



NBPSPP UPDATE

SPRING 2018 | VOLUME 8

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UNDERSTANDING HOW YOUR NBPSPP AND CPP ARE INTEGRATED

Like the New Brunswick Public Service Pension Plan (NBPSPP), most pension plans across Canada are integrated with the CPP.

Your NBPSPP and the Canada Pension Plan (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 NBPSPP were reduced so that an employee's overall contributions did not increase. Benefit levels under the NBPSPP were also adjusted so that the combined NBPSPP and CPP paid similar benefits as were previously paid by the NBPSPP alone.

If you are planning to take an early retirement between the ages of 55 and 65, it is important that you are aware of how the integration of your NBPSPP 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 NBPSPP 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 NBPSPP 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 NBPSPP 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 NBPSPP. 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.



DISCLAIMER: This newsletter is a publication on behalf of the Board of Trustees of the New Brunswick Public Service Pension Plan. 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 pension plan text or other appropriate governing documents, the latter will prevail.

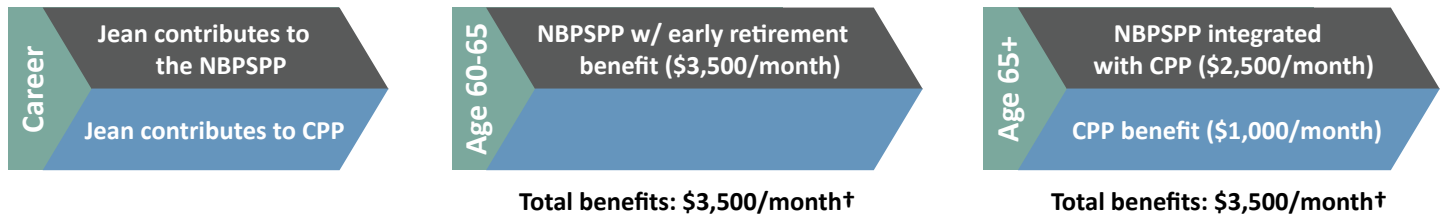
INTEGRATION AT A GLANCE

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. The early retirement benefit ends the month following your 65th birthday, but your CPP benefit will begin. Your CPP benefit will provide you with an additional source of income which will make up some or all of the difference. You may notice a change in your income.

For example:

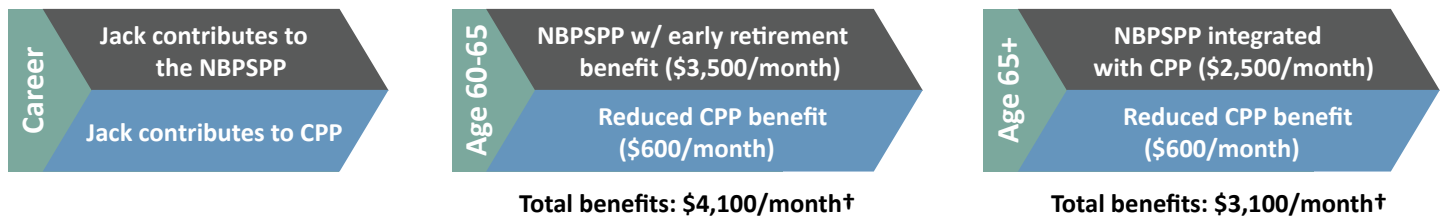
Jean has participated in the NBPSPP her entire career and retires at age 60. She waits until age 65 to apply for her CPP benefit.



- 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 participated in the NBPSPP his entire career and retires at age 60. 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 NBPSPP, 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 NBPSPP 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 65th birthday when your NBPSPP early retirement benefit ends.

NEW PENSION CALCULATOR

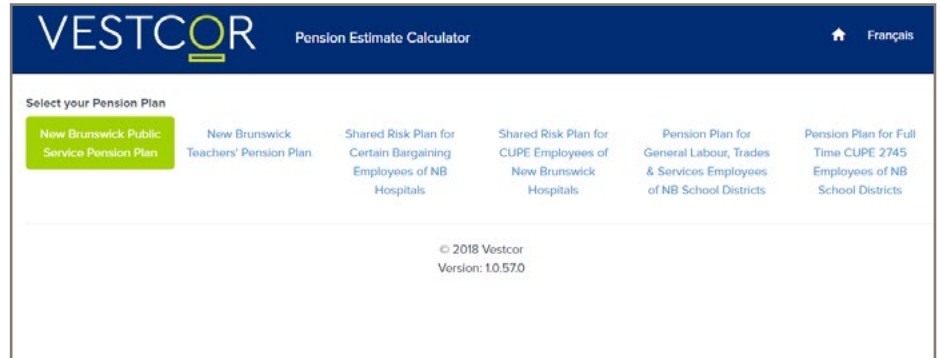
HOW MUCH WILL MY NBPSPP PENSION BE?

In a few easy steps, our **new and improved pension estimate calculator** can give you an estimate of the monthly pension benefit you'll receive when you retire.

To estimate your NBPSPP pension, you'll need some information from your most recent Employee Statement of Pension Benefits.

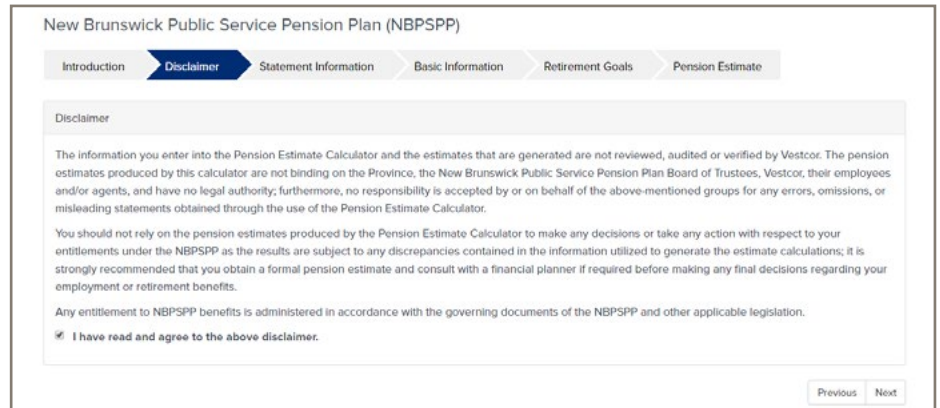
STEP ONE

Select your pension plan.



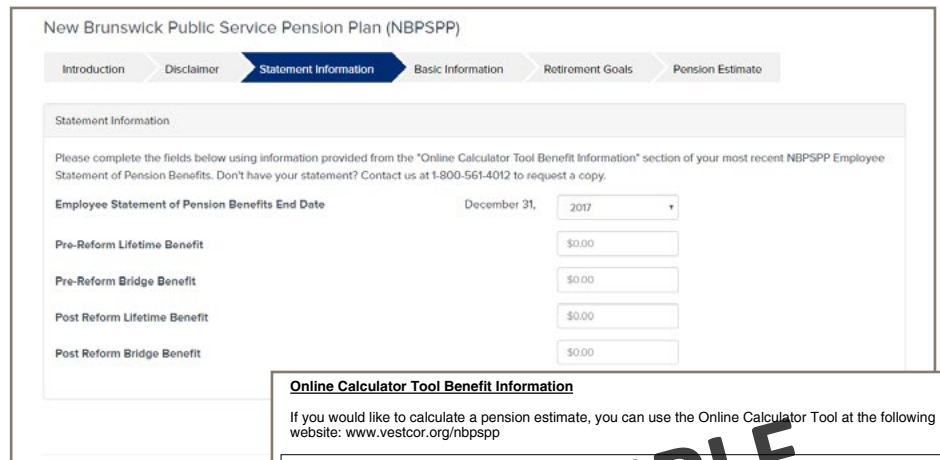
STEP TWO

Read the introduction and accept the disclaimer.



STEP THREE

Complete the following statement information:



This information can be found in the "Online Calculator Tool Benefit Information" section of your most recent NBPSPP Employee Statement of Pension Benefits. Don't have a copy of your statement? Contact Vestcor to request one.

Online Calculator Tool Benefit Information

If you would like to calculate a pension estimate, you can use the Online Calculator Tool at the following website: www.vestcor.org/nbpspp

Please note that in order to process an estimate, the Online Calculator is designed so that you will be required to input the information displayed below.

1) Employee Statement of Pension Benefits End Date	December 31, 2017
2) Pre-Reform Lifetime Benefit	\$12,919.08
3) Pre-Reform Bridge Benefit	\$6,956.42
4) Post-Reform Lifetime Benefit	\$3,512.99
5) Post-Reform Bridge Benefit	\$1,326.78

*Pension Benefits have been adjusted as a result of a division of assets upon Marriage Breakdown

STEP
FOUR

Complete the following basic information:

New Brunswick Public Service Pension Plan (NBPSPP)

Introduction > Disclaimer > Statement Information > **Basic Information** > Retirement Goals > Pension Estimate

Basic Information

Please enter the following information

Date of Birth: Year, Month, Day

Current Gross Annual Salary (before taxes or other deductions): \$0.00

Percent of Full Time Hours Worked: 100%

Previous Next

STEP
FIVE

Enter your retirement goals and calculate!

New Brunswick Public Service Pension Plan (NBPSPP)

Introduction > Disclaimer > Statement Information > Basic Information > **Retirement Goals** > Pension Estimate

Retirement Goals

Please enter the following information

Projected Last Day of Work: Year, Month, Day

Pension Start Date: Year, Month

18 Year(s) 0 Month(s)

(You can also adjust the Pension Start Date using the age sliders above)

REVIEW
YOUR
ESTIMATE

VESTCOR Pension Estimate Calculator

New Brunswick Public Service Pension Plan (NBPSPP)

Introduction > Disclaimer > Statement Information > Basic Information > Retirement Goals > **Pension Estimate**

Pension Estimate

Gross Monthly Pension Payable (before deductions)

Calculations based on a termination date of May 31, 2018 and a pension start date of June 1, 2018.

Monthly Pension After Age 65: \$1,234.56

Summary

Summary of Results

Early Retirement Reduction Factors

Pension Start Date: June 1, 2018

Service before Jan 1, 2014: 0.00%

The online calculator gives you an estimate of what your future NBPSPP pension benefit will be based on the information you input.

If you are nearing retirement, we encourage you to contact our Member Services Team at Vestcor to request a formal pension estimate.

FOR MORE INFORMATION

about your NBPSPP pension, please visit vestcor.org/NBPSPP or contact Vestcor at 1 800 561 4012.

Estimate your pension today!

vestcor.org/NBPSPP

INVESTMENT REPORT

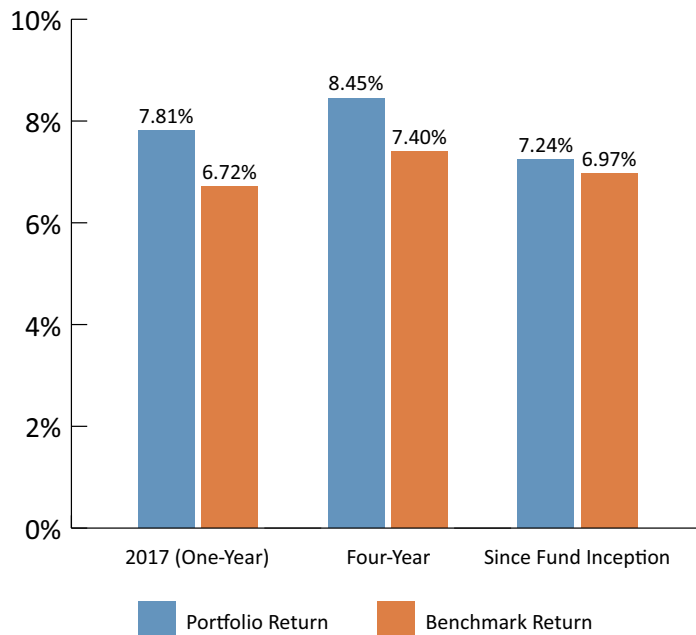
INVESTMENT RETURNS

We are pleased to report that the gross investment return for the NBPSPP Trust for the second half of 2017 was 3.85%. This brings the full-year total return for the year ended December 31, 2017 to 7.81%, compared to the total fund benchmark of 6.72%, making the long-term investment results well in excess of the 4.75% 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.

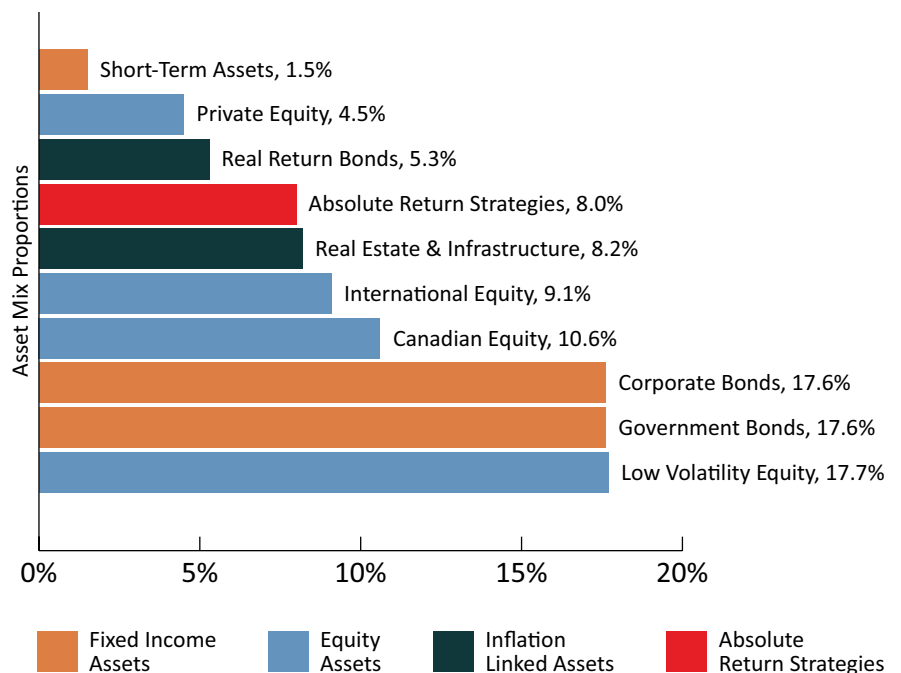
Vestcor's active investment management provided strong value in excess of benchmarks resulting in 1.09% return in excess of benchmarks for the full calendar year.



INVESTMENT ASSETS

The fair value of the NBPSPP assets at December 31, 2017 was \$7.638 billion, up \$219 million since June 30, 2017. Investment asset mix weights were held close to investment policy targets during this period and the chart outlines the asset mix at December 31, 2017.

For more information, please visit www.vestcor.org/quarterly_market_updates



LEGAL UPDATE

Legal actions related to your pension plan were discussed with NBPSPP members at the 2017 AGM. We would like to take this opportunity to provide you with an update on the latest developments:

- A retired NBPSPP member is seeking damages from the Province, the New Brunswick Investment Management Corporation (now Vestcor), certain unions and the Board of Trustees of the NBPSPP. The plaintiff is seeking, among other things, damages from the pension fund for alleged breaches of trust and contract, and the payment of the plaintiff's legal costs.

On September 28, 2017, the trial judge found the plaintiff's counsel had a conflict of interest and, as a result, ordered that his counsel could no longer represent him in the action. The Plaintiff's legal counsel has sought leave to appeal the decision, and this will be heard by the Court of Appeal on June 13, 2018.

- In a separate legal action against the Province of New Brunswick, four retired NBPSPP members were seeking, among other things, that their legal and related costs be paid from the pension fund. The request was denied, as was the plaintiffs' leave to appeal. There has been no further development in the action against the Province.

To date the Board of Trustees have spent \$458,382.70 defending the pension fund from paying damages and the plaintiffs' legal costs from the Pension Plan.

The Board of Trustees continues to fulfill its fiduciary responsibilities to the pension plan and will keep NBPSPP members apprised of further developments and costs related to defending the pension fund from these actions.

GOVERNING DOCUMENT AMENDMENTS

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

- Appendix A of the Plan Text was amended to include 1.47% COLA granted as of January 1, 2018;
- A definition of "Break in Service" was added to the Plan Text in order to provide clarification regarding the NBPSPP eligibility criteria for "Other Than Full Time" employees (subsequent housekeeping amendments were applied to the definition of "Continuous Service" and within Article XXIII);
- Article III of the Plan Text was amended to clarify the NBPSPP eligibility provisions related to Personal Service Contract employees;
- Amendments were applied to Article VIII and Article XIX of the Plan Text to amend Pre-retirement Death Benefit provisions as required by the PBA; and
- Section VI.B of the Funding Policy was amended to update the mortality actuarial assumptions.

The updated versions of the NBPSPP Plan Text and Funding Policy are available at www.vestcor.org/nbpspp

2018 AGM

We feel it's important that all members of the Pension Plan have the opportunity to take part in the Annual General Meeting, not just those in the cities in the southern portion of the province. Therefore, we are pleased to announce that this year's NBPSPP AGM will be held in Bathurst, NB on September 6, 2018.

Join us as we provide a review of the Plan's 2017 results. Stay tuned for more details.



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 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
- Learn more about your Board of Trustees, including biographies and accomplishments

