

NEW BRUNSWICK

# Teachers'

PENSION PLAN



## IN THIS ISSUE

- 1 | INDEXING ADJUSTMENT BENEFIT PROVIDED
- 1 | GOVERNANCE OF THE PLAN
- 2 | NBTPP BOARD OF TRUSTEES
- 3 | 2018 IN REVIEW
- 4 | YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS
- 4 | CALCULATE YOUR OWN PENSION ESTIMATES ONLINE
- 5 | PROTECTING YOUR PLAN
- 6 | MID-YEAR INVESTMENT REPORT
- 7 | 2020 PENSION PAYMENT DATES
- 7 | TIPS FOR RETIREES
- 7 | AMENDMENTS TO GOVERNING DOCUMENTS

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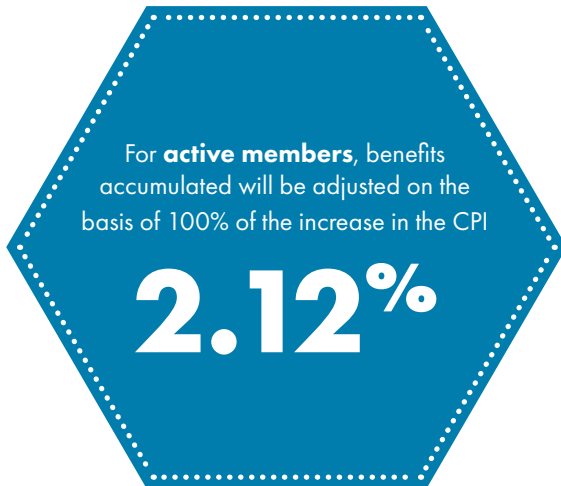
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# INDEXING ADJUSTMENT BENEFIT PROVIDED

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

For the 12-month period ending June 30, 2019, the increase in the average Consumer Price Index (CPI) was 2.12%.



If you're an active or deferred member, the increase will be applied to the benefit you've earned up to December 31, 2018. If you're a retired member, the increase will be applied to your monthly benefit effective January 1, 2020. You'll receive notification of this increase in writing in December 2019.

Curious about how the IAB was calculated? Refer to the IAB fact sheet at [vestcor.org/nbtp](http://vestcor.org/nbtp) under "Latest Information".

*\*Members who retire in 2019 will receive a blended IAB.*

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## GOVERNANCE OF THE PLAN

The NBTPP Board of Trustees is the Administrator of the NBTPP. As Administrator, the Board is responsible for the overall governance and administration of the NBTPP in accordance with the *Teachers' Pension Plan Act*, the *Pension Benefits Act* and Regulations, the *Income Tax Act* (Canada) and the Plan's governing documents. These duties include setting the levels of contributions and benefits in accordance with the Funding Policy, approving investment policy decisions and providing oversight of the pension administration and investment management.

The Board consists of eight Trustees. The New Brunswick Teachers' Federation appoints half of the Trustees and the other half is appointed by the provincial government. The Trustees appointed to this Board hold a fiduciary duty towards the Plan, meaning they must act in the best interest of the NBTPP and its members at all times when administering the affairs of the Plan. They do not represent the party who appointed them.

In addition, two Observers are appointed by the New Brunswick Teachers' Federation. These Observers have the right to attend meetings of the Board of Trustees, but do not have voting powers.

See page 2 for the current list of Trustees and Observers.

**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.



## NBTPP BOARD OF TRUSTEES

### 1. Larry Jamieson

**Chair**

Executive Director, New Brunswick Teachers' Association

### 2. Leonard Lee-White, CFA

**Trustee | Governance Committee**

Assistant Deputy Minister, Department of Finance and Treasury Board, Province of New Brunswick

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**Trustee | Chair of the Audit Committee**

Treasurer, University of New Brunswick

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**Trustee | Chair of the Governance Committee**

Retired Teacher, and former Executive Director of the Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

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Retired Teacher, and former Director of Teacher Welfare with the New Brunswick Teachers' Association

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**Trustee**

Vice-President of Corporate Operations and Administration, Ocean Capital Investments Limited

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Acting Executive Director, Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

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**Trustee | Audit Committee**

Comptroller, Department of Finance and Treasury Board, Province of New Brunswick

### 9. Robert Fitzpatrick

**Observer**

Retired Teacher, and former Executive Director, New Brunswick Teachers' Association

### 10. Kerry Leapkey

**Observer**

Executive Director and Chief Spokesperson, New Brunswick Teachers' Federation

# 2018 IN REVIEW

The NBTPP had an investment return\* of

**2.05%**

exceeding the performance benchmark of 0.94%

THAT ADDS UP TO

**\$117 MILLION**

in net investment income added to the Plan

&

The Plan's Funded Ratio increased to

**108.5%**

per the August 31, 2018 Cost Certificate (up from 105.4% at August 31, 2017)

As of August 31, 2018, the NBTPP had

**19,167 total members**

WANT TO LEARN MORE ABOUT YOUR PLAN?

**9,312**

Retirees/Survivors

**8,308**

Active Members

**1,547**

Deferred Members

2018 ANNUAL REPORT

NEW BRUNSWICK  
Teachers'  
PENSION PLAN

The NBTPP 2018 Annual Report is now available at [vestcor.org/nbtpp](http://vestcor.org/nbtpp).

\* gross investment return

# YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

As an active member, your Employee Statement of Pension Benefits will be distributed to you in early 2020. This statement covers the period from September 1, 2018 to August 31, 2019.

Need help making sense of it? A guide to Understanding your Employee Statement of Pension Benefits will be included with your statement. This guide is also available at [www.vestcor.org/nbtp](http://www.vestcor.org/nbtp) under “Booklets”.



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## 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 most recent 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 at [www.vestcor.org/nbtp](http://www.vestcor.org/nbtp), under “Application Forms”.

A screenshot of the Vestcor Pension Estimate Calculator website. The interface shows a navigation bar with steps: Introduction, Disclaimer, Statement Information, Basic Information, Retirement Goals, and Pension Estimate. The main content area displays a "Gross Monthly Pension Payable (before deductions)" of \$3,244.66. Below this, there is a "Summary of Results" table and a note about the "Final best 5-year average salary maximum" calculation.

| Summary of Results            |                                    |                                    |       |
|-------------------------------|------------------------------------|------------------------------------|-------|
|                               |                                    | Early Retirement Reduction Factors |       |
| Pension Start Date            | July 1, 2042                       | Service before Jul 1, 2014         | 0.00% |
| Age when Pension Starts       | 65 years 9 months                  | Service after Jun 30, 2014         | 0.00% |
| Pre-Reform Pension Rule Used  | Unreduced Pension (Service=35,000) |                                    |       |
| Post-Reform Pension Rule Used | Unreduced Pension (Service=35,000) |                                    |       |



# PROTECTING YOUR PLAN

## NBTPP SECTION 5.6

Nearing retirement? When you apply for a preliminary pension estimate from Vestcor, the pension amount may be slightly different from the amounts provided in either your annual Employee Statement of Pension Benefits or the calculations produced using the Online Pension Calculator Tool.

This variance is due to a provision within the NBTPP Plan Text, Section 5.6.

### WHAT IS SECTION 5.6?

Generally speaking, the calculation of pension benefits under your plan is based on an “Enhanced Career Average” method, which consists of:

- Your best 5-year average salary calculation (up to June 30, 2014) for service accrued prior to the Plan’s conversion; and
- Individual benefit calculations for each calendar year after conversion. The Indexing Adjustment Benefit granted in accordance with the NBTPP’s Funding Policy is applicable to all benefits.

Section 5.6 involves a second calculation taking place to determine your lifetime benefit based on the best 5-year average salary at retirement. If this second calculation is lower than the “Enhanced Career Average” method described above, your lifetime benefit is limited to the Section 5.6 calculation. Any applicable early retirement reduction factors or optional form of pension factors would then be applied to your benefit.

Whether or not Section 5.6 impacts your pension calculation can only be determined once you, as a member, select a retirement date and Vestcor confirms your best 5-year average salary at retirement. This level of detail cannot be accounted for when calculating the estimate provided on your annual Employee Statement of Pension Benefits or using the Online Calculator Tool, leading to the discrepancy.

### WHY IS SECTION 5.6 PART OF THE NBTPP?

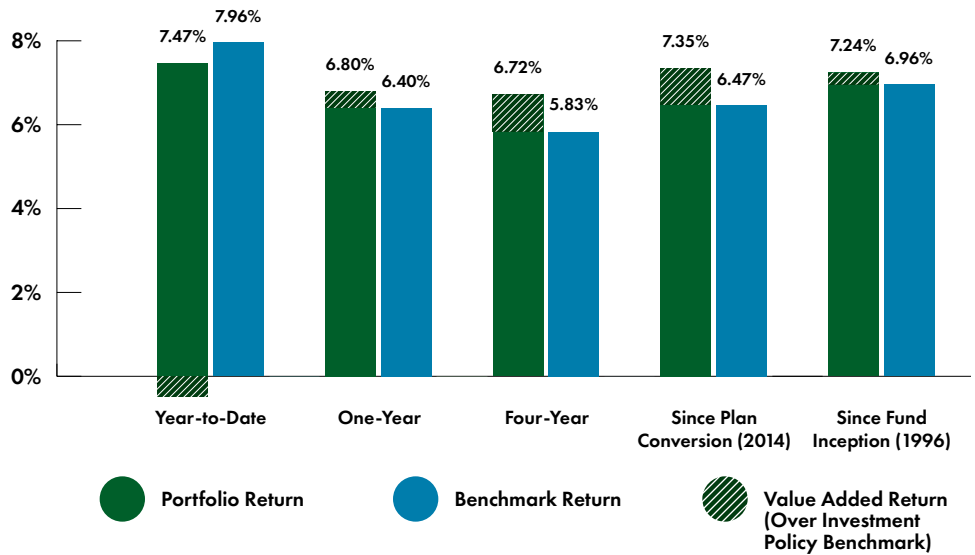
Section 5.6 limits the lifetime benefit payable, essentially ensuring that benefits provided to members under the NBTPP cannot exceed the benefits that would have been payable under the former *Teachers’ Pension Act*. This protects all members and the Plan.

Questions? Don’t hesitate to contact Vestcor’s Member Services team.



## INVESTMENT RETURNS (AS OF JUNE 30, 2019)

Financial markets rebounded strongly in the first six months of 2019, recovering from the instability experienced in the 4th quarter of 2018. The gross investment return for the NBTPP for the first half of 2019 was 7.47%. In addition, the previous returns have all surpassed the benchmarks, as visible in the chart on the right.



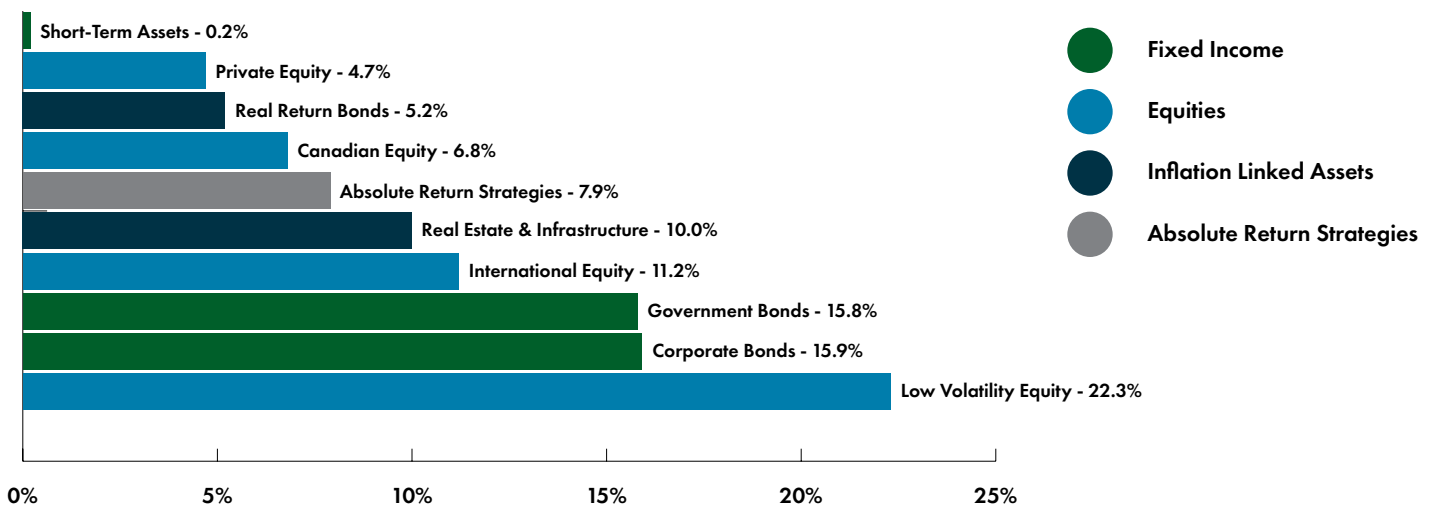
## INVESTMENT ASSETS

The net assets available for benefits at June 30, 2019 were \$6.096 billion, up \$343 million from December 31, 2018. Net investment income contributed \$428 million to this increase, while benefits paid out net of employee and employer contributions and administration expenses used \$85 million of the Fund.

### Asset Mix

The breakdown of where the Fund was invested at June 30, 2019, known as the investment asset mix, is displayed below. The weights of each type of investment were held close to the policy targets set by the Board of Trustees. More information on the Board’s policies can be found in the Statement of Investment Policies available at [www.vestcor.org/nbtpp](http://www.vestcor.org/nbtpp), under “Plan Governance”, “Governing Documents”.

### Asset Mix Breakdown as at June 30, 2019



## MARKET SNAPSHOT

Investment performance was positive across most asset classes, although the stronger Canadian dollar negatively impacted the returns from foreign currency denominated investments in the first half. Despite strong equity markets, bond yields have remained low and even declined to date in 2019, further contributing to the positive returns. Overall, 2019 appears to be a challenging time for global investors, with high asset prices and low current bond yields indicating a strong possibility of reduced returns in the future. Adding to this market uncertainty is an elevated level of geopolitical risk. For more information, please visit [www.vestcor.org/marketupdates](http://www.vestcor.org/marketupdates).

## NBTPP 2020 PENSION PAYMENT DATES

January 24

February 24

March 24

April 24

May 22

June 24

July 24

August 24

September 24

October 23

November 24

December 18



## TIPS FOR RETIREES

### YOUR NBTPP PENSION & THE CANADA PENSION PLAN (CPP)

If you decide to retire early (before the age of 65), a portion of your NBTPP pension consists of a temporary benefit. This temporary benefit is designed to assist you financially until you are eligible for an unreduced CPP benefit beginning at age 65.

Your pension payments from the CPP do not have to start at the same time as your NBTPP pension. You may choose to take a reduced CPP benefit if you retire early, or wait as late as age 70 to receive an increased CPP benefit. Regardless of when you choose to start receiving your CPP benefit, the early retirement benefit paid from your NBTPP pension only ends when you reach the age of 65.

Some members are surprised at the financial impact on their NBTPP pension when they reach age 65. For a more in-depth explanation of how your pension is calculated, please refer to your Member Booklet or the NBTPP At-A-Glance document, both available at [www.vestcor.org/nbtp](http://www.vestcor.org/nbtp).

## AMENDMENTS TO GOVERNING DOCUMENTS

The New Brunswick *Pension Benefits Act* requires that Plan members be provided with an update on any Plan amendments.

The Plan Text was amended in order to document the following changes:

- The removal of the provision which limits a pension plan member from earning more than 35 years of pensionable service in the NBTPP;
- The transition of all professional staff employed with the New Brunswick Teachers' Federation ("NBTF"), the New Brunswick Teachers' Association ("NBTA"), or l'Association des enseignantes et enseignants francophones du Nouveau-Brunswick ("AEFNB") for immediate participation in the NBTPP;
- The inclusion of a purchase of service provision which would allow NBTPP members the option to purchase prior non-contributory service that occurred while employed with the NBTF, NBTA, or AEFNB; and
- The inclusion of NBTPP members employed with the NBTF, NBTA, or AEFNB who meet the current definition of "Non-certified Teacher" for eligibility to participate in the "Pre-retirement Option".

These amendments were filed with the Superintendent of Pensions on May 15, 2019.

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