



New Brunswick Public Service Pension Plan  
Régime de retraite dans les services publics du Nouveau-Brunswick

**BOARD ACTIVITIES TO SUPPORT FIDUCIARY RESPONSIBILITY**  
**Updated for December 2016**

In an effort to strengthen the Board's effectiveness in fulfilling its fiduciary duty, the Board adopted a checklist, developed by Keith Ambachtsheer, which examines six main responsibility areas:

1. Pension Design;
2. Stakeholder Communications;
3. Organization Design;
4. Board Effectiveness;
5. Risk Management; and
6. Investment Beliefs and Policies.

The table below outlines each one of these responsibilities and lists a series of actions that have been undertaken to meet these responsibilities.

Responsibility #1	Accomplishments
<p><b>Pension Design:</b></p> <p>Do we have a fair, sustainable, understandable pension formula?</p> <p>How can we best address this question?</p> <p>What we would do if our formula doesn't pass a reasonable fair/sustainable/understandable test?</p>	<ul style="list-style-type: none"><li>* Built-in risk testing to meet goals for sustainability.</li><li>* Pension Benefits Administrator (Vestcor Pension Services Corporation) recommends amendments to the Plan text as required.</li><li>* Pension benefits specialists available to answers member questions and help with pension calculations required for members' retirement planning.</li></ul>



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Responsibility #2	Accomplishments
<p><b>Stakeholder Communications:</b></p> <p>Are we clear about who our stakeholders are?</p> <p>Do we communicate with them effectively about pension design?</p> <p>Do we communicate with them effectively about the value the pension organization is creating for them?</p> <p>How do we know our communication strategies are effective?</p>	<p>Communications Policy approved in September 2015.</p> <p>Communications team within the Benefits Administrator supports the Board in its communication needs and deliverables.</p> <p>Newsletters are provided to Plan members on a semi-annual basis:</p> <ul style="list-style-type: none"> <li>• Winter 2015 (published on February 19, 2015)</li> <li>• Fall 2015 (published on December 18, 2015)</li> <li>• Spring 2016 (published on June 16, 2016)</li> <li>• Fall 2016 (published on November 30, 2016)</li> </ul> <p>An Annual Report is provided to Plan members and stakeholders:</p> <ul style="list-style-type: none"> <li>• Inaugural report (for the 2014 Plan year) published on September 16, 2015</li> <li>• 2<sup>nd</sup> Annual Report (for the 2015 Plan year) published on September 12, 2016</li> </ul> <p>An Annual General Meeting for Plan members and stakeholders is hosted by the Board:</p> <ul style="list-style-type: none"> <li>• First AGM held on September 23, 2015 in Fredericton; Board sought feedback for improvement through follow-up surveys.</li> <li>• 2<sup>nd</sup> AGM held on September 29, 2016 in Moncton. Increased accessibility provided through a live-streamed version (via webcast), which was recorded and posted to the Plan's website. Feedback for improvement again sought through follow-up surveys.</li> </ul> <p>The Board has been working on the Plan's branding since fall 2015:</p> <ul style="list-style-type: none"> <li>• Both an outside consultant and internal resources from the Benefits Administrator developed branding concepts.</li> <li>• Board chose the final concept in Spring 2016.</li> </ul>



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Responsibility #3	Accomplishments
<p><b>Organization Design:</b></p> <p>Do we have a cost-effective organization that produces 'value for risk' and 'value for money' in its key functions?</p> <p>How can we best address this question?</p> <p>What would we do if our organization doesn't benchmark well in its key functions, using credible metrics?</p>	<p>Spring 2014 – Board established the Governance Working Group, to start conceptualising the integrated pension services corporation and the work to be undertaken.</p> <p>Fall 2014 – Along with the Board of Trustees of the New Brunswick Teachers' Pension Plan, the Board refined the membership of the Governance Working Group, now comprised of 2 Trustees from each Board.</p> <p>July 2015 – Signed a MOU to formally entrench the concept and evolve the Governance Working Group into the Transitional Board.</p> <p>Spring 2016 – A private bill and a public bill were introduced in the Legislative Assembly to create an integrated pension services organization by:</p> <ul style="list-style-type: none"> <li>• establishing Vestcor Corp.;</li> <li>• continuing NBIMC (investment manager) as Vestcor Investment Management Corporation; and</li> <li>• transitioning PEBD (benefits administrator) to the Vestcor Pension Services Corporation.</li> </ul> <p>July 2016 – Legislation receives Royal Assent, officially creating Vestcor Corp. and the Vestcor operating companies.</p> <p>October 1, 2016 – First day of operations as Vestcor Investment Management Corporation (Vestcor Investments) and Vestcor Pension Services Corporation (Vestcor Services).</p>



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Responsibility #4	Accomplishments
<p><b>Board Effectiveness:</b></p> <p>How effective are we as a Board?</p> <p>Do we have the right mix of skills and experience?</p> <p>Are we seen as trustworthy by our plan stakeholders?</p> <p>Are we public-minded?</p> <p>Do we measure our own effectiveness and improve our own performance?</p>	<p>June 2016 – Board participated in a facilitated workshop to assess its mandate/mission, identify its key responsibilities, conduct a SWOT analysis, and determine the outline for the Board’s Strategic Plan.</p> <p>October/November 2016 – Board undertook its inaugural effectiveness assessment, reviewed the overarching themes determined from the assessment results and determined next steps to improve the Board’s efficiency and effectiveness.</p>



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Responsibility #5	Accomplishments
<p><b>Risk Management:</b></p> <p>What risks do we need to measure and manage?</p> <p>Do we have the people, protocols, and technology to do this well?</p> <p>If not, what are we going to do about it?</p>	<ul style="list-style-type: none"> <li>* Benefits Administrator presents plan and member statistics to the Board on a quarterly basis.</li> <li>* Investment Manager presents investment risk (market volatility) to the Board on a quarterly basis.</li> <li>* Plan’s Actuary considers stochastic testing results and presents Plan valuation risk sensitivities annually</li> <li>* Service providers must ensure internal controls are robust and monitored regularly.</li> </ul> <p>May 2015 – Investment Manager presented, for information and discussion, the hypothetical effect of market shock scenarios (market downturns) on the Trust (the pension fund).</p> <p>September 2015 – Plan Actuary presented the mortality study for the Plan and recommended adopting a new mortality table.</p> <p>March 2016 – Plan Actuary gave a presentation, developed with the assistance of the Investment Manager, on various types of risks facing the Plan as well as the shared risk plan’s built-in risk response provisions, and testing to demonstrate the Plan’s robustness against different economic scenarios.</p> <p>December 2016 – Investment Manager presented an updated on the Plan’s asset mix robustness against recent investment risk and market volatility.</p>



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Responsibility #6	Accomplishments
<p><b>Investment Beliefs and Policies:</b></p> <p>Do we have an investment program geared to generate plan member wealth through long-horizon return compounding?</p> <ul style="list-style-type: none"> <li>- Is it working well?</li> <li>- How do we know?</li> </ul> <p>Do we have an investment program geared to meeting the payment obligations to retirees?</p> <ul style="list-style-type: none"> <li>- Is it working well?</li> <li>- How do we know?</li> </ul>	<ul style="list-style-type: none"> <li>* Funding Policy requires the Plan to pass annual risk management tests, which include the ability to meet pension obligations.</li> <li>* Board must annually review the Statement of Investment Policies, including the asset mix composition, benchmarks and target return.</li> <li>* Investment Manager presents investment reports on a quarterly basis.</li> </ul> <p>June 2014 – Investment Manager presented an education session on asset/liability modelling.</p> <p>August 2014 – Board reviewed the results of the Investment Manager’s asset/liability modelling study undertaken to determine alternative asset mixes for the Plan. The Board approved a refinement to the Trust’s asset mix.</p> <p>November 2015 – Board reviewed and approved changes to the Statement of Investment Policies.</p> <p>December 2015 – Transition to the target asset mix for the Trust complete.</p> <p>December 2016 – Board reviewed the Statement of Investment Policies and approved housekeeping changes.</p>