

NEW BRUNSWICK

Teachers'

PENSION PLAN



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PLANNING FOR RETIREMENT

GET TO KNOW THE TOOLS AVAILABLE TO YOU



YOUR PENSION STATEMENT

As an active member, you should have received your Employee Statement of Pension Benefits by mail in late 2023. This statement covers the period from September 1, 2022 to August 31, 2023.

Need help making sense of it? A guide to Understanding your Employee Statement of Pension Benefits was included with your statement. This guide is also available at nbtp.ca under "Booklets".

You can use the information on your statement to obtain estimates of your future pension using Vestcor's Online Pension Estimate Calculator. See below for more details.



ONLINE PENSION 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. In addition, the calculator tool has recently been updated allowing you to view and compare numerous retirement date scenarios at the same time.

You'll want to make sure you have your most recent Employee Statement of Pension Benefits (see above) handy when you visit the website. It has the information you'll need to use the calculator.

If you need help using the calculator tool, an easy-to-follow video tutorial is also available on the Vestcor website. This quick video will walk you through the steps in using the calculator. Go to vestcor.org/calculator to get started.

Are you within a year of retirement? Complete a formal pension estimate using the form available at nbtp.ca, under "Application Forms", and then "Retirement".

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.

PLANNING FOR RETIREMENT

GET TO KNOW THE TOOLS AVAILABLE TO YOU

YOUR RETIREMENT CHECKLIST



Are you close to retirement, or do you just have questions about what the process will be once the time comes? Our plan administrator, Vestcor, has a short video explaining the steps you'll need to take to apply for your pension. You can watch the video by visiting nbtp.ca/checklist.

LIFE EVENTS



Do you ever wonder how your pension will be affected by times of transition in your life? Vestcor has a section of their website to help you easily find the information you need relating to your pension during these transitional periods.

This portion of the site is called Life Events, and you can navigate through it based on what stage of your life you are in. It's divided into the following sections:

- Welcome to the Plan
- Returning from a Leave of Absence
- Ending a Spousal Relationship
- Planning for Retirement
- Welcome to Retirement
- Death of a Member
- Leaving your Employment

Visit nbtp.ca/lifeevents today.

Visit nbtp.ca today to find even more resources to help you better understand your Plan.

SEPARATED SPOUSES

AND YOUR PENSION



As a member of the NBTPP, both you and your spouse are entitled to various benefits under the Plan. But what if you are separated from your spouse? What are they potentially entitled to?

Your pension is a marital asset, and is subject to the same rules as other assets. The following section is designed to answer some common questions and misconceptions regarding the entitlement of separated spouses along with the actions that you may want to take to ensure that any entitlement to your pension benefit is what you expected.

WHAT IS A “SPOUSE”?

A “spouse” under the NBTPP means a person who:

- is legally married to the member (regardless of whether or not they live with the member); or
- is a common-law partner, which is someone who lived with the member in a conjugal relationship for a continuous period of at least two years immediately before the date in question (e.g., retirement start date, date of death, etc.).

WHAT IS MY SPOUSE ENTITLED TO UNDER THE NBTPP?

The NBTPP may provide a benefit to your spouse in the future depending on the circumstances. Benefits which may be payable to your spouse include:

- If you die before starting your pension, a refund of your employee contributions plus interest or a monthly pension benefit of 50% of the pension payable at age 65 (as applicable).
- Upon your death as a retiree, a survivor pension (e.g., a pension payable for the rest of their lives).
- A payout to your spouse of up to 50% of the benefit earned in the Plan while you were married/living together, if you and your spouse undergo a marriage/common-law partnership breakdown.

I’M SEPARATED FROM MY SPOUSE – ARE THEY STILL ENTITLED TO MY PENSION BENEFIT?

Generally speaking, a spouse you are separated from is entitled to a payout of 50% of the pension benefit earned in the Plan while you were married/living together. If a marriage/common-law partnership breakdown payout has not taken place, your separated spouse may still be entitled to the applicable death benefit payable upon your death if 1) you are not divorced; or 2) there is no court order or domestic contract (e.g., separation agreement, etc.) which addresses the treatment of the pension benefit.

SEPARATED SPOUSES AND YOUR PENSION

WHY IS IT IMPORTANT FOR ME TO HAVE MY LEGAL AFFAIRS IN ORDER REGARDING MY MARITAL STATUS?

If you are separated from your spouse but 1) are not divorced from them; or 2) there is no court order or domestic contract which addresses the treatment of the pension benefit, the separated spouse still has a right to the pension benefit.

This means that if you now have a common-law partner, the spouse you are separated from could still be the person entitled to any survivor death benefit.

Even if you don't have a new common-law partner, you may still run into problems in the future. For example:

- Your pension options (i.e., optional forms of pension) at retirement may be limited because of your separated spouse being recognized as your current spouse; or
- Your estate or eligible dependent children may not be eligible for any entitlements upon your death as the benefit would default to your separated spouse.

I HAVE OTHER QUESTIONS REGARDING MY MARITAL STATUS AND ITS IMPACT ON MY PENSION BENEFIT – WHO SHOULD I CONTACT?

Questions regarding your marital status and the entitlement of current and former spouses can be very tricky. If you have any questions regarding a specific scenario, please reach out to Vestcor's Member Services Team toll-free at 1 800 561 4012 for further information.

Remember, it is usually best to address situations regarding your marital status sooner rather than later. That way you can ensure that the individual that you intend to benefit from your pension (e.g., a survivor benefit) is the person who is ultimately entitled to receive the benefit.

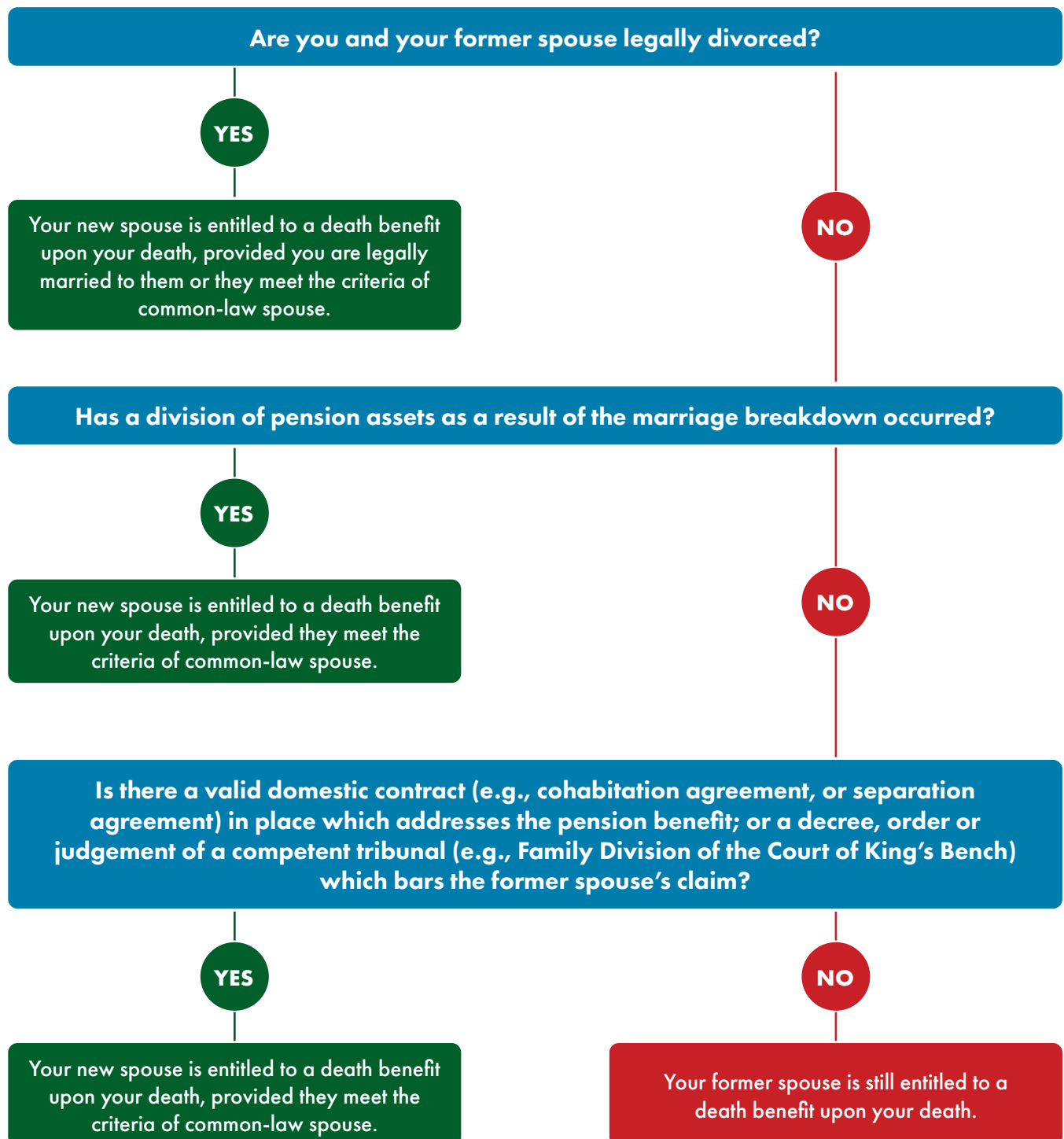


Still unsure of your situation? The chart on the next page may be able to help!

SEPARATED SPOUSES

AND YOUR PENSION

For active members: Were you previously married? Are you currently in a common-law relationship? If you were to pass away, do you know who would be eligible to receive your death benefit? Ask yourself the questions in the chart below.



HOW DO COST OF LIVING INCREASES IMPACT YOUR FUTURE NBTPP PENSION?

The design of the NBTPP allows for an Indexing Adjustment Benefit (“IAB” for short, sometimes referred to as a “cost of living adjustment” or “COLA”) to be awarded to members on January 1st each year, if the Plan’s funding status can provide for it. This annual increase is based on the Consumer Price Index as provided by Statistics Canada, and is intended to help your future pension keep pace with inflation.

WHAT DOES THAT MEAN FOR YOU?

Each year, as you continue to work, you accumulate pensionable service and ultimately grow your NBTPP pension. The IAB further increases your future pension. For example, the most recent IAB for active members was 4.75%, the maximum IAB permitted under the Plan Text. This means that all active members, including yourself, had their total pension benefit accumulated up to December 31, 2022 increased by 4.75%.

Furthermore, even if there are periods where you are no longer an active member (e.g., you go on a leave of absence, cease teaching in New Brunswick altogether, etc.), your accumulated NBTPP pension benefit is still increased by IAB.

THERE’S MORE GOOD NEWS!

Once awarded, the IAB amount becomes part of your accumulated pension (your “base benefit”). This means that when IABs are awarded in future years, they also apply to the IAB amounts that have been awarded in the past that became part of your base benefit; this compounding effect results in your accumulated pension increasing faster.

The accumulated pension benefit amounts that are provided within your annual Employee Statements of Pension Benefits include previously awarded IAB amounts.

Visit the Cost of Living Increase/Indexing Adjustment Benefit section on your Plan website at nbtp.ca for more information.

FOR EXAMPLE:

A teacher’s accumulated pension benefit as at July 1, 2014 (the date the Plan converted to a target benefit pension plan)

WOULD HAVE INCREASED BY OVER

23%*

for that portion of the benefit as at January 1, 2024 as a result of the IAB awarded over the 10 year period from 2015 to 2024.

* Based on teacher being an active teacher for the entire period from July 1, 2014 to December 31, 2023

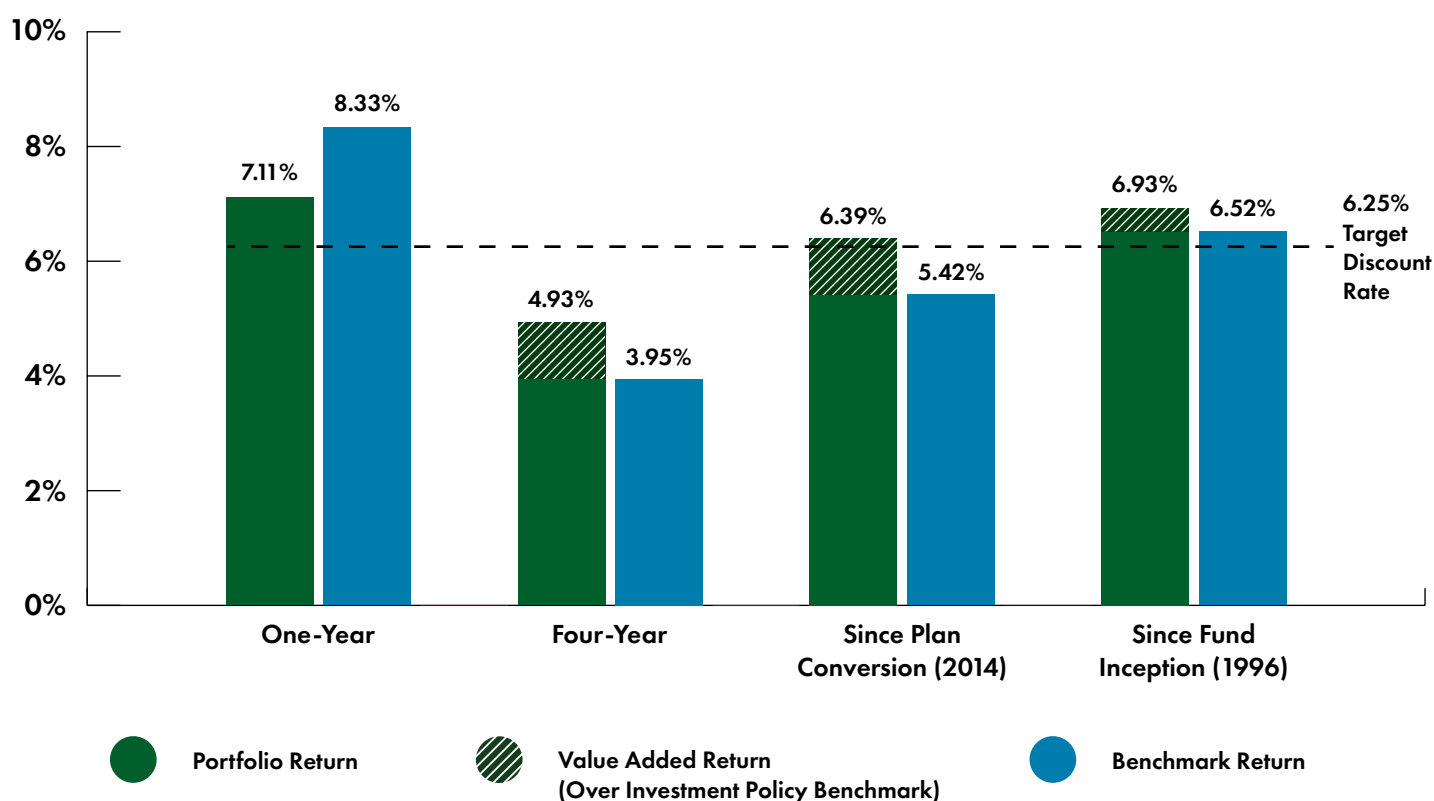
A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT DECEMBER 31, 2023



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



INVESTMENT RETURNS (AS AT DECEMBER 31, 2023)



We are pleased to report that the overall investment program earned a strong positive return of 7.11% for 2023. Although this return was strongly positive, the portfolio earned less return than the benchmark for 2023. This is due in part to the defensive positioning of the invested assets. Additionally, the timing of private market valuations are complex and tend to lag behind those of the public market benchmarks, which are updated more frequently through public security exchanges. The strength of the public markets at the end of the year, and this typical lag in the corresponding valuation of private market assets held by the NBTPP contributed to this underperformance during 2023.

Over the longer term, both the four-year annualized return of 4.93% and the annualized return since conversion of the NBTPP of 6.39% have continued to exceed the benchmark returns of 3.95% and 5.42% respectively. The return since the inception of the NBTPP remains in excess of the 6.25% target discount rate set by the independent actuary.

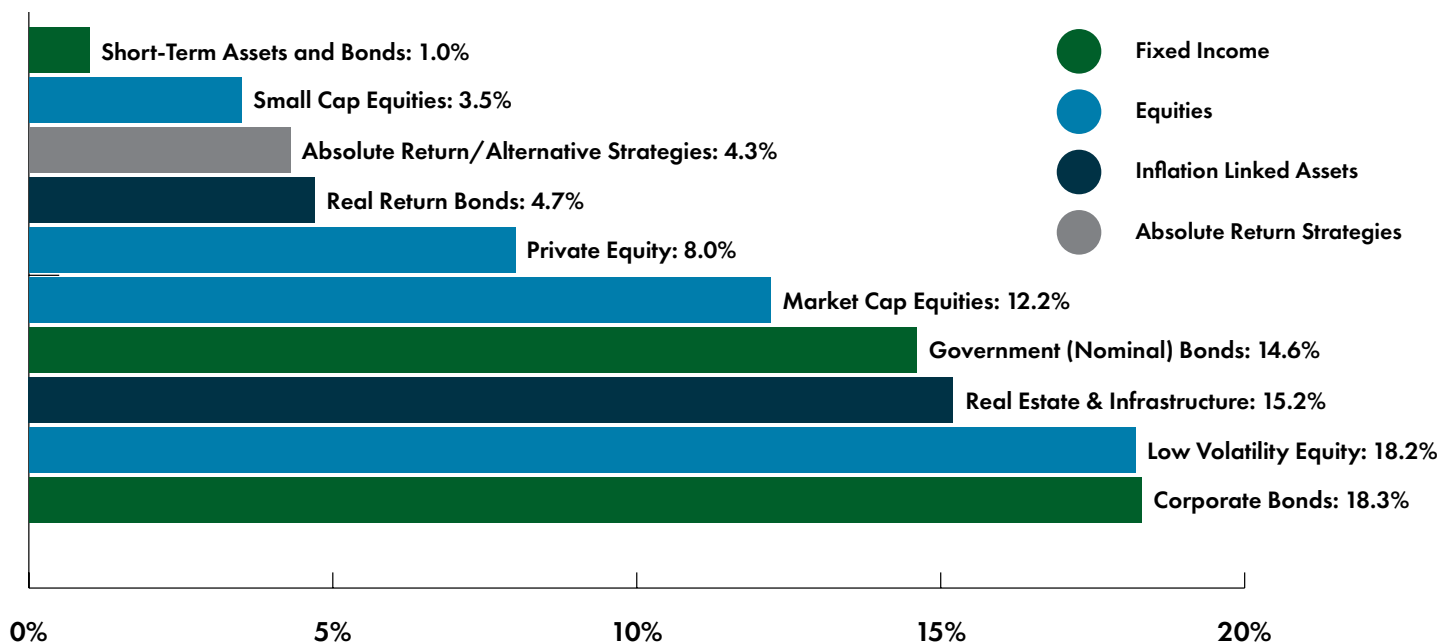
INVESTMENT REPORT

INVESTMENT ASSETS

The fair value of the NBTPP investment assets on December 31, 2023 was \$6.789 billion, an increase of \$260.9 million from the fair value on December 31, 2022.

ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2023 and illustrates how well-diversified (see “diversification” in the glossary) the Plan’s investment assets are.



As a result of the Board’s annual review of the investment policy, the NBTPP’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 nbtp.ca, under “Plan Governance” then “Governing Documents.”

MARKET SNAPSHOT

2023 can be described as a year of significant bifurcation. Global stocks produced strong gains in 2023, but the significant concentration within U.S. equity markets – around a few technology companies – meant active managers had a challenging time adding additional value over and above benchmarks. Interest rates, especially over the medium term, experienced significant volatility throughout the second half of the year. As mid to long term interest rates fell in the last quarter this drove higher returns for bonds.

Inflation continued to decline throughout the early part of 2023 before stabilizing above 3% in the second half of 2023 for both Canada and the US. Overall, despite the significant volatility and pockets of uncertainty in certain markets, medium to long term return expectations for investors remain strong.

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.

NBTPP FINANCIAL UPDATE

COST CERTIFICATES AND ACTUARIAL VALUATIONS

Every three years the NBTPP is required to undergo an actuarial valuation. This extensive report, prepared by our actuary, **assesses the NBTPP's ability to provide pension benefits to you**, the NBTPP membership. It also helps **guide the Board in making decisions regarding the finances of the NBTPP**. The most recent Actuarial Valuation Report for the NBTPP was completed as at August 31, 2022, with the next one scheduled for 2025.

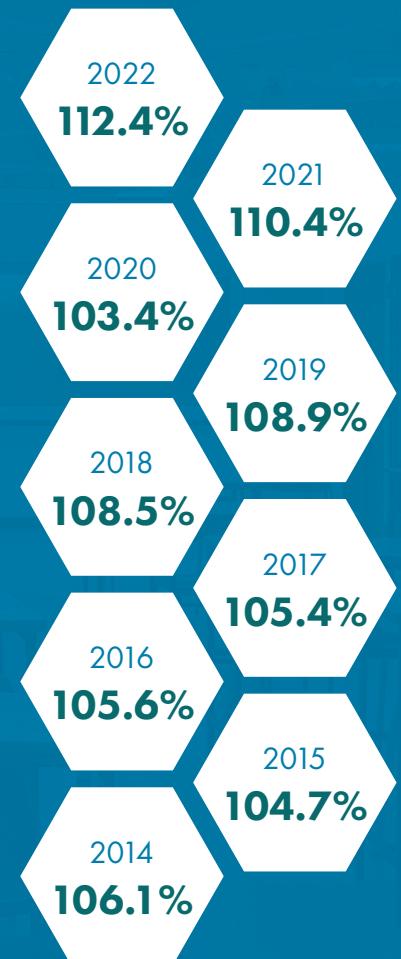
In the years in which an actuarial valuation is not required, the actuary must prepare a Cost Certificate. As part of preparing a Cost Certificate, **our actuary calculates the financial position of the NBTPP by comparing the fair market value of the NBTPP's assets to the extrapolated funding liability as at August 31, 2023**; this ratio is known as the **termination value funded ratio**, with the results as at August 31, 2023 provided to the right. Essentially, it is the Plan's funding status.

Funded Status of the NBTPP

113.0%

(as at August 31, 2023)

This is the highest Funded Status for the Plan since conversion to a target benefit plan.





NBTPP BOARD OF TRUSTEES

1. Larry Jamieson

Chair

Retired Teacher, and retired Executive Director, New Brunswick Teachers' Association

2. Marcel Larocque

Vice-Chair | Governance Committee Member

Retired Teacher, and retired Acting Executive Director, Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

3. Robert Fitzpatrick

Trustee | Governance Committee Member

Retired Teacher, and retired Executive Director, New Brunswick Teachers' Association

4. Jane Garbutt, ICD.D

Trustee

Senior Vice-President of Corporate Operations and Administration, Ocean Capital Investments Limited

5. Rémi Gauthier

Trustee | Audit Committee Member

Teacher, Director of Member services of the Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

6. Leonard Lee-White, CFA

Trustee | Chair of the Governance Committee

Retired Assistant Deputy Minister, Department of Finance and Treasury Board, Province of New Brunswick

7. Jennifer Morrison, CPA, CA

Trustee | Chair of the Audit Committee

Treasurer, University of New Brunswick

8. Amy Murdock, CPA, CA

Trustee | Audit Committee Member

Comptroller, Province of New Brunswick

9. Michael Ketchum

Observer

Retired Teacher, and retired from the New Brunswick Teachers' Association Teacher Welfare Services

10. Kerry Leopkey

Observer

Licensed Teacher, and Executive Director and Chief Spokesperson, New Brunswick Teachers' Federation

Find full biographies of your Trustees at nbtp.ca.

JOIN US AS WE MARK 10 YEARS SINCE THE PLAN'S CONVERSION

NBTPP ANNUAL INFORMATION MEETING

2024

10 YEARS OF THE NBTPP

WHEN?

October 9, 2024, 7:00 pm ADT

WHERE?

Online via webcast with a phone-in option

WHY SHOULD YOU ATTEND?

It's your opportunity to learn more about the NBTPP:

- meet your Board of Trustees;
- watch presentations by the Plan's actuary, investment manager and pension administration service provider; and
- ask questions of your Board of Trustees and the Plan's service providers.



REGISTER TODAY!

Scan the code on the left with your mobile device or visit nbtpp.ca/2024aim

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:

- The Plan Text was amended in order to document the Indexing Adjustment Benefit awarded as at January 1, 2024. The amendment was filed with the Superintendent of Pensions on January 15, 2024.
- The Plan Text and Agreement and Declaration of Trust were amended to permit the Province of New Brunswick to appoint an Observer to the NBTPP Board of Trustees. The amendments were filed on October 31, 2023.

The governing documents of the NBTPP are available at nbtpp.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 nbtpp.ca/fp. A quick summary of some of the main provisions of the Funding Policy of the NBTPP is available at nbtpp.ca/sfp.

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

Contact us at info@nbtpp.ca or by calling 1 800 561 4012.

