

NEW BRUNSWICK

# Teachers'

PENSION PLAN



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## CONTACT US

**WRITE:**  
NBTPP Board of Trustees  
c/o Vestcor  
PO Box 6000  
Fredericton, NB E3B 5H1

**CALL:**  
1 800 561 4012 (toll free)  
or 506 453 2296 (Fredericton)

**EMAIL:** [info@vestcor.org](mailto:info@vestcor.org)

# AN UPDATE FROM YOUR BOARD OF TRUSTEES

In these unprecedented times, we, as your NBTPP Board of Trustees, understand the concerns you may have surrounding your pension. We want to reassure you that though times have been challenging for global financial markets, your pensions are secure, and the Plan remains well-funded.

The assets of your plan are invested prudently in a well-diversified portfolio, with very strict risk management measures in place. These lower-risk investments are designed to help reduce the impacts of market downturns on the Plan. Fluctuations in the quarterly investment performance of the NBTPP are to be expected, so it's important that we maintain a long-term focus when looking at the assets of the Plan. Despite the recent challenges, long-term investment returns for the NBTPP exceed what is required for the Plan to remain on a strong financial footing.

For more information on the investment returns of the NBTPP, please refer to the Investment Report prepared by our investment manager, Vestcor, on page 5. We will continue to diligently monitor the situation and provide you with updates as financial markets continue their recovery.

## Key points to remember:

- Your Plan remains well-funded, with enough assets to make the required pension payments for a very long time.
- The investments of the NBTPP are less risky than the traditional pension plan and designed to better withstand market downturns.
- A more detailed Investment Report is available on page 5 of this newsletter.
- For more information on how the Plan performed in 2019, the NBTPP 2019 Annual Report is available now at [vestcor.org/nbtpp](https://vestcor.org/nbtpp).

## 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, 2020, the increase in the average Consumer Price Index (CPI) was 1.46%. For active members, your benefit will be adjusted based on 100% of the increase in the CPI. For retirees and deferred members, your benefit will be adjusted based on 75% of the increase in the CPI\*.

The increase will be applied to the benefit you've earned up to December 31, 2019.

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

*\*Members who retire in 2020 will receive a blended IAB.*

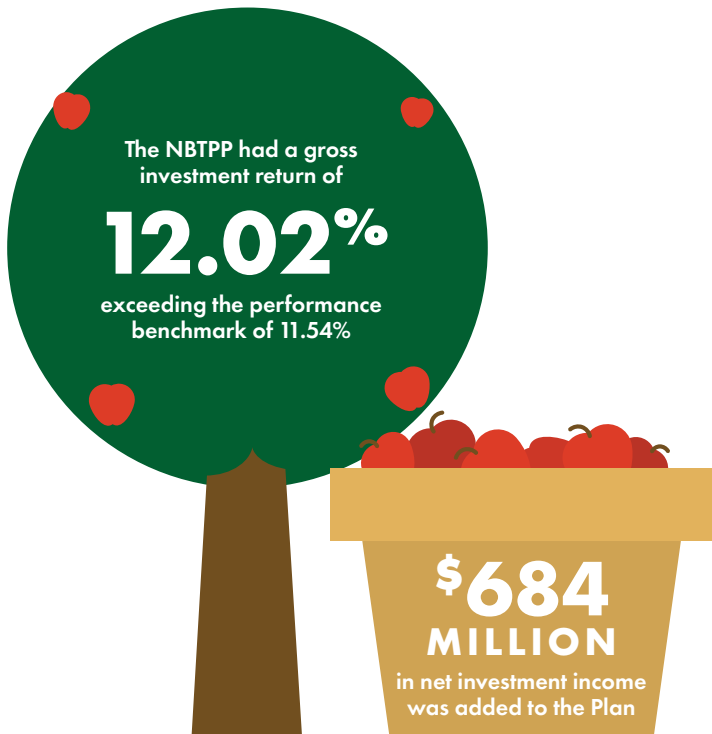
For **active members**,  
pensions will be adjusted on  
the basis of 100% of the increase in the CPI

**1.46%**

**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.

# 2019 IN REVIEW

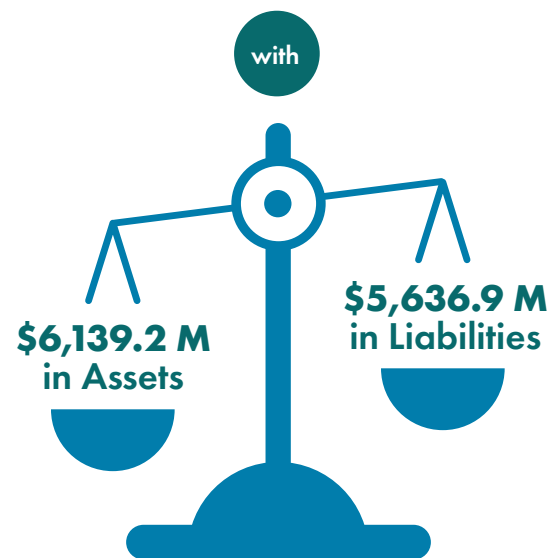
## INVESTMENT RETURNS



Our investment manager, Vestcor, recently released a brief video summarizing how their long-term investment performance has cost effectively met the long-term return goals of their clients while experiencing a relatively low level of risk. The video can be found at [vestcor.org/investments](http://vestcor.org/investments).

## HEALTH OF THE PLAN

The Plan's Funded Ratio increased to **108.9%** per the August 31, 2019 Actuarial Valuation (up from 108.5% at August 31, 2018)



## MEMBERSHIP

As of August 31, 2019, the NBTPP had

**19,462** total members

**9,458** Retirees/Survivors

**8,402** Active Members

**1,602** Deferred Members

WANT TO LEARN MORE ABOUT YOUR PLAN?



The NBTPP 2019 Annual Report is now available at [vestcor.org/nbtp](http://vestcor.org/nbtp).

# YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the NBTPP at any point between September 1, 2019 and August 31, 2020, your 2020 Employee Statement of Pension Benefits will arrive in the coming months. This statement will provide you with updated estimated pension amounts as of August 31, 2020. Your statement also includes the information you need to use Vestcor's pension estimate calculator, found at [vestcor.org/calculators](https://vestcor.org/calculators).

If you need help with your statement, an *Understanding your Employee Statement of Pension Benefits* guide will be included with it. This guide is also available at [vestcor.org/nbtpp](https://vestcor.org/nbtpp) under "Booklets".



## NBTPP VIDEO PRESENTATIONS

Did you know that our Pension Services Administrator (Vestcor) has prepared employee presentations to help members of the NBTPP better understand the Plan?

Even better, these presentations are available to view online at [vestcor.org/nbtpp](https://vestcor.org/nbtpp)! The presentations are separated by topic, which include Benefits Accumulated Under the NBTPP, Forms of Pension, Keeping Track of Your Pension Benefit, and much more.







# VESTCOR.ORG

## YOUR ONLINE PENSION RESOURCE

### [VESTCOR.ORG/NBTP](https://vestcor.org/nbtp)

A wealth of information on your pension plan.

Curious about how your Plan works? You'll find your NBTPP Member Booklet, information about the Governance of your Plan, an At-a-Glance document, past newsletters, and more!

Looking for a form? All of the application forms regarding your pension plan are available in one place. There's also a search function to help you find your form even more quickly!

### [VESTCOR.ORG/CALCULATOR](https://vestcor.org/calculator)

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 in minutes.

You'll want to make sure you have your most recent Employee Statement of Pension Benefits (see page 3) handy when you visit the website. It has information you'll need to use the calculator.

### [VESTCOR.ORG/LIFE-EVENTS](https://vestcor.org/life-events)

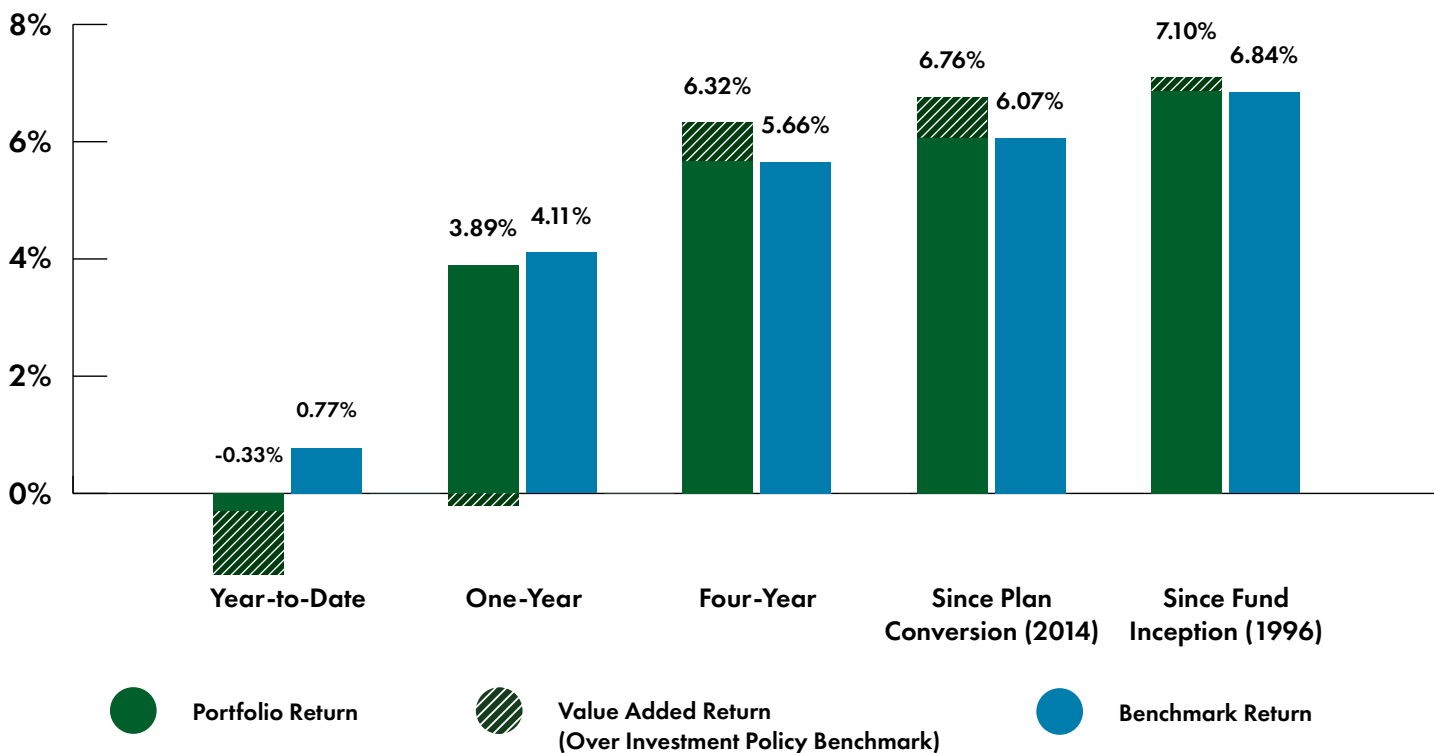
Do you ever wonder how your pension will be affected by times of transition in your life? This section of the Vestcor website guides you through what you need to know based on your personal circumstances during your career.

See page 7 for more details.

## A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT JUNE 30, 2020

GROSS INVESTMENT RETURN <b>-0.33%</b>	NET DECREASE OF <b>\$111.7 MILLION</b>	INVESTMENT ASSETS <b>\$6.155 BILLION</b>
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### INVESTMENT RETURNS (AS AT JUNE 30, 2020)



The first half of 2020 proved to be an extremely challenging investment environment. Global economic activity declined significantly during the first quarter of the year as most governments essentially shut down their economies to try to mitigate the COVID-19 virus outbreak. This subsequently caused unprecedented financial market volatility, with a significant decline in global risk assets in the first quarter undergoing a strong recovery in the second quarter.

As of June 30<sup>th</sup>, the well diversified NBTPP investment program experienced a slightly negative year-to-date return of -0.33%. More importantly, both the longer term four-year annualized return of 6.32%, and the annualized return since the inception of Vestcor’s management in 1996 of 7.10%, remain in excess of the 5.85% discount rate set by the independent actuary.

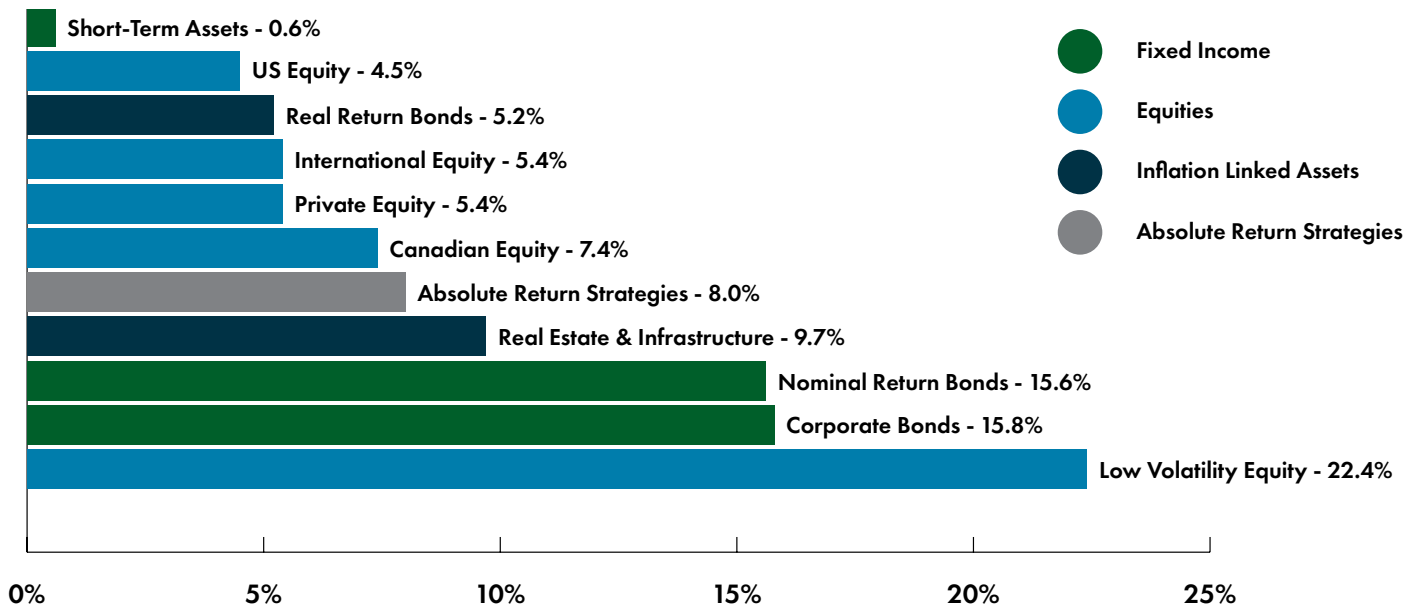
### INVESTMENT ASSETS

The fair value of the NBTPP’s investment assets at June 30, 2020 was \$6.155 billion, a decrease of \$111.7 million from the fair value at December 31, 2019.

The decline in fund assets from December 31, 2019, is due to the sum of active member contributions and investment returns being slightly less than the benefits paid out to retirees in the first six months of the year.

## ASSET MIX

NBTPP investment asset mix weights were held close to investment policy targets during the year. The chart below outlines the portfolio asset mix at June 30, 2020, and illustrates how well-diversified the Plan’s investment assets are.



## MARKET SNAPSHOT

After the significant volatility in the first quarter of 2020, most equity markets recovered rapidly to close the first half of the year just slightly below the levels at the end of 2019. The U.S. S&P 500 equity market Index ended 2019 at 3230, reached a low of 2237 (-31% return) in late March, but rallied 39% from the lows to close the month of June at 3100. Interest rates have declined further as global central banks try to further stimulate economic activity. Outside of the U.S., global equity markets have also recovered significantly, although remain somewhat lower relative to previous peak values when compared to the U.S. market.

The global geopolitical outlook continues to remain mixed as uncertainty as to the long-term impact of the coronavirus, U.S.-China trade relations, and various political events around the globe continue to weigh on investors.

For more information, including a summary of the market outlook for this period, visit the Quarterly Market Updates provided by Vestcor at [vestcor.org/marketupdates](https://vestcor.org/marketupdates).

## HELPFUL DEFINITIONS

**Fair Value:** The value of an asset (or liability) based on the market where the funds are traded, on the date reported.

**Global Equity Markets:** The markets used for trading equity securities, also referred to as stock markets.

**Equities:** Investment securities that represent an ownership interest in an asset such as shares in a company or real estate assets.

**Discount Rate:** Set by the Plan’s independent actuary. The rate at which a Plan’s expected benefits cash flows to members are discounted to determine its present value. In a Pension Fund, the assumed, net investment rate of return that the Pension Fund needs to conservatively earn over the long-term.

**Gross Investment Return:** Return before fees are deducted (for example, investment management fees).

**Statement of Investment Policies:** A legal document that outlines the investment policies and procedures of a fund.

For even more helpful definitions, you can find a glossary of terms relevant to the NBTPP at [vestcor.org/glossary](https://vestcor.org/glossary).

# LIFE EVENTS:

## RETURNING FROM A LEAVE OF ABSENCE

Life happens! There may be times when you need to take a leave from your work, to care for a new baby, travel, or go back to school. Taking this time off from work can create gaps in your pensionable service, impacting your future pension benefit at retirement. You may be eligible to contribute to your Plan to make up for these gaps – this is known as a **purchase of service**.

Purchasing service increases your pensionable service and, in turn, increases your pension benefit at retirement – it could even allow you to retire sooner! Other events in your life may also allow for you to purchase service, such as having previously refunded service from certain pension plans, or prior service when you weren't contributing for example.

It's important to note that purchases of service increase in cost as your salary increases. If you think you may qualify for a purchase of service, we suggest you begin considering your options.

Visit [vestcor.org/life-events](https://vestcor.org/life-events). You'll find resources you can use to purchase your prior service. You'll also find other Life Events including Planning for Retirement, Leaving Your Employment, Ending a Spousal Relationship, and more.



## 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 amendment:

- The Statement of Investment Policies was amended to reflect changes to the asset mix as a result of an Asset Liability Modelling Study. The amendment was filed with the Superintendent of Pensions on July 10, 2020.

The updated version of the Statement of Investment Policies is available at [vestcor.org/nbtpp](https://vestcor.org/nbtpp).