

## Cost of Living Increase – January 1, 2025

### New Brunswick Teachers' Pension Plan

#### DETERMINING ANNUAL INDEXING ADJUSTMENT BENEFITS (COST OF LIVING INCREASES) under the New Brunswick Teachers' Pension Plan (NBTPP)

The NBTPP provides for an Indexing Adjustment Benefit (IAB, also known as “indexation”) each year (on January 1<sup>st</sup>) if there is a large enough surplus in the pension plan. This adjustment is based on the increase in the Consumer Price Index (CPI)\* as follows:

- For active members, the pension benefits accumulated up to December 31, 2023 (including pre-conversion benefits earned up to July 1, 2014) will be adjusted based on 100% of the increase in the CPI up to a maximum of 4.75%.
- For retired members, deferred members and any surviving spouses or dependent children receiving a pension benefit under the NBTPP, pension benefits will be adjusted based on 75% of the increase in the CPI up to a maximum of 3.56%.
- For retired or deferred members of the NBTPP who terminated during 2024, a blended rate (as shown in the example below) is calculated based on the number of months the member was active and the number of months the member was retired.

**Example of blended rate:**

Terminated employment August 31, 2024:

- $(100\% \times 3.11) \times 8/12$  = 2.07%
- $(75\% \times 3.11) \times 4/12$  = 0.78%
- Total indexation applied to the benefit accrued to Dec 31, 2023 = **2.85%**

#### INDEXING ADJUSTMENT BENEFIT FOR JANUARY 1, 2025: THE CALCULATION

The January 1, 2025 Indexing Adjustment Benefit (IAB) 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	<b>159.28</b>

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	<b>154.47</b>

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

Based on the financial health of the Plan and the applicable cost associated with awarding IAB, the NBTPP will provide the maximum IAB possible for January 1, 2025 as per the Plan’s Funding Policy. The maximum allowable IAB under the NBTPP is **3.11%** to active plan members and **2.33%** to retired and deferred members.

\*CPI figures are drawn from the Bank of Canada. They can be found at [www.bankofcanada.ca/rates/price-indexes/cpi/](http://www.bankofcanada.ca/rates/price-indexes/cpi/).