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RETIREE EDITION

# NBPSPP UPDATE

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# YOUR COST OF LIVING ADJUSTMENT

Cost of living adjustments (COLA) are meant to help you keep up with inflation – whether you are a retiree drawing a pension or an active member saving for your future retirement. Cost of living adjustments granted by this pension plan are provided to all Plan members: active, retired, or deferred.

This year’s COLA granted to all NBPSPP members is:

# 5.32%

This is the highest COLA provided by the NBPSPP to date. For retirees, this increase will be applied to your lifetime pension as of January 1, 2024. For active or deferred members, the increase will be applied to the benefits they’ve earned up to December 31, 2022.

## Cost of Living Adjustment (COLA) Awarded Since Plan Conversion

Year Awarded (January 1 <sup>st</sup> )	NBPSPP COLA	Canadian CPI*
2024	5.32% †	5.59%
2023	5.24% ††	5.56%
2022	1.46%	1.46%
2021	1.46%	1.46%
2020	2.12%	2.12%
2019	1.88%	1.88%
2018	1.47%	1.47%
2017	1.40%	1.40%
2016	1.49%	1.49%
2015	1.43%	1.43%
2014	0.96%	0.96%

\*Maximum COLA that can be granted based on the percentage change in the average Canadian CPI.

†The remaining 0.27% that is not awarded for this year may be awarded in future years when the Plan is in a position to do so, in addition to the remaining portion noted in 2023.

†† The remaining 0.32% may be awarded in future years, as noted above.

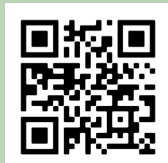
## COLA RESOURCES

Follow the links below or scan the QR codes with your mobile device to access more COLA-related resources.

Video: How COLA is Calculated  
[nbpspp.ca/colavideo](https://nbpspp.ca/colavideo)



Information Sheet: Explaining COLA  
[nbpspp.ca/cola](https://nbpspp.ca/cola)



Statistics Canada Consumer Price Index Chart  
[nbpspp.ca/statscan](https://nbpspp.ca/statscan)



NBPSPP 2022 Actuarial Valuation  
[nbpspp.ca/valuation](https://nbpspp.ca/valuation)



Much more information, including a “Cost of Living Adjustments” section, is available at [nbpspp.ca](https://nbpspp.ca).

**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.

# WHAT WERE THE FUNDING RESULTS IN 2022?

To determine the funding levels of the NBPSPP, the Plan's actuary prepares an Actuarial Valuation Report. This report contains a comparison of the Plan's assets with its liabilities. The primary results of the Actuarial Valuation Report are outlined below.

Want to know more about these results and what they mean? The Plan's Actuary, TELUS Health, presented the results at this year's NBPSPP Annual Information Meeting. The video is available at [nbpspp.ca/2023AIM](https://nbpspp.ca/2023AIM).



15-Year Open Group  
Funded Ratio  
**130.1%**

Used to determine how well-funded the Plan is and the actions that can be taken by the Board of Trustees per the NBPSPP Funding Policy, such as granting COLA.

Termination Value  
Funded Ratio  
**112.4%**

Used in calculating a member's benefits upon termination of employment, death or marriage breakdown.

## Risk Management Results

### Primary Risk Management Goal

Achieve 97.5% probability that past base benefits earned will not be reduced over the next 20 years.

99.4%



### 1<sup>st</sup> Secondary Risk Management Goal

Provide indexing in excess of 75% of CPI to active and retired members over the next 20 years.

95.5%  
of CPI



### 2<sup>nd</sup> Secondary Risk Management Goal

Achieve at least 75% probability that ancillary benefits (i.e., early retirement benefit) can be provided over the next 20 years.

98.9%





## WHAT IS A POWER OF ATTORNEY?

A Power of Attorney (POA) is a legal document that you sign to give one or more people the authority to manage your personal affairs on your behalf. In most of Canada, the person you name is called an attorney (please note that this person does not need to be a lawyer).

### WHY GRANT A POA?

Developing or dealing with an illness or disability can be difficult for you and your family. To minimize any risks associated with how your affairs are managed (including your pension or health care needs) should you unfortunately become ill or disabled and no longer able to manage them yourself, you may want to consider naming an attorney under a POA. With a POA, you can choose ahead of time who will manage your personal affairs if the need arises. Without a POA, someone will be appointed for you by the courts, and it may not be the person you would choose for yourself.

Your personal circumstances can affect who you select to be your attorney, and the powers you choose to grant that person. The legal requirements for a valid POA may vary from jurisdiction to jurisdiction, so it is recommended to seek legal and estate planning advice. It is also important to review your POA from time-to-time to ensure it meets your needs.

If authorized to do so under the POA, the person you name will be able to communicate with our pension administrator's Member Services team to request general or specific information concerning you.

### Who can certify a Power of Attorney?

In order to be considered valid, your Power of Attorney needs to be certified by one of the following professionals:

- lawyer
- notary
- commissioner of oaths
- justice of the peace

### If you grant someone a Power of Attorney, you should provide that person with:

- an original, notarized or a certified true copy of the Power of Attorney bearing the original signature of the lawyer, notary, commissioner of oaths or justice of the peace; and
- Vestcor's contact information in the event they need to contact them regarding your pension:

PO Box 6000  
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1 800 561 4012 (toll free)  
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[info@vestcor.org](mailto:info@vestcor.org)

NEW BRUNSWICK PUBLIC SERVICE  
**PENSION PLAN**  
ANNUAL INFORMATION MEETING



**Is my retirement protected?**

**How is the Cost of Living Adjustment calculated?**

**Does financial market volatility affect my pension?**

**Find answers to your questions.**

Watch the NBPSPP 2023 Annual Information Meeting, available now at [nbspp.ca/2023aim](https://nbspp.ca/2023aim)



## TIPS FOR RETIREES UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with the change of address form available at [nbspp.ca/address](https://nbspp.ca/address). If you would rather call, you can also contact Vestcor at 1 800 561 4012.
- If you have owed money after filing your income tax return in the past few years, you may want to consider increasing the amount of tax withheld from your monthly pension benefit. By doing so, you can reduce how much money you owe when you file your tax return next year. The form is available at [nbspp.ca/incometax](https://nbspp.ca/incometax). You may want to contact a tax specialist before making any decisions regarding your income tax deductions.
- Have you opened a new bank account? Go to [nbspp.ca/banking](https://nbspp.ca/banking) to find the form you need to update your banking information. You can also contact Vestcor by phone at 1 800 561 4012. Remember to keep your old account open until you've seen a payment deposited in your new account.

# 2023 MID-YEAR INVESTMENT REPORT

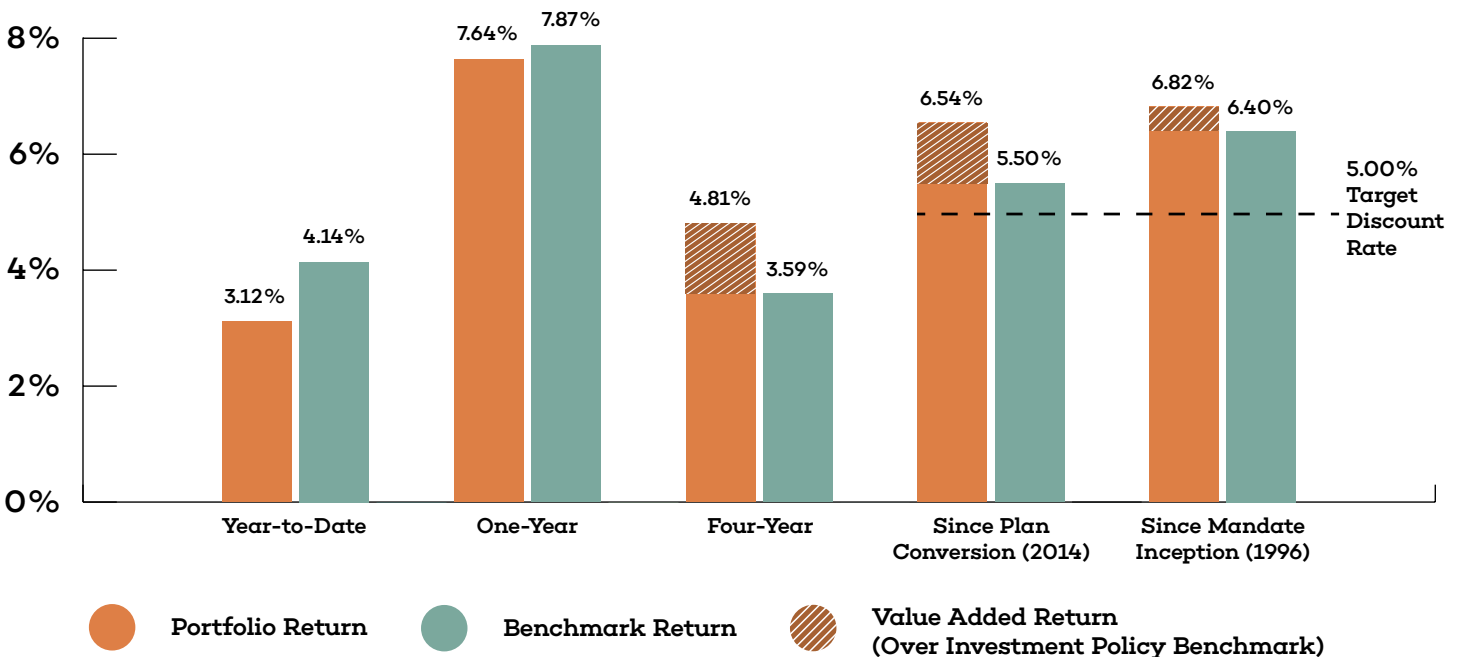
## A SNAPSHOT OF YOUR PENSION FUND AT JUNE 30, 2023

NBPSPP RETURN (GROSS) <h3 style="margin: 0;">3.12%</h3> AT JUNE 30, 2023	NET INCREASE OF <h3 style="margin: 0;">\$168.4 million</h3> SINCE DEC. 31, 2022	INVESTMENT ASSETS <h3 style="margin: 0;">\$8.988 billion</h3>
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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 JUNE 30, 2023)



We are pleased to report that the overall investment program earned a positive return of 3.12% in the first six months of 2023. Both the annualized return of 6.54% since the conversion of the NBPSPP and the annualized return of 6.82% since the fund inception remain in excess of the 5.00% target discount rate set by the independent actuary in January 2023.

In a strong reversal of what happened in 2022, the stock markets have rallied in the first half of 2023. The defensive positioning of the invested assets and timing of the valuation for private markets meant the portfolio earned less return than the benchmark for 2023 year-to-date, although the return was still strongly positive. Over longer term periods the portfolio has continued to add value in excess of benchmark returns.

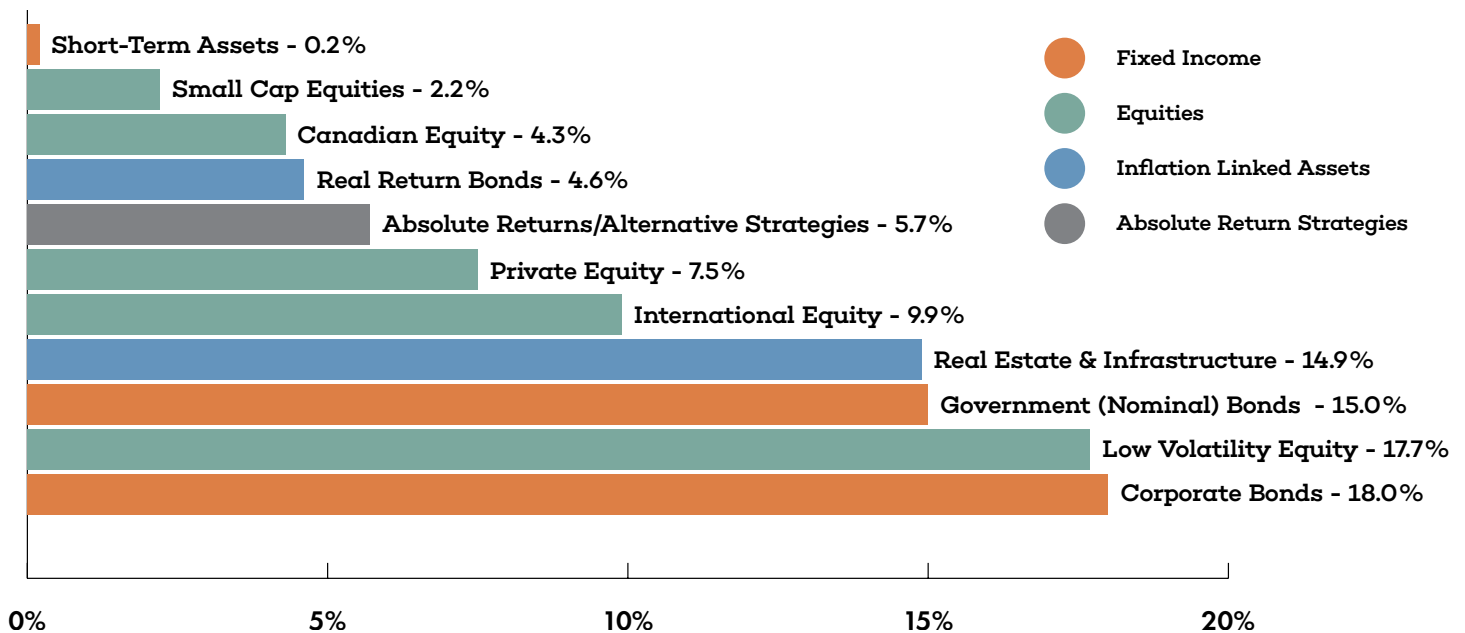
### INVESTMENT ASSETS

The fair value of the NBPSPP investment assets on June 30, 2023 was \$8.988 billion, an increase of \$168.4 million from the fair value on December 31, 2022.

## ASSET MIX

The chart below outlines the portfolio asset mix on June 30, 2023 and illustrates how well-diversified the Plan's investment assets are (see "diversification" in the glossary).

### Asset Mix Breakdown as at June 30, 2023



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 months. More information on the Board's policies can be found in the [Statement of Investment Policies](#) available at [nbpspp.ca](https://nbpspp.ca), under "Plan Governance" then "Governing Documents."

## MARKET SNAPSHOT

Despite ongoing geopolitical noise and the turmoil experienced in the banking industry earlier in 2023, the global economy has appeared to remain quite resilient with continued growth, low unemployment, and gradually moderating inflation.

Market gains have continued through the first half of 2023, although a significant amount of the outperformance has been concentrated in a few larger U.S. based technology companies resulting in a highly bifurcated market. Central banks have continued to tighten monetary policy in the form of higher short-term interest rates and there is some evidence to suggest the tighter policy framework is starting to influence the underlying economy. Slower growth should be expected in the coming quarters as central banks work to continue to bring inflation down to their long-term target.

Looking forward, while the short-term outlook remains uncertain and requires careful management, our portfolio continues to be well positioned to fund the obligations of the plan.

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).

# NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN 2024 PENSION PAYMENT DATES

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
24	23	22	24	24	24
JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
24	23	24	24	22	18

[nbspp.ca](https://nbspp.ca)



## AMENDMENTS TO GOVERNING DOCUMENTS

The New Brunswick *Pension Benefits Act* (PBA) 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 amendment which was filed with the Superintendent of Pensions:

- The Funding Policy was amended to reflect a change to the discount rate to 5.00% per annum, and changes to the funding excess utilization plan to change the amount available for utilization from 1/6<sup>th</sup> to 1/5<sup>th</sup> of the funds that make up the excess of the open group funded ratio at the valuation date (to a maximum of 140%) over 105% for valuation dates on and after January 1, 2023. This amendment, which aligns with the *Pension Benefits Act*, received approval of the Plan's Sponsoring Parties and was filed with the Superintendent of Pensions on July 25, 2023.
- The Statement of Investment Policies was amended to reflect changes to the investment strategy to provide flexibility in adding exposure to longer-term money market securities as well as bonds with a maturity of less than two years, and the removal of inactive benchmarks and revisions to language for clarity. The amendment was filed with the Superintendent of Pensions on September 25, 2023.

To view the current NBPSPP governing documents, please visit [nbspp.ca](https://nbspp.ca).

### PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

Contact us at [info@nbspp.ca](mailto:info@nbspp.ca) or by calling 1 800 561 4012.

