



FOR IMMEDIATE RELEASE

September 8, 2022

Members of the NB Public Service Pension Plan to receive 5.24% Cost of Living Adjustment

Fredericton, New Brunswick - The Board of Trustees of the New Brunswick Public Service Pension Plan (NBPSPP) is pleased to announce that the Plan's solid financial position allowed them to approve a cost of living adjustment (COLA) of 5.24% for all 40,000+ Plan members. The Board has been able to award an adjustment every year since the NBPSPP was converted to a shared risk plan.

The NBPSPP's strong returns, a combination of the low-risk design of shared risk plans and the active management expertise provided by the Plan's investment manager, Vestcor, allowed the NBPSPP to retain a positive financial position even through the recently experienced global financial market downturn. For the Plan's financial year ending December 31, 2021, the NBPSPP's assets saw an investment return of 9.23% (gross of investment management fees), adding \$606 million in total assets to the Plan. Over the longer-term period since the Plan's conversion in 2014, the investment return reached 7.93% per annum (versus the Investment Policy benchmark return of 6.93%).

"The NBPSPP was designed to provide all members with a secure, affordable, and sustainable long-term pension plan. Doing so requires taking a cautious and stable approach to how the Plan's assets are invested," said Katherine Greenbank, Chair of the NBPSPP Board of Trustees. "As a member of the NBPSPP myself, I'm proud to share that the Plan remains resilient and well-funded, as it was designed to be, despite a number of recent tumultuous periods in the financial markets and a rise in inflation rates."

In making this decision about COLA, the Board of Trustees examined the financial health of the Plan by reviewing the results of a series of independent risk management tests conducted as part of the Plan's Actuarial Valuation. The Board then looked to the NBPSPP Funding Policy to determine the funds available to grant COLA. The most recent results confirmed the Plan's funding status remains positive with an open group funded ratio of 134.8%, up from 130.4% in 2021. In reviewing the results against the requirements of the Funding Policy, the Board was in a position to award COLA of 5.24%. This compared very favourably with the increase of 5.56% in Canada's Consumer Price Index. This provides members with a significant increase while ensuring the Plan remains in a surplus position.

"We are pleased that the plan's results provided the ability to award a significant COLA of 5.24% while protecting the sustainability of the Plan for all current and future members. The remaining balance of 0.32% may be provided to members in the future, if the Plan is in a financial position to do so," noted Greenbank.

The cost of living adjustment of 5.24% will be awarded as of January 1, 2023 to the benefits of all current members – whether they are actively employed, retired or have chosen to defer their pension.

The NBPSPP Board of Trustees is currently comprised of nine Trustees (one vacancy) and two Observers. Four Trustees have been appointed by the unions who signed the NBPSPP's Memorandum of Understanding, and five Trustees have been appointed by the provincial government (including the required minimum of one retiree). Their biographies are available at nbpspp.ca, under "Plan Governance".



Additional Key Resources

NBPSPP Website: nbpspp.ca

NBPSPP 2021 Annual Report: nbpspp.ca/ar2021

NBPSPP 2022 Virtual Annual Information Meeting: September 22, 12 pm: nbpspp.ca/2022aim

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