

Cost of Living Increase – January 1, 2019 New Brunswick Public Service Pension Plan

Determining annual cost of living increases under the New Brunswick Public Service Pension Plan (NBPSPP)

- Each year, the NBPSPP Board of Trustees will determine if the funding level within the NBPSPP will allow for an annual cost of living increase.
- The decision will be based on a financial report prepared by the pension plan's actuary, and the pension plan's Funding Policy.
- Each year, one of three outcomes can occur as a result of the financial report:
 - There is a large enough surplus to provide a full cost of living increase;
 - There is only enough surplus to pay a portion of the cost of living increase; or
 - There is not enough of an available surplus, or there is a deficit, and no cost of living increase will be provided.

Important information to understand

- According to the NBPSPP Funding Policy, if in a given year, the full cost of living increase is not provided, the remainder may be provided in subsequent years if the pension plan has a large enough surplus.
- Inflation is based on the average change in the Consumer Price Index (CPI) over the 12 months prior to the previous June 30 (i.e., July 1, 2017 to June 30, 2018).
- Although cost of living increases are not automatic, the Plan is designed in such a way that the likelihood of providing annual cost of living increases is very high.

Cost of living increase for January 1, 2019

- The NBPSPP Board of Trustees approved the full cost of living increase of 1.88% effective January 1, 2019.
- If you started receiving your pension during 2018, your cost of living increase will be prorated meaning that you will only receive a portion of the 1.88% cost of living increase on January 1, 2019.
- The enclosed notice provides additional information on the increase that applies to your pension benefit.
- For more information on how the cost of living increase was calculated, visit www.vestcor.org/nbpspp/cola.

Enclosure