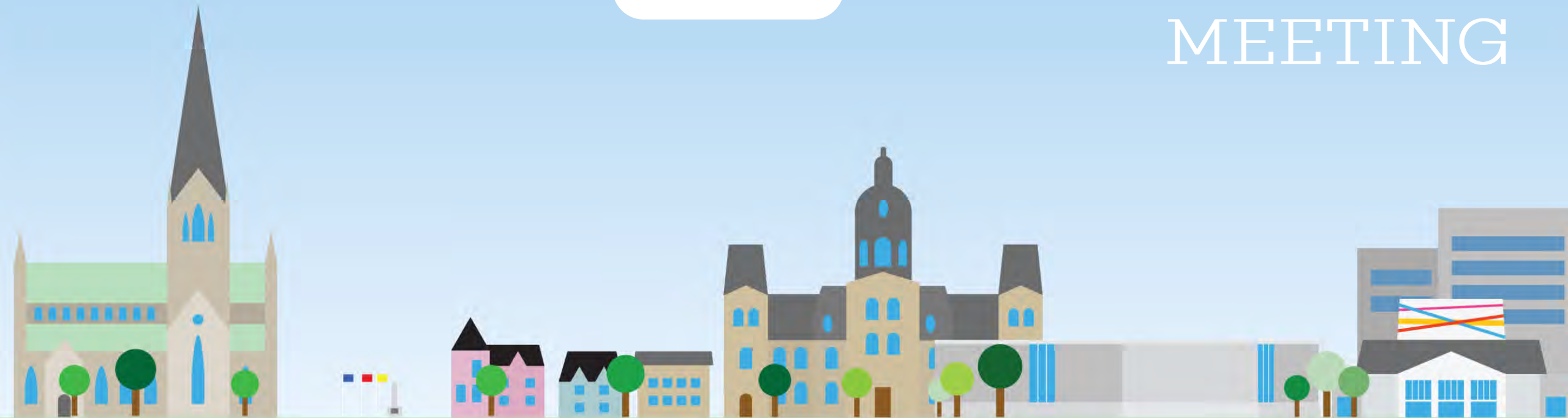


2019

ANNUAL INFORMATION MEETING



Agenda

Welcome and Introduction

Marilyn Quinn, Chairperson, NBPSP Board of Trustees

An overview of the NBPSP: Get to know your Plan

Kent Frees and Kim Sarters, Member Services Team, Vestcor

2018 Results: Actuarial Valuation Report

Yves Plourde, FSA, FCIA, Vice President, Morneau Shepell

2018 Results: Investment and Administration

John Sinclair, President and CEO, Vestcor

Question and Answer Session

Moderated by Susie Proulx-Daigle, Trustee, NBPSP Board of Trustees



Presenters & Board of Trustees

Presenters:

Yves Plourde
John Sinclair
Kent Frees
Kim Sarters

Trustees:

Marilyn Quinn
Leonard-Lee White
Sébastien Deschênes
Ross Galbraith
Mark Gaudet
Katherine Greenbank
Denise Pinette
Susie Proulx-Daigle
Odette Robichaud

Observers:

Leigh Sprague
Bill Murray



An overview of the
NBPSPP:

Get to know your Plan

VESTCOR

Agenda

- Pension Plan Basics
- Impacts on Your Pension
- Tools and Resources
- Retiring: How to Apply



Pension Plan Basics

Governance

The Board of Trustees administers the NBPSPP in accordance with:

The Plan Text
The Funding Policy
The Investment Policy
The <i>Income Tax Act</i> (ITA)
The <i>NB Pension and Benefits Act</i> (PBA)

Pension Contributions

Employer Contributions

Currently, 12.0% of eligible earnings

Employee Contributions

7.5% of eligible earnings up to the year's maximum pensionable earnings

% of eligible earning on salary accumulation up to the year's maximum pensionable earnings (YMPE)
(Resets in January)



% of eligible earning on salary accumulation in excess of YMPE
(Resets in January)

Note: CPP deductions cease upon reaching the YMPE



What could impact my
pension benefit amount?

Cost of Living Adjustment

- Each year, based on the funding level of the NBPSPP, the Board of Trustees will determine whether the plan is able to provide indexation – also known as **Cost of Living Adjustments (COLA)**.
- COLA may be provided up to the average change in Consumer Price Index (CPI).
- When COLA is provided, it will apply to all NBPSPP members (i.e. active employees, retirees and deferred members).

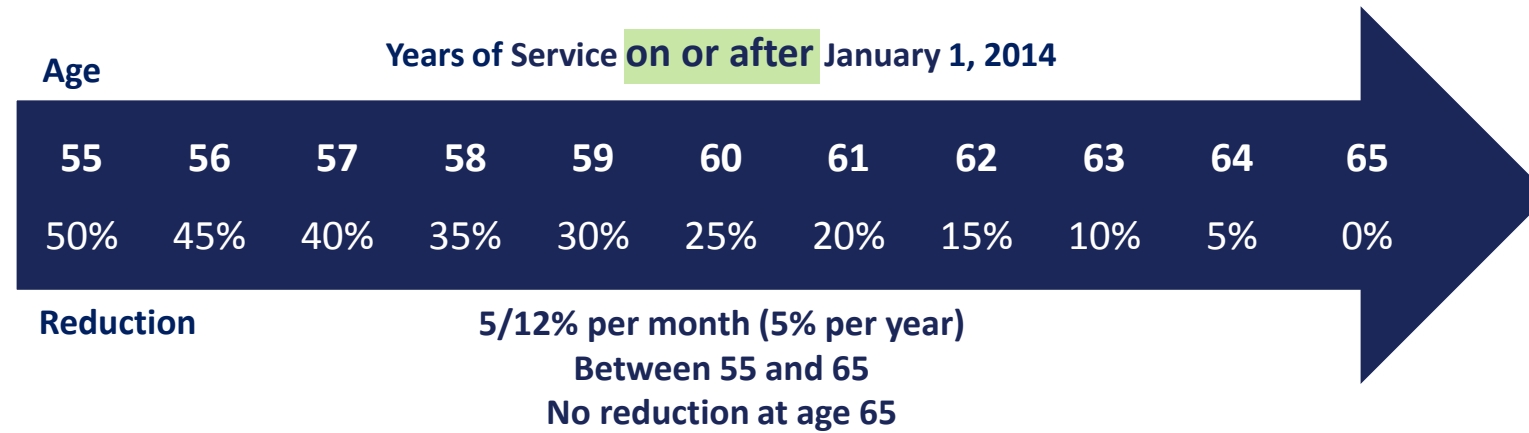
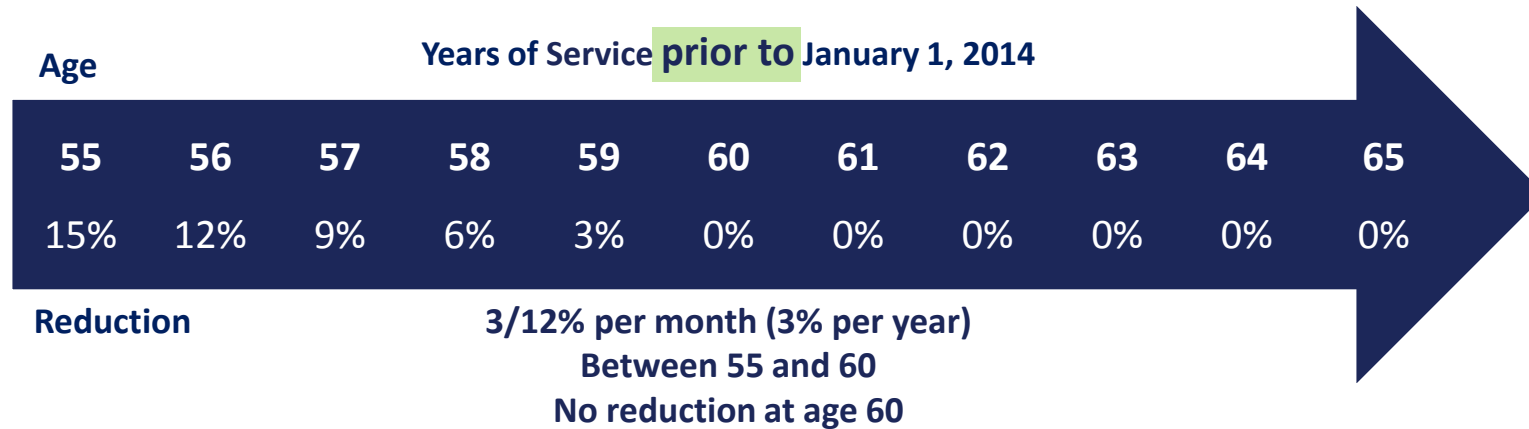
Note: Further explanation available at www.vestcor.org/nbpspp

Integration

- In September of 1966, the Canada Pension Plan (CPP) was implemented, which resulted in the provincial and federal plans being integrated. As such, all provincially sponsored pension plans became integrated with the CPP.
- Integration means that both your contribution rate and the level of benefits under the NBPSPP are reduced because you are also contributing to the CPP*.
- Regardless of when you start receiving your CPP (can be taken at age 65 unreduced or as early as age 60 reduced), your NBPSPP pension benefit is only reduced by CPP integration at age 65.

* This is reflected on the pension contributions slide

Early Retirement Reduction Factors



The background of the slide is a composite image. The top half shows a close-up of a hand holding a black pen, poised to write on a document that features a bar chart. The bottom half shows a hand holding a tablet computer. A white horizontal band with a thin green line underneath it separates the two images.

Tools and Resources

Tools and Resources

- Annual Employee Statement of Pension Benefits
- Pension Estimate Calculator
- Website
- Your Human Resources/Vestcor's Member Services Team

Annual Employee Statement of Pension Benefits

EMPLOYEE STATEMENT OF PENSION BENEFITS	
New Brunswick Public Service Pension Plan (Registration Number: 0305839) For the period January 1, 2018 to December 31, 2018	
TEST CASE Employee Number: Location:	Reference Number: Date of Birth: Gender:
Plan Membership Status	
Continuous Employment Date	June 10, 1986
Plan Membership Date	October 20, 1988
Vesting Status or Projected Vesting Date	Vested
Pensionable Service Credited (in years)	
Pensionable Service as of December 31, 2017	28.635
Regular Service during statement period	1.000
Adjusted Service	0.455
Purchase of Service elected	0.849
Reciprocal Transfer Agreement Service for Transfer elected	1.174
Total Pensionable Service as of December 31, 2018	32.113
Employee Contributions	
Contributions with interest as of December 31, 2017	\$112,681.27
Regular Contributions during statement period	\$4,891.47
Adjusted Contributions	\$1,213.31
Purchase of Service Contributions elected	\$8,585.57 *
Reciprocal Transfer Agreement Contributions for Transfer elected	\$11,782.96
Interest credited during statement period	\$7,872.20
Adjustment on Contributions following a division of assets upon marriage breakdown	\$-13,429.99
Total Employee Contributions with interest as of December 31, 2018	\$133,596.79 **
* Any balance owing including interest at the statement end date will be reflected in the Financing for Purchase of Service section.	
** A portion of these contributions are loaned-in and may not be refundable to the member.	
Financing for Purchase of Service	
Total balance owing as of December 31, 2018	\$0.00



Pension Estimate Calculator

VESTCOR Pension Estimate Calculator

New Brunswick Public Service Pension Plan (NBPSPP)

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

Statement Information

Please complete the fields below using information provided from the "Online Calculator Tool Benefit Information" section of your most recent Statement of Pension Benefits. Don't have your statement? Contact us at 1-800-561-4012 to request a copy.

Employee Statement of Pension Benefits End Date December 31, 2017

Pre-Reform Lifetime Benefit \$13,274.60

Pre-Reform Bridge Benefit \$7,947.86

Post Reform Lifetime Benefit \$3,130.07

Post Reform Bridge Benefit \$1,322.55

Gross Monthly Pension Payable (before deductions)

Calculations based on a termination date of August 31, 2020 and a pension start date of September 1, 2020.

Monthly Pension Before Age 65

\$1,324.09 \$680.40 * \$2,004.49

Monthly Pension After Age 65

\$1,324.09

* The NBPSPP is integrated with the Canada Pension Plan (CPP) at age 65 when an unreduced CPP benefit is payable.

Summary

Summary of Results

Pension Start Date September 1, 2020

Age when Pension Starts 58 years 0 months

Early Retirement Reduction Factors

Service before Jan 1, 2014 6.00%

Service after Dec 31, 2013 35.00%

- Requires your Employee Statement of Pension Benefits
- Instructional video available

Website

www.vestcor.org/nbpspp


VESTCOR

ABOUT US – PENSIONS – EMPLOYEE BENEFITS – INVESTMENTS – RESOURCES – PUBLICATIONS – CONTACT US

HOME / PENSIONS / NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN

NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN

Showing content for: [ACTIVE](#) [RETIRED](#)


New Brunswick Public Service Pension Plan
Régime de retraite dans le secteur public du Nouveau Brunswick

As an active member of the NBPSPP, you'll find valuable information and resources regarding your pension plan in this section.

The NBPSPP is made up of 37,000 active, inactive and retired members from a variety of employers across the province.

The NBPSPP, along with the NBTPP, are joint owners of [Vestcor Corp.](#)

LATEST INFORMATION +

APPLICATION FORMS +

BOOKLETS +


COMMUNICATIONS +

CALCULATORS

For an information pension estimate or a purchase of service estimate, visit our online [calculators here](#).

SHARED RISK VIDEO

This video provides a general introduction to your Shared Risk Plan.



QUESTIONST

Contact our Member Services team from Monday to Friday between 9:00 am and 5:00 pm.

[Have a Question?](#) ?

VESTCOR

Inquiries

Active Employees

Questions regarding your benefits, or if you are inquiring about a specific service

Human Resources Payroll Office

Active Employees

For additional information regarding plan provisions, options, the status of a file, etc.

Vestcor

Our Member Services Team is available from 8:15am to 5:00pm, Monday to Friday

Retirees

For all inquiries relating to your NBPSP pension

Phone: 506-453-2296

Toll Free: 1-800-561-4012

www.vestcor.org

info@vestcor.org



Retiring: Applying for Your Pension

VESTCOR

Thinking About Retiring

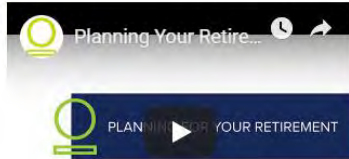
1. Pension Estimate Calculator
2. Formal Pension Estimate
(12 months prior)
3. Apply for Pension + select options (6 months prior)

More Information and Video:
<https://vestcor.org/en/life-events/planning-for-retirement/>



PLANNING FOR RETIREMENT

During your career your retirement may have felt like nothing more than a dot on the horizon. Now it's nearly here. Time to get ready.

 **Planning Your Retirement**

To get an estimate of your future pension benefit, based on a retirement date of your choosing, visit [our pension estimate calculator](#).

If you're a member of the NBPSPP, NBTTP, CBE SRP or CUPE Hospitals SRP, you will need your most recent Employee Statement of Pension Benefits to obtain an estimate. Don't have a copy? Contact us at [1-800-561-4012](tel:1-800-561-4012).

Applying for your pension is easy, but it's important you follow the timelines below to ensure you have everything ready for your retirement date ([click here to download this as a checklist](#)).

12 MONTHS PRIOR TO RETIREMENT	+
6 MONTHS PRIOR TO RETIREMENT	+

Thank You

New Brunswick Public Service Pension Plan

Annual Information Meeting

Summary of Actuarial Valuation Results as at January 1, 2019



Yves Plourde, Vice President
September 25, 2019



Improving lives. Improving business.

Agenda

- Highlights of Funding Policy Valuation
 - Membership Summary
 - Plan Assets
 - Main Economic Assumptions
 - Financial Position
 - Normal Cost and Excess Contributions
 - 15-Year Open Group Funded Ratio
- Risk Management Test Results
- Cost of Living Adjustment (COLA)

Funding Policy Valuation

– Membership Summary

	January 1, 2019
Active Members	
• Number	18,502
• Average salary	\$70,659
• Average age	46.6 years
• Average pensionable service	12.1 years
Deferred Vested Members	
• Number	4,129
• Average age	47.0 years
Retirees & Survivors	
• Number	16,536
• Average age	71.6 years
• Average annual lifetime pension	\$21,701
• Average annual bridge benefit	\$8,441

Funding Policy Valuation

– Reconciliation of Market Value of Assets

(in \$M)	2018	2017
Market value at January 1 st	\$7,652.0	\$7,241.0
Plus:		
• Members' contributions	\$100.8	\$97.3
• Employers' contributions	\$152.8	\$146.5
• Investment income (including net capital gains/losses)	\$132.3	\$559.2
Minus:		
• Pension and refunds	(\$391.9)	(\$378.0)
• Expenses	(\$13.3)	(\$14.0)
Market value at December 31 st	\$7,632.7	\$7,652.0
Investment return (before expenses)	1.75%	7.81%

Funding Policy Valuation

– Main Economic Assumptions

Item	January 1, 2019
Discount rate	4.75% per annum
Inflation	2.25% per annum
Future cost of living adjustments	Not included in liability until it is granted by the Trustees

- Although we use 4.75% per annum to discount future cash flows, we estimate that the pension fund will earn an average of about 6.0% per annum over the next 20 years
 - Discount rate is a very conservative assumption
 - Investment return in excess of 4.75% per annum will be used to further secure pension benefits and provide cost of living adjustments

Funding Policy Valuation

– Financial Position

	January 1, 2019	January 1, 2018
	In \$M	In \$M
A. Market value of assets	\$7,632.7	\$7,652.0
B. Funding policy liabilities	\$7,069.4	\$6,831.0
• Active members	\$2,312.1	
• Retirees & survivors	\$4,513.9	
• Deferred vested members and outstanding refunds	\$243.4	
C. Excess (Unfunded liability) [A. – B.]	\$563.3	\$821.0
D. Termination value funded ratio [A. / B.]	108.0%	112.0%

Funding Policy Valuation

– Normal Cost and Excess Contributions

Item	Year Following January 1, 2019	
	In \$M	% of Pay
A. Total normal cost	\$153.7	12.26%
B. Members' contributions	\$103.4	8.25%
C. Employers' contributions	\$150.4	12.00%
D. Total contributions in excess of normal cost [B.+ C. – A.]	\$100.1	7.99%
Present value of next 15 years of excess contributions	\$1,263.4 M	

Funding Policy Valuation

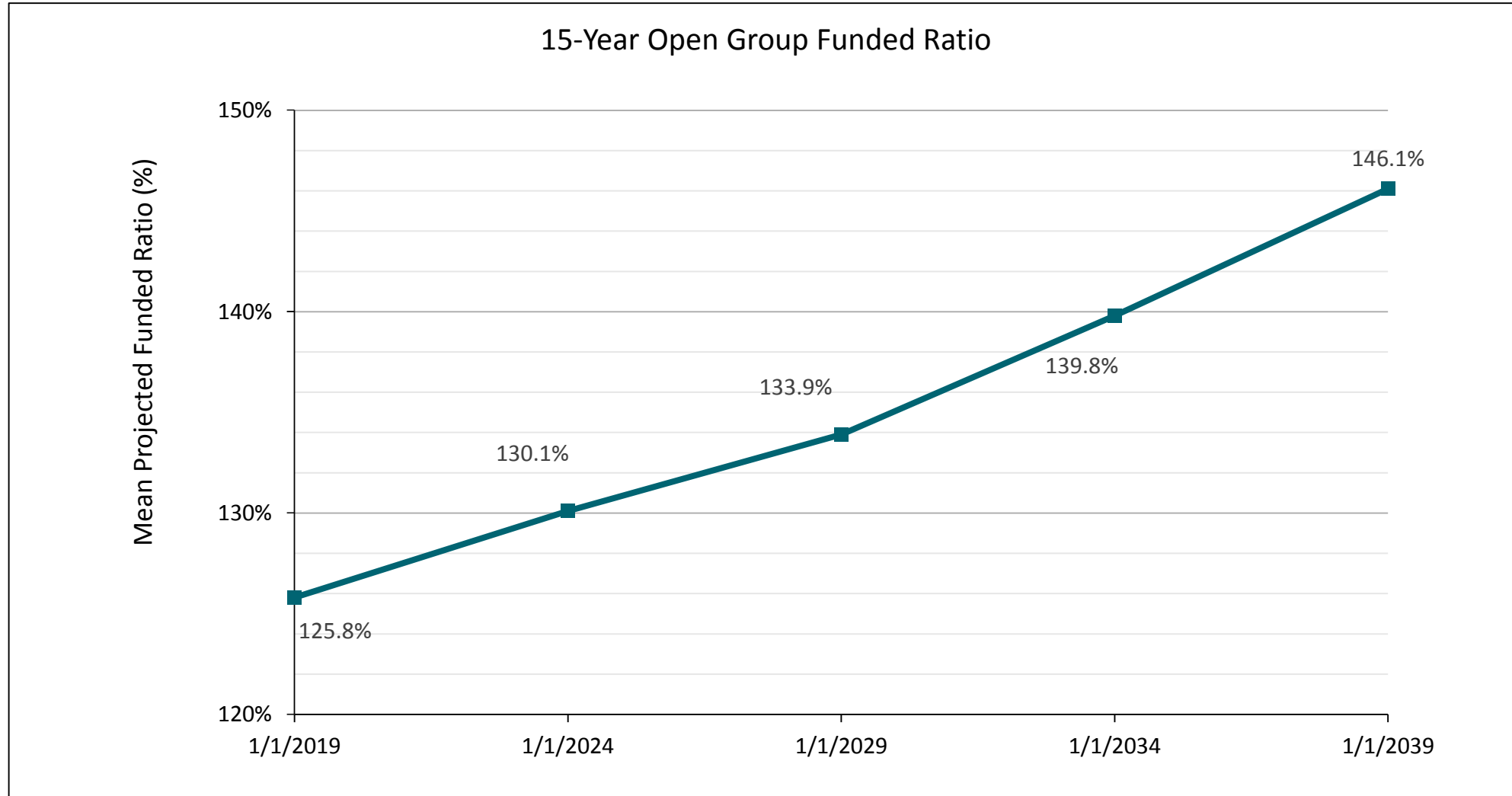
– 15-Year Open Group Funded Ratio

Item	January 1, 2019	January 1, 2018
A. Market value of assets	\$7,632.7 M	\$7,652.0 M
B. Present value of next 15 years of excess contributions	\$1,263.4 M	\$1,215.8 M
C. Total assets with PV of excess contributions [A. + B.]	\$8,896.1 M	\$8,867.8 M
D. Funding policy liabilities	\$7,069.4 M	\$6,831.0 M
E. 15-year open group funded ratio [C. / D.]	125.8%	129.8%

Risk Management Test Results

Main Risk Management Tests	January 1, 2019	January 1, 2018
Primary risk management goal Probability that base benefits will not be reduced at any point over the next 20 years (Must be at least 97.5% to be able to award cost of living adjustments)	99.15%	98.95%
Secondary risk management goal Average cost of living adjustments over the next 20 years (The goal under legislation is to exceed 75% of CPI)	88.9% of CPI	86.3% of CPI

Projection of 15-Year Open Group Funded Ratio



Cost of Living Adjustment at January 1, 2020

- Cost of living adjustment awarded as of January 1, 2020

Increase in Consumer Price Index (inflation) for purpose of adjustment as at January 1, 2020		2.12%
Cost to provide a cost of living adjustment of 2.12%:		\$141.8 M
• Active Members	\$49.0 M	
• Retirees & Survivors	\$88.1 M	
• Deferred Vested Members	\$4.7 M	

Board of Trustees granted cost of living adjustment of 2.12% effective January 1, 2020

Impact of Cost of Living Adjustment at January 1, 2020 on a New Retiree

- Sample impact on a new retiree:

A. Assumed new retiree annual pension amount Assumed salary at retirement of about \$68,000, 30 years of service and retired at age 60 on 1.1.2019	\$37,000 per annum
B. Impact of cost of living adjustment of 2.12% $[0.0212 \times A.]$	\$784 per annum
C. Annual pension amount starting January 1, 2020 $[A. + B.]$	\$37,784 per annum

Note: Amounts shown include lifetime pension and bridge payable up to age 65.

Impact of Cost of Living Adjustment at January 1, 2020 on an Active Member

- Sample impact on a typical active member:

	Pension accrued before January 1, 2014	Pension accrued after January 1, 2014
A. Accrued pension of a typical active member at January 1, 2019 Age 58 and 26 years of service at 1.1.2019	\$25,000 per annum	\$6,500 per annum
B. Impact of cost of living adjustment of 2.12% granted January 1, 2020 [.0212 x A.]	\$530 per annum	\$138 per annum
C. Accrual of pension for year 2019 [.02 x \$69,000] Assumed salary in 2019 of \$69,000	n/a	\$1,380 per annum
D. Accrued pension as at January 1, 2020 [A. + B. + C.] Age 59 and 27 years of service at 1.1.2020	\$25,530 per annum	\$8,018 per annum

Note: Pension amounts shown include lifetime pension and bridge payable up to age 65



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Thank You!

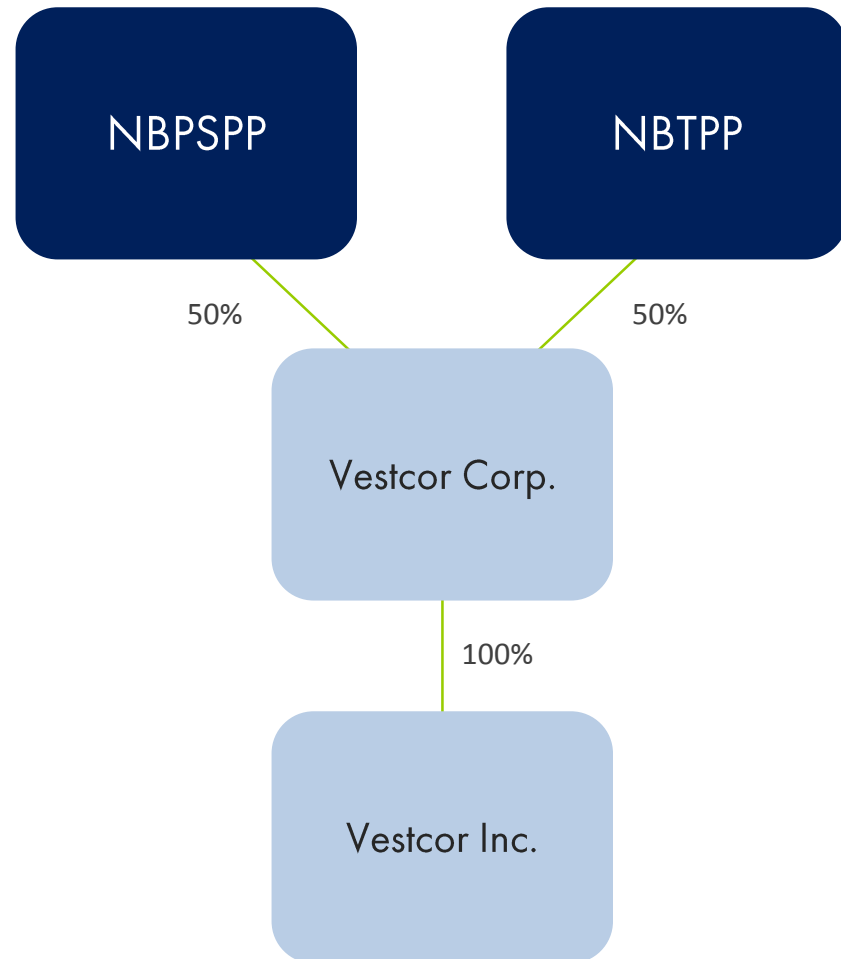


NBPSPP
2018

Year in Review

VESTCOR

About Vestcor Inc.



Prior to 2016, was two separate entities:

New Brunswick Investment Management Corporation
And Pension and Employee Benefits Department of GNB

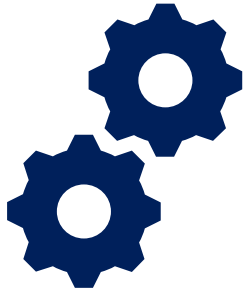
January 1, 2018, legal amalgamation of:

Vestcor Investment Management Corporation and
Vestcor Pension Services Corporation

About Vestcor Inc.

- New Brunswick based, over 130 employees
- Not-for-profit fully aligned with client interests
- Independent Board of Directors
- Detailed Annual Reports released annually, contain significant disclosure and transparency
- www.vestcor.org for more

Investment Policy



Perform day-to-day
investment management
of public sector funds

- Advise and deliver upon the NBPSPP Board of Trustees' Investment Policy
- Risk Management
- Active Management

Vestcor Investment Management Expertise

- Asset Mix set within NBPSPP Investment Policy Guidelines
(updates provided semi-annual through the NBPSPP newsletters)
- Invest funds globally, following internal Responsible Investment Guidelines and industry best practices
- Has ability to deviate slightly from asset mix, providing expertise to increase returns (i.e. active management)

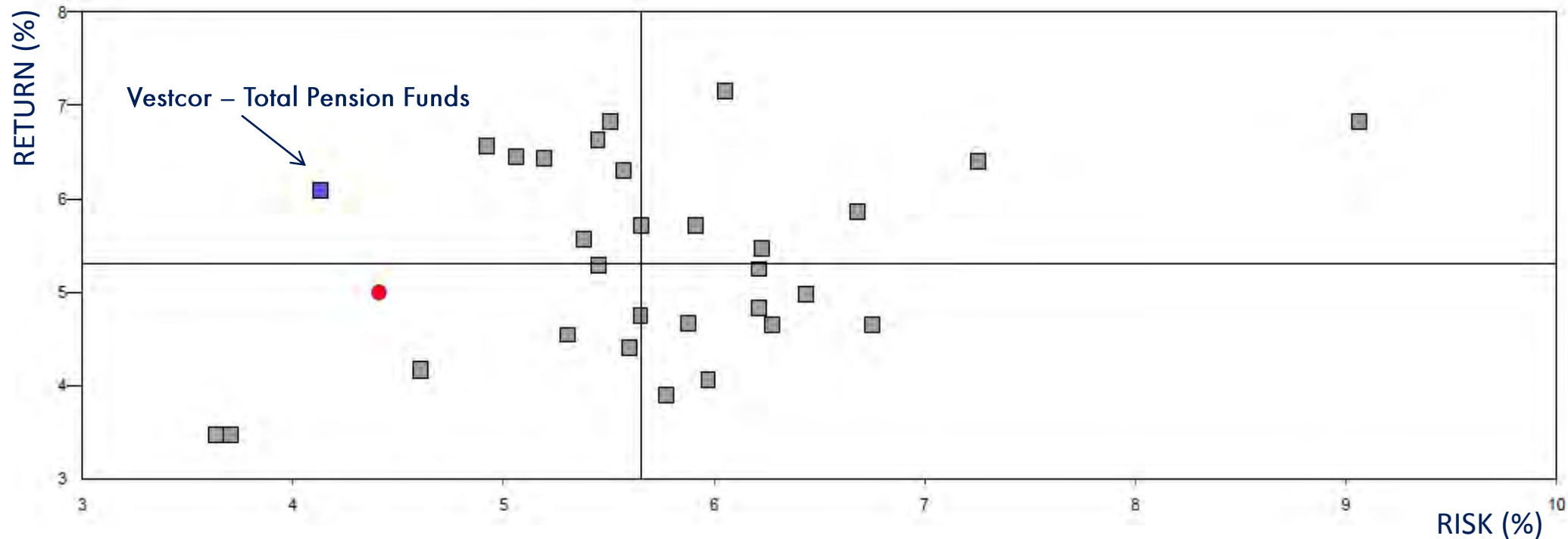
NBPSPP Investment Policy Guidelines

Portfolio is:

- Short Term: Designed to preserve capital and minimize risk/excessive market volatility
- Medium Term: Provide value-added (active management) above the Investment Policy benchmarks as set by the Board of Trustees
- Long-Term: Expected to provide best possible long-term return (> actuarial discount rate of 4.75% per annum) while achieving the risk management goals in the Funding Policy.

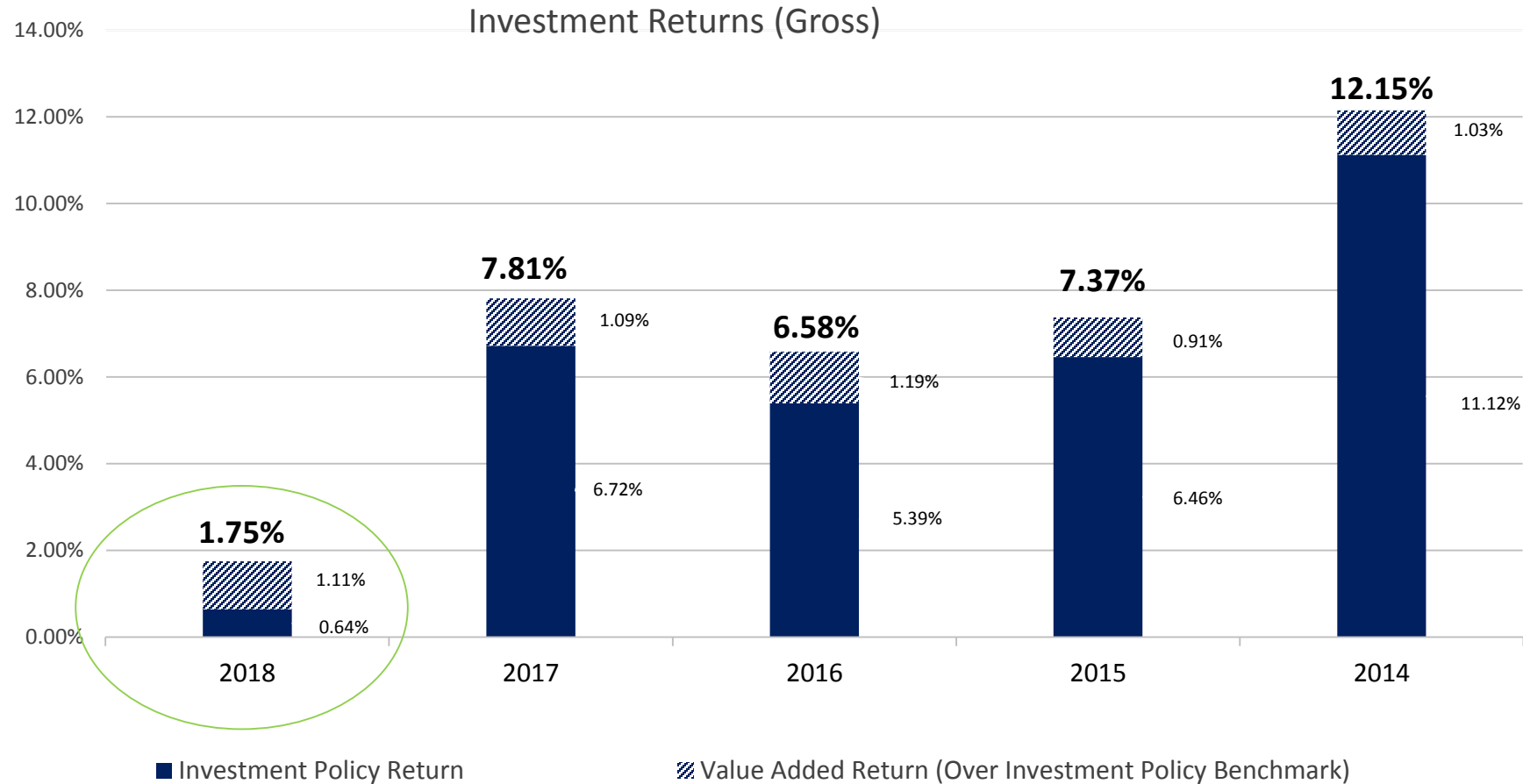
Strong Long-Term Return & Risk Performance

Return vs. Risk Analysis – 4 Years Ended December 31, 2018



	Variability Risk	Gross Return (p.a.)	Return/Unit Risk
RBCIS Canadian Pension Plan Median	5.65%	5.30%	0.94
Vestcor Funds	4.13%	6.09%	1.47
NBPSPP	3.99%	5.85%	1.47

NBPSPP Investment Returns

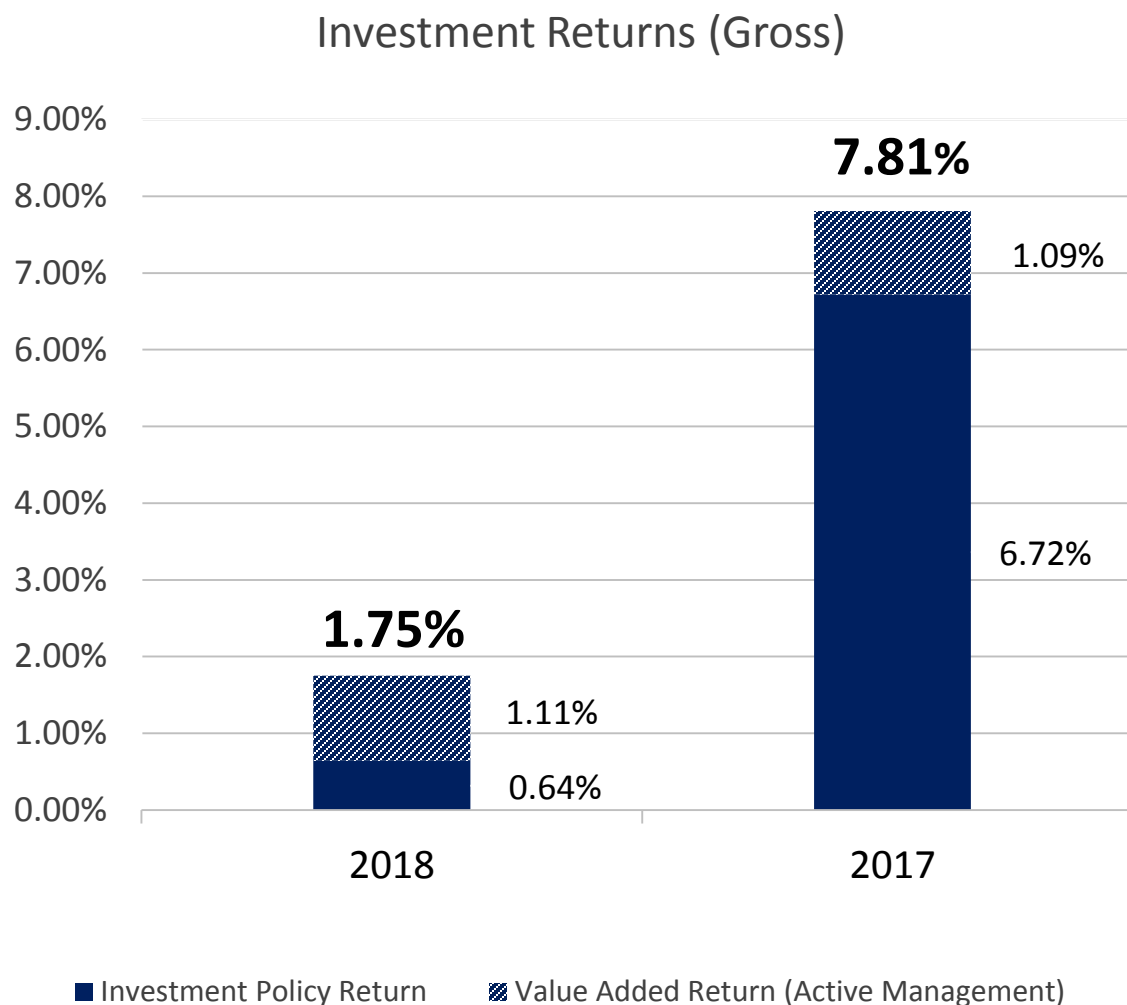


*RBC Investor & Treasury Services reports a Canadian defined benefit pension plan median annual return of -0.7% for the year ended December 31, 2018.

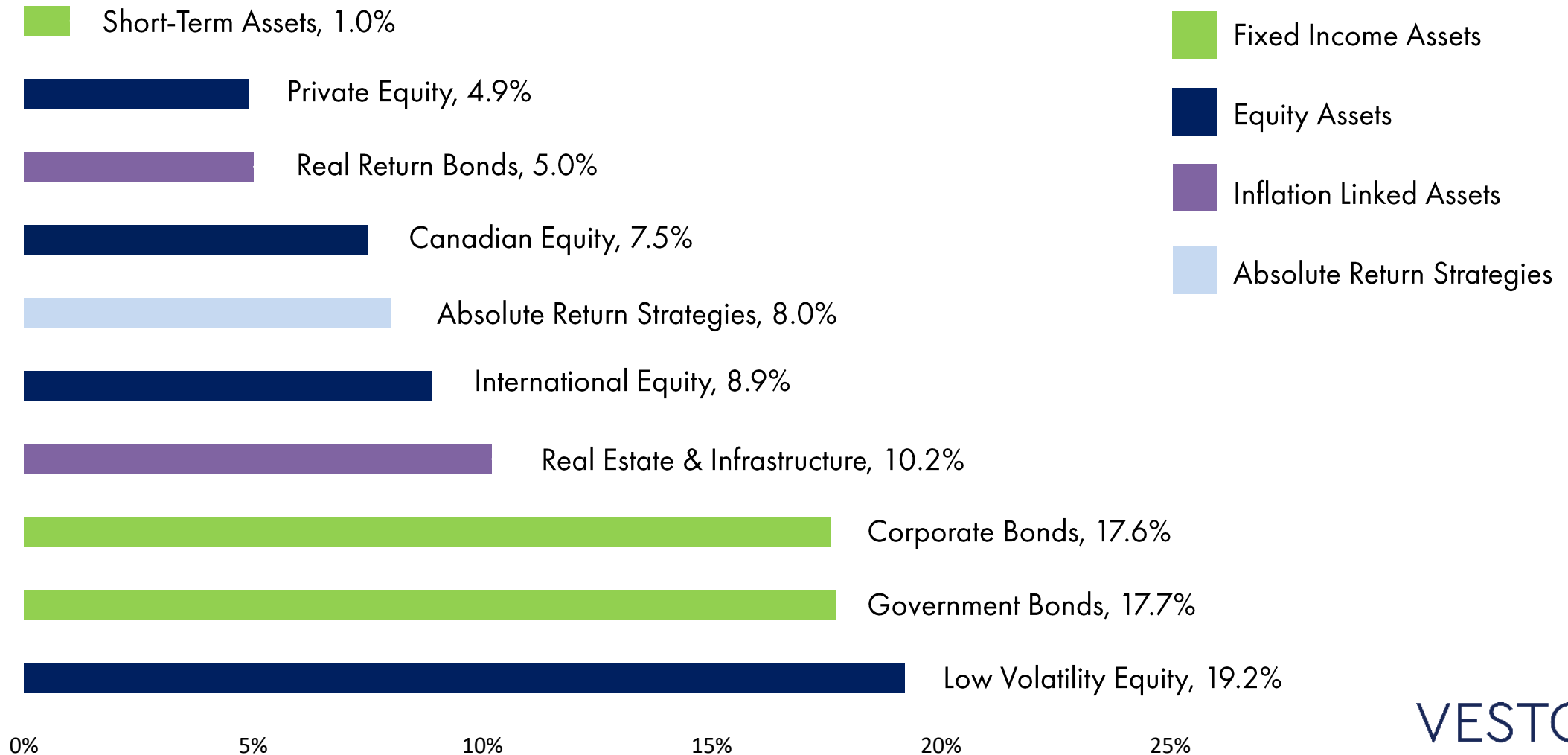
Active Management/Value Added Returns

In 2018, Vestcor's expertise:

- Accounted for approx. \$84 million net investment income above the NBPSPP Policy Benchmark
- Equivalent to approx. 3,820 annual \$22,000 pensions
- Total net investment income was \$132 million



NBPSPP Asset Mix (as at Dec. 31, 2018)



Low Cost Investment Manager

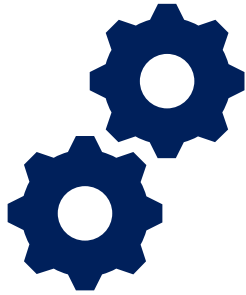
Vestcor continues to be a very low-cost investment manager at 12 basis points (bps).

Indicative Investment Related Fees Paid for Institutional Asset Management – Total Funds Canada*

	All Funds	AUM < \$250 million	AUM \$250 to \$500million	AUM > \$1 billion
Active Balanced Investment Management	34.9	39.8	32.7	28.5
Accounting	3.1	8.6	6.1	0.5
Legal Fees	1.5	1.5	3.3	1.1
Record Keeping	4.1	5.6	4.0	1.9
Administration	23.3	112.8	19.9	4.3
Trust & Custody	<u>4.5</u>	<u>12.2</u>	<u>6.1</u>	<u>2.3</u>
Implied Total External Manager Fees (bp)	71.4	180.5	72.1	38.6

*Source: 2018 Fees Paid in Institutional Asset Management - Canada, Greenwich Associates January 2019

Administration Services



Perform day-to-day
administration of pension and
employee benefits plans

- Member Services/Information
- Pension Implementation/Change and Termination Calculations
- Payment of Monthly Pensions
- Governance Support

Administration Services Results

In 2018:

- Met all NBPSPP Administration Services KPIs
 - Completed 2,400 service requests from NBPSPP members
 - Member Services team served over 9,400 NBPSPP members
- Provided presentations to NBPSPP members and employers
- Overall, Vestcor Administration Services volumes increased by 10%+

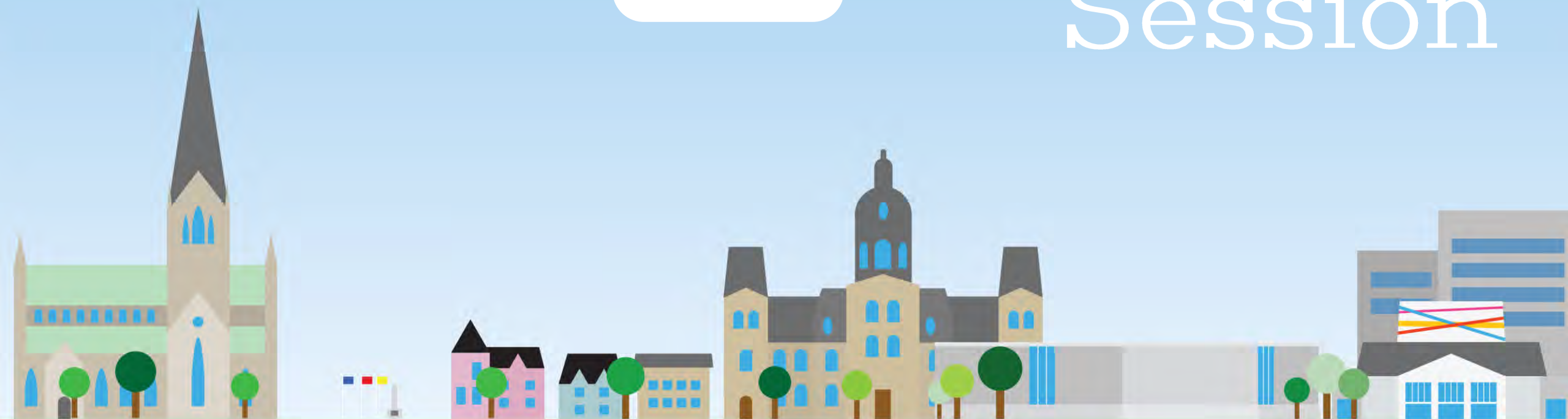
NBPSPP
2018
Year in Review

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Q&A Session



Thank
you!

