



Cost of Living Increase – January 1, 2025

New Brunswick Public Service Pension Plan

Determining annual cost of living increases under the New Brunswick Public Service Pension Plan (NBPSPP)

- Each year, the NBPSPP Board of Trustees will determine if the funding level within the NBPSPP will allow for an annual cost of living increase.
- The decision will be based on a financial report prepared by the pension plan’s actuary, and the pension plan’s Funding Policy.
- One of three outcomes can occur as a result of the financial report:
 - There is a large enough surplus to provide a full cost of living increase;
 - There is only enough surplus to pay a portion of the cost of living increase; or
 - There is not enough of an available surplus, or there is a deficit, and no cost of living increase will be provided.

Important information to understand

- According to the NBPSPP Funding Policy, if in a given year, the full cost of living increase is not provided, the remainder may be provided in subsequent years if the pension plan has a large enough surplus.
- Inflation is based on the average change in the Consumer Price Index (CPI) over the 12 months prior to the previous June 30 (i.e., July 1, 2023 to June 30, 2024).
- Although cost of living increases are not automatic, the Plan is designed in such a way that the likelihood of providing annual cost of living increases is very high.

Cost of living increase for January 1, 2025: the calculation

The January 1, 2025 cost of living adjustment (COLA) was calculated by comparing the average Consumer Price Index (CPI)* for the period of July 2023 to June 2024 with the average CPI for the period of July 2022 to June 2023, as follows:

Month Year	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	Avg.
CPI	158.1	158.7	158.5	158.6	158.8	158.3	158.3	158.8	159.8	160.6	161.5	161.4	159.28

Month Year	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023	Avg.
CPI	153.1	152.6	152.7	153.8	154.0	153.1	153.9	154.5	155.3	156.4	157.0	157.2	154.47

Here’s how the increase is calculated: $(159.28 - 154.47) / 154.47 = 3.11\%$

With the open group funded ratio at 129.4% as at January 1, 2024, the NBPSPP was in a position to award a 3.11% cost of living adjustment (COLA) to Plan members, in addition to 0.59% that the Plan was not in a position to award in previous years (0.27% in 2024 and 0.32% in 2023). **The total cost of living adjustment awarded is 3.70%.**

The methodology used for calculating the average change in the national Consumer Price Index is consistent with how other pension plans, including the Canada Pension Plan, calculate cost of living adjustments.

*CPI figures are drawn from the Bank of Canada. They can be found at www.bankofcanada.ca/rates/price-indexes/cpi/.