



NBPSPP UPDATE



New Brunswick Public Service Pension Plan (NBPSPP)

December 2017 - Volume 7

WHAT DO YOU THINK OF THIS ISSUE OF THE NEWSLETTER?

What articles do you prefer? Did you learn anything new? What type of information would you like to see in future newsletters?

Tell us what you think about this newsletter by completing a short (2 minute) survey. Thank you in advance for your feedback.

To complete the survey **online**, please
go to: vestcor.org/survey3

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

HEALTH OF PLAN ALLOWS FOR ANOTHER COST OF LIVING ADJUSTMENT

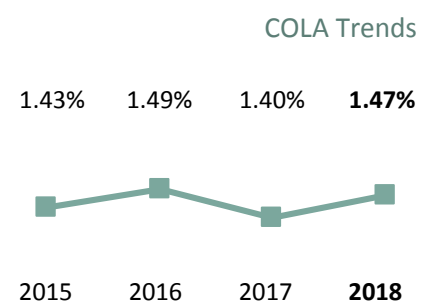
COLA awarded for 4th consecutive year, benefiting active and retired members

As a result of continued strong investment returns, your Board of Trustees is proud to announce that it was again able to award a full Cost of Living Adjustment (COLA) to all members – for a fourth year in a row.

As per the Plan's Funding Policy, the adjustment must not exceed the Canadian Consumer Price Index for the 12-month period ending the preceding June. Due to the level of positive returns of the Plan, the Board was able to apply the full COLA, matching the country's Consumer Price Index of 1.47%. Applied as of January 1, 2018, this adjustment is a benefit to both active and retired members.

Even though they are not yet retired, active and deferred members have this increase applied to the benefit they have earned up to December 31, 2016, and therefore benefit from this increase until they retire and begin to draw their pension.

Retirees will have this amount applied to their monthly pension benefit as of January 2018 and will receive notification in writing of the impact of this increase on their pension in December. This increase helps ensure that members' current and future pension benefits reflect the increase in today's cost of living.



INTEGRATION OF OUR SERVICE PROVIDERS

VESTCOR

As previously announced, the two main service providers to your plan were transitioned into not-for-profit companies on October 1, 2016. The Pensions and Employee Benefits Division became Vestcor Pension Services Corporation and the New Brunswick Investment Management Corporation became Vestcor Investment Management Corporation. These companies are jointly owned by the NBPSPP and the NBTPP.

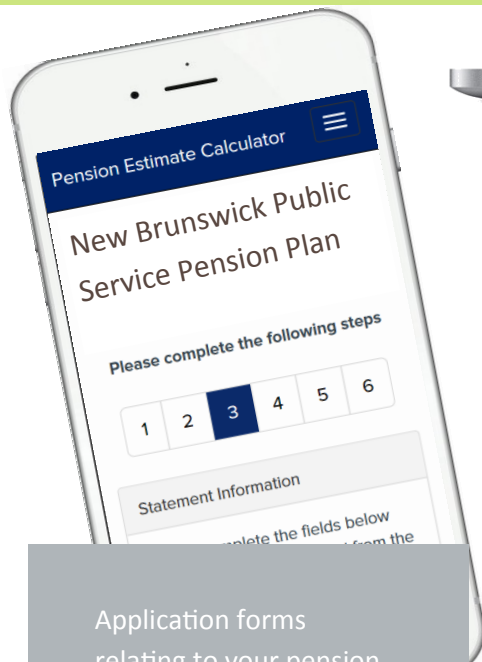
Your Board of Trustees is now pleased to advise that these two companies began the process of merging into one company earlier this year. While continuing to receive the same quality and cost-effective services from them, this will allow the new organization to offer an integrated approach to governance best practices, risk management and organizational effectiveness.

As part of this integration, they've established a new brand allowing you to easily recognize Vestcor going forward as your trusted provider of pension and employee benefit services. Be on the lookout for their new logo as they continue to provide you with important information about your pension plan.

A NEW PENSIONS WEBSITE FOR MEMBERS

From Vestcor: Your Pensions and Employee Benefits Provider

Vestcor is excited to announce the upcoming launch of its new website. Created to improve the overall experience and service offered to pension plan members, the website will provide support to members by providing easy access to:



New and improved **Pension Estimate Calculator**. Using your most recent Employee Statement of Pension Benefits, you'll have the ability to quickly generate an estimate of your future monthly pension payment based on when you are planning to retire. In addition, for those eligible to purchase service, the Purchase of Service section offers a quick estimate of what you'll need to pay;

Application forms relating to your pension plan and employee benefits. An all **new search feature** will make it easier than ever to find the information you need right away;

Documents relating to your pension plan, including Member Booklets, Governance documents, financial results, and more;

Quickly sign up for **electronic versions** of newsletters and other general communication.

Additional resources will be added to the website over the coming year as Vestcor focuses on continuously improving its service offerings to you. Look out for this new site coming soon at vestcor.org!

VESTCOR

ANNUAL GENERAL MEETING

This year's NBPSPP Annual General Meeting was held on Tuesday, September 26th at the Delta Brunswick in Saint John, NB. Marilyn Quinn, Chair of the NBPSPP, conducted the meeting meant to provide a review of the Plan's 2016 results.

PRESENTERS

YVES PLOURDE, ACTUARY

Morneau Shephell

Yves provided a summary of the Plan's Actuarial Valuation Results as at January 1, 2017, highlights of which can be found on page 5 (see *Actuarial Valuation*). Yves also spoke to the Cost of Living Adjustment, and the long-term impact this has on active and retired members of the Plan.

JOHN SINCLAIR, CEO AND PRESIDENT

Vestcor

John introduced Vestcor, the newly integrated organization, in addition to providing an overview of Plan administration services and details regarding the Plan's portfolio and investment performance.

MARILYN QUINN, CHAIR

NBPSPP

In addition to conducting the meeting, Marilyn provided a brief update on the Legal Actions implicating the Plan.

SUSIE PROULX-DAIGLE, TRUSTEE

NBPSPP

Susie moderated the Question and Answer period, which included questions from those in attendance online and in-person, as well as questions submitted in advance of the event.



WATCH ALL THE PRESENTATIONS ONLINE TODAY AT
VESTCOR.ORG/NBPSPP

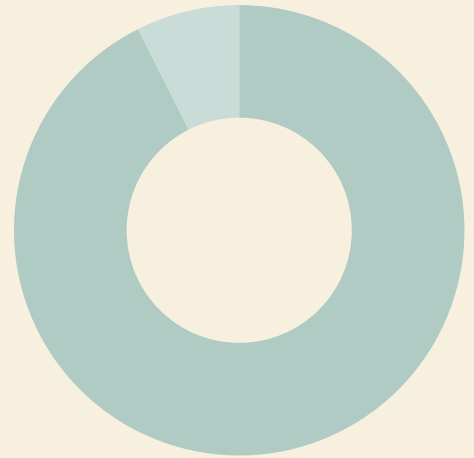
THE 2017 AGM IN NUMBERS

130
participants

100%

of participants enjoyed the
format of this year's AGM

93% of
participants who
read the 2016
Annual Report,
agreed that it
helped them better
understand how
their plan is
managed



88% of participants found the
presentations to be informative



FUNDING POLICY

Your pension plan's Funding Policy is an important governance tool that is used by the Board of Trustees in managing pension plan risk and in adjusting benefits or contribution levels when the plan has a surplus or deficit.

For a summary of the information provided in the Funding Policy, please visit vestcor.org/nbpspp

ACTUARIAL VALUATION

VALUATION AS A SHARED RISK PLAN

The Actuarial Valuation Report for the NBPSPP was completed as of January 1, 2017, and is available online at vestcor.org/nbpspp. As a shared risk plan, the NBPSPP is subject to requirements under the *Pension Benefits Act (PBA)* when completing an annual valuation, which includes risk management testing and reporting on risk management goals.

RISK MANAGEMENT TESTING

Shared risk plans are required to undergo a series of annual risk management tests to ensure their security and ability to provide long-term benefits to their members. The results of these tests may cause the need for shorter-term adjustments, as outlined in the *PBA* and the NBPSPP Funding Policy, in any one year to help preserve the long-term financial health of the Plan.

We are pleased to report that the Plan's actuary has confirmed that the NBPSPP has successfully passed these tests as part of their annual actuarial report as of January 1, 2017:



The NBPSPP passed the Primary Risk Management Goal with a **98.3%** probability that benefits earned would not be reduced over the next 20 years.



The NBPSPP passed the first Secondary Risk Management Goal with an assumption that NBPSPP Plan members and retirees will receive **82.3%** of CPI over the next 20 years.

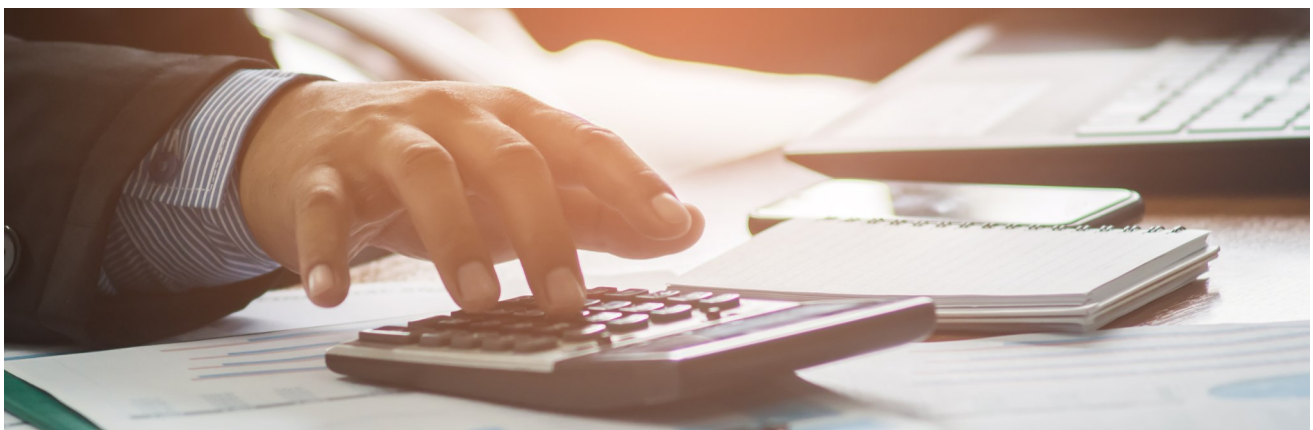
FUNDING STATUS OF THE PLAN

TERMINATION VALUE FUNDED RATIO

As of January 1, 2017, the Plan had \$7.24 billion in assets and \$6.66 billion in liabilities for a termination value funded ratio of **108.8%**.

15-YEAR OPEN GROUP FUNDED RATIO

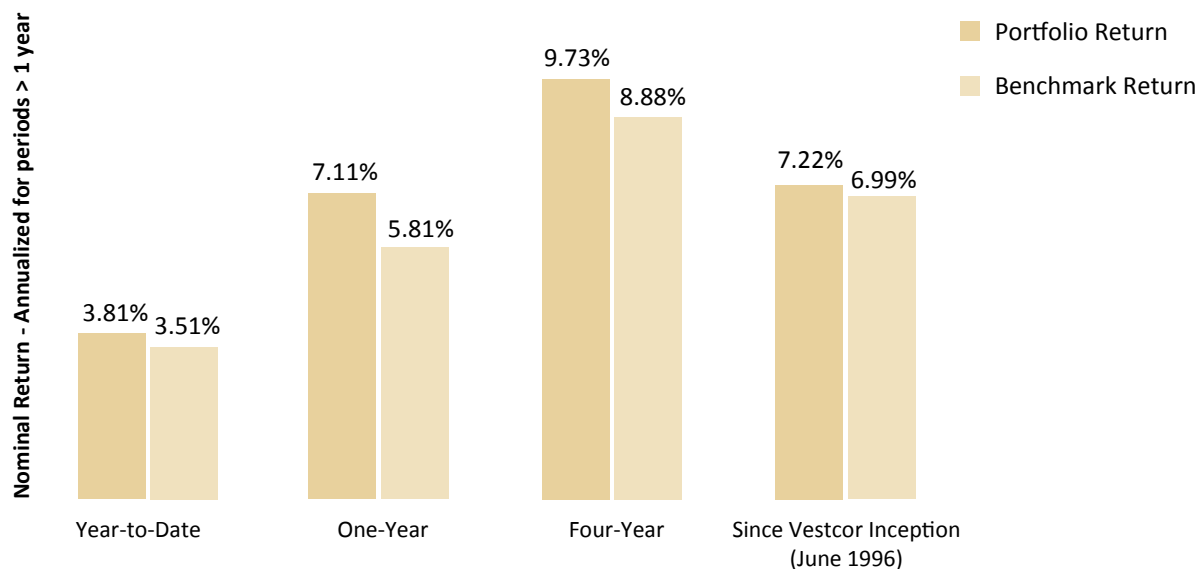
As of January 1, 2017, the Plan's open group funded ratio is **127.0%**.



MID-YEAR INVESTMENT REPORT

INVESTMENT RETURNS

We are pleased to report that the gross investment return for the NBPSPP for the first half of 2017 was approximately 3.81%, compared to its total fund benchmark of 3.51%. Both the longer term four year annualized return of 9.73% and the return since Vestcor's inception of 7.22% remain well in excess of the 4.75% discount rate set by the independent actuary.



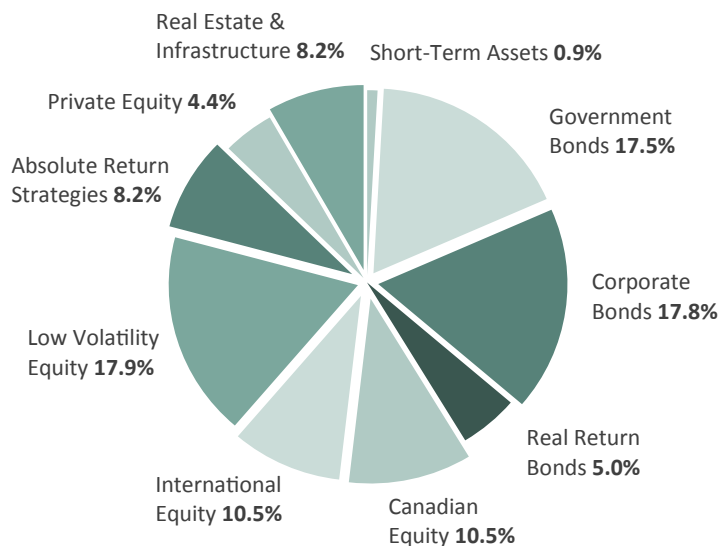
Global equity markets have remained solid in 2017, with particularly strong contributions from international markets combined with positive contributions from fixed income and alternative assets. With the strong continued performance, valuations across most markets have reached somewhat elevated levels, which, when combined with potential for continued central bank policy tightening in the coming quarters, leaves the market outlook somewhat mixed going forward.

The return earned in excess of the benchmark portfolio contributed positive value add at 0.3% for the current year to date, and 1.3% over the trailing one-year period.

INVESTMENT ASSETS

The fair value of the NBPSPP assets at June 30, 2017 was \$7.419 billion, up \$200 million from the fair value at December 31, 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 June 30, 2017.

For more information, please visit vestcor.org/marketupdate.



TIPS FOR RETIREES



T4As

As a retiree drawing your pension, you'll receive a T4A reporting your annual pension income in order to file your annual income tax return. The T4A is the equivalent of the T4 you would have received as an active employee reporting employment income. Depending on your personal situation, you may see amounts reported in other boxes such as income tax deductions and health/dental premium deductions.

If you are a non-Canadian resident, you will receive a NR4 instead of a T4A to report your pension income.

Vestcor will mail your T4A by February 28th of each year so it is very important to ensure that Vestcor has your current address. If your address recently changed, call them or complete the Change of Address form at vestcor.org/pensions.

Please contact Vestcor if you lose or do not receive your T4A. Requests for duplicate T4As can be made by calling them at 1-800-561-4012.

Please note that a duplicate T4A cannot be sent to a new mailing address until a change of address is provided and processed by Vestcor.



GOING PAPERLESS? SIGN UP TO RECEIVE YOUR NEWSLETTER BY EMAIL.

Simply contact Vestcor by telephone at 1-800-561-4012 or by email at info@vestcor.org.



NBPSPP Pension Payment Dates in 2018

January	24
February	23
March	23
April	24
May	24
June	22
July	24
August	24
September	24
October	24
November	23
December	18

These dates are also available online.

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CONTACT INFORMATION

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Email: info@vestcor.org

Visit: vestcor.org/nbpspp

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