

NEW BRUNSWICK

# Teachers'

PENSION PLAN



## IN THIS ISSUE

- 1 | NBTPP'S FIRST ANNUAL INFORMATION MEETING
- 1 | UPDATING YOUR LANGUAGE PREFERENCE
- 1 | INDEXING ADJUSTMENT BENEFIT PROVIDED
- 2 | 2020 IN REVIEW
- 3 | MID-YEAR INVESTMENT REPORT
- 5 | INFORMATION FOR RETIREES - T4As
- 5 | 2022 PENSION PAYMENT DATES
- 5 | AMENDMENTS TO GOVERNING DOCUMENTS

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## NBTPP'S FIRST ANNUAL INFORMATION MEETING

On October 13<sup>th</sup>, 2021 we held our 1<sup>st</sup> Annual Information Meeting via live webcast.

If you were unable to attend, or if you would like more information, visit [vestcor.org/NBTPP2021AIM](https://vestcor.org/NBTPP2021AIM), where you can:

- watch the recording of the meeting;
- access the presentations;
- read the questions and answers; and
- find our Key Resources Guide.

## UPDATING YOUR LANGUAGE PREFERENCE

Would you prefer to receive correspondence about your pension in French? Contact Vestcor's Member Services team at 1-800-561-4012 or [info@vestcor.org](mailto:info@vestcor.org) and they'll be happy to help you.

## INDEXING ADJUSTMENT BENEFIT PROVIDED

The NBTPP is once again in a position to increase the benefits of members, based on the increase in the Consumer Price Index (CPI) established by Statistics Canada. For the 12-month period ending June 30, 2021, the increase in the average CPI was 1.46%. The Plan provides for an annual Indexing Adjustment Benefit (IAB) when possible, up to a maximum of 4.75% each year.

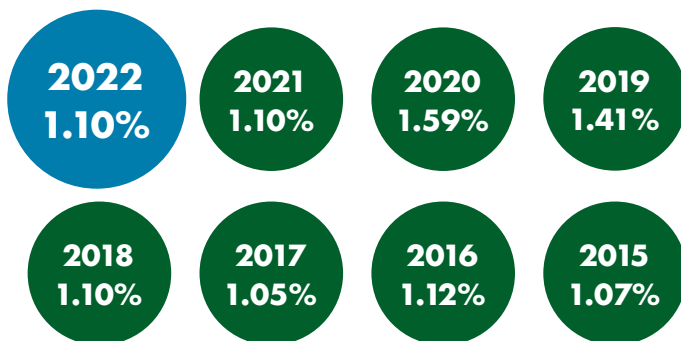
For retirees, your benefit will be adjusted based on 75% of the increase in the CPI\*.

The increase will be applied to your monthly benefit effective January 1, 2022. You'll receive notification of this increase in writing in December 2021.

Curious about how the IAB was calculated? Refer to the IAB fact sheet at [vestcor.org/nbtppIAB](https://vestcor.org/nbtppIAB).

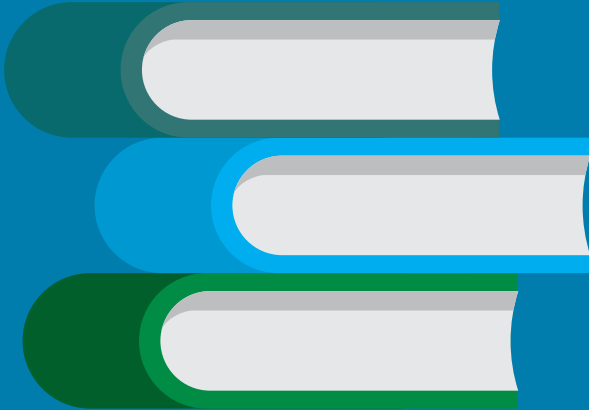
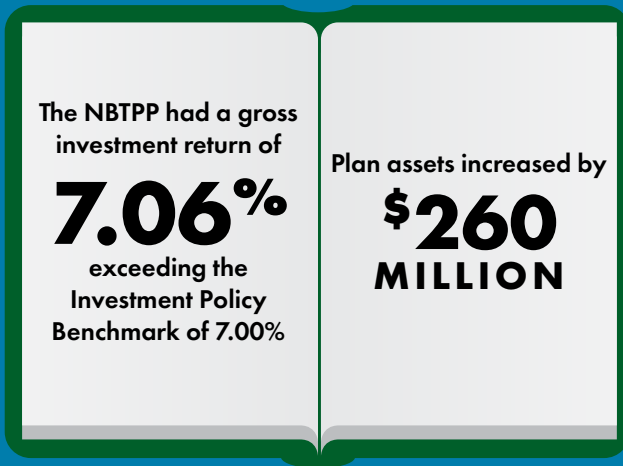
*\*Members who retire in 2021 will receive a blended IAB.*

### IAB Awarded Since Plan Conversion (January 1<sup>st</sup>)



**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.

# 2020 IN REVIEW



The Plan's Funded Ratio was

# 103.4%\*

per the August 31, 2020 Cost Certificate



\*As per the August 31, 2019 actuarial valuation, the funded ratio was 108.9%. The decline in the Funded Ratio is primarily due to an increase in the estimated liability from a reduction in the discount rate from 5.8% to 5.4% to better reflect lower expected long-term financial market returns. The discount rate is the required rate of return the Plan needs, and is recommended by the Plan's independent actuary.

As of August 31, 2020, the NBTPP had

# 19,831 total members

**9,627** Retirees/Survivors

**8,474** Active Members

**1,730** Deferred Members



**WANT TO LEARN MORE ABOUT YOUR PLAN?**

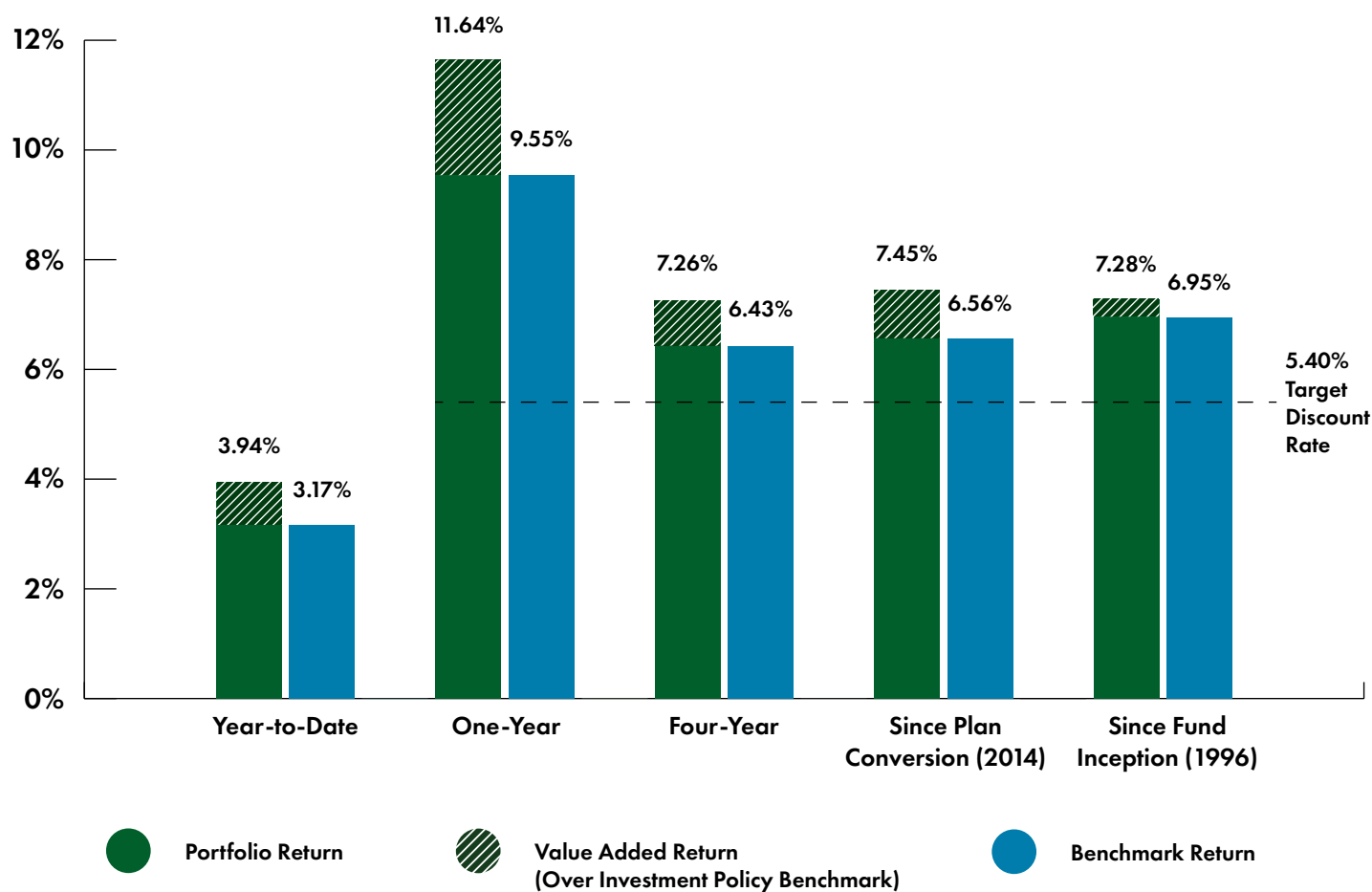


The NBTPP 2020 Annual Report is now available at [vestcor.org/nbtp](http://vestcor.org/nbtp).

## A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT JUNE 30, 2021

|   |   |   |
|---|---|---|
| GROSS INVESTMENT RETURN<br><b>3.94%</b> | NET INCREASE OF<br><b>\$174 MILLION</b> | INVESTMENT ASSETS<br><b>\$6.692 BILLION</b> |
|---|---|---|

### INVESTMENT RETURNS (AS AT JUNE 30, 2021)



The first half of 2021 saw a continuation of the strong global financial markets' recovery experienced in the latter half of 2020. Equity markets led the rebound with Canadian markets advancing the gains in the January-June period, with the TSX Composite Index at 17%, comparing favourably with the rest of the developed world markets (+9.6%) as well as emerging markets (+4.4%).

We are pleased to report that the overall investment program earned a positive return of 3.94% in the first six months of 2021. Both the four-year annualized return of 7.26%, and the return since the inception of Vestcor's management in 1996 of 7.28%, remain in excess of the 5.40% target discount rate set by the independent actuary in August of 2020.

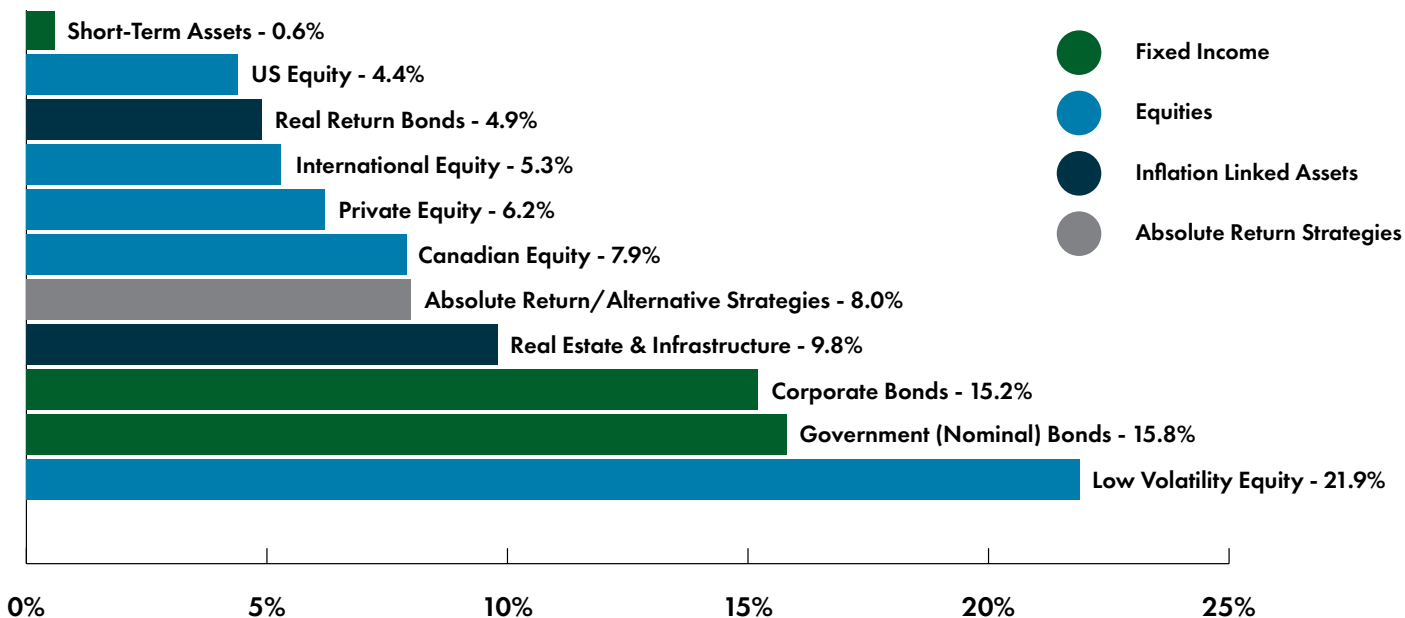
### INVESTMENT ASSETS

The fair value of the NBTPP investment assets on June 30, 2021 was \$6.692 billion, an increase of \$174 million from the fair value at December 31, 2020.

# MID-YEAR INVESTMENT REPORT (continued) VESTCOR

## 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 on June 30, 2021 and illustrates how well-diversified the Plan's investment assets are.



## MARKET SNAPSHOT

While overall the economic and market recovery from the depths of the COVID-19 pandemic and its associated recession has continued to advance thus far in 2021, there are several warning signs on the horizon that suggest continued caution is warranted. The U.S. Federal Reserve Board has strongly indicated that the current inflation spike is expected to be transitory, and markets will likely react sharply to any perceived changes in the path of interest rates from the current expectations. In addition, the ongoing COVID-19 vaccination effort continues to be the primary driver of economic reopening, with regional differences in vaccination rates indicating the global recovery will continue to be uneven in the near term.

Looking forward, investors are facing similar conditions as described in our prior reports, with stretched valuations, continued economic uncertainty in certain segments of the economy, and a significant disparity in the success of vaccination programs globally.

More information, including a summary of the market outlook for this period, is available in 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.

**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).



# INFORMATION FOR RETIREES - T4As

As a retiree drawing your pension, you'll receive a T4A reporting your annual pension income to file your annual income tax return. The T4A is similar to the T4 you would have received as an active employee reporting employment income. Depending on your personal situation, you may see amounts reported in other boxes such as income tax deductions and health/dental premium deductions.

If you are a non-resident of Canada, you will receive a NR4 instead of a T4A to report your pension income.

Vestcor will mail your T4A by February 28<sup>th</sup> of each year, and it is very important to ensure that they have your current mailing address. If your mailing address has recently changed, complete the Change of Address form at [vestcor.org/address](https://vestcor.org/address) or contact Vestcor at 1-800-561-4012.

If you lose or do not receive your T4A, requests for duplicate T4As can be made by calling Vestcor at 1-800-561-4012. Please note that a duplicate T4A cannot be sent to a new mailing address until a change of address form is provided and processed by Vestcor.



## NBTPP 2022 PENSION PAYMENT DATES

|         |          |           |         |          |          |
|---------|----------|-----------|---------|----------|----------|
| JANUARY | FEBRUARY | MARCH     | APRIL   | MAY      | JUNE     |
| 24      | 24       | 24        | 22      | 24       | 24       |
| JULY    | AUGUST   | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER |
| 22      | 24       | 23        | 24      | 24       | 16       |



## AMENDMENTS TO GOVERNING DOCUMENTS

The *Pension Benefits Act* (New Brunswick) 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 amendments which were filed with the Superintendent of Pensions:

- Cost Certificate as at August 31, 2020 and Financial Statements as at December 31, 2020 were filed with the Superintendent of Pensions on May 26, 2021.
- The Plan Text was amended to exclude Deputy Minister from the definition of "Teacher". The amendment was filed with the Superintendent of Pensions on June 22, 2021.
- The Funding Policy was amended to reflect a change in the discount rate to 5.4% per annum effective from August 31, 2020. The amendment was filed with the Superintendent of Pensions on September 29, 2021.

The updated version of the governing documents are available at [vestcor.org/nbtpp](https://vestcor.org/nbtpp).