

In response to the investment performance misinformation circulating recently in relation to public sector pension plans administered by Vestcor, please refer to the following statement prepared by the New Brunswick Teachers' Pension Plan Board of Trustees (NBTPP).

The NBTPP is a target benefit type pension plan, designed to be less risky than typical defined benefit pension plans*, in an effort to ensure its long-term sustainability. This structure came into effect on July 1, 2014 and was agreed to by the NBTPP's Governing Parties: the Province of New Brunswick and the New Brunswick Teachers' Federation.

** The Pension Coalition of NB recently released a statement noting that returns of Vestcor's clients, including the NBTPP, "ranked among the bottom quarter" for the past two years in Canada, based on a survey published by RBC. It is very important to note that the survey referenced is comprised of Defined Benefit (DB) Pension Plans, and the comparison is inappropriate due to the difference in plan designs between DB plans and Target Benefit Plans.*

The NBTPP is managed in a way that provides secure pension benefits in the vast majority of economic scenarios. It is also **subject to annual rigorous risk tests conducted by an independent actuarial firm, which observes the financial health of the plan.** The results of these tests are reviewed by the NBTPP Board of Trustees, and filed and reviewed annually by the Superintendent of Pensions at the New Brunswick Financial and Consumer Services Commission (FCNB). The NBTPP has successfully passed all annual tests. Results are available at www.vestcor.org/nbtpp, under "Plan Governance", "Financial Results".

Due to the above considerations the NBTPP does not take on as much investment risk in its investment strategy as a typical defined benefit pension plan*. Therefore, annual returns of the NBTPP, and similar plans managed by Vestcor, tend to lag those other DB types of plans in periods of stronger equity market returns (such as in 2020 & 2019) and do better in weaker equity market periods (such as 2018).

The NBTPP continues to be in a solid funding position. As recently reported at December 31, 2020, the Plan's portfolio annual return since conversion to a Target Benefit Plan (2014) was 7.40%, exceeding the 5.80% required by the independent actuary. This has equated to \$6.518 billion in investment assets. Results as at June 30, 2021 will be released in the Fall 2021 NBTPP member newsletter. Previous copies of the newsletters, distributed semi-annually, are available at www.vestcor.org/nbtpp.

The NBTPP also benefits from low investment management and administration expense ratios, through a locally accessible team of plan administration and pension fund investment management professionals at Vestcor. The creation of Vestcor has provided for investment returns that have exceeded the long-term return objective of the NBTPP at a lower risk, as required by the Plan. These returns have improved the funding ratio of the NBTPP and allowed for the annual indexing benefit to be provided each year since the NBTPP's inception in 2014. Vestcor's value-added investment returns and low costs **benefit the members of the NBTPP.**

Transparency is of utmost importance to your Board of Trustees. Additional information is included in the Annual Reports published and provided to members at www.vestcor.org/nbtpp, under "Board Governance", "Annual Reports". The 2020 edition will be released in the coming weeks. In addition, the Board will be hosting its **first Annual Information Meeting** on October 13, 2021, at 7:00 pm. You are invited to register for this virtual event at www.vestcor.org/nbtpp2021aim, and are welcome to submit any questions you may have in advance or during the meeting itself.

Quick Links:

NBTPP Website www.vestcor.org/nbtpp

NBTPP 2021 Annual Information Meeting www.vestcor.org/nbtpp2021aim

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