



# NBPSPP UPDATE



## Questions about the NBPSPP?

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[pensions@vestcorservices.com](mailto:pensions@vestcorservices.com)

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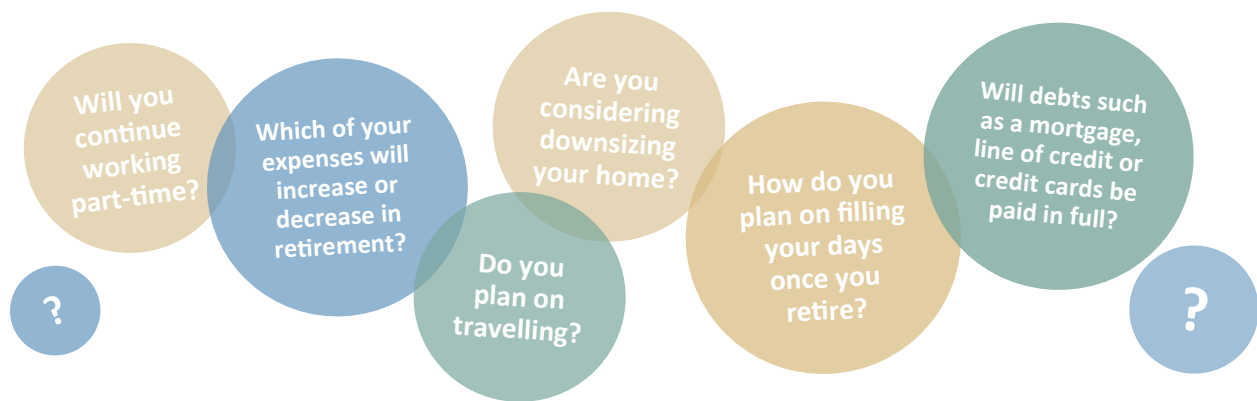
# PLANNING FOR RETIREMENT

*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?

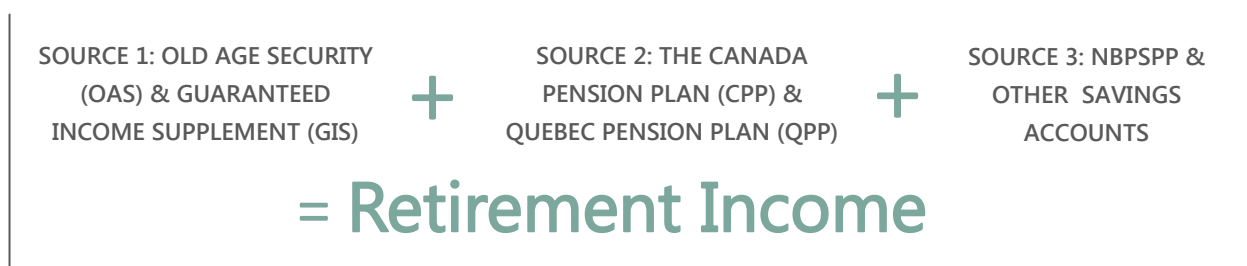
Typically, it's suggested that you should aim to replace 70% of your annual pre-retirement income through your pension plan, and other sources of income to maintain the same standard of living throughout your retirement. This may be a good gauge, but remember that your actual retirement income needs 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: 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, please visit [www.canada.ca/en/services/benefits/publicpensions.html](http://www.canada.ca/en/services/benefits/publicpensions.html)

## SOURCE 3: NBPSPP & OTHER SAVINGS

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

Your NBPSPP will likely be a major component of the third source of your retirement income. The primary purpose of the NBPSPP is to provide secure pensions to plan members at retirement. To learn more about your pension plan, view the short video at [vestcor.org/SRPvideo](http://vestcor.org/SRPvideo).

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/tfisa](http://www.cra-arc.gc.ca/tfisa), or speak to a financial advisor.

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

**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) 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.

### 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 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 TEXT AMENDMENTS

New Brunswick's *Pension Benefits Act* (PBA) requires that members be provided with an update on any amendments to the NBPSPP Text. The following amendments have been filed since the last newsletter:

- Appendix A of the Plan Text was amended to include 1.40% COLA granted as of January 1, 2017.
- Article XXIII of the Plan Text was amended to allow for:
  - the purchase of additional Previously refunded service - commuted value/termination value, under paragraph 23.3(v); and
  - the purchase of periods of authorized leaves of absence without pay within one year of returning to work costed based on one times employee contributions (section 23.3).
- Article XII of the Plan Text was amended to provide for a residual payment under the Joint and Survivor Pension options at 60% and 100% (paragraphs 12.3(i) and 12.3(ii)).

# LEGAL ACTION UPDATE

At the Annual General Meeting in September the Board provided information on several legal Actions relating to your pension plan. The Board of Trustees is named as a Defendant in an Action where the Plaintiff, among other things, is seeking damages for alleged breaches of trust and contract. The Plaintiff is also seeking a payment of \$2 million from the pension trust Fund for the establishment of a fund to be used to pay his legal costs. The Board of Trustees has a fiduciary duty to ensure that only eligible payments are made from the Fund. The Board of Trustees has determined that the Plaintiff's legal costs are not eligible to be paid from the Fund. As such, the Board of Trustees retained legal counsel in order to be removed from the Action and to take the necessary steps to safeguard the use of the pension trust Fund. This Action is still before the Court.

In a separate legal Action against the Province alleging a breach of the Charter of Rights and Freedoms, Plaintiffs have indicated that, in the event the Province does not pay their legal costs, they will be seeking to have their legal costs paid from the pension trust Fund. The Board of Trustees has participated in the Action for the limited purpose of ensuring that only eligible payments are made from the pension trust Fund. Again, the Board of Trustees has determined that the Plaintiffs' legal costs are not eligible to be paid from the Fund. This Action is also still before the Court.

There is a third legal Action against the Province, which the Board of Trustees is not involved in.

Several plan members have asked why the Board of Trustees doesn't support these various Actions related to the pension reforms enacted by the Province. The Board of Trustees was not a party to the pension reforms and, in accordance with the Plan documents and the *Pension Benefits Act*, the Board of Trustees has an obligation to protect the Plan as it exists for the beneficiaries, and to ensure that only eligible payments are made from the pension trust Fund.



Four new trustees have been appointed to the NBPSPP Board, and five trustees were reappointed.

The new trustees are Katherine Greenbank (retiree), Denise Pinette, Sébastien Deschênes and Odette Robichaud. Those reappointed include Mark Gaudet, Leonard Lee-White, Marilyn Quinn, Ross Galbraith and Susie Proulx-Daigle.

For more information on the Trustees, please consult their biographies at [vestcor.org/nbpspp](http://vestcor.org/nbpspp).

# 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".

## I thought my spouse was my beneficiary. Why does he/she not appear on my statement?

A legal spouse or common-law partner is automatically your beneficiary even if you have not specifically named them.

## What are the NBPSPP early retirement reductions?

For all service accumulated prior to January 1<sup>st</sup>, 2014, the permanent early retirement reduction is 3% per year (3/12% per month) for every year the member begins his/her retirement prior to the **age of 60**.

For all the service accumulated on or after January 1<sup>st</sup>, 2014, the permanent early retirement reduction is 5% per year (5/12% per month) for every year the member begins his/her retirement prior to the **age of 65**.

*For example, a member who retires at age 58 would have a permanent 6% reduction applied to all service accumulated prior to January 1<sup>st</sup>, 2014 and a permanent 35% reduction applied to all service accumulated on or after January 1<sup>st</sup>, 2014.*

## How do I get a pension estimate?

For an informal pension estimate, you can visit our Online Pension Estimate Calculator at [vestcor.org/nbpspp](http://vestcor.org/nbpspp). We recommend using your most recent pension statement to complete the required information, as this will provide you with the most accurate estimate.

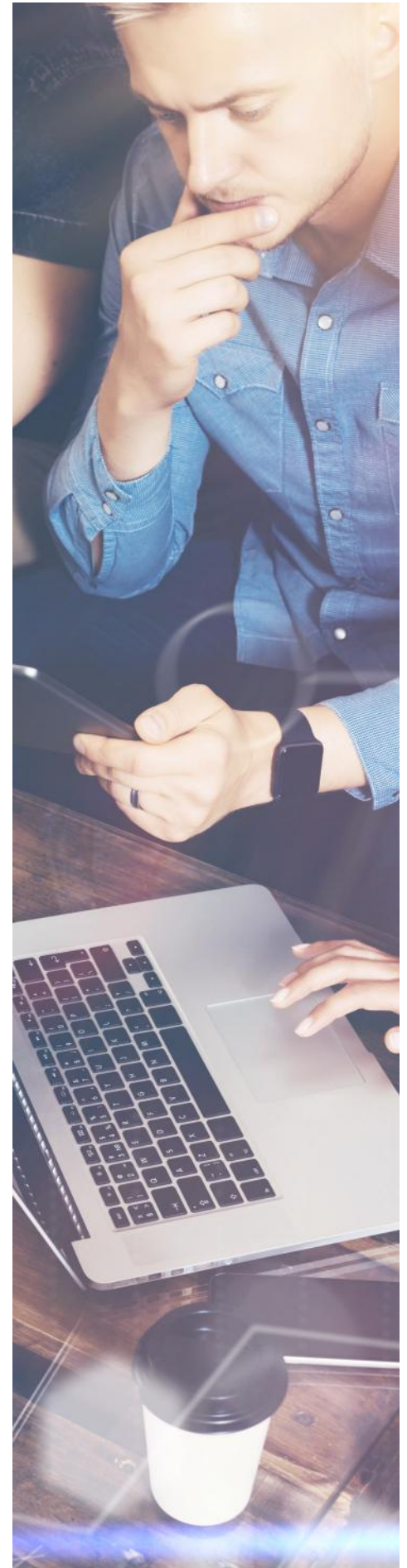
If you are close to retirement, contact your Human Resources Department or VPSC to request a formal pension estimate.

## 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/nbpspp](http://vestcor.org/nbpspp).

## How do I notify VPSC of a Power of Attorney?

Send a copy of the Power of Attorney documentation by fax to (506) 457-7388, by e-mail to [pensions@vestcorservices.com](mailto:pensions@vestcorservices.com), or by mail to our office at the following address: Vestcor Pension Services Corporation, PO Box 6000 Fredericton, NB E3B 5H1.



# INVESTMENT REPORT

FOR DECEMBER 31, 2016 (UNAUDITED)

## INVESTMENT RETURNS

Vestcor Investment Management Corporation (VIMC) is pleased to report that the gross investment return for the NBPSPP Trust for the second half of 2016 totaled approximately 3.17%. This brings full-year total returns as of December 31, 2016 to 6.58%, compared to its total fund benchmark of 5.39%, ensuring long-term investment results well in excess of the 4.75% long-term return required by the independent actuary.



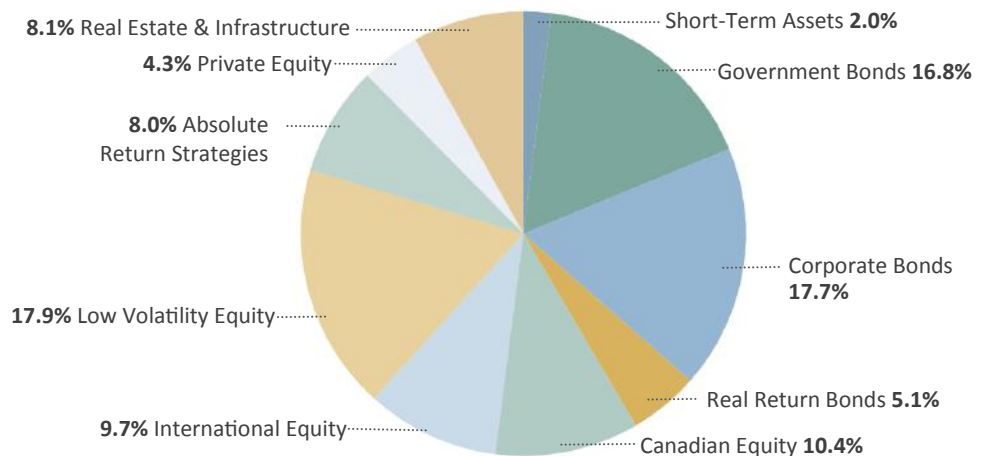
While investment returns for the full year were generally solid across all major asset classes, the second half – in particular the 4<sup>th</sup> calendar quarter – experienced a reversal in fixed income markets with negative returns brought on by interest rate increases across most maturities. Despite this, the diversified nature of the NBPSPP 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 of the year, resulting in just under 1.2% return in excess of benchmarks for the full calendar year.

## INVESTMENT ASSETS

The fair value of the NBPSPP assets at December 31, 2016 was \$7.215 billion, up \$150 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).



# TIPS FOR RETIREES



## WHY YOU SHOULD CONSIDER INCREASING 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 VPSC. Change of banking and address forms are available online at [vestcor.org/nbpspp](http://vestcor.org/nbpspp).

## 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-b111](http://vestcor.org/survey-b111)



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 Pension Plan. If there is a discrepancy between the information contained herein and the Plan Text, the latter will prevail.