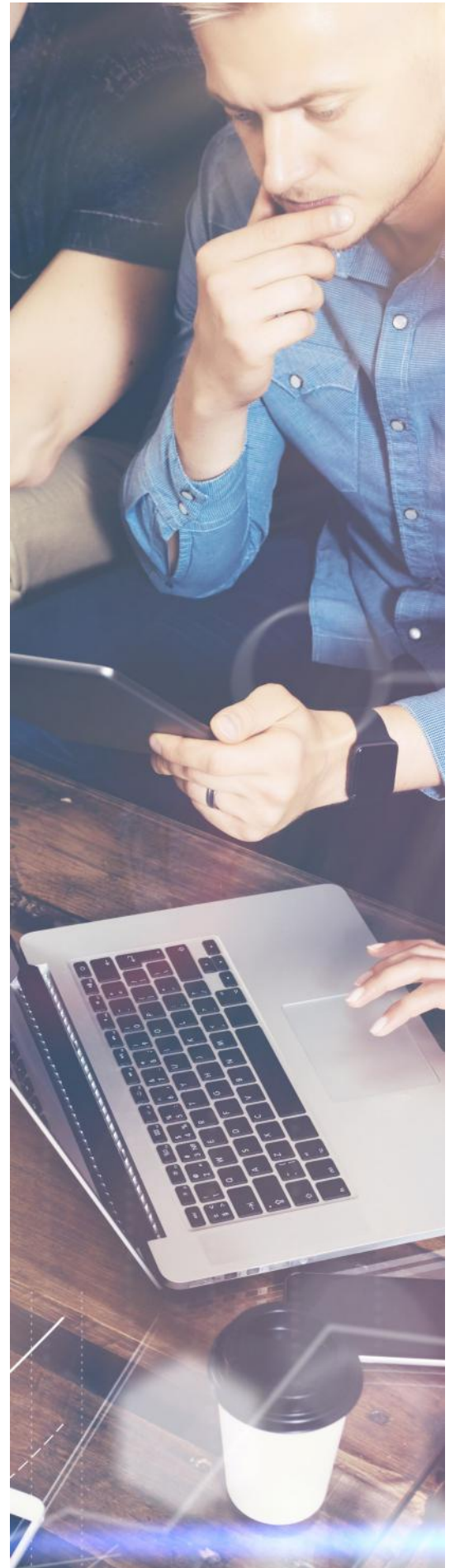
As an active employee, you don't need to provide this information to Vestcor, but you do need to notify your employer.

If you're retired, please ensure that you provide any changes to your address or contact information via the change of address form available at [vestcor.org/nbtpp](http://vestcor.org/nbtpp).

## Do you accept electronic documents?

Yes. In addition to accepting documents in person and through mail, we accept documents through fax and email. The original documents are not necessary as long as the provided copy is clear and legible.

Please keep in mind that communications via email are not guaranteed to be secure. Choosing to provide personal information electronically remains at the discretion of the sender.



## TIPS FOR RETIREES



### DID YOU KNOW THAT YOU HAVE AN OPTION TO **INCREASE THE INCOME TAX** WITHHELD FROM YOUR PENSION?

Did you owe money this year after filing your income taxes? There are various ways to reduce owed income tax. One option is to increase the amount of tax withheld from your monthly pension payment. By doing so, you can reduce how much money you owe when you file your tax return next year.

It's very easy to do. Simply complete the form called, "Request For Income Tax Deduction" which can be found on our website at [vestcor.org/incometax](http://vestcor.org/incometax) or call our office at 1-800-561-4012 and we will mail you the form.



### DID YOU KNOW YOU COULD **RECEIVE THIS NEWSLETTER ELECTRONICALLY?**

Going paperless? We encourage you to sign up to receive your newsletter by email.

Simply contact VPSC at 1-800-561-4012 (toll free) or 453-2296 (Fredericton) or by email at [pensions@vestcorservices.com](mailto:pensions@vestcorservices.com) to provide your name and email address.



### WHEN IS MY **PENSION DEPOSITED?**

Your pension is deposited on the 24<sup>th</sup> of each month, unless the 24<sup>th</sup> falls on a weekend or holiday. For a full calendar of the 2017 pension paydates, visit [vestcor.org/paydates2](http://vestcor.org/paydates2).

Reminder! Any changes to your address or banking information must be provided to Vestcor. Change of banking and address forms are available online at [vestcor.org/nbtpp](http://vestcor.org/nbtpp).

## HELP US IMPROVE YOUR NEWSLETTER!

In an effort to improve the services and communication tools for your pension plan, we would like to get your feedback about recent newsletters via a survey. Tell us what articles you preferred, what type of information you found valuable and what type of information you would like to read on a regular basis.

Thank you in advance for your cooperation and valuable feedback.



To complete the survey online, please go to: [vestcor.org/survey-b211](http://vestcor.org/survey-b211).



To complete the survey by telephone, please contact us at 1-800-561-4012.

**DISCLAIMER:** This publication is intended to provide information about the New Brunswick Public Service Teachers' Plan. If there is a discrepancy between the information contained herein and the Plan Text, the latter will prevail.