

Cost of Living Increase – January 1, 2022

New Brunswick Teachers' Pension Plan

Determining annual cost of living increases under the New Brunswick Teachers' Pension Plan (NBTPP)

The NBTPP provides for an *Indexing Adjustment Benefit* (IAB, also known as "indexation") each year (on January 1st) if there is a large enough surplus in the pension plan, up to a maximum Consumer Price Index (CPI)* increase of 4.75% as follows:

- For active members, the pension benefits accumulated up to December 31, 2020 (including pre-conversion benefits earned up to July 1, 2014) will be adjusted based on 100% of the increase in the CPI.
- For retired members, deferred members and any surviving spouses or dependent children receiving a pension benefit under the NBTPP, pension benefits will be adjusted based on 75% of the increase in the CPI.
- For retired or deferred members of the NBTPP who terminated during 2021, a blended rate (as shown in the example below) is calculated based on the number of months the member was active and the number of months the member was retired.

Example of blended rate:

Terminated employment August 31, 2020:

- $(100\% \times 1.46\%) \times 8/12$ = 0.97%
- $(75\% \times 1.46\%) \times 4/12$ = 0.37%
- Total indexation applied to the benefit accrued to Dec 31, 2020 = **1.34%**

*The CPI is established by Statistics Canada. More information can be found [here](#).

Important information to understand

If the funding status of the NBTPP does not allow for indexing to be granted in a given year, the increases are carried forward to future years and may be paid if the funding status of the NBTPP allows for it at that time.

Cost of living increase for January 1, 2022: The Calculation

The January 1, 2022 cost of living adjustment (COLA) was calculated by comparing the average Consumer Price Index (CPI)* for the period of July 2020 to June 2021 with the average CPI for the period of July 2019 to June 2020, as follows:

Month Year	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	Avg.
CPI	137.2	137.0	136.9	137.5	137.7	137.4	138.2	138.9	139.6	140.3	141.0	141.4	138.59

Month Year	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	Avg.
CPI	137.0	136.8	136.2	136.6	136.4	136.4	136.8	137.4	136.6	135.7	136.1	137.2	136.60

Here's how the increase is calculated: $(138.59 - 136.60) / 136.60 = 1.46\%$

*CPI figures are drawn from the Bank of Canada. They can be found at www.bankofcanada.ca/rates/price-indexes/cpi/.