



ACTIVE MEMBER EDITION  
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# NBPSPP UPDATE

## IN THIS ISSUE

- 1 | KEEPING TRACK OF YOUR FUTURE NBPSPP PENSION
- 2 | MONEY MATTERS
- 3 | YOU'VE ASKED - HERE ARE THE FACTS
- 5 | INVESTMENT REPORT
- 7 | NBPSPP ANNUAL INFORMATION MEETING 2023
- 7 | AMENDMENTS TO GOVERNING DOCUMENTS

## CONTACT US

**WRITE:**

New Brunswick Public Service  
Pension Plan Board of Trustees

c/o Vestcor  
PO Box 6000  
Fredericton, NB E3B 5H1

**CALL:**

1 800 561 4012 (toll free)  
506 453 2296 (Fredericton)

**EMAIL:** [info@nbpspp.ca](mailto:info@nbpspp.ca)

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# Keeping Track of Your Future NBPSPP Pension

Workplace pension plans that offer a lifetime retirement pension are becoming more and more rare. For many of you, your NBPSPP pension benefit is a very important part of your retirement planning. But where do you start when planning for retirement?

As a member of the NBPSPP, there are tools you can use to get a clearer picture of what your future pension benefit could be. In this newsletter we want to give you a better understanding of what these tools are, and how you can make the most of them.

Let's start with your Employee Statement of Pension Benefits and the Online Pension Estimate Calculator.



## YOUR EMPLOYEE STATEMENT OF PENSION BENEFITS

If you were an active member of the NBPSPP in 2022, your 2022 Employee Statement of Pension Benefits was recently sent to you. This statement provides you with your updated estimated pension amounts as of December 31, 2022. Your statement also includes the information you need to use Vestcor's Online Pension Estimate Calculator.

Need help with your statement? A guide is included. This guide is also available by scanning the code to the right with your mobile device or at [nbpspp.ca](https://nbpspp.ca) under "Booklets".

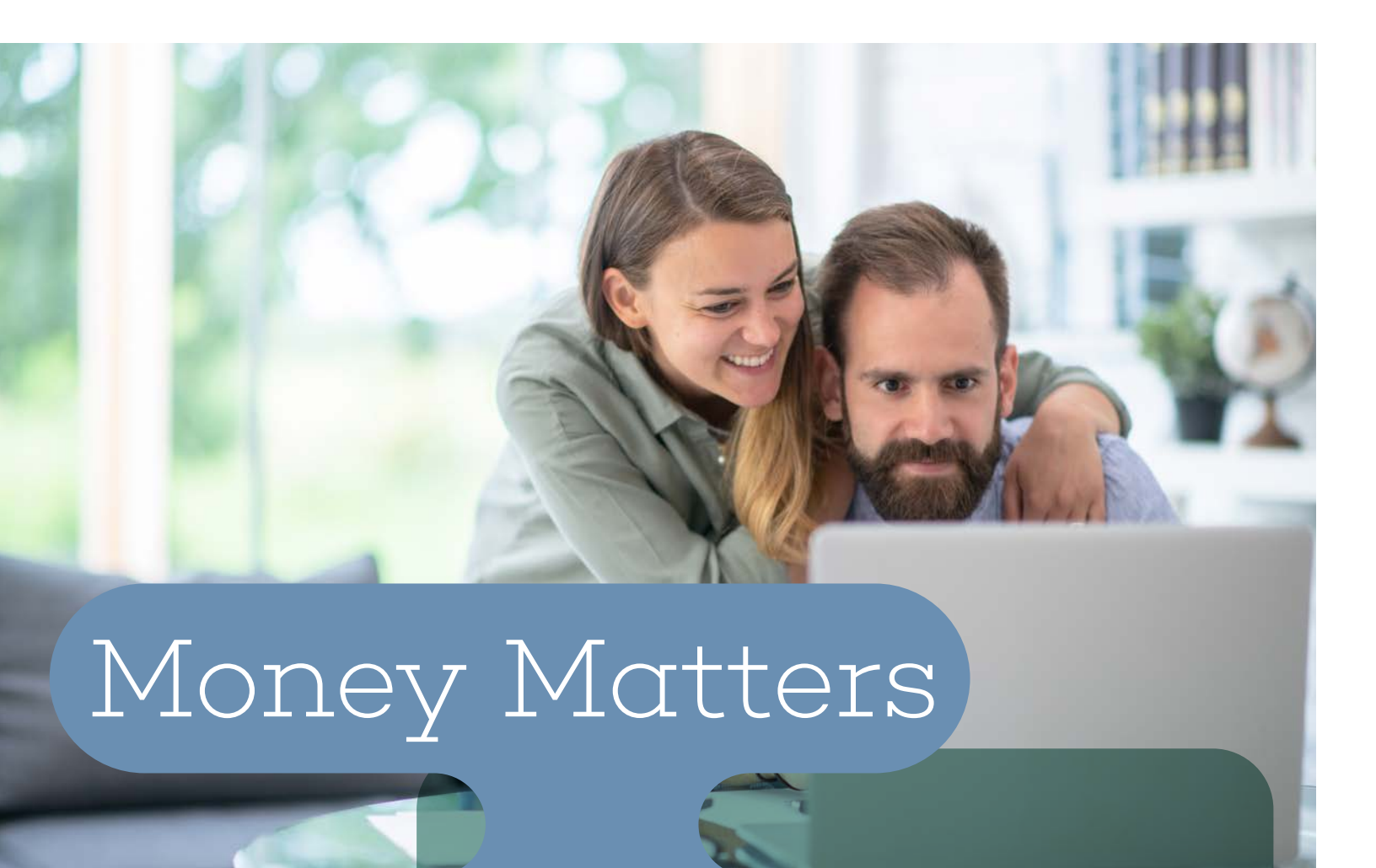


## ONLINE PENSION ESTIMATE CALCULATOR

Did you know that you can quickly and easily get an estimate of your future monthly pension using Vestcor's Online Pension Estimate Calculator? There are no forms to fill out and return, no waiting, and you can calculate as many estimates as you like. Want to know what your pension may look like at ages 55, 60, or 65? You can calculate estimates for all of these ages and more in minutes. You'll want to make sure you have your most recent Employee Statement of Pension Benefits handy when you visit the website. It has information you'll need to use the calculator. Go to [nbpspp.ca/calculators](https://nbpspp.ca/calculators) to get started.

Are you within a year of retirement? Complete a formal pension estimate using the form available at [nbpspp.ca](https://nbpspp.ca), under "Application Forms".


**DISCLAIMER:** This newsletter is a publication on behalf of the Board of Trustees of the New Brunswick Public Service Pension Plan. This publication is intended to provide information about the New Brunswick Public Service 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.




# Money Matters

## Your Financial Know-How

[nbpspp.ca/moneymatters](https://nbpspp.ca/moneymatters)



 **SCAN  
HERE**

Improving your financial know-how can equip you to make important financial decisions more confidently.

By knowing what day-to-day and long-term financial decisions are best for you, you can reduce your stress and better support your overall well-being. Visit [nbpspp.ca/moneymatters](https://nbpspp.ca/moneymatters) or scan the code to the left with your mobile device for a series of resources to help you no matter your current knowledge level.

Please note that while your Board of Trustees and Vestcor (our Plan's administration services provider) do not provide specific financial education or advice on an individual basis, we are pleased to provide a collection of Vestcor and third-party sourced reference material.

# NBPSPP

YOU'VE ASKED. HERE ARE THE FACTS.

Last year we surveyed you, the members of the NBPSPP. We wanted to learn more about how you perceive the Plan, as well as what aspects of the NBPSPP you'd like to learn more about. Many of you told us that you'd like more information on retirement planning (see *Keeping Track of Your Future NBPSPP Pension and Money Matters* on pages 1 and 2), cost of living adjustments (see your Fall 2022 Newsletter, which was a special cost of living edition, available at [nbspp.ca](https://nbspp.ca) under "Communications"), as well as more information on the basics of the Plan. We have a lot planned for the near future, including videos, webinars, and more. Below you'll find a few answers to questions we regularly receive about the NBPSPP.

## **I've heard that our investment manager is expensive. Are we paying them too much?**

Contrary to what you may have heard, our New Brunswick-based investment manager, Vestcor, is a cost-effective, not-for-profit entity that is closely aligned as a trusted partner. In fact, their expenses are significantly lower than other service providers of their size and expertise.

In addition to their cost-effective model, Vestcor has provided additional financial value to the Plan, using their expertise to exceed our Investment Policy benchmark by 1.38% on an annual basis over the past four years (see the Investment Report on page 5). This has added an extra \$428.5 million in net funds to the Plan above the benchmark, while keeping risk to the NBPSPP very low through prudent investment strategies.

Vestcor's investment management currently costs the NBPSPP 14 cents for every \$100 in assets they manage. This is extremely cost-effective compared to the alternatives. In 2021, Vestcor participated in an annual survey of defined benefit pension plans conducted by CEM Benchmarking Inc. Through this survey, it was estimated that the NBPSPP saves around 22 cents per \$100 in assets under management compared to other public sector pension fund managers. The savings are even greater when compared to private sector asset managers.



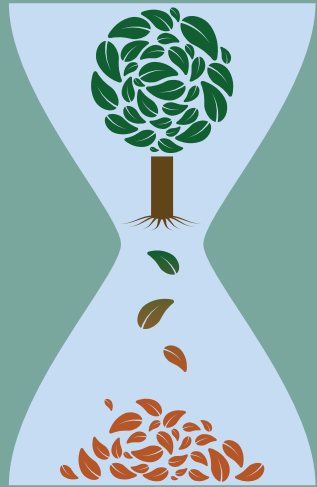
## **If I retire early, what happens to my pension at age 65?**

There is a common misconception that a "penalty" exists for members of the NBPSPP when they reach age 65. While an early retirement reduction factor may be applied to pensions that start prior to age 65 based on when pensionable service is accumulated, members receive an additional benefit when they retire early. If you retire before age 65, the NBPSPP pension benefit that you'll receive will consist of an extra, supplemental amount in addition to your lifetime pension benefit. This benefit is often referred to as a "bridge benefit". This extra, supplemental amount is intended to help you financially until you're eligible for an unreduced Canada Pension Plan (CPP) pension at age 65, no matter when you decide to receive your CPP pension. This additional benefit ends when you reach age 65. Much more detail can be found by watching our "CPP Integration and Your NBPSPP Pension" video at [nbspp.ca/integration](https://nbspp.ca/integration).



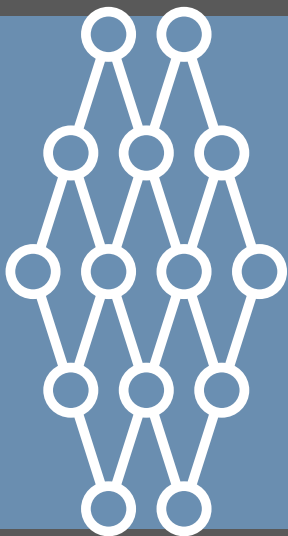
# NBPSPP

YOU'VE ASKED. HERE ARE THE FACTS.



## Does the NBPSPP investment portfolio take environmental concerns into account?

Yes! Environmental, social, and governance (commonly referred to as ESG) risks are top of mind when considering the investments of the Plan. In fact, our investment manager, Vestcor, recently published their Responsible Investment Report, which gives more detail on their considerations of environmental issues. You can find it at [vestcor.org/responsible](https://vestcor.org/responsible).



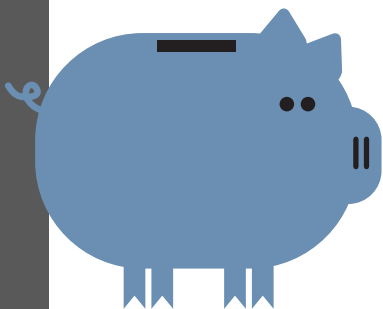
## How are board members for the NBPSPP chosen?

Your Board is composed of individuals appointed by the Parties of the Plan (i.e., Province of New Brunswick and the various Unions who have signed the NBPSPP Memorandum of Understanding). Each Trustee brings a range of unique skills to the table. This is to make sure that the Board is knowledgeable on a wide range of topics. Several are also members of the Plan - active and retired. Upon joining the Board, members undergo an orientation and pursue ongoing education on topics relevant to the administration of the NBPSPP.

Biographies of your Trustees are posted at [nbpspp.ca/board](https://nbpspp.ca/board).

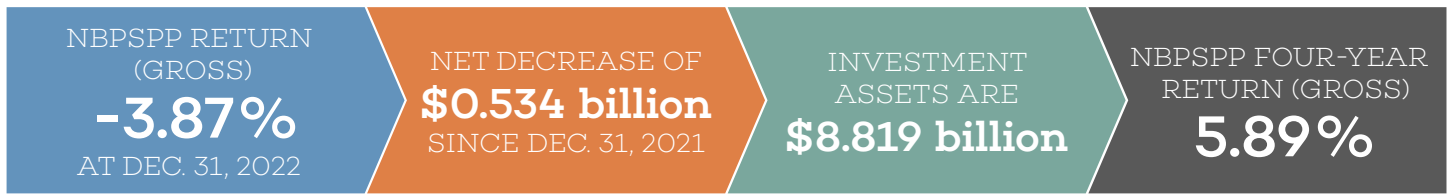
## Will the NBPSPP have enough money to pay my lifetime pension?

As of the most recent Actuarial Valuation Report, yes. The NBPSPP is well funded. It provides you with a pension benefit that is very secure and expected to increase in the future with annual cost of living adjustments (COLA). The most recent Actuarial Valuation Report indicates a likelihood of over 99% that benefits will not have to be reduced over the next 20 years while anticipating future COLA of over 94% of inflation. These results exceed the minimum requirements of provincial legislation. In fact, the NBPSPP would still meet the requirements of these two risk management tests following various potential adverse events, such as a decrease in interest rates, a deterioration of asset value, an increase in members' life expectancy, or a decrease in active membership, all scenarios which have been tested.



# INVESTMENT REPORT

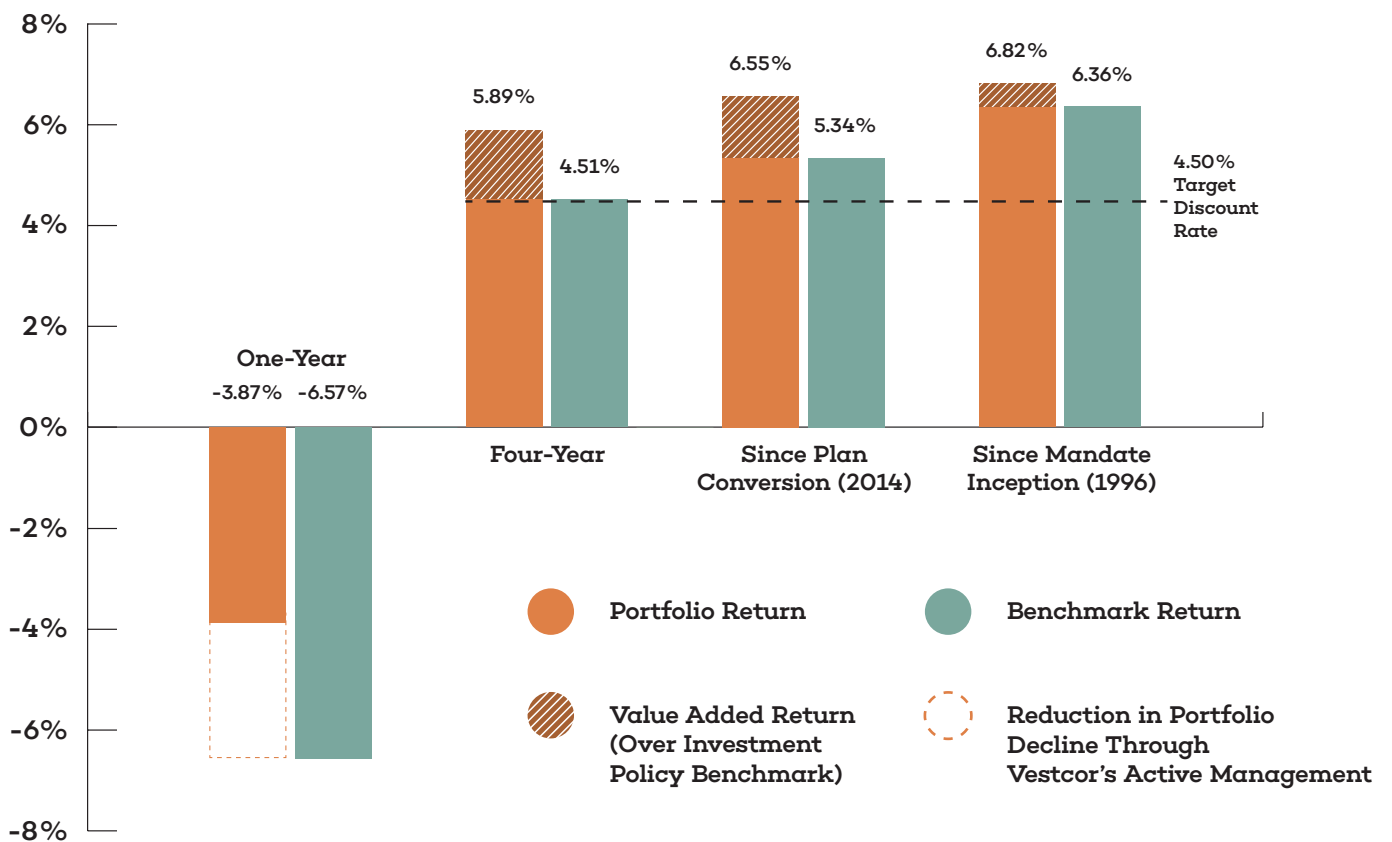
## A SNAPSHOT OF YOUR PENSION FUND AT DECEMBER 31, 2022



Look for terms with a dotted underline in this Investment Report. You can find definitions of these terms and others relevant to the NBPSPP by scanning the code to the right with your mobile device, or by visiting [vestcor.org/glossary](https://vestcor.org/glossary).



### INVESTMENT RETURNS (AS AT DECEMBER 31, 2022)



2022 was one of the weakest years on record for diversified investors (see “diversification” in the glossary), with significantly negative performance for both stocks and bonds on the back of economic volatility and rising inflation. For the first time since the plan’s conversion to a shared risk plan the fund earned a negative return of -3.87% for a calendar year. However, the defensive positioning of the invested assets provided significant protection against broader declines and active investment management provided strong added value in excess of benchmarks with 2.70% of active return in 2022.

Over the longer term, both the four-year annualized return of 5.89% and the annualized return since inception of 6.82% have continued to exceed the benchmark returns of 4.51% and 6.36% respectively. Additionally, these longer-term returns have continued to exceed the target discount rate of 4.50% (the discount rate is the net investment rate of return that the Pension Fund needs to conservatively earn over the long-term).

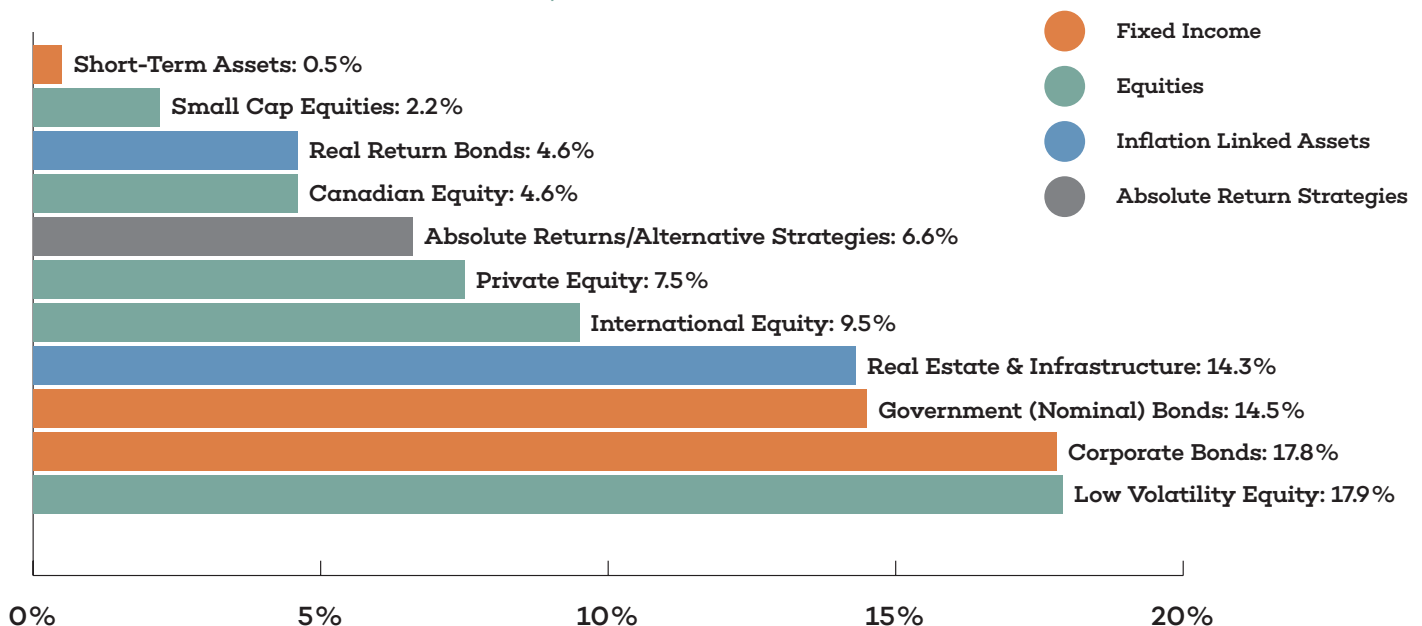
## INVESTMENT ASSETS

The fair value of the NBPSPP investment assets on December 31, 2022 was \$8.819 billion, a decrease of \$0.534 billion from the fair value on December 31, 2021.

## ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2022, and illustrates how well-diversified the Plan's investment assets are:

Asset Mix Breakdown as at December 31, 2022



As a result of the Board's annual review of the investment policy, the NBPSPP's investments are being transitioned to a new asset mix over the next 6 - 12 months. More information on the Board's policies can be found in the [Statement of Investment Policies](#) available at [nbpspp.ca](http://nbpspp.ca), under "Plan Governance" then "Governing Documents."

## MARKET SNAPSHOT

With geopolitical, economic, and increasing interest rate concerns at the forefront, financial market volatility was significantly above normal levels in 2022. Inflation increased throughout 2022 reaching levels not seen in decades. Although inflation remains above central bank targets for both Canada and the US, year-over-year consumer price index (CPI) values appeared to have peaked by mid-year and showed continuing declines toward the end of 2022.

2022 was the worst year on record for Canadian bond market returns as interest rates increased at a record pace. At the same time stock markets also experienced broad declines in 2022 with only private markets and alternative investments providing meaningful diversification.

On a positive note, a diversified portfolio today has a much-improved expected return profile when compared to two years ago, and bonds in general can potentially play an improved role in our portfolio going forward from both a return generating and risk management perspective.

For more information, including a summary of the market outlook for this period, visit the Quarterly Market Updates provided by Vestcor at [vestcor.org/marketupdates](http://vestcor.org/marketupdates).

# NBPSPP ANNUAL INFORMATION MEETING 2023



## WHY SHOULD YOU ATTEND?

Hear from your Board of Trustees and your Plan's independent service providers, and have an opportunity to ask any questions you have.

The meeting will include:

- An introduction to your Board of Trustees
- An update on your Plan's financial health
- An update on the Cost of Living Adjustment for January 1, 2024
- Presentations by the Plan's actuary, administration services provider and investment manager
- A live question and answer period

## WHEN?

September 19, 2023, 12 pm (noon)

## WHERE?

Virtually (phone-in option available)



## REGISTER TODAY!

Scan the code to the left with your mobile device or visit [nbpspp.ca/2023aim](https://nbpspp.ca/2023aim)

## AMENDMENTS TO GOVERNING DOCUMENTS

The *Pension Benefits Act* (New Brunswick) requires that members be provided with an update on any amendments to the NBPSPP governing documents. As such, the Board of Trustees would like to inform you of the following amendments that have been filed with the Superintendent of Pensions:

- The Plan Text was amended to reflect changes to the *Pension Benefits Act* with respect to religious exemption from NBPSPP enrollment. The amendment was filed with the Superintendent of Pensions on December 13, 2022.
- The Plan Text was amended to reflect the 5.24% Cost of Living Adjustment granted as at January 1, 2023. The amendment was filed with the Superintendent of Pensions on January 10, 2023.

The governing documents of the NBPSPP are available at [nbpspp.ca](https://nbpspp.ca), and include:

- **The Funding Policy:** the tool used by the Board of Trustees to manage the inherent risks of the Plan. It is a document that provides guidance and rules regarding decisions that must, or may, as applicable, be made by the Board of Trustees around funding levels, contributions and benefits. The Funding Policy is accessible at [nbpspp.ca/fp](https://nbpspp.ca/fp). A quick summary of some of the main provisions of the Funding Policy of the NBPSPP is available at [nbpspp.ca/sfp](https://nbpspp.ca/sfp).