

NEW BRUNSWICK

Teachers'

PENSION PLAN



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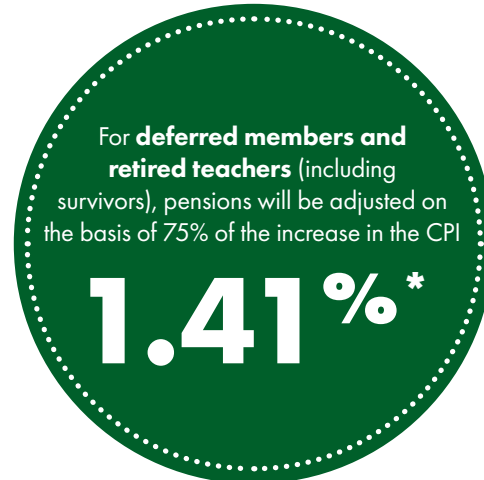
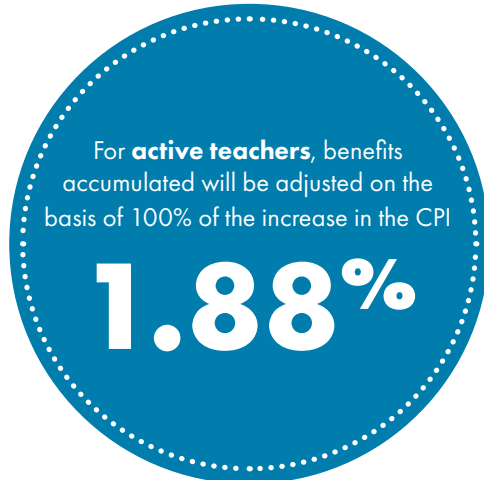
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INDEXING ADJUSTMENT BENEFIT PROVIDED

In accordance with the NBTPP governing documents, the Plan provides for an annual Indexing Adjustment Benefit (IAB) when possible, up to a maximum each year of 4.75%.

For January 2019, the maximum IAB that can be provided is 1.88%, which is based on the increase in the average Consumer Price Index (CPI) for the 12-month period ending June 30, 2018.



If you're an active teacher or deferred member, the increase will be applied to the benefit you've earned up to December 31, 2017. If you're a retired teacher, the increase will be applied to your monthly benefit effective January 1, 2019. You'll receive notification of this increase in writing in December 2018.

**Members who retire in 2018 will receive a blended IAB.*

RAISE YOUR HAND AND BE COUNTED

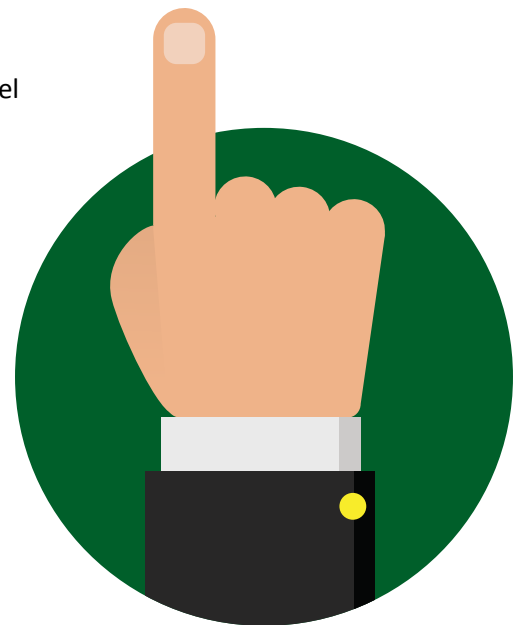
This fall we'll be distributing a survey to our members to find out how they feel about the governance of the New Brunswick Teachers' Pension Plan.

This survey will cover a lot of ground. We want to know, among other things:

- how members perceive the Plan;
- how they get the information they need; and
- whether they are familiar with their Board of Trustees.

What you tell us through your responses will help guide strategic priorities moving forward. That's why it's important that we get your input. This is your chance to speak up for yourself, and for your fellow members. Please take advantage of this opportunity.

The survey will be distributed to active members and retirees in the coming weeks. Please keep an eye out for it!



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

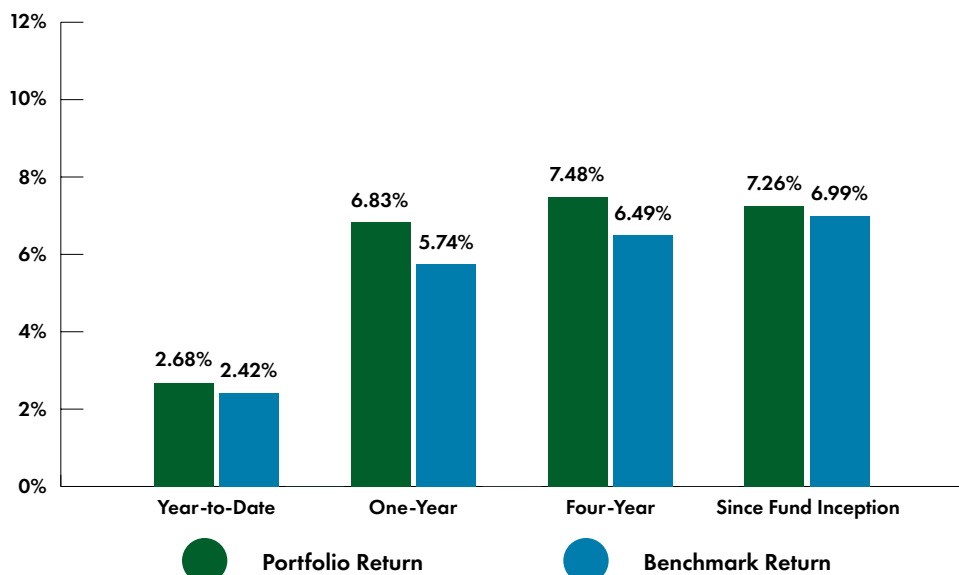
INVESTMENT RETURNS

We are pleased to report that the gross investment return for the NBTPP for the first half of 2018 was approximately 2.68%, compared to its total fund benchmark return of 2.42%. Both the longer term four year annualized return of 7.48% and the return since 1996 (under Vestcor’s management) of 7.26% remain well in excess of the 5.85% discount rate set by the independent actuary.

NOMINAL RETURN - ANNUALIZED FOR PERIODS > 1 YEAR

Although global equity markets have produced mixed performance (with developed markets strongly outperforming emerging markets year to date), the weakening trend in the Canadian dollar against the U.S. dollar served to offset some of the underlying weakness in markets. Alternative strategies have continued to produce positive results thus far in 2018, while fixed income portfolios have been relatively unchanged in market value due to the relative stability in government interest rates in Canada.

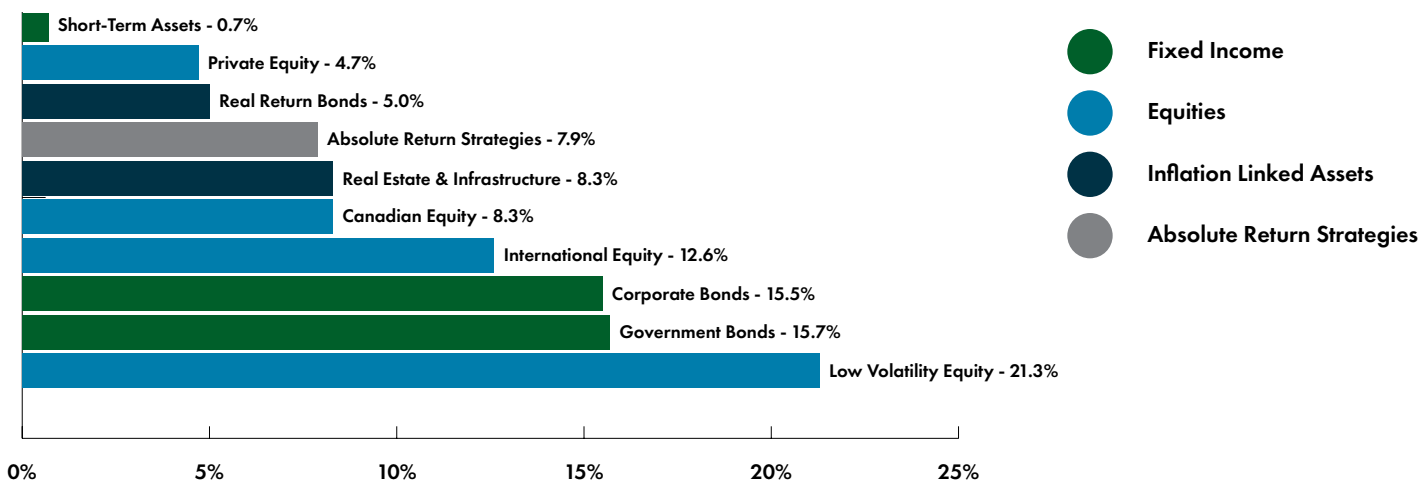
The return earned in excess of the benchmark portfolio contributed positive value add at 0.26% for the current year to date, and 1.09% over the trailing one-year period.



INVESTMENT ASSETS

The fair value of the NBTPP assets at June 30, 2018 was \$5.858 billion, up \$77 million from the fair value at December 31, 2017. Investment asset mix weights were held close to investment policy targets during the period and the chart outlines our asset mix at June 30, 2018.

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



MARRIAGE BREAKDOWN

HOW ENDING A MARRIAGE OR COMMON-LAW PARTNERSHIP MAY AFFECT YOUR PENSION ASSETS

Over the course of your career, you may experience a lot of change – professionally and personally. Should you be faced with a separation or divorce, it is important that you know that your pension may be considered family property; this could lead to a division of your pension assets. Your pension is only one of the assets available for division as part of a marital breakdown and may not necessarily have to be included in the final settlement between the parties. Should it be included, here are some of the things you should know.

The NBTPP allows for the transfer of a portion of pension assets on a locked-in basis to an ex-spouse following the breakdown of a marriage or common-law partnership (applicable for written agreements, decrees and court orders dated after December 31, 1996). Up to 50% of the benefit earned in the pension plan while you were married/cohabitating can be included in the division of marital assets.

THE MARRIAGE BREAKDOWN PROCESS AND YOUR PENSION

- 1. Complete a Marriage Breakdown Application Form** available through your School District's Human Resources or Payroll Office, at www.vestcor.org/nbtpp, or by contacting Vestcor. The submission of a marriage breakdown application is required to provide members with both the maximum amount transferable to an ex-spouse, along with the subsequent impact to their pension benefit.
- 2. Forward the application form to Vestcor for processing.** This may take up to 6 weeks, at which time Vestcor will calculate the lump sum value of your pension at the date of marriage breakdown and the monthly pension benefit earned at a date. They will also calculate the benefit earned in the pension plan while you were married or cohabitating with your ex-spouse.
- 3. The information will be provided to you, and any other authorized parties** (e.g., your lawyer).
- 4. If a pay-out is to be made to your ex-spouse, various documents must be supplied to Vestcor.** This includes a copy of the separation agreement/court order indicating the amount to be transferred and prescribed forms from your ex-spouse's financial institution, etc.
- 5. Once these documents are received by Vestcor, the pay-out will be processed to your ex-spouse as a locked-in transfer.**
- 6. Vestcor will make an adjustment to your pension to reflect the transfer to your ex-spouse.**

IMPORTANT

This entire process can take months to complete. Be aware that if you've undergone a marriage/common-law partnership breakdown and are seeking to proceed with a division of pension assets, you should submit a Marriage Breakdown Application as soon as possible.

ALREADY RETIRED AND RECEIVING YOUR PENSION?

The portion of the benefit that is transferred to your ex-spouse will directly reduce your monthly pension benefit on a go forward basis. A portion of any monthly pension payments made to you, between the date of the marriage breakdown and the date that the actual payment is made to your ex-spouse, will reduce the amount that is available to your ex-spouse.

MORE INFORMATION

An information booklet which details the provisions regarding the division of pension benefits upon marriage/common-law partnership breakdown, how the calculations are conducted, as well as other important factors to consider is available through your School District's Human Resources or Payroll Office, as well as at www.vestcor.org/nbtpp.

YOUR NBTPP 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. The NBTPP is currently in a surplus, please see page 5 for more information.

WHAT IS THE NBTPP FUNDING POLICY?

The NBTPP Funding Policy is an important governance tool that is used by the Board of Trustees in managing the ongoing risk associated with operating the pension plan. The Funding Policy is used in conjunction with the Plan's Actuarial Valuation Report which is prepared every three years, or Cost Certificate, which is prepared in the intermediate years.

The NBTPP Funding Policy outlines the actions the Board of Trustees must consider in the event that the plan is in a surplus or deficit position.

WHAT HAPPENS IF THE NBTPP HAS A SURPLUS?

If the NBTPP has a surplus, as defined in the plan's Funding Policy, the NBTPP Board has a number of actions that must be considered. The Funding Policy's Funding Excess Utilization Plan outlines the actions that must be considered in order of priority. They range from reversing any benefit reductions that have been implemented previously under the Deficit Recovery Plan, to building a Contingency Reserve within the Fund, all the way to considering benefit improvements as a final step.

WHAT HAPPENS IF THE NBTPP HAS A DEFICIT?

If the NBTPP experiences a deficit, as defined in the plan's Funding Policy, the NBTPP Board must take action to address the deficit. The Funding Policy's Deficit Recovery Plan outlines the actions that must be taken in order of priority. They range from increasing contributions equally for active teachers and the employer as a first step all the way to reducing benefits for active teachers and as a last resort, reducing benefits for retirees.

It is important to note that the risk management test, performed as part of the most recent Actuarial Valuation Report as of August 31, 2016, found that the probability remained at 98.3% that benefits earned would not be reduced over the next 20 years.

WHERE CAN I FIND THE NBTPP FUNDING POLICY?

The NBTPP Funding Policy, along with a Funding Policy summary document can be found at www.vestcor.org/nbtpp.



NBTPP 2017 ANNUAL REPORT BY THE NUMBERS

The NBTPP had an
investment return of

8.36%

exceeding the performance
benchmark of 7.27%

**\$453.1
MILLION**

in net investment income was
added to the Plan

In 2017, the NBTPP had

18,936 total members

9,169

Retirees/Survivors

8,171

Active Members

1,596

Deferred Members

The Plan's Funded Ratio was

105.4%

per the August 31, 2017
Cost Certificate



The NBTPP 2017 Annual Report is now available at vestcor.org/nbtp. We invite you to take a look and learn more about your plan.

AMENDMENTS TO GOVERNING DOCUMENTS

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:

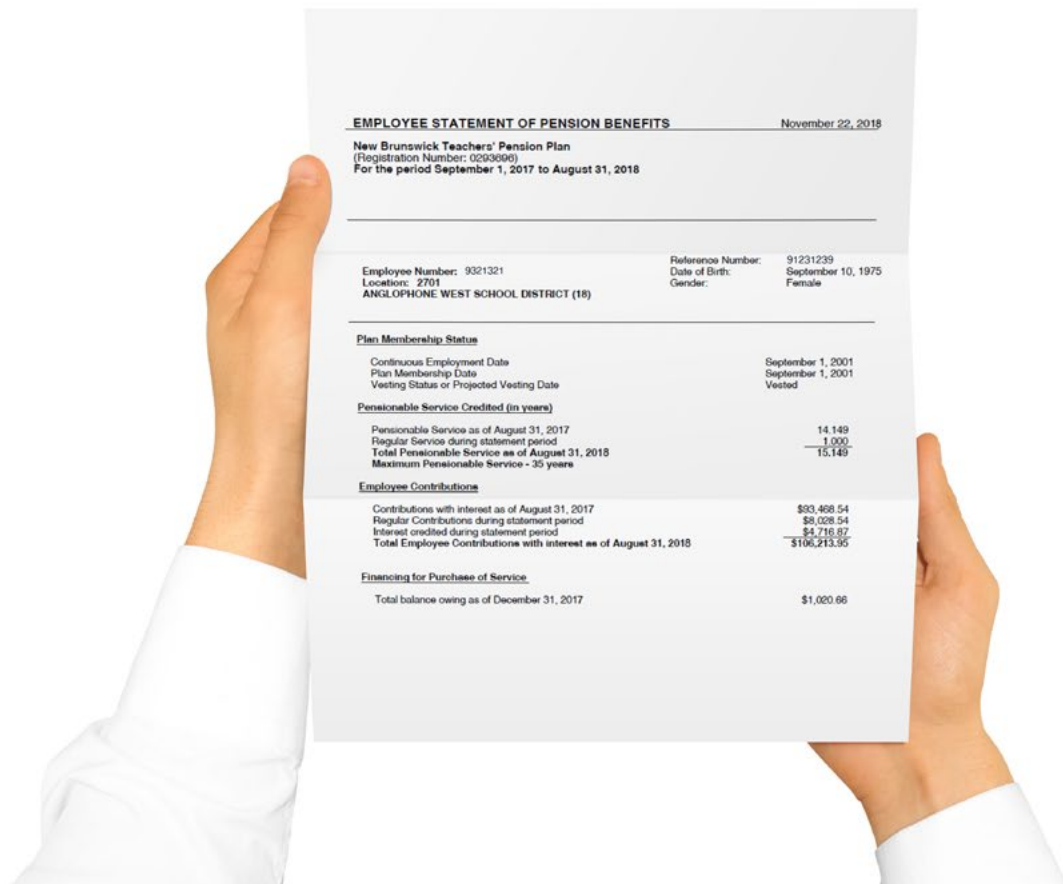
- The **Plan Text** was amended in order to temporarily suspend a provision (for the period of July 1, 2018 to June 30, 2020) related to the 80 day supply teaching limit per school year for NBTPP retirees.
- The **Statement of Investment Policies** was updated to apply changes to the asset mix, as well as apply amendments which were “housekeeping” in nature.

The updated versions of these governing documents are available at www.vestcor.org/nbtp.

EMPLOYEE STATEMENT OF PENSION BENEFITS

Your NBTPP Employee Statement of Pension Benefits for the period of September 1, 2017 to August 31, 2018 will be distributed in early 2019. In order to obtain pension estimate information you can enter data directly from your statement into an enhanced, user-friendly version of the Pension Estimate Calculator tool available at www.vestcor.org/nbtp-calculator.

If you need help interpreting the various sections of your statement, please refer to the helpful Understanding your Employee Statement of Pension Benefits guide available at www.vestcor.org/nbtp under Booklets, or contact Vestcor’s Member Services team at 1 800 561 4012 (toll free) or 506 453 2296 (Fredericton).



NBTPP 2019 PENSION PAYMENT DATES

January 24

February 22

March 22

April 24

May 24

June 24

July 24

August 23

September 24

October 24

November 22

December 18

TIPS FOR RETIREES



QUICK TIPS

- Make sure to keep your notice of deposit. Notices of deposit confirm your gross and net pension amounts, and are only sent out when there is a change in the net amount. If you require proof of income for any reason, you'll need this document.
- Are you planning on moving? Don't forget to change your address with Vestcor using our Change of Address form available at www.vestcor.org or by calling 1 800 561 4012. Let us know if your phone number has changed as well.
- Do you have a Power of Attorney? Make sure you send us a copy of this document to be sure that person can act on your behalf.
- Need to contact the Canada Pension Plan or Old Age Security? They can be contacted toll free at 1 800 277 9914.
- Have you opened a new bank account? Make sure to let Vestcor know by calling 1 800 561 4012, and keep your old account open until you've seen a payment deposited in your new account.

SIGN UP FOR PAPERLESS NEWSLETTERS

- **It's easy!** Just go to www.vestcor.org/newsletters to sign up.
- **It's convenient!** You'll receive an email as soon as the newsletter is released. No waiting for the mail to arrive.
- **It's green!** Receiving your newsletter electronically saves paper.
- **It's economical!** Signing up for an electronic newsletter saves your plan money in printing and postage costs.

