

ABOUT YOUR NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN

Recent media articles have suggested that your New Brunswick Public Service Pension Plan (NBPSPP) has recently underperformed a number of defined benefit plans.

Your NBPSPP is a Shared Risk Plan, which is designed to provide its active and retired members with a **secure, affordable, and sustainable long-term pension plan**.

To achieve this, the Plan follows **lower-risk investment strategies**, to protect the assets of its members, as set out in the *Pension Benefits Act* and governing documents.

WHAT DOES THIS MEAN?

Due to the lower-risk nature of your NBPSPP:

- When financial market returns are strong, the returns of the NBPSPP may be lower than some defined benefit pension plans such as in 2019 and 2020; BUT,
- When financial markets are poor, the NBPSPP's returns are expected to be higher than some defined benefit pension plans. For example, in 2018 many defined benefit pension plans posted negative returns, while the NBPSPP had a positive return and the Board of Trustees remained in a position to continue to award a cost of living adjustment to all active and retired members of the plan.

Comparing the NBPSPP's rate of return to defined benefit pension plans is like comparing apples to oranges. Demographics, risk profiles, objectives and other features of the pension plans are different.

DOES IT WORK?

The NBPSPP came into effect on January 1, 2014. To date, this lower-risk strategy has resulted in:

- **The NBPSPP's longer-term annual return exceeding the required rate of return as defined by an independent actuary, based on the NBPSPP's liabilities.**
- **A full cost of living adjustment (indexing) being granted to all members – active and retirees – every year.**

WHO IS INVOLVED?

The NBPSPP is overseen by a Board of Trustees that meets quarterly to ensure that the Plan continues to be secure, affordable, and sustainable. As part of their duties, the Board of Trustees reviews rates of return and risk to ensure that all legal requirements are met and that benchmarks are being achieved.

Your NBPSPP continues to exceed its required rate of return and risk objectives and continues to build surpluses in the event of negative market conditions or changes in the NBPSPP's liabilities. Updates are shared with you through semi-annual newsletters, annual reports, and an Annual Information Meeting.

Your NBPSPP continues to exceed its required rate of return and risk objectives

LEARN MORE

To learn more about your Board of Trustees and its responsibilities, access member newsletters, sign up for the Annual Information Meeting, and more, visit vestcor.org/NBPSPP.