



SPRING 2019 | VOLUME 10

# NBPSPP UPDATE

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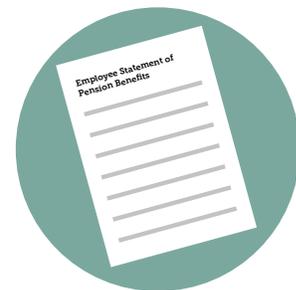
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# YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

You should have received your Employee Statement of Pension Benefits earlier this spring. This statement provides you with updated pension amounts as of December 31, 2018. For members who don't receive a paper copy, your employer would have made it available to you electronically.



Need help making sense of it? A guide to Understanding your Employee Statement of Pension Benefits would have been included with your statement. This guide is also available at [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp) under "Booklets".

## CALCULATE YOUR OWN PENSION ESTIMATES ONLINE

Did you know that you can quickly and easily get an estimate of your future monthly pension using Vestcor's Online Pension Estimate Calculator? There are no forms to fill out and return, no waiting, and you can calculate as many estimates as you like. Want to know what your pension may look like at ages 55, 60, or 65? You can calculate estimates for all of these ages and more in minutes.

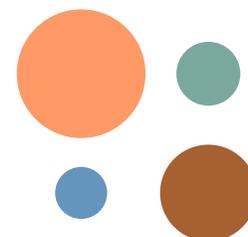
You'll want to make sure you have your Employee Statement of Pension Benefits (see the article above) handy when you visit the website. It has information you'll need to use the calculator.

If you need help using the calculator tool, an easy-to-follow video tutorial is also available on the Vestcor website. This quick video will walk you through the steps in using the calculator. Go to [www.vestcor.org/calculators](http://www.vestcor.org/calculators) to get started.

Are you within a year of retirement? Complete a formal pension estimate using the form available on [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp), under "Application Forms".

A screenshot of the Vestcor Pension Estimate Calculator website. The page title is "VESTCOR Pension Estimate Calculator". It shows a navigation menu with "Introduction", "Disclaimer", "Statement Information", "Basic Information", "Retirement Goals", and "Pension Estimate". The "Pension Estimate" section is active, showing a "Gross Monthly Pension Payable (before deductions)" of \$1,234.56. Below this, there is a "Summary of Results" table and "Calculation Details" section. A large mouse cursor icon is overlaid on the bottom right of the screenshot.

Summary of Results		Early Retirement Reduction Factors	
Pension Start Date	June 1, 2019	Service before Jan 1, 2018	0.00%
Age when Pension Starts	65 years 1 month	Service after Dec 31, 2018	0.00%



**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.

## A SNAPSHOT OF YOUR PENSION PLAN AT DECEMBER 31, 2018

### INVESTMENT RETURNS

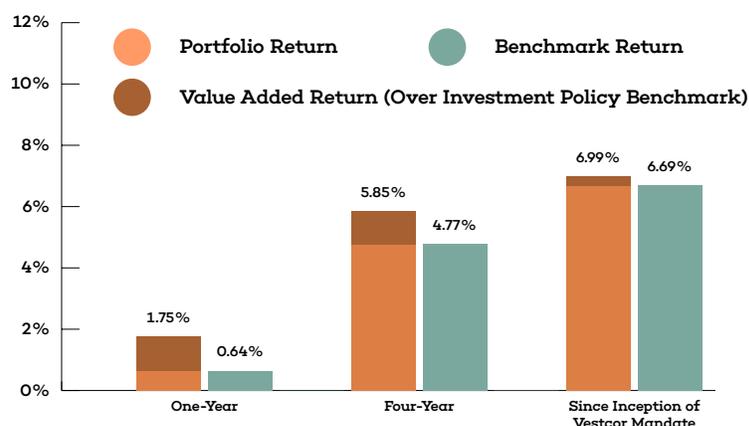
2018 proved to be an increasingly uncertain year for global financial markets. The year ended with significant equity market declines, especially toward the end of the fourth quarter. Despite this uncertainty, the gross investment return at December 31, 2018 for the Plan was positive at 1.75% (above the total fund benchmark of 0.64%)

The additional return of 1.11% earned above the fund benchmark of 0.64% was value added by Vestcor’s active investment management decisions versus the Investment Policy benchmarks.

The investment program significantly exceeded the policy benchmark in 2018, and led to a positive investment return in an environment where many other pension funds have had negative annual returns<sup>1</sup>. More importantly, both the longer term four-year annualized return and the return since March 1996 when Vestcor began to manage this Pension Fund, remain above the 4.75% discount rate set by the Plan’s independent actuary, as visible below.

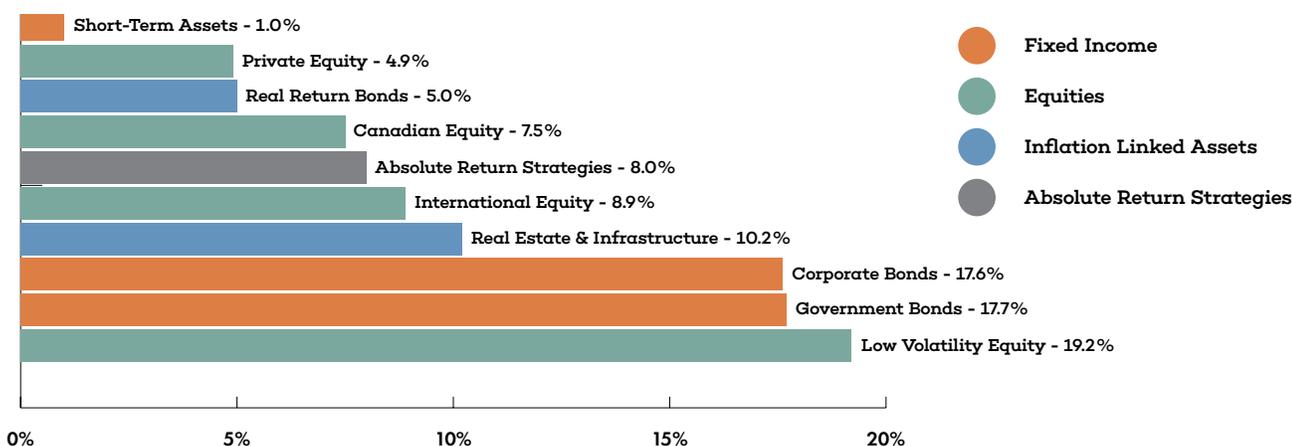
### INVESTMENT ASSETS: YOUR PENSION FUND

The fair value of the NBPSPP assets at December 31, 2018 was \$7.618 billion, down \$20 million from the fair value at December 31, 2017. The decline in fund assets as at December 31, 2018, is due to the sum of active member contributions and investment returns being slightly less than the benefits paid out to retirees throughout the year. This type of difference can occur over short-term time periods and is recovered through stronger long-term investment returns.



### ASSET MIX

The breakdown of where the Fund was invested, known as the investment asset mix, is displayed below. This is as at December 31, 2018. The weights of each type of investment were held close to the policy targets set by the Board of Trustees.



Most global equity markets were negative in 2018, although the U.S. market earned a 4% return, boosted by foreign exchange gains from a weakening Canadian dollar. In addition, positive contributions from fixed income and alternative assets more than offset the negative equity market results. The global geopolitical outlook remains mixed, with continuing uncertainty as to the likely form of resolutions in Brexit negotiations, U.S.-China trade, and various political events around the globe continuing to weigh on investors.

For more information, please visit [www.vestcor.org/marketupdates](http://www.vestcor.org/marketupdates).

<sup>1</sup> RBC Investor & Treasury Services reports a Canadian defined benefit pension plan median annual return of -0.7% for the year ended December 31, 2018.

# PURCHASING YOUR PRIOR SERVICE

You may already know that you can purchase prior periods of service to increase your monthly pension when you retire. However, you may not know how the cost of purchasing your service is calculated, and how purchasing the service sooner rather than later will likely benefit you.

## WHAT TYPES OF PAST SERVICE CAN BE PURCHASED?

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A full list of the types of service that are eligible for purchase can be found in the Purchase of Service booklet available at [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp), but most fall under the following two categories:

### REFUNDED SERVICE

If you have previously left a position where you paid into the Plan, received a refund of your contributions when you left your employment (or termination value as applicable), and have returned to a job that allows you to again pay into the Plan - you can buy back that period of refunded service. You can also purchase certain periods of refunded service from another provincially sponsored pension plan, the Government of Canada (including any Crown Corporation or Agency), or a Government of a Province or Territory in Canada.

### OTHER PERIODS OF PAST SERVICE

This includes approved unpaid leaves of absence (e.g., maternity leaves), prior full-time and part-time service during which you weren't contributing to the Plan, Long-Term Disability Waiting Periods and MLA service.

## HOW IS THE COST OF MY PURCHASE OF SERVICE CALCULATED?

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For most types of purchase of service, the cost to purchase is usually the **greater of** the missed employee pension contributions (based on the current contribution rate and your current salary) and the Adjusted Termination Value\*. Some types of service periods (e.g. purchasing approved leaves of absence) allow you the advantage of purchasing the service based on the previously mentioned employee contribution methodology, if you purchase within a certain timeframe (e.g. for approved leaves of absence, this would be within one year of returning to work).

Regardless of the type of service being purchased, the most important thing to remember is that it's often to your advantage to purchase prior service sooner rather than later. The cost typically increases based on your age and salary. No matter when you apply for the purchase of service, there is no processing fee from Vestcor.

### \*Adjusted Termination Value:

This actuarial calculation reflects what the true cost will be to the NBPSPP to provide your purchased benefits at retirement. It is based on a number of Plan assumptions and other factors, such as age and salary.

## WHAT IS THE PROCESS?

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To apply for a purchase of service, contact your employer and fill out an application form.

Within 60 days of receiving your application, Vestcor will provide you with documents outlining:

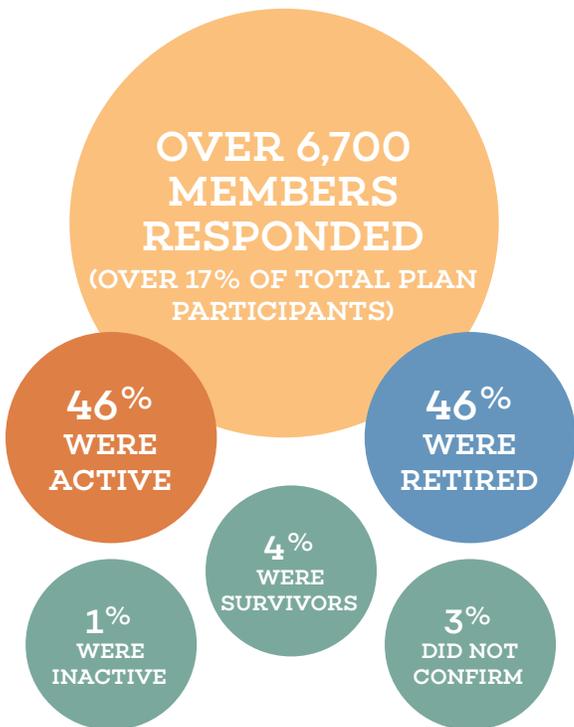
- The cost to purchase the service;
- The amount of pension associated with the period of service to be purchased;
- Payment options; and
- Important deadlines.

You can always learn more about Purchases of Service by visiting [www.vestcor.org/time-off](http://www.vestcor.org/time-off).

# NBPSPP MEMBER SURVEY

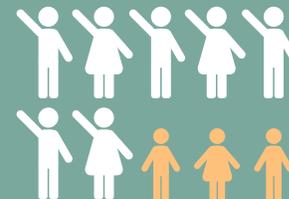
We wish to thank all members who took the time to respond to the survey. Your responses will help guide our strategic priorities moving forward. Below is a quick preview of your responses!

## TOTAL NUMBERS

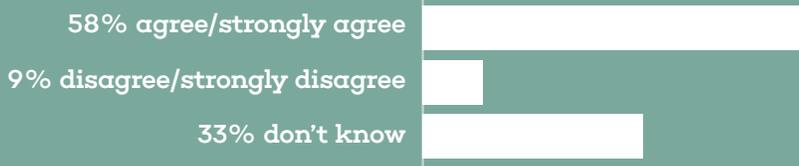


## GOVERNANCE

7 out of 10 members are aware that the NBPSPP is governed by a Board of Trustees with representation by both members and employers.



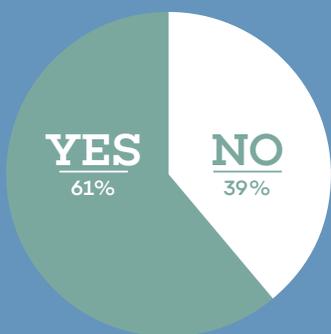
When asked if they believe that the NBPSPP Board of Trustees has the expertise to manage the Plan effectively and prudently, members said they:



Find out more about your Board's experience and expertise by visiting their biographies, board accomplishments, and more at [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp). Visit the "Plan Governance" section.

## COST OF LIVING ADJUSTMENT (COLA)

When asked if aware that COLA was provided to all members last year, 61% of members responded that they were. Did you know that COLA positively impacts the pension benefits of all members, whether you are active, deferred, or retired?



## 6 YEARS RUNNING

COLA was awarded for the 6<sup>th</sup> consecutive year since conversion, effective January 1, 2019.

## AGM

When asked if aware that the Board hosts an Annual General Meeting:



We heard your feedback, and will be making important changes to this year's annual meeting. We will host an annual information meeting instead – find out more on the next page.

Have you visited the new NBPSPP website?

[VESTCOR.ORG/NBPSPP](http://VESTCOR.ORG/NBPSPP)

Find application forms, the pension calculator, member booklets, governing documents, financial results, and more!

# SAVE THE DATE!

## WANT TO KNOW MORE ABOUT YOUR PENSION PLAN?

Attend the NBPSPP Annual Information Meeting to learn more about:

- The financial health of your Plan, including financial results and sustainability
- Your Pension Plan: get to know the basics of your plan
- How various events in your life could impact your pension
- An introduction to your Board of Trustees and their role

This year's Information Meeting will be held in Fredericton, NB. Venue to be announced.

Join in person or by webcast on Wednesday, September 25, 2019.

Sign up for updates at [www.vestcor.org/NBPSPP-Meeting2019](http://www.vestcor.org/NBPSPP-Meeting2019).



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## 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 [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp).

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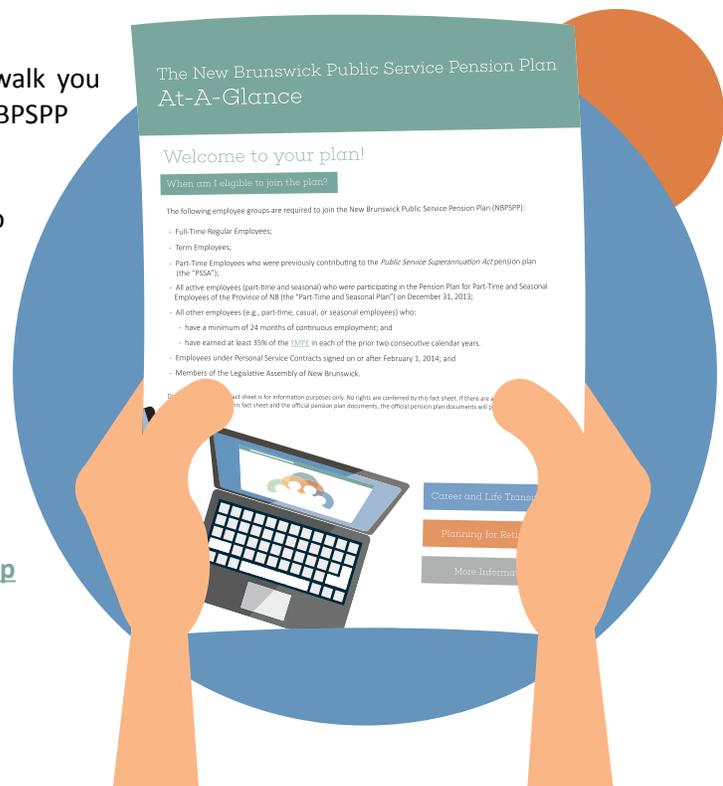
## NBPSPP AT-A-GLANCE

Do you feel like you could use a simplified document to help walk you through the basics of the NBPSPP? Good news! The updated NBPSPP At-A-Glance is the document you're looking for.

Designed for those who are new to the Plan, or for members who are looking for a refresher on how the Plan works, the At-A-Glance gives a quick but thorough overview of many of the most important aspects of the NBPSPP.

Wondering how much you contribute to the Plan? It's in there! Curious as to how your pension benefit is calculated? It's in there too! Wondering how transitions in your life can affect your pension? The At-A-Glance covers that as well!

You can find the NBPSPP At-A-Glance at [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp) under "Booklets".



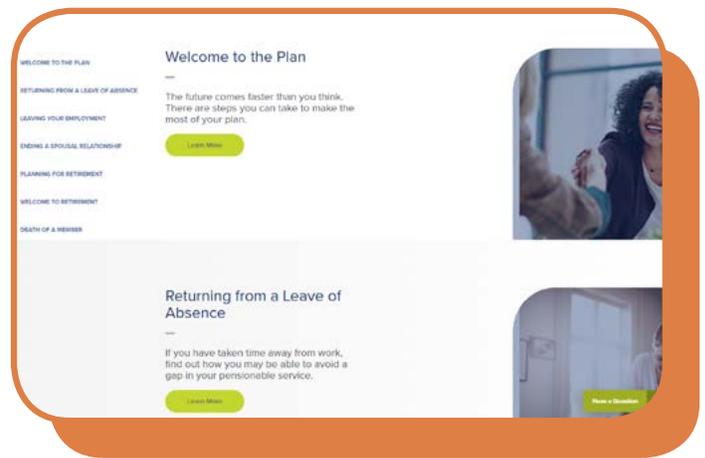
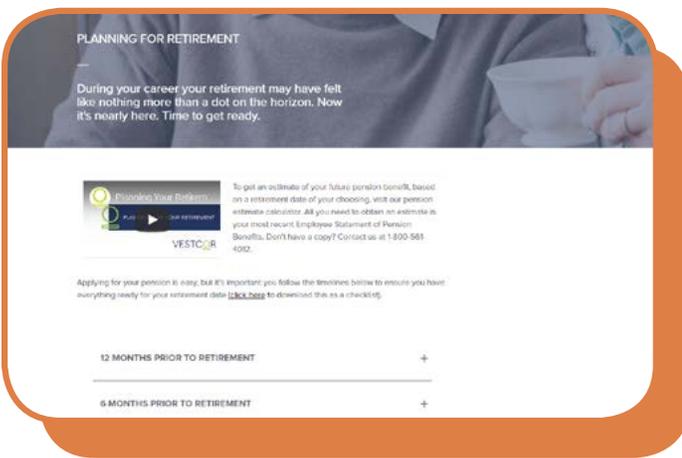
# LIFE EVENTS

Do you ever wonder how your pension will be affected by times of transition in your life? Vestcor has launched a new section of their website to help you easily find the information you need relating to your pension during these transitional periods.

This new portion of the site is called Life Events, and you can navigate through it based on what stage of your life you are in. It's divided into the following sections:

- **Welcome to the Plan**
- **Returning from a Leave of Absence**
- **Ending a Spousal Relationship**
- **Leaving your Employment**
- **Planning for Retirement**
- **Welcome to Retirement**
- **Death of a Member**

Visit [www.vestcor.org/lifeevents](http://www.vestcor.org/lifeevents) today to experience it for yourself.



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## LEGAL UPDATE

As was discussed at our Annual General Meeting in the fall of 2018, together with the Province, the New Brunswick Investment Management Corporation (now Vestcor) and certain Unions, the Board has been named as a defendant in an action seeking, among other things, damages from the Pension Fund for alleged breaches of trust and contract, and payment of the Plaintiff's legal costs from the Pension Fund.

In a separate legal action against the Province, plaintiffs have indicated that, in the event the Province does not pay their legal costs, they will be seeking to have their costs paid from the Pension Fund.

The sole purpose of the Pension Fund is to provide pensions and pay costs related to providing pensions. The Board has retained legal counsel and is defending itself and the Fund from paying damages to the Plaintiff's legal costs.

Please be advised that members will be kept up to date in future newsletters.

# AMENDMENTS TO GOVERNING DOCUMENTS

The New Brunswick *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 that Appendix A of the Plan Text was amended to include 1.88% COLA granted as of January 1, 2019. This amendment was filed with the Superintendent of Pensions on December 12, 2018.

The updated version of the NBPSPP Plan Text is available at the following website: [www.vestcor.org/nbpspp](http://www.vestcor.org/nbpspp).

## TIPS FOR RETIREES



### UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with Vestcor using their change of address form available at [www.vestcor.org/address](http://www.vestcor.org/address). If you would rather call, you can also contact them at 1 800 561 4012.
- 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. The form is available at [www.vestcor.org/incometax](http://www.vestcor.org/incometax).
- Have you opened a new bank account? Go to [www.vestcor.org/banking](http://www.vestcor.org/banking) to find the form you need to update your banking information with Vestcor. You can also contact Vestcor by phone at 1 800 561 4012. Remember to keep your old account open until you've seen a payment deposited in your new account.

