

NEW BRUNSWICK

Teachers'

PENSION PLAN

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WHAT YOU NEED TO KNOW

A quick glance at the information you'll find in your newsletter.

INDEXING ADJUSTMENT BENEFIT (IAB)

Designed to help you keep up with inflation, the Indexing Adjustment Benefit (also known as cost of living adjustment) increases your future NBTPP pension benefit based on the average increase in the Consumer Price Index, as determined by Statistics Canada.

The latest IAB for active members of the NBTPP is **3.11%**.

More about the IAB and the financial health of the Plan can be found on page 2.



MID-YEAR INVESTMENT UPDATE

As of June 30, 2024, the NBTPP's investments saw the following results:

Gross Investment Return of
5.16%
for the First Six Months of 2024

Net Increase of
\$250.5
MILLION

NBTPP Investment Assets
\$7.074
BILLION

More about the investments of the NBTPP can be found on page 5.



ANNUAL INFORMATION MEETING

The NBTPP held its Annual Information Meeting on October 9, 2024.

A recording of the meeting is
available now at nbtp.ca/2024aim

Some of the questions asked by your fellow Plan members at the meeting can be found on page 6.



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.

YOUR INDEXING ADJUSTMENT BENEFIT

WHAT IS THE INDEXING ADJUSTMENT BENEFIT?

The Indexing Adjustment Benefit (IAB) is how the NBTPP helps its members keep up with inflation. For active members, it is applied to the pension benefit you've earned so far in your career, resulting in a higher monthly payment when you retire and begin drawing your pension.

The IAB is based on two factors:

1. The average increase in the Consumer Price Index (CPI) as determined by Statistics Canada. Active members receive an IAB based on 100% of the average increase in the CPI, up to a maximum of 4.75%. Retired and deferred members receive 75% of the increase in CPI, up to a maximum of 3.56%.
2. The funded status of the Plan. Put simply, the funded status is a measurement of the financial health of the Plan. It compares the assets of the Plan to its liabilities, including your future pension, and the pensions of all members. IAB is granted annually, if permitted under the NBTPP Funding Policy. It has been granted every year since conversion, a testament to the health and sustainability of your Plan.

The Indexing Adjustment Benefit awarded to active members is

3.11%*
on all pension benefits accumulated up to December 31, 2023.

*Retired and deferred members will receive an IAB of 2.33%. Members who retire in 2024 will receive a blended IAB.

Video:
How the IAB is Calculated
nbtp.ca/IABvideo



YOUR NBTPP IN 2023

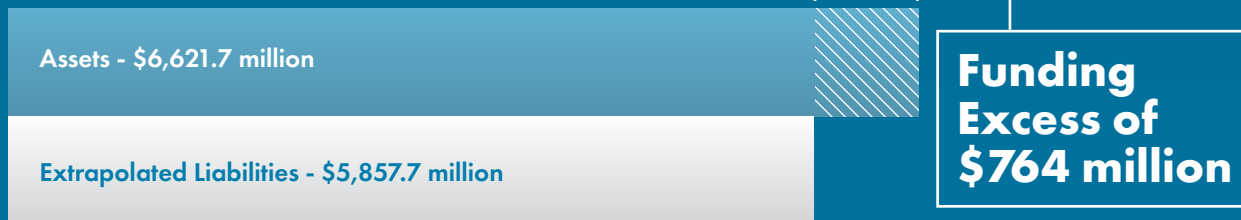
FUNDED STATUS

As at August 31, 2023

The NBTPP is 113% Funded

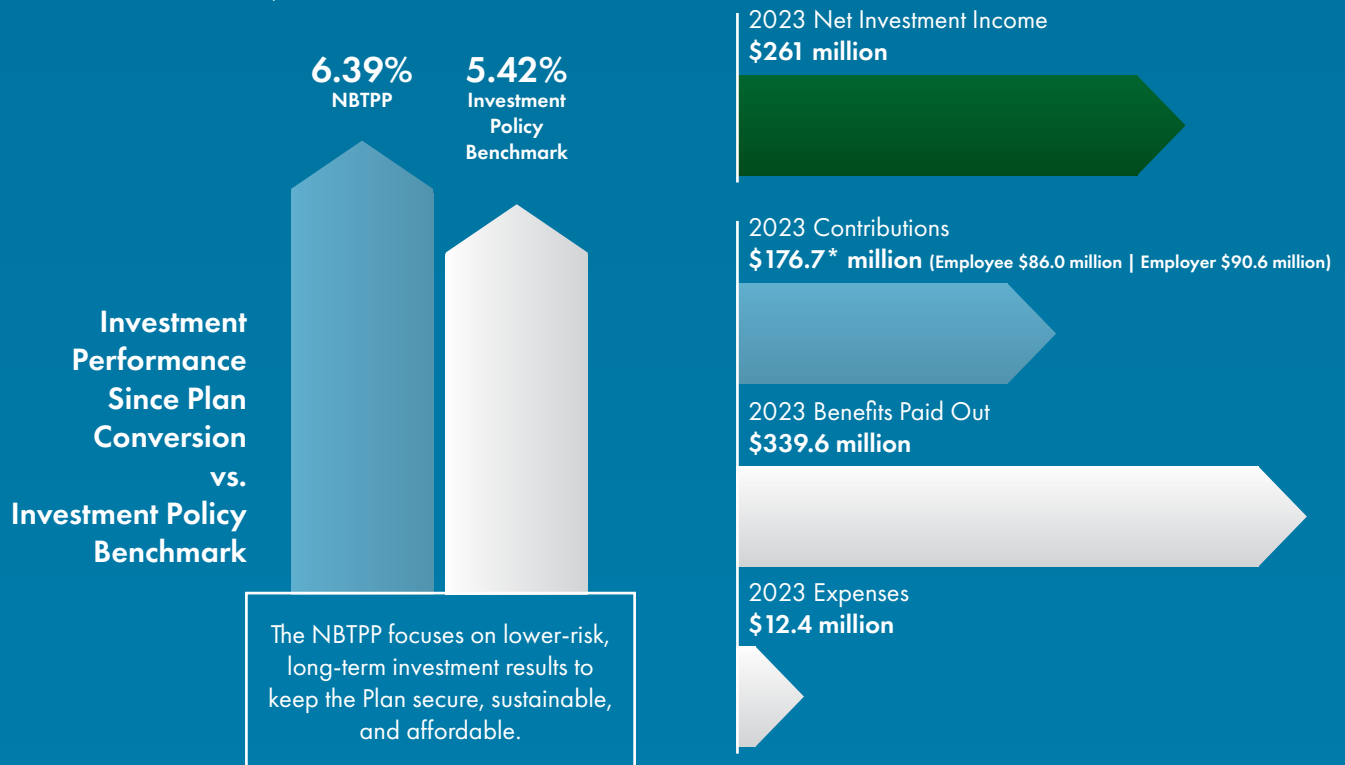
This is the highest funded ratio for the Plan to date.

Assets vs. Liabilities



PLAN PERFORMANCE

Year ended December 31, 2023



* Results do not sum correctly due to rounding.

Learn much more about the NBTPP and its financial health in the 2023 NBTPP Annual Report, available at nbtp.ca/annualreport.

SECTION 5.6 - A RECENT CHANGE TO THE PLAN THAT MAY RESULT IN HIGHER PENSIONS FOR RETIRING NBTPP MEMBERS

On June 5, 2024, following recommendations from the NBTPP Board of Trustees, the New Brunswick Teachers' Federation and the Government of New Brunswick Finance and Treasury Board approved changes to NBTPP Plan Text Section 5.6 ("Section 5.6").

Essentially, Section 5.6 has ensured that the lifetime pension benefit payable to an NBTPP member at retirement is not higher than the benefit they would have received under the former *Teachers' Pension Act* provisions before the Plan was converted to a target benefit plan on July 1, 2014. This is done by calculating a member's benefit twice; once using the "Enhanced Career Average" method employed by the current Plan, and once using the method used by the previous plan. The member's benefit is then limited to the lower of the two calculations.

What is the change to Section 5.6?

The change to Section 5.6 will result in this cap on NBTPP pensions based on the second calculation of pension benefits mentioned above no longer being applicable for members who terminate employment on or after June 5, 2024; this is the date upon which the amendment was approved by the Parties.

I terminated employment after June 5, 2024, am scheduled to retire, and have already received pension estimate documentation – has the Section 5.6 cap still been applied to these pension amounts?

Yes. Vestcor, the day-to-day administrator of the NBTPP, is working with its service provider to implement the required changes to Section 5.6 within its pension database system; this process will likely take several months to complete. Once the system is capable of doing so, recalculations of the applicable pension benefits will take place.

Please note that for members who terminate employment after June 5, 2024 and start their pension before the system changes are implemented, any difference in the pension amount following the recalculation of their pension will be paid retroactively to the effective start date of the pension.

Vestcor will advise impacted members of any increase to their monthly pension and the retroactive amount payable once the recalculation has taken place.

Could my pension benefit potentially be reduced by this change?

No – this change would not result in pension amounts being decreased; the removal of the cap under Section 5.6 would only result in pension amounts payable potentially being increased.

Where should I go for accurate pension estimates?

Until the change of the Section 5.6 cap is implemented in Vestcor's pension database system, formal pension estimate requests can continue to be submitted to Vestcor; that being said, the formal pension estimates provided by Vestcor may understate that actual pension amount payable until the Section 5.6 change is implemented in Vestcor's pension database system.

In addition, estimates can also be generated using your most recent NBTPP Employee Statement of Pension Benefits and Vestcor's online pension calculator tool (available at vestcor.org/calculators), which does not apply the Section 5.6 cap.

Where can I learn more about Section 5.6?

Visit nbtp.ca/index to find an index of all past NBTPP newsletter topics. Search for "Section 5.6" or use the alphabetical list of topics to find past articles on Section 5.6.

Questions? Contact Vestcor's Member Services team by calling 1 800 561 4012 (toll free) or 506 453 2296. You can also contact them via email at info@vestcor.org.

MID-YEAR INVESTMENT REPORT

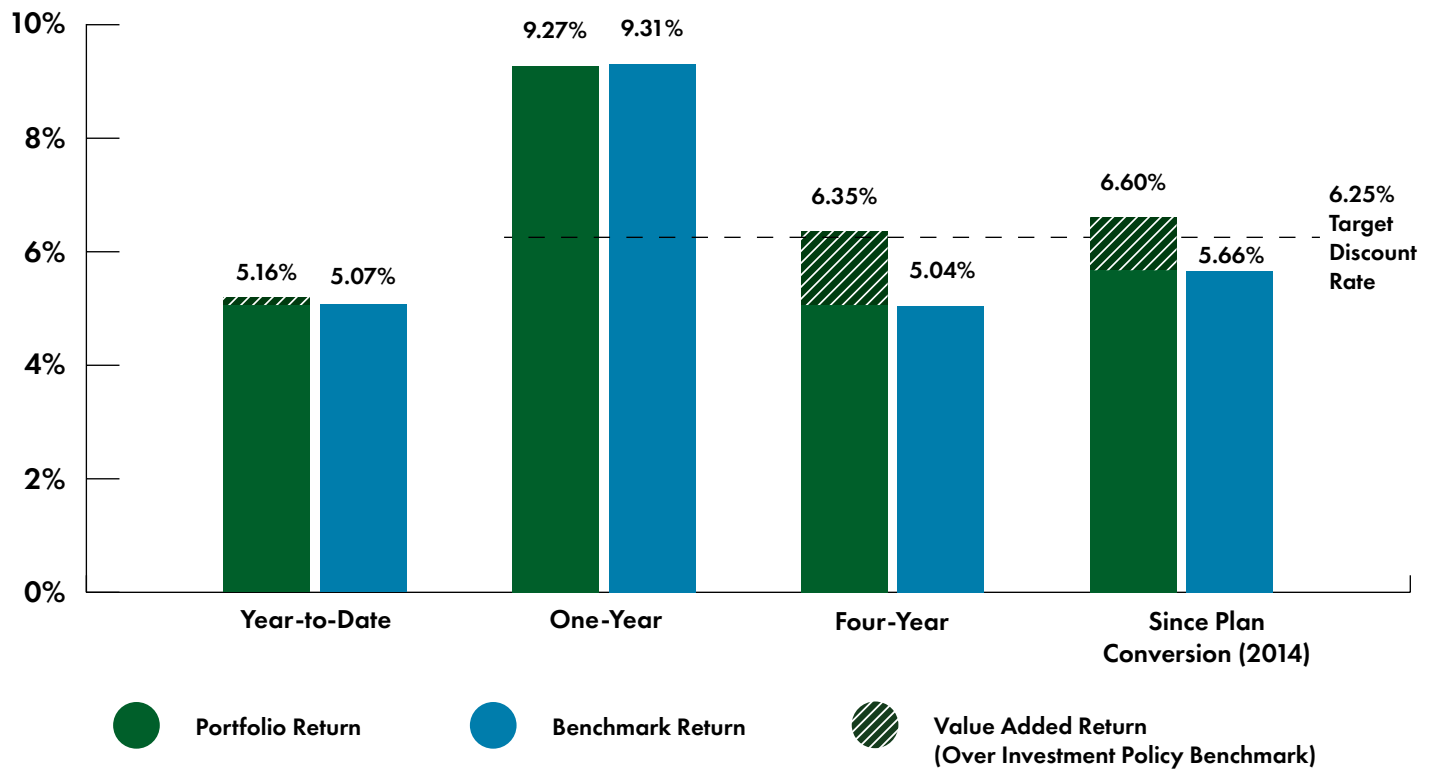
A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT JUNE 30, 2024

GROSS INVESTMENT RETURN 5.16% for the First Six Months of 2024	NET INCREASE OF \$250.5 MILLION	INVESTMENT ASSETS \$7.074 BILLION
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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 NBTPP by scanning the code to the right with your mobile device, or by visiting vestcor.org/glossary.



INVESTMENT RETURNS (AS AT JUNE 30, 2024)



We are pleased to report that the overall investment program earned a positive return of 5.16% in the first six months of 2024. This resulted in approximately \$349.5 million in investment gains, which along with active member contributions, resulted in total funds increasing by \$250.5 million after Plan expenses and retiree benefits.

Importantly, both the four-year return of 6.35% and the return since the conversion to the NBTPP of 6.60% have continued to exceed benchmark returns and remain in excess of the 6.25% target discount rate set by the independent actuary.

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.

NEW BRUNSWICK
Teachers'
PENSION PLAN

10
YEARS

2024 Annual Information Meeting

July 2024 marked ten years since the conversion of the NBTPP. On October 9, your Board welcomed members for the Plan's Annual Information Meeting, held entirely online.

Members of the Board and the NBTPP's service providers discussed how the Plan has performed over the last ten years.

Members were also given the opportunity to ask questions of the Board and the Plan's service providers. A few of those questions are included below.

Your fellow members asked...

Does the NBTPP have a green investment policy?

- Our Plan's investment manager abides by responsible investment guidelines when investing funds on behalf of our Plan.
- Our investment manager, Vestcor, has two key documents related to this available on their website:
 1. Responsible Investment Guidelines: This longstanding policy ensures that sustainability objectives are considered by each of the investment teams at Vestcor on behalf of their clients, including our Plan.
 2. Annual Responsible Investment Report: This document includes analysis that is consistent with the recommendations from the Task Force on Climate-Related Financial Disclosures. This report includes carbon emissions for the entire portfolio Vestcor manages on behalf of their clients. Their third Annual Responsible Investment Report will be published in November 2024.

Is it possible to get credit in the NBTPP for years of pensionable service earned teaching in another Canadian province, or with previous employment with the Federal Government?

- Yes, the NBTPP is entered in a national agreement (called a "reciprocal transfer agreement") with other provincial teachers pension plans which potentially allows you to transfer your years of service from your previous pension plan to your current pension plan.
- In addition, the NBTPP is also in a reciprocal transfer agreement with the federal public service pension plan which also allows the transfer of pensionable service from one plan to the other.
- If you would like to know more about reciprocal transfer agreements and whether or not they could be beneficial to you, reach out to the Member Services Team at our pension administrator, Vestcor at 1 800 561 4012, or by email at info@vestcor.org.

A recording of the meeting is
available now at nbtp.ca/2024aim



A new tool for members

NBTPP NEWSLETTER INDEX

Do you know how the NBTPP calculates your Indexing Adjustment Benefit? Are you aware of the NBTPP's approach to responsible investing? Over the years, your pension newsletters have covered a lot of material, and no one could be expected to remember it all. You probably still have questions. Luckily, there is a new tool available to you, the NBTPP Pension Plan Newsletter Index!

Visit nbtp.ca/index to find a convenient list of all of the topics that have been covered in your past newsletters, with links to find the information you're looking for.

Your Board firmly believes that the greatest asset the NBTPP can possess is a well-informed membership. We know pension plans can be confusing, that's why we continue to expand the resources available to you to grow your knowledge of the Plan.

Visit nbtp.ca/index today, and see for yourself.

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 to reflect the elimination of the application of Section 5.6 for terminations on or after June 5, 2024. The amendment was filed with the Superintendent of Pensions on July 11, 2024.
- The Statement of Investment Policies was amended to reflect the Board of Trustees' annual review date, and formatting revisions to improve readability. The amendment was filed with the Superintendent of Pensions on September 18, 2024.
- The Plan Text was amended to reflect the extension of the temporary suspension of the application of the "80-day rule" under Section 3.12 of the NBTPP for a two-year period commencing July 1, 2024 and ending on June 30, 2026. The amendment was filed with the Superintendent of Pensions on September 25, 2024.

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

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

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