

NEW BRUNSWICK

# Teachers'

PENSION PLAN



## IN THIS ISSUE

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- 1 | YOUR BOARD OF TRUSTEES
- 1 | COST CERTIFICATE
- 2 | INVESTMENT REPORT
- 3 | UNDERSTANDING HOW YOUR NBTPP & CPP ARE INTEGRATED
- 5 | NEW NBTPP BRAND
- 6 | DEATH BENEFITS PRIOR TO RETIREMENT
- 6 | PLAN AMENDMENTS
- 7 | TIPS FOR RETIREES

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## COST CERTIFICATE

### FINANCIAL UPDATE

#### COST CERTIFICATE

The most recent Actuarial Valuation Report for the NBTPP was completed as of August 31, 2016. A valuation report must be completed every three years with the next one scheduled for 2019.

In the years in which an actuarial valuation is not prepared by the NBTPP, the actuary must prepare a Cost Certificate. In preparing a Cost Certificate, the actuary calculates the financial position of the NBTPP by using the actual asset value at August 31 and the estimated plan liabilities extrapolated from the date of the last completed actuarial valuation.

#### FUNDING STATUS OF THE NBTPP

The termination value funded ratio of the NBTPP based on the August 31, 2017 Cost Certificate was 105.4%. This ratio compares the fair market value of the pension plan's assets with the pension plan's extrapolated funding liability at August 31, 2017.

**DISCLAIMER:** This newsletter is a publication on behalf of the Board of Trustees of the New Brunswick Teachers' Pension Plan. This publication is intended to provide information about the New Brunswick Teachers' Pension Plan. If there is a discrepancy between the information contained herein and the pension plan text or other appropriate governing documents, the latter will prevail.

# INVESTMENT REPORT

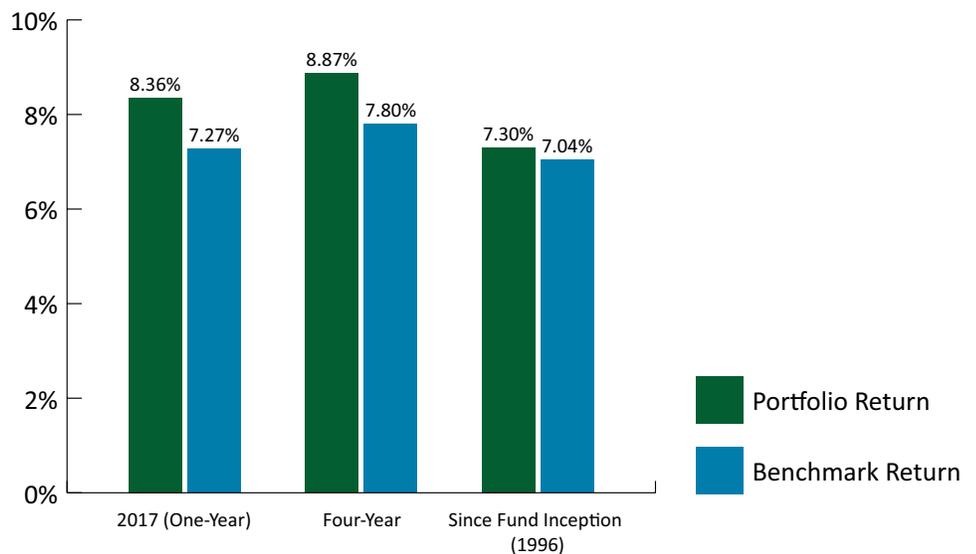
## INVESTMENT RETURNS

We are pleased to report that the gross investment return for the NBTPP Fund for the second half of 2017 was 4.04%. This brings the full-year total returns for the year ended December 31, 2017 to 8.36%, compared to the total fund benchmark of 7.27%, making the long-term investment results well in excess of the 6% long-term return required by the independent actuary.

### NOMINAL RETURN - ANNUALIZED FOR PERIODS > 1 YEAR

All asset classes produced solid contributions to return during the year, with particularly strong contributions from private market strategies (Private Equity, Real Estate and Infrastructure) and equities. Despite continued interest rate volatility during the second half of the year, fixed income portfolios also contributed positively to total returns.

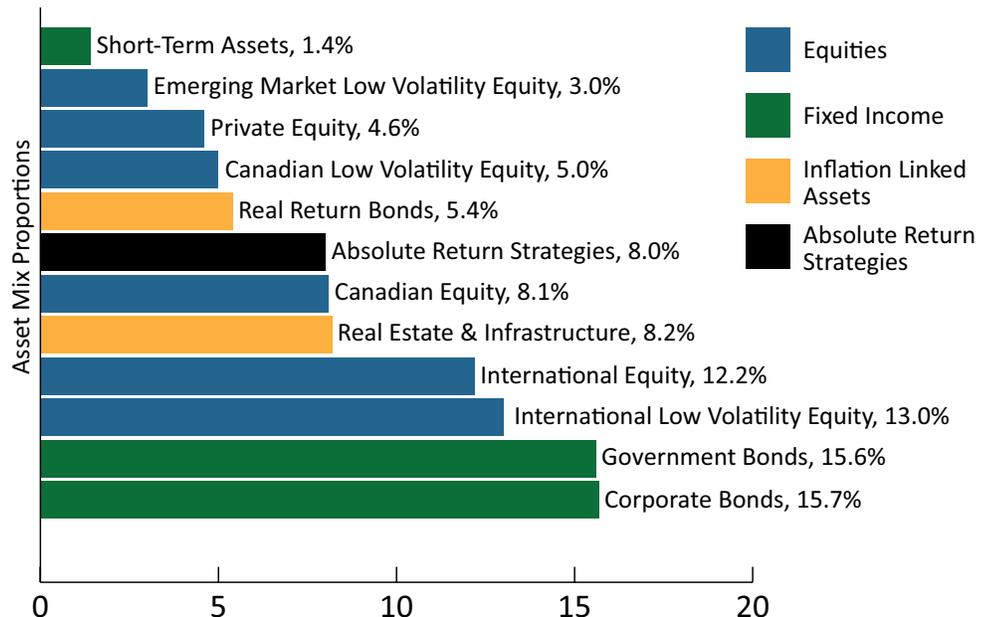
Vestcor's active investment management provided strong value in excess of benchmarks resulting in 1.1% return in excess of benchmarks for the full calendar year.



## INVESTMENT ASSETS

The fair value of the NBTPP assets at December 31, 2017 was \$5.780 billion, up \$145 million since June 30, 2017. Investment asset mix weights were held fairly close to investment policy targets during the period and the chart outlines the asset mix at December 31, 2017.

For more information, please visit [www.vestcor.org/quarterly\\_market\\_updates](http://www.vestcor.org/quarterly_market_updates)



# UNDERSTANDING HOW YOUR NBTPP AND CPP ARE INTEGRATED

Like the New Brunswick Teachers' Pension Plan (NBTPP), most pension plans across Canada are integrated with the Canada Pension Plan (CPP).

Your NBTPP and the CPP are designed to work in concert. Together they are meant to provide you with a retirement income that will allow you to maintain your quality of life throughout your retirement.

When the CPP was introduced in 1966, contributions under the NBTPP were reduced so that an employee's overall contributions did not increase. Benefit levels under the NBTPP were also adjusted so that the combined NBTPP and CPP paid similar benefits as were previously paid by the NBTPP alone.

If you are planning to take an early retirement prior to age 65, it is important that you are aware of how the integration of your NBTPP and CPP benefits will affect your pension once you turn age 65.

Most pension plans across Canada are integrated with the CPP.

## HOW INTEGRATION WORKS

Your early retirement benefit & your CPP are not always the same amount.

If you retire before age 65 your NBTPP benefit includes a **temporary early retirement benefit over and above your lifetime benefit**. This temporary benefit is paid until you turn age 65. This is when you are eligible for an unreduced CPP benefit.

This temporary benefit under the NBTPP will be paid regardless of whether you start your CPP at age 65, or if you take an early reduced CPP benefit\*.

Keep in mind that **your NBTPP early retirement benefit and your CPP are not always the same amount**. The benefit paid under your pension plan is calculated based on the service that you have in the NBTPP. Your CPP benefits will be based on the years of service and the contributions you have made throughout your working career.



### EARLY REDUCED CPP BENEFIT:

You can opt to receive your CPP as early as age 60. If you take it before age 65, your CPP will be reduced, by up to 36% at age 60.



# INTEGRATION AT A GLANCE

## IF YOU'VE DECIDED TO RETIRE BEFORE AGE 65 AND:

- 1 You've opted to wait until the age of 65 to apply for your CPP. On the month following your 65<sup>th</sup> birthday the early retirement benefit ends and your CPP benefit begins. Your CPP benefit will provide you with an additional source of income which will make up some or all of the difference that comes with the end of your early retirement benefit. You may notice a change in your income.

### For example:

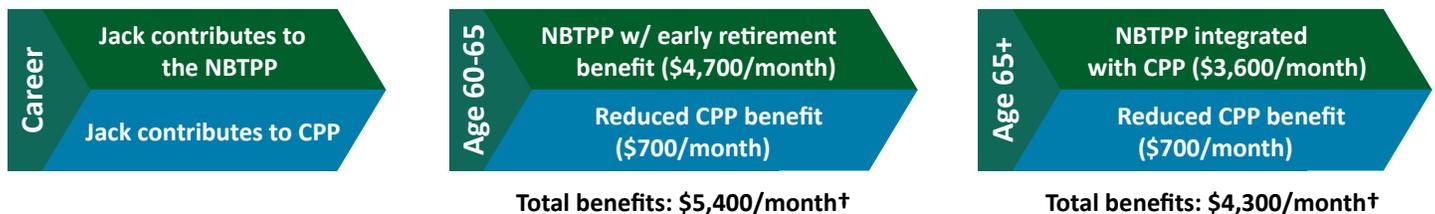
Jean has worked as a teacher her entire career and retires at age 60 under the NBTPP. She waits until age 65 to apply for her CPP benefit.



- 2 You've opted for an early reduced CPP benefit as you retire, before the age of 65. This will result in a decreased monthly benefit when your early retirement benefit ends at age 65.

### For example:

Jack has worked as a teacher his entire career and retires at age 60 under the NBTPP. He also applies for his early reduced CPP benefit at age 60.



† benefit amounts shown are for illustration purposes only

## TIPS ON HOW TO PREPARE

Contact your nearest Human Resources Development Canada office at 1 800 277 9914 for help in receiving your CPP benefit estimate. You can also contact a personal financial planner.

If you have any questions in regards to your NBTPP, please contact our Member Services team at Vestcor by calling 1 800 561 4012.

## KEY TAKEAWAYS

- If you retire before the age of 65 your NBTPP will include a temporary early retirement benefit to age 65.
- The early retirement benefit and your CPP benefit are not necessarily the same amount.
- You may notice a difference in your monthly benefit on the month following your 65<sup>th</sup> birthday when your NBTPP early retirement benefit ends.

# THE NEW NBTPP BRAND: WHAT'S THE BIG IDEA?

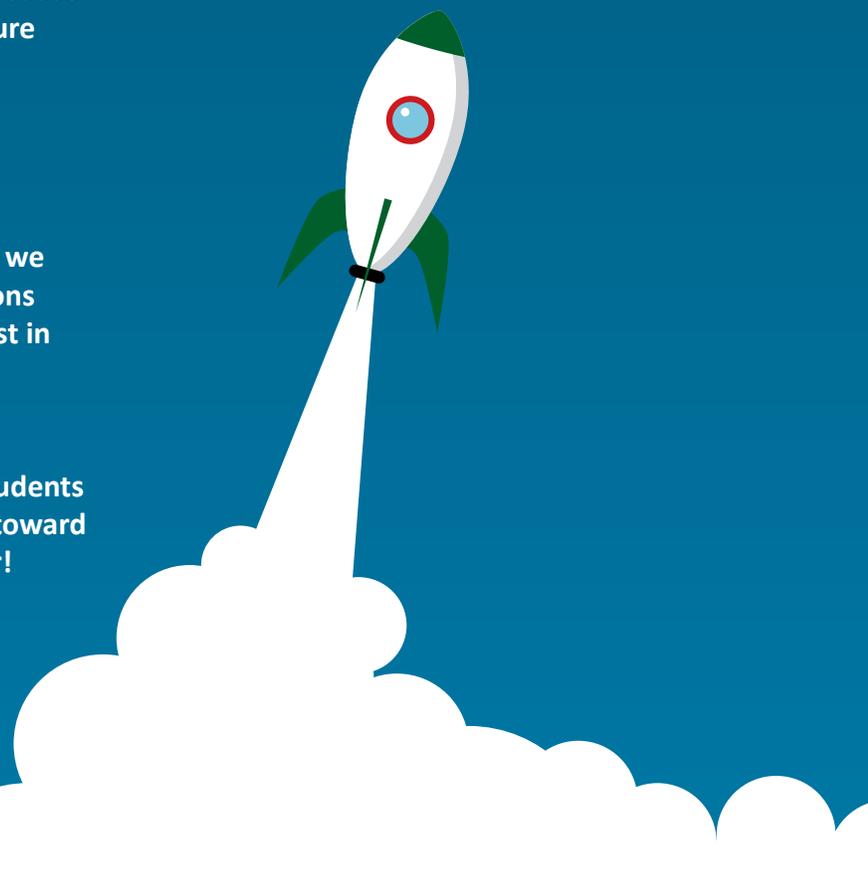


You may have noticed that your NBTPP newsletter looks a little different this time around. That's because we've decided to shoot for the stars and make sure that we stand out.

## INTRODUCING THE NEW NBTPP BRAND.

As a teacher, you know how important clear communication is. With our new brand and logo we want to make sure that important communications about your pension are distinct and are never lost in the shuffle.

Our new NBTPP logo represents connection and growth. The connections you foster with your students to help their growth, and your personal growth toward the future. We look forward to growing together!



# DEATH BENEFITS AVAILABLE PRIOR TO RETIREMENT

If you were to pass away prior to retiring, the benefits available will depend on whether or not you are vested in the pension plan.

**IF YOU ARE NOT VESTED**, a refund of your contributions with accumulated interest will be paid in the following order of priority:

1. Spouse (includes common-law partner);
2. Children; or
3. Estate

**IF YOU ARE VESTED** in the pension plan and you have a spouse (includes common-law partner), they would receive a monthly pension benefit equal to 50% of the unreduced pension payable at age 65 until their death. If your spouse subsequently dies and there are dependent children, they would continue receiving the benefit (shared if more than one dependent child) as long as they are deemed dependent.

If you do not have a spouse at the time of your death but have dependent children, they would receive a monthly pension benefit equal to 50% (shared if more than one dependent child) of the pension payable at age 65 as long as they are deemed dependent.

If you do not have a surviving spouse or dependent children, your estate would receive a refund of your contributions with accumulated interest.

## VESTED MEANS TO HAVE ACCRUED:

- two or more years of pensionable service in the Plan; or
- two or more years of membership in the Plan; or
- five or more years of continuous employment.

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## PLAN TEXT AMENDMENTS

The New Brunswick *Pension Benefits Act* 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 amendments which were filed with the Superintendent of Pensions:

- The **Plan Text** was amended to formally re-establish various provisions which were in effect under the repealed *Teachers' Pension Act* (TPA). These provisions include the 80 day supply teaching limit per school year for NBTPP retirees; the calculation of a NBTPP Disability Pension based on a 2% benefit accrual rate if the member is not approved for CPP Disability Benefit; wording detailing the option for purchases of service to be paid via installments (i.e. payroll deductions); and ability to participate in the Pre-retirement Option until the end of the year the member turns age 71. In addition, a number of "housekeeping" amendments within the Plan Text were also filed.
- The **Funding Policy** was updated to amend the Discount Rate and Mortality paragraphs under Section VI (Actuarial Assumptions) in order to reflect the assumptions used in the valuation report. Updates to clarify the terminology used for the Contingency Reserve under Section I (Purpose of the Plan and Funding Policy) and Section V (Funding Excess Utilization Plan) were also applied.

The updated version of these governing documents is available at [www.vestcor.org/nbtp](http://www.vestcor.org/nbtp)

# TIPS FOR RETIREES



## DID YOU OWE INCOME TAX LAST YEAR?

If you have owed money after filing your income tax return in the past few years, you may want to consider increasing 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 "Request For Income Tax Deduction" form which can be found on Vestcor's website at [vestcor.org/incometax](https://vestcor.org/incometax) or call 1 800 561 4012 and a form will be mailed to you.



## THE NEW VESTCOR.ORG

- An all new website featuring a user-friendly experience
- New and improved Pension Estimate Calculator
- Find application forms relating to your pension plan quickly and easily with our new search feature
- Download member booklets, governing documents, financial results, and more
- Sign up for electronic versions of newsletters

