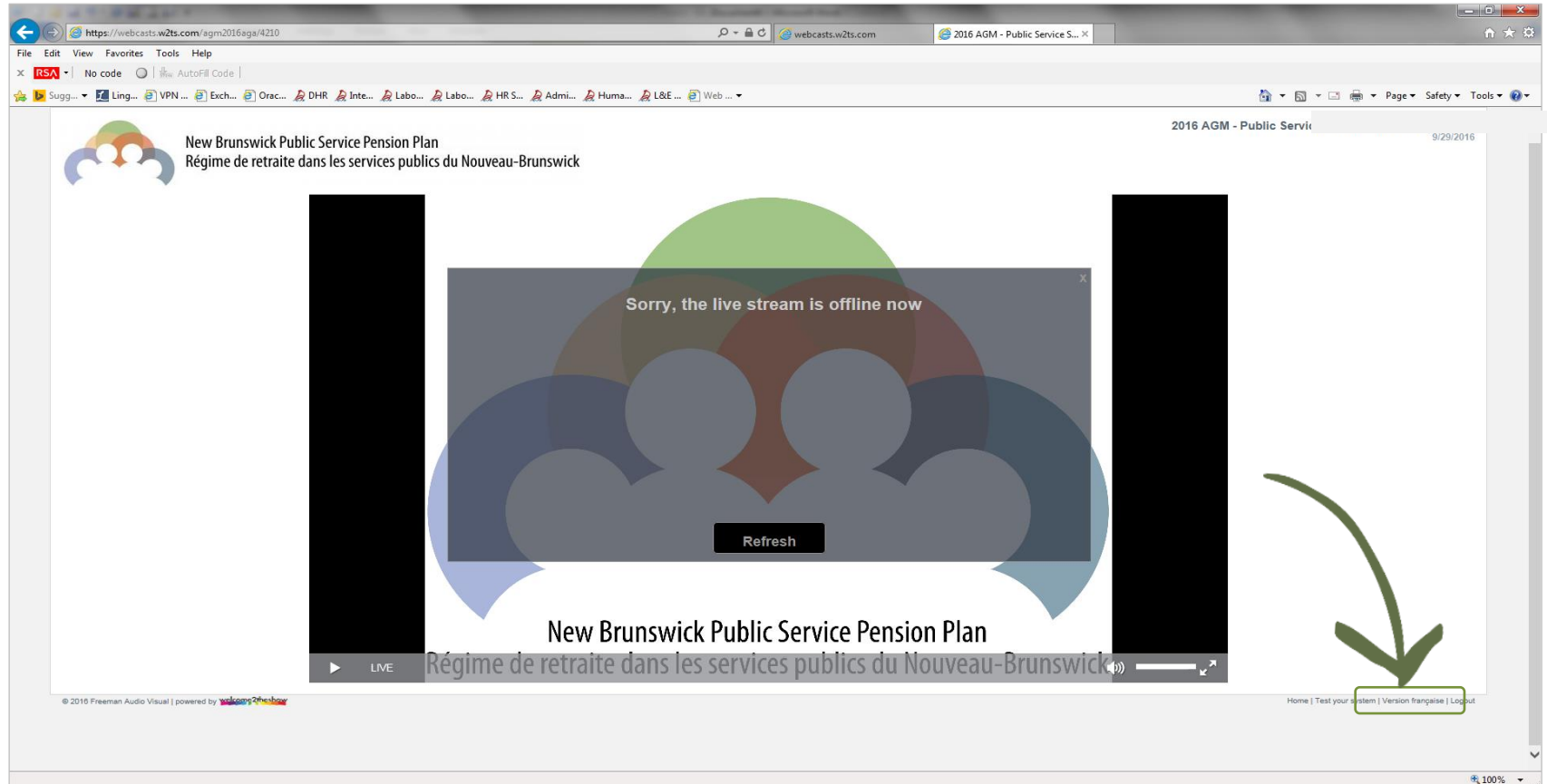


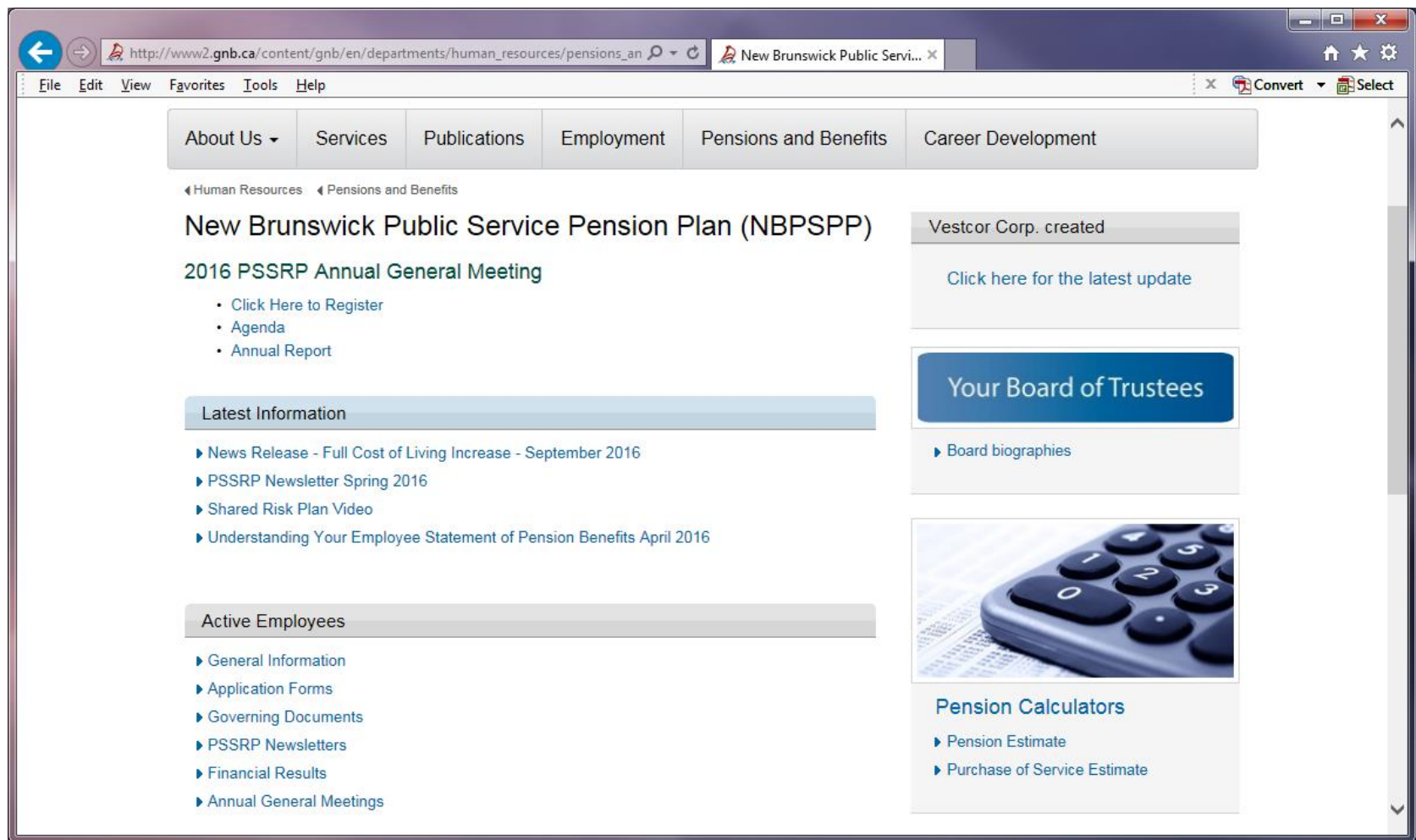


New Brunswick Public Service Pension Plan
Régime de retraite dans les services publics du Nouveau-Brunswick

Welcome to the 2nd **Annual General Meeting**

To select your **language of choice**, click on the button indicated below:





www.gnb.ca/nbpspp



ANNUAL REPORT 2015

PUBLIC SERVICE SHARED RISK PLAN

2015 PSSRP

FUNDING POSITION
(page 14)

10

15-YEAR OP
GROUP FUN
RATIO (page 1)

125%

ASSETS vs. LIABILITIES
as of

A

\$6.93 billion

PSSRP | 2015 ANNUAL REPORT

2015 Plan Year

The purpose of the PSSRP is to

Provide

Focus

Priorities

Each year, the Board of Actuaries conducts an independent actuarial valuation of the Plan (also referred to as a "valuation comparison" or "valuation comparison pension plan" (i.e., of the total value of the Plan's assets and liabilities as of a particular moment in time).

An estimate of the Plan's assets and liabilities is provided by the actuaries' assumptions and demographic data.

The most recent actuarial valuation was approved by the Board of Actuaries and is the basis for the funding status of the Plan.

It is important to note that the PSSRP's contributions are based on the actuarial valuation.

PSSRP | 2015

Members

Odette Robichaud
Observer

Leigh Sprague
Observer



Audit
Committee



Auditor in 2015

KPMG



Employee Benefits (the Treasury Board) contributions, pays out their entitlements for each member, their products, and

Service Level
the pensions and perform

video was and were posted

ent manager for possible for the

risk management
ization tools to
BIMC develops
for review and

BD and invests
SRP Statement
monthly pension

available at



NBPSPP • RRSPNB



New Brunswick Public Service Pension Plan
Régime de retraite dans les services publics du Nouveau-Brunswick

NBPSPP Board of Trustees

- Marilyn Quinn
- Leonard Lee-White
- Ernest MacKinnon
- Susie Proulx-Daigle
- Mark Gaudet
- Ross Galbraith
- Leigh Sprague
- Odette Robichaud





New Brunswick Public Service Pension Plan
Régime de retraite dans les services publics du Nouveau-Brunswick

Ross Galbraith (Board of Trustees/conseil des fiduciaires)

He is the Business Manager of Local 37 of the International Brotherhood of Electrical Workers (IBEW) and also represents Canada on the IBEW International Executive Council. In that capacity, he is a trustee of the IBEW Pension Benefit Fund, and a member of the board of directors of the National Electrical Benefit Fund and the National Electrical Annuity Plan. He is a commissioner on the Board of Saint John Energy and Chair of the IBEW Atlantic Utility Council. Galbraith is a graduate of the Chemical Technology Program of the New Brunswick Community College.

Administrateur de la section locale 37 de la Fraternité internationale des ouvriers en électricité et il représente le Canada au conseil exécutif international de la fraternité. À ce titre, il est fiduciaire de la caisse de retraite de la fraternité et membre du conseil d'administration du National Electrical Benefit Fund et du National Electrical Annuity Plan. Il siège à titre de commissaire au conseil d'administration de la Saint John Energy et de président de l'Atlantic Utility Council de la fraternité. M. Galbraith est diplômé du programme de technologie chimique du New Brunswick Community College.

Susie Proulx-Daigle (Board of Trustees/conseil des fiduciaires)

She is the President of the New Brunswick Union. She is also a trustee for the Certain Bargaining Employees of the New Brunswick Hospitals Shared Risk Pension Plan, the Part-Time and Seasonal Pension Plan and a member of the Standing Committee on Insured Benefits. In addition, she is the National Vice-President for the National Union of Public and General Employees.

Présidente du Syndicat du Nouveau-Brunswick, elle est aussi administratrice du Régime de retraite de certains employés syndiqués des hôpitaux du Nouveau-Brunswick et du Régime de pension des employés à temps partiel et saisonniers du gouvernement, et elle siège au Comité permanent des régimes d'assurance. De plus, Mme Proulx-Daigle est vice-présidente nationale du Syndicat national des employés et employés généraux du secteur public.

09/2016

veau-Brunswick

ciaires)

droit de l'Université du
embre du Barreau du
Association du Barreau
ation canadienne des
syndical. M. Sprague
ouveau-Brunswick et lui
est également impliqué
concerne la planification
ppements politiques,
entaire qui pourraient
titre de négociateur en
es plus importantes
ce une supervision sur
lation du Syndicat. En
cat auprès de divers
externes.

iaires)

éside actuellement la
licat canadien de la
résidente régionale du
ck. Elle est membre
r l'équité salariale du
ésidente responsable
au SFCP-Nouvea-
ation du travail du
milieu de vie, elle a
upement à titre de
atif du district de

09/2016

Also available online at:
www.gnb.ca/nbpspp

Presenters

- Yves Plourde, Partner - *Morneau Shepell*
- John Sinclair, President and CEO - *New Brunswick Investment Management Corporation*
- Troy Mann, Assistant Deputy Minister - *Pensions and Employee Benefits Division*





New Brunswick Public Service Pension Plan
Régime de retraite dans les services publics du Nouveau-Brunswick

ANNUAL GENERAL MEETING

September 29, 2016

FEEDBACK FORM

1. Did you like the AGM format this year? ☐ Yes ☐ No
2. Were the following presentations informative?
 - Role of the Board of Trustees ☐ Yes ☐ No
 - 2015 Actuarial Results ☐ Yes ☐ No
 - 2015 Investment Performance ☐ Yes ☐ No
 - Plan Administration ☐ Yes ☐ No
3. Have you read the Annual Report 2015? ☐ Yes ☐ No
4. If you have read the Annual Report, did it help you better understand how your pension



Agenda

- **Welcome and Introduction** – *Marilyn Quinn, Chairperson, PSSRP Board of Trustees and President of the New Brunswick Nurses Union*
- **Role of the Board of Trustees** – *Leonard Lee-White, Vice-Chair of the PSSRP Board of Trustees*
- **2015 Actuarial Results** – *Yves Plourde, Partner, Morneau Shepell*
- **2015 Investment Performance** – *John Sinclair, President and CEO of New Brunswick Investment Management Corporation*
- **Plan Administration** – *Troy Mann, Assistant Deputy Minister of Pensions and Employee Benefits*
- **Question and Answer Session** – *Moderated by Susie Proulx-Daigle, Trustee, PSSRP Board of Trustees and President of the New Brunswick Union*
- **Closing Remarks**



Presentation by Leonard Lee-White



The Role of the Board

Leonard Lee-White

Vice-Chair of the Board



Board Governance

Board of Trustees

- Responsible for the overall governance and administration of the PSSRP in accordance with the *Pension Benefits Act* and the governing documents
- Duties include:
 - setting the levels of contributions and benefits in accordance with the Funding Policy
 - granting indexation on benefits ("COLA")
 - oversight of the pension benefits administration and the investment management
- Board members are independent of the parties that appointed them and cannot be removed by those parties



Board Governance

Initial Board of Trustees

- Appointed for initial 3-year term
- Equal number of employee and employer appointees:
 - 3 trustees appointed by the Secretary of Treasury Board (one of whom must be a retiree)
 - 3 trustees appointed by the unions that signed the Memorandum of Understanding (MOU)
 - 2 observers also appointed:
 - 1 by the CUPE locals which have signed the MOU, and
 - 1 by the New Brunswick Union (NBU).
- Original Board is still in place



Board Governance

Future Board of Trustees

- Continue to follow a competency based framework
- Province advertised on GNB website in Autumn 2015
http://www2.gnb.ca/content/gnb/en/corporate/abc/current_opportunities.html
- Completing process of appointing and re-appointing 5 members (including a minimum of one retiree) to Board to be in place by January 1, 2017
- Unions have internal processes for appointments and re-appointments
- If parties fail to fill positions the Superintendent of Pensions can appoint board members to ensure compliance with Plan governing documents and the *Pension Benefits Act*



Board Members

Trustees

- Marilyn Quinn, Chair – President, New Brunswick Nurses Union
- Leonard Lee-White, Vice-Chair – Assistant Deputy Minister, Department of Finance
- Ross Galbraith – Business Manager, International Brotherhood of Electrical Workers Local 37
- Mark Gaudet – Assistant Deputy Minister, Department of Transportation and Infrastructure
- Ernest MacKinnon – Retired CEO, NBIMC, and former provincial Deputy Minister
- Susie Proulx-Daigle – President, New Brunswick Union (NBU)

Observers

- Odette Robichaud – President, CUPE Local 1840
- Leigh Sprague – Legal Counsel, New Brunswick Union (NBU)



Board Committees

Marilyn Quinn
Chair
Audit Committee

Leonard Lee-White
Vice-Chair
Chair of Audit Committee

Ross Galbraith
Trustee
Governance Committee

Mark Gaudet
Trustee
Audit Committee

Ernest MacKinnon
Trustee
Chair of Governance
Committee

Susie Proulx-Daigle
Trustee
Governance Committee

Odette Robichaud
Observer

Leigh Sprague
Observer



**Governance
Committee**

**Audit
Committee**



Fiduciary Duty

- The Trustees appointed to the Board hold a fiduciary duty towards the Plan
- They do not represent the party who appointed them
- Rather, they must act in the best interest of the Plan and its members at all times when administering the affairs of the Plan
- Trustees are entrusted with the property of another person



Fiduciary Duty

- Pension Benefits Act requires the Trustees to:
 - place the interests of the Plan and its members above their own
 - conduct themselves with the highest standards of integrity, honesty, independence, fairness, openness and competence
- Failure by any of the trustees to properly exercise their fiduciary duty can result in disciplinary actions or revocation of the trustee appointment



Legal Issues

- The Board is named as a defendant in an Action seeking, among other things, damages from the Fund for alleged breaches of trust and contract, and payment of the Plaintiff's legal costs from the Fund. Court dates have been set in November, 2016 to consider a number of preliminary issues
- The Fund is for the sole purpose of providing pensions and costs related to providing pensions. The Board has retained legal counsel and is defending itself and the Fund from paying damages and the Plaintiff's legal costs
- In a separate legal Action against the Province, the Plaintiffs have indicated that, in the event the Province does not pay their legal costs, they will be seeking to have their costs paid from the Fund. The Board is participating in this Action to defend the Fund from payment of the Plaintiffs' legal costs and related issues



Board Education

- Board members are required to regularly participate in continuing education programs in order to be effective in their trustee work and make the best decisions for the Plan and its members
- Continuing education is designed to enhance their knowledge and understanding of pension governance, administration and investments
- Board receives ongoing education through the regular collection of news and articles of interest, structured presentations at board meetings as well as appropriate conferences and seminars



Board Education

- In 2015, the Board received presentations on:
 - information technology systems and controls used by the Pensions and Benefits Division and by the New Brunswick Investment Management Corporation,
 - real estate and infrastructure investment strategy, and
 - stress testing analysis for risk management scenarios
- The Board also participated in an education day facilitated by a leading pension governance expert on trustee and board effectiveness, and fiduciary duty



Conclusion

- Joint trusteeship of Plan with competency based selection processes
 - An appointed Board, not a representative Board, that acts independently of appointing party
 - Fiduciary duty to act in best interests of Plan and its members
 - Ongoing Board education on emerging trends and issues
-

Thank you



2015 Accomplishments

- The work accomplished in 2015 by the Board to set the stage for the creation of Vestcor Corp.
- Providing full indexation for a fourth year in a row;
- The Board reviewed and approved amendments to policies and practices as part of its annual review of its governance framework
- As well, the 2015 Annual Report was prepared earlier this year to allow you to review it in preparation for tonight's AGM.



Presentation by Yves Plourde



New Brunswick Public Service Pension Plan

Annual General Meeting

Summary of Actuarial Valuation Results as at January 1, 2016

September 29, 2016

Yves Plourde, FSA, FCIA



Health • Benefits • Employee Assistance • Retirement

Business. Needs. People.

Agenda

- Highlights of Funding Policy Valuation
 - Membership Summary
 - Plan Assets
 - Main Economic and Demographic Assumptions
 - Financial Position
 - Normal Cost and Excess Contributions
 - 15-Year Open Group Funded Ratio
- Risk Management Test Results
- Cost of Living Adjustment (COLA)

Funding Policy Valuation

– Membership Summary

	January 1, 2016
Active Members	
• Number	17,484
• Average salary	\$66,324
• Average age	46.9 years
• Average pensionable service	13.1 years
Deferred Vested Members	
• Number	3,444
• Average age	47.8 years
Retirees & Survivors	
• Number	15,229
• Average age	70.9 years
• Average annual pension	\$22,811

Funding Policy Valuation

– Reconciliation of Market Value of Assets

(in \$M)	January 1, 2015 to December 31, 2015
Market value at January 1, 2015	\$6,567.3
Plus:	
• Members' contributions	\$96.8
• Employers' contributions	\$141.0
• Investment income (including net capital gains/losses)	\$481.2
Minus:	
• Pension and refunds	(\$346.0)
• Expenses	(\$13.6)
Market value at December 31, 2015	\$6,926.7
Investment return (before expenses)	7.37%

Funding Policy Valuation

– Main Economic Assumptions

Item	January 1, 2016
Discount rate	4.75% per annum
Inflation	2.25% per annum
Future cost of living adjustments	Not included in liability until it is granted by the Trustees

- Although we use 4.75% per annum to discount future cash flows, we estimate that the pension fund will earn an average of about 5.9% per annum over the next 20 years
 - Discount rate is a very conservative assumption
 - Investment return in excess of 4.75% per annum will be used to further secure pension benefits and provide cost of living adjustments

Funding Policy Valuation

– Main Demographic Assumptions

Item	January 1, 2016
Mortality	<p>2014 Public Sector Mortality Table published by the Canadian Institute of Actuaries</p> <p>projected with Improvement Scale B (CPM-B)</p> <p>with adjustment factors of 105% for males and 110% for females</p>
Retirement age	<p>Table of rates that change with age at conversion</p> <p>An older individual at conversion will be assumed to retire earlier than a younger individual at conversion</p>

Funding Policy Valuation

– Financial Position

January 1, 2016			
			In \$M
A. Market value of assets			\$6,926.7
B. Funding policy liabilities			\$6,477.1
• Active members	\$2,287.3		
• Retirees & survivors	\$3,962.4		
• Deferred vested members and outstanding refunds	\$227.4		
C. Excess (Unfunded liability) [A. – B.]			\$449.6
D. Termination value funded ratio [A. / B.]			106.9%

Funding Policy Valuation

– Normal Cost and Excess Contributions

Item	Year Following January 1, 2016	
	In \$M	% of Pay
A. Total normal cost	\$138.9	12.19%
B. Members' contributions	\$94.0	8.25%
C. Employers' contributions	\$142.4	12.50%
D. Total contributions in excess of normal cost [B.+ C. – A.]	\$97.5	8.56%
Present value of next 15 years of excess contributions	\$1,197.6 M	

Funding Policy Valuation

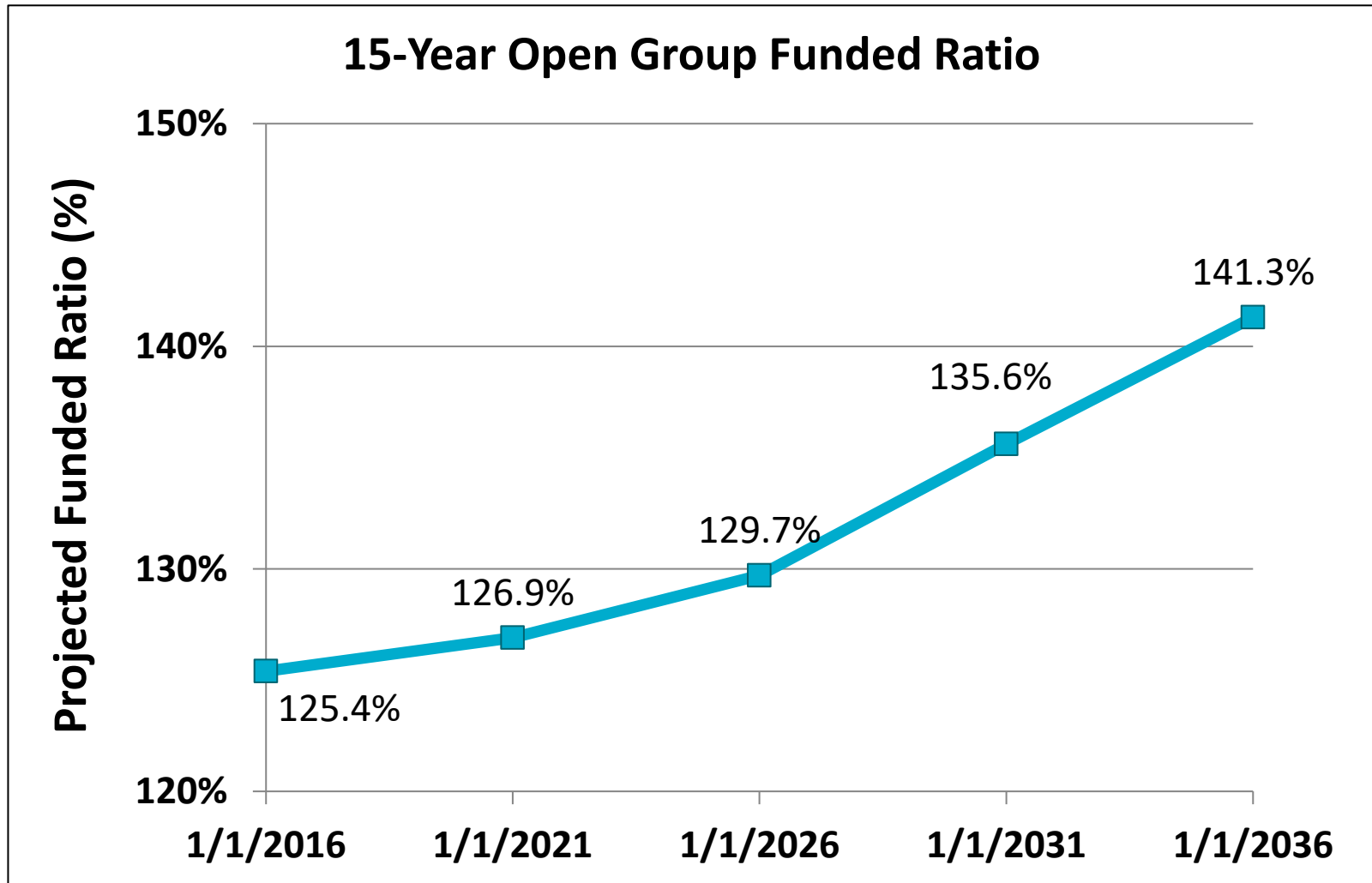
– 15-Year Open Group Funded Ratio

Item	January 1, 2016
A. Market value of assets	\$6,926.7 M
B. Present value of next 15 years of excess contributions	\$1,197.6 M
C. Total assets with PV of excess contributions [A. + B.]	\$8,124.3 M
D. Funding policy liabilities	\$6,477.1 M
E. 15-year open group funded ratio [C. / D.]	125.4%

Risk Management Test Results

Main Risk Management Tests	January 1, 2016
Primary risk management goal Probability that base benefits will not be reduced at any point over the next 20 years (Must be at least 97.5% to be able to award cost of living adjustments)	98.55%
Secondary risk management goal Average cost of living adjustments over the next 20 years	83.2% of CPI

Projection of 15-Year Open Group Funded Ratio



Cost of Living Adjustment at January 1, 2017

- Amount available to provide cost of living adjustment at January 1, 2017

Item	
A. Funding policy liabilities	\$6,477.1 M
B. 15-year open group funded ratio	125.4%
C. Excess available to provide cost of living adjustment [1/6th of the excess over 105% => $(125.4\% - 105\%)/6$]	3.40%
D. Excess available to provide cost of living adjustment [A. x C.]	\$220.2 M

Cost of Living Adjustment at January 1, 2017

- Cost of living adjustment awarded as of January 1, 2017

A. Increase in Consumer Price Index (inflation) for purpose of adjustment as at January 1, 2017		1.40%
B. Excess available to provide cost of living adjustment		\$220.2 M
C. Cost to provide a cost of living adjustment of 1.40%:		\$85.9 M
• Active Members	\$32.0 M	
• Retirees & Survivors	\$50.7 M	
• Deferred Vested Members	\$3.2 M	

- **Board of Trustees granted cost of living adjustment of 1.40% effective January 1, 2017**

Impact of Cost of Living Adjustment at January 1, 2017 on a New Retiree

- Sample impact on a new retiree:

A. Assumed new retiree annual pension amount Assumed salary at retirement of about \$66,000, 30 years of service and retired at age 60 on 1.1.2016	\$37,000 per annum
B. Impact of cost of living adjustment of 1.40% [0.014 x A.]	\$518
C. Annual pension amount starting January 1, 2017 [A. + B.]	\$37,518 per annum

Note: Amounts shown include lifetime pension and bridge payable to age 65.

Impact of Cost of Living Adjustment at January 1, 2017 on an Active Member

- Sample impact on a typical active member:

A. Accrued pension of a typical active member at January 1, 2016 Assumed current salary of about \$66,000, 13 years of service at 1.1.2016	\$17,000 per annum
B. Impact of cost of living adjustment of 1.40% granted January 1, 2017 [.014 x A.]	\$238
C. Accrual of pension for year 2016 [.02 x \$66,000] Assumed salary in 2016 of \$66,000	\$1,320
D. Accrued pension as at January 1, 2017 [A. + B. + C.]	\$18,558 per annum

Note: Pension amounts shown include lifetime pension and bridge payable to age 65



Business. Needs. People.

Thank You!

Yves Plourde, FSA, FCIA

yplourde@morneaushepell.com

Visit us: morneaushepell.com

Follow us: [@Morneau_Shepell](https://twitter.com/Morneau_Shepell)

VESTCOR



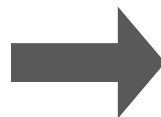


Pensions and
Employee Benefits

Pensions et avantages
sociaux des employés



SOCIÉTÉ DES SERVICES DE RETRAITE
VESTCOR
PENSION SERVICES CORPORATION



SOCIÉTÉ DE GESTION DES PLACEMENTS
VESTCOR
INVESTMENT MANAGEMENT CORPORATION



SOCIÉTÉ DES SERVICES DE RETRAITE
VESTCOR
PENSION SERVICES CORPORATION

SOCIÉTÉ DE GESTION DES PLACEMENTS
VESTCOR
INVESTMENT MANAGEMENT CORPORATION



Presentation by John Sinclair





**New Brunswick Investment Management
Corporation**

NB Public Service Pension Plan AGM

2015 Investment Program Overview

September 29, 2016

Presentation Outline

- NBIMC Overview
 - Independent governance
 - Services provided
- NBPSPP Portfolio Overview
- NBPSPP Investment Performance Review
 - Long-term results
 - Calendar 2015 attribution
- Summary



NBIMC Overview

- Long-term investment manager for three legacy pension funds:
 - NBPSPP and NBTPP joint trustee target benefit pension plans under long-term investment management agreements.
 - Manager and Trustee for the PNB Judges' Pension Plan.
- Ability via legislation to manage other pools of capital.
 - Four additional client relationships added since 2014.
 - Recently finalized an additional target benefit pension plan mandate in August 2016 (approximately \$2 B).



NBIMC Overview

- Approximately \$15 billion in total assets under management.
- Over 89% of investment assets fully managed internally by NBIMC Team.
- NBIMC management fully aligned with long-term investment performance of clients.



NBIMC Governance Overview

- Three Board Committees:
 - Governance
 - Audit
 - Human Resources and Compensation
- Governance Guidelines (www.nbimc.com)
 - NB Investment Management Corp. Act
 - Board & Committee Terms of Reference
 - Code of Ethics and Business Conduct
- Oversight Relationships:
 - Internal Auditor – Deloitte
 - External Auditor – KPMG
 - PNB Auditor General
 - Other

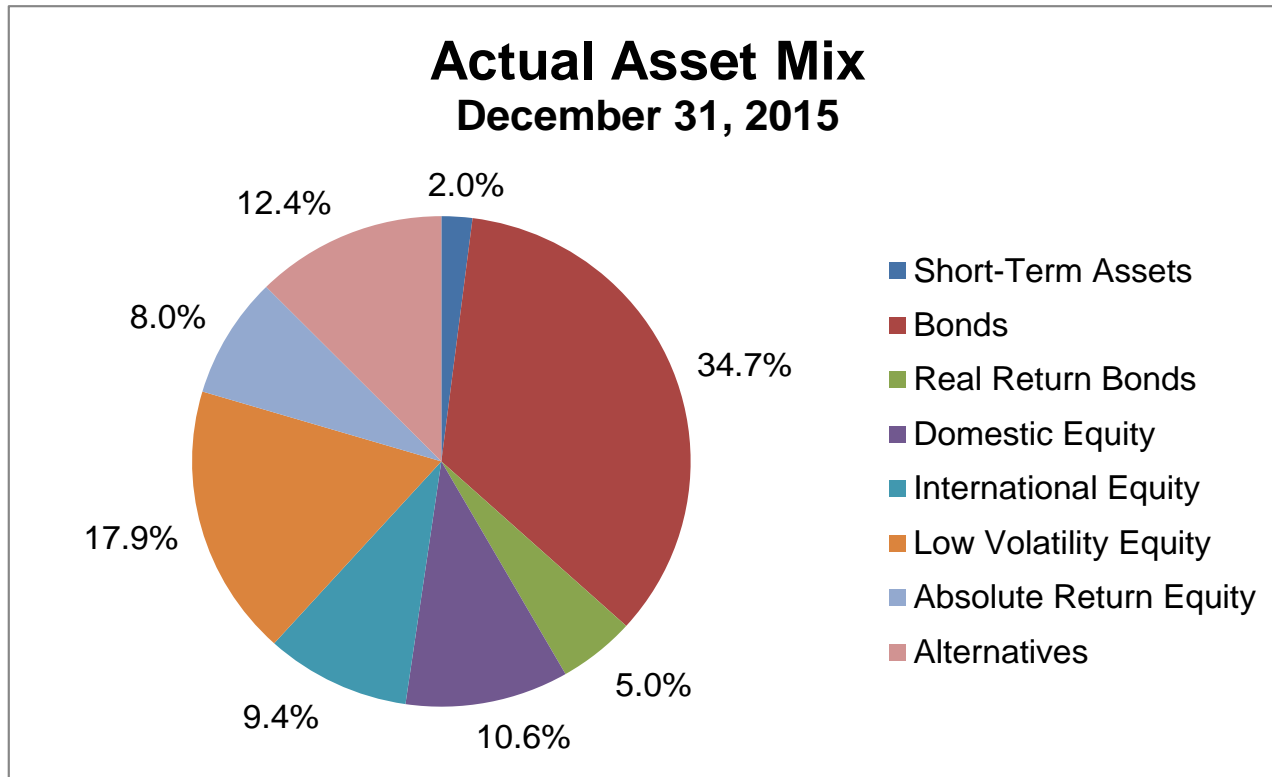


NBIMC Services

- Investment Management Services
- Investment Strategy Advice
- Compliance and Performance Measurement Services
- Financial Reporting
- Risk Management
- Responsible Investment Services

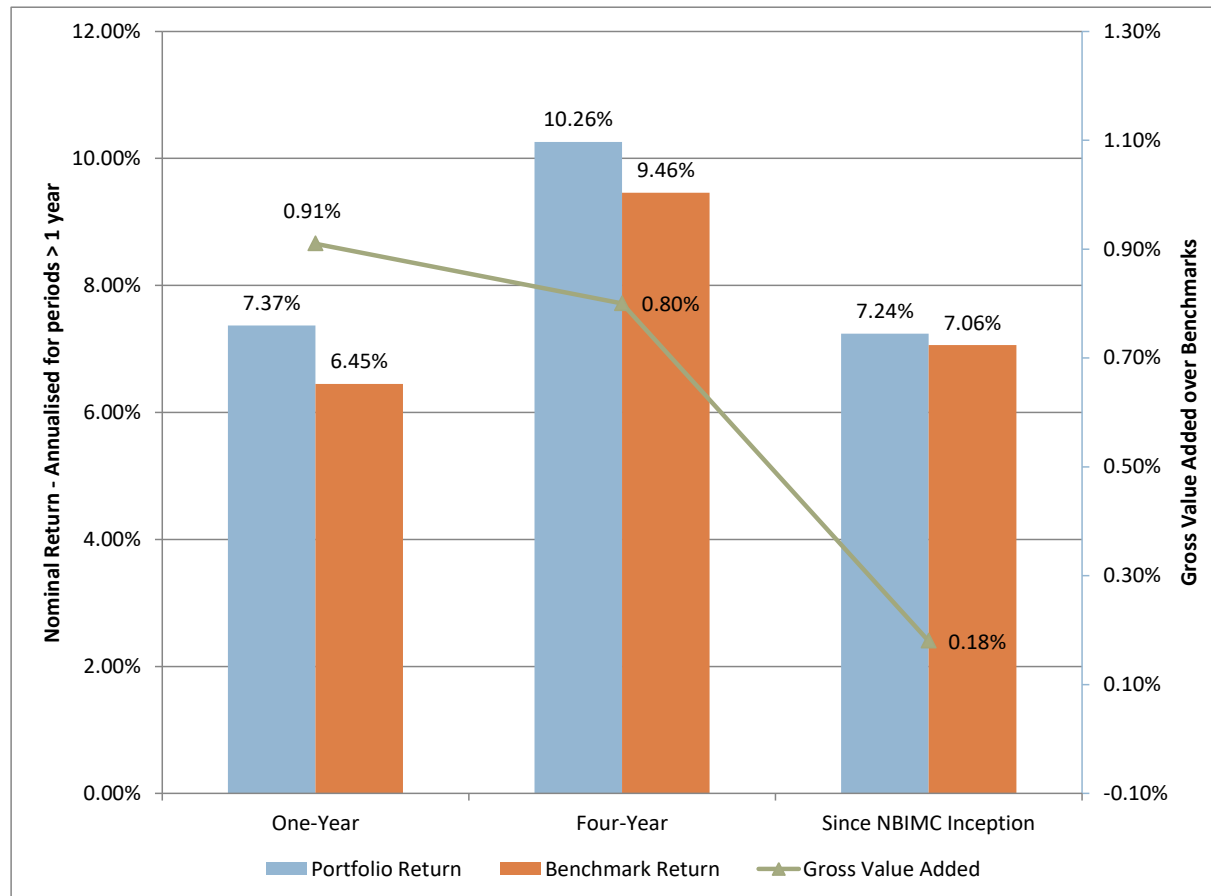


NBPSPP Investment Portfolio – Overview



- The strategic investment asset mix remains well diversified, and generally less risky than traditional defined benefit pension plans.
- The actual mix of investment assets ended the year close to strategic investment policy targets.

NBPSPP Investment Performance – Long-Term



- Long-term nominal and relative performance has continued to exceed NBPSPP investment objectives.
- NBIMC's investment expenses continue to be very low at less than 0.16%.

NBPSPP Investment Performance – Attribution

Aggregated Asset Class	Portfolio Return	Benchmark Return
Fixed Income		
Short-Term Assets	0.97 %	0.64 %
Government Bonds	3.72	3.84
Corporate Bonds	2.82	2.71
Real Return Bonds	3.05	2.79
Public Equity		
Standard Indexes:		
Canadian	(7.63)	(8.32)
United States	21.07	20.95
International	20.24	18.95
Low Volatility:		
Canadian	(3.87)	(3.57)
United States	26.53	25.17
International	27.92	29.46
Emerging Markets	(4.55)	(4.09)
Private Equity	29.63	16.78
Absolute Return Strategy	3.30	0.64
Real Estate & Infrastructure	8.46	7.96
Total NBPSPP Trust Investment Return	7.37 %	6.45 %

- Returns were positive for most asset classes during 2015:
 - Weak commodity markets negatively impacted Canadian and Emerging Market equity returns.
 - Fixed income returns were positive as interest rates continued to decline.
- NBIMC's active investment management activities significantly exceeded Investment Policy Benchmarks after considering all investment management expenses.



Summary

- NBIMC continues to provide a well-structured, independent, fiduciary-based governance process.
- Long-term investment performance has continued to exceed nominal and benchmark return requirements.
- NBIMC continues to monitor a difficult investment environment and assists with investment policy and strategy.
- Further information on NBIMC is available on our website at www.nbimc.com.



Presentation by Troy Mann



Update from the Pensions and Employee Benefits Division

September 29, 2016

Our **Vision** and **Values**

Our Vision

To be the **administrator of choice** for pension and employee benefit plans by providing **industry-leading services** to our **clients** through **skilled, engaged teams; strengthened partnerships; and optimized technology and processes.**

Our Values

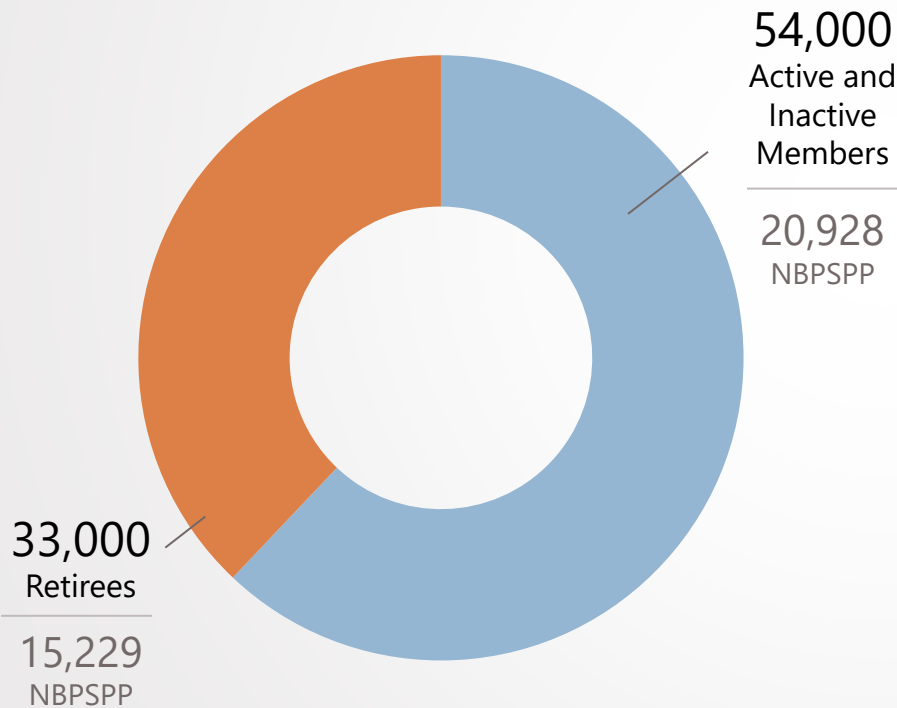
PERFORMANCE

COMMUNICATION

TEAMWORK

About Pensions and Employee Benefits

Provide day to day pension and employee benefit services to:



Annual pension payroll of
\$750 million

NBPSPP \$346 million

Collect and reconcile close to
\$600 million
in employee and employer contributions

NBPSPP \$237.8 million

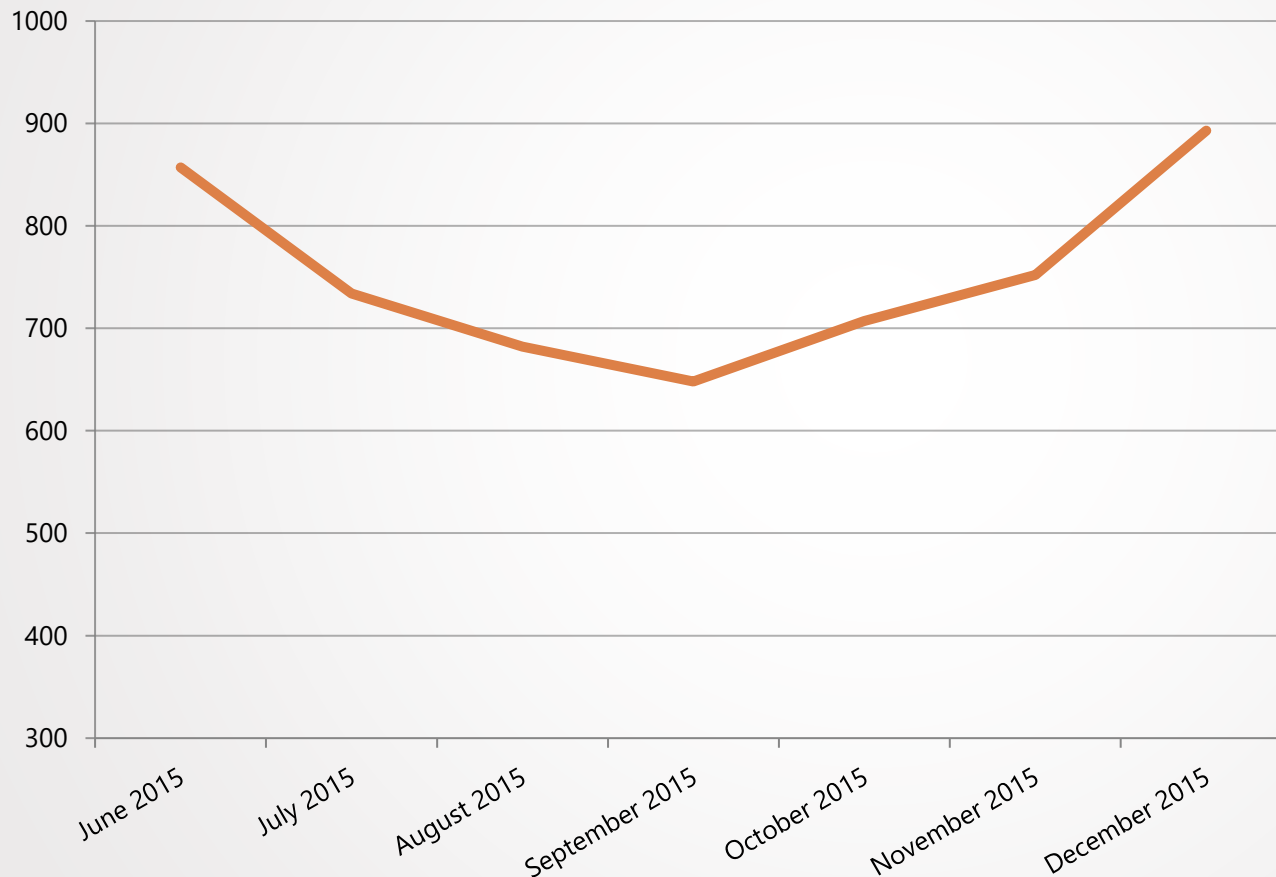
Services Provided to Plan Members

- Maintaining member accounts from enrolment until the last payment is made
- Answering questions over the phone, in person or via email
- Providing employee information sessions
- Delivering annual active member statements
- Performing all calculations including pension estimates, purchase of service, terminations and marriage breakdowns
- Preparing various communiqués including newsletters, notices, etc.



NBPSPP Member Profile

Points of Contact *(from June to December 2015)*

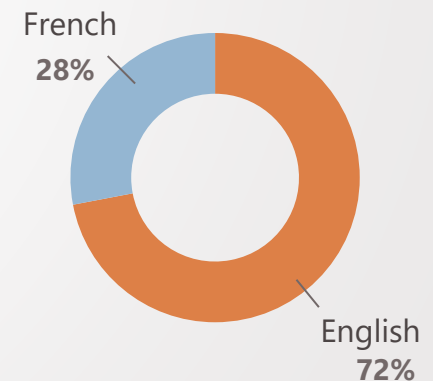


In 7 months of 2015, there were

5,608

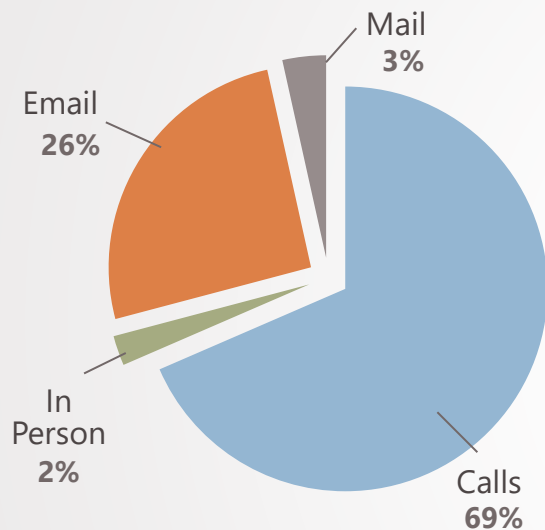
contacts made with our office by NBPSPP members

Contact Language

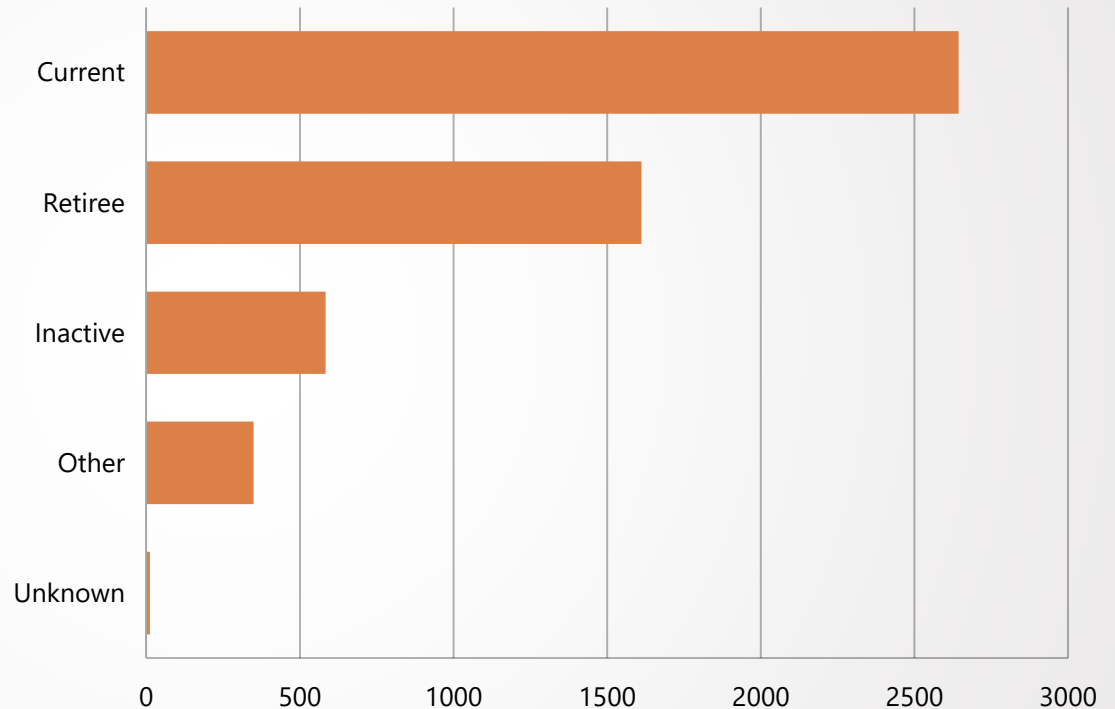


NBPSPP Member Profile

Contact Type



Member Status

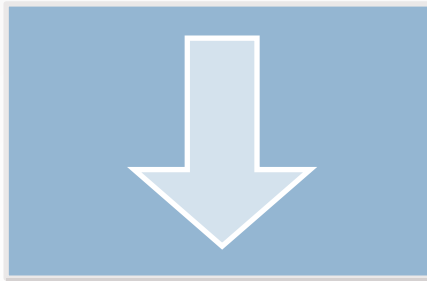


9.2% of contacts were made by the employer

2015 Accomplishments



Shared Risk Plan Video



Eliminated Calculation Backlog

2015 Annual Report /
Annual General Meeting

2nd Lowest Cost Service Provider

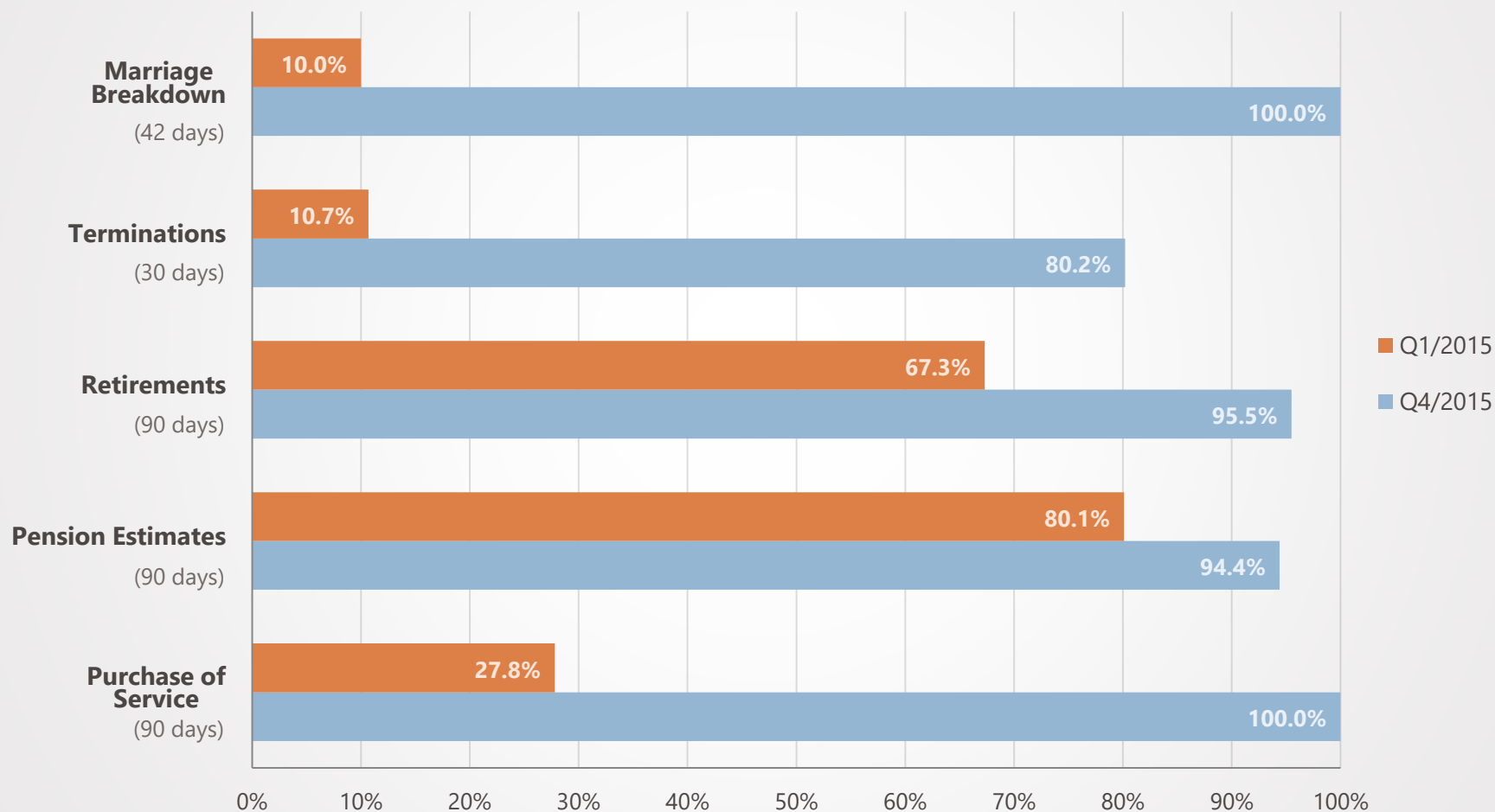


Enhanced Semi-Annual Newsletter



Significantly Improved our Key Performance Indicators

2015 Key Performance Indicators



Eliminated the Backlog



Outstanding Purchase of Service Applications

↓ 86%

Outstanding Pension Applications

↓ 77%

2016 Strategic Priorities

Three major strategic priority areas:



2016 Strategic Priorities

Some of our priorities:



Understand the needs of our clients and their satisfaction with our services through surveys



Improve service delivery processing times



Enhance client and employer education



Enhance client communications

Questions and Answers



Questions about the NBPSPP?



1 (800) 561-4012 or
(506) 453-2296 (Fredericton)



Vestcor Pension Services Corporation
PO Box 6000
Fredericton, NB E3B 5H1



pension@gnb.ca



www.gnb.ca/nbpspp
www.vestcor.org/nbpspp



Thank you!

Merci!



New Brunswick Public Service Pension Plan
Régime de retraite dans les services publics du Nouveau-Brunswick