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ACTIVE MEMBER EDITION

NBPSPP UPDATE



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THE DESIGN OF YOUR NBPSPP

THE NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN'S GOALS ARE:



To provide members with a secure, **lifetime pension** upon their retirement.



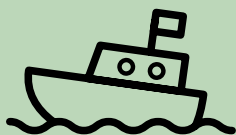
To provide members with **additional benefits**, such as cost of living adjustments, provided that the Plan has the funding to do so.

WHAT MAKES A THIS PLAN DIFFERENT FROM A TRADITIONAL PENSION PLAN?



FISCAL RESPONSIBILITY

The NBPSPP is designed in such a way that the shortfalls in the funds of the Plan are no longer covered by the Province of New Brunswick. The “risk” involved in keeping the NBPSPP funded is shared between employers and members of the Plan. This also means that the funds are better protected and can only be used to pay for Plan benefits and Plan expenses. Members of the Board of Trustees are appointed by the New Brunswick Nurses Union, the New Brunswick Union of Public and Private Employees, Local 37 of the International Brotherhood of Electrical Workers, CUPE Local 1252, CUPE Local 1840, CUPE Local 5017, and the Province of New Brunswick. Trustees of the Plan have a fiduciary duty to always act in the best interests of the Plan and its members, not the party that appointed them.



PRUDENT INVESTMENT STRATEGIES

The NBPSPP focuses on lower risk investments. When markets are performing well, investment returns for the NBPSPP tend to be lower than other plans. On the other hand, during market downturns, the NBPSPP has a history of doing better than other pension plans in Canada, minimizing losses. This low-risk approach protects the Plan long-term.



CLOSE MONITORING OF THE PLAN'S PERFORMANCE

Every year, the NBPSPP's independent actuary prepares an Actuarial Valuation Report. This detailed report measures the Plan's assets against its financial commitments to members and their lifetime pensions to make sure the Plan is well-funded. There are also risk management tests that measure how the Plan is expected to perform in a number of different economic scenarios.

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.

YOUR COST OF LIVING ADJUSTMENT

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

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

3.70%

which includes:

3.11%

to match the full average increase in the Consumer Price Index in 2023/2024 as determined by Statistics Canada.

PLUS

0.59%

to catch up on the COLA that was not granted during the recent periods of high inflation.

For active or deferred members, the increase will be applied to the benefits you've earned up to December 31, 2023. Each increase you receive will continue to compound until you retire. Retirees will have this applied to their pension as of January 1, 2025.

Much more information, including a “Cost of Living Adjustments” section, is available at nbpspp.ca.

Cost of Living Adjustment (COLA) Awarded Since Plan Conversion

Year Awarded (January 1 st)	NBPSPP COLA	Canadian CPI*
2025	3.70% †	3.11%
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.

†This amount represents the 3.11% change in the Canadian CPI, as well as the remaining 0.27% and 0.32% not granted in 2024 and 2023 respectively.





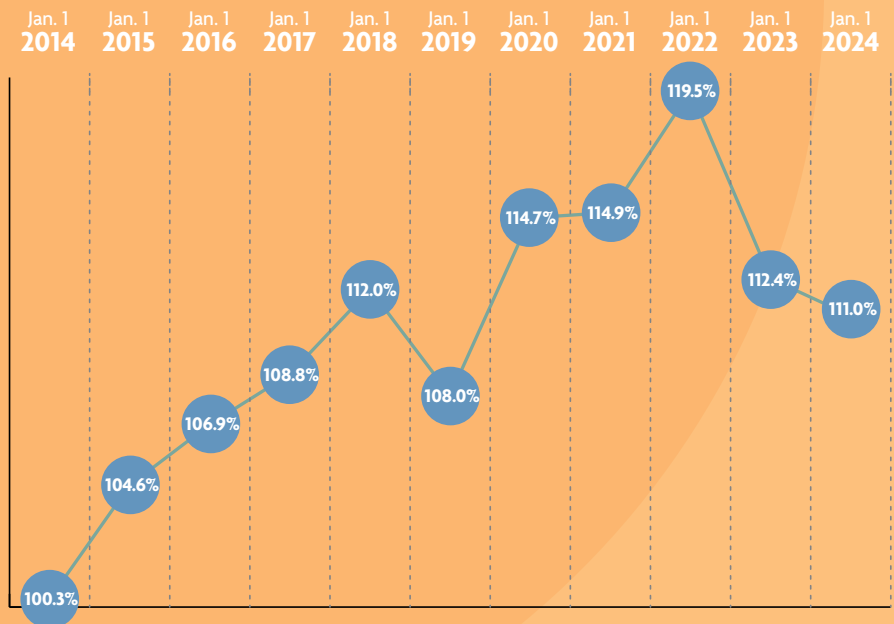
The goal of the Plan is simple:
To provide current and future members with a secure, sustainable lifetime pension they can count on.
 Here's how the Plan has done so far...

Funding of the NBPSP

Funded Status of the NBPSP

See page 6 for more information on the funding of the Plan

Today, the NBPSP is **111.0% funded** with 9.254 billion in assets, and a funding excess of nearly **one billion dollars**



Plan Membership



7,100+ members have retired and started receiving a lifetime pension from the NBPSP over the past decade

Plan Assets By Year

2014
\$5.961 billion

2015
\$6.567 billion

2016
\$6.927 billion

2017
\$7.241 billion

2018
\$7.652 billion

Cost of Living Adjustments

Members of the NBPSPP
have been awarded

27.93%

in Cost of Living Adjustments
since conversion

Compared to
inflation of

27.93%

based on Statistics Canada's
Consumer Price Index

Did you Know?

Each year, the NBPSPP Board of Trustees determines if the funding level of the Plan allows for an annual cost of living increase to be granted to members, as per the Plan's Funding Policy. The Board's decision is informed by the Actuarial Valuation Report prepared by the Plan's actuary.

Investment Returns

10-year average
returns of

6.61%

The Plan has grown by

**\$3.293
billion**

over the past decade.

MOST IMPORTANTLY

**10-year average returns exceed
the current discount rate of
5.00%.**

The discount rate is set by the Plan's independent actuary and represents the amount the NBPSPP needs to earn to maintain the Plan.

NBPSPP Past and Present Board Members

Katherine Greenbank - Chair
Ross Galbraith - Vice-Chair
Sébastien Deschênes - Trustee
Paula Doucet - Trustee
Renée Laforest - Trustee
Jim Mehan - Trustee

Susie Proulx-Daigle - Trustee
Marilyn Quinn - Trustee
Odette Robichaud - Trustee
Mark Gaudet - Former Trustee
Leonard Lee-White - Former Trustee
Ernie MacKinnon - Former Trustee

Paul Martin - Former Trustee
Denise Pinette - Former Trustee
Chris Russell - Observer
Leigh Sprague - Observer
William Murray - Former Observer

2019
**\$7.633
billion**

2020
**\$8.352
billion**

2021
**\$8.764
billion**

2022
**\$9.370
billion**

2023
**\$8.838
billion**

2024
**\$9.254
billion**

2024 MID-YEAR INVESTMENT REPORT

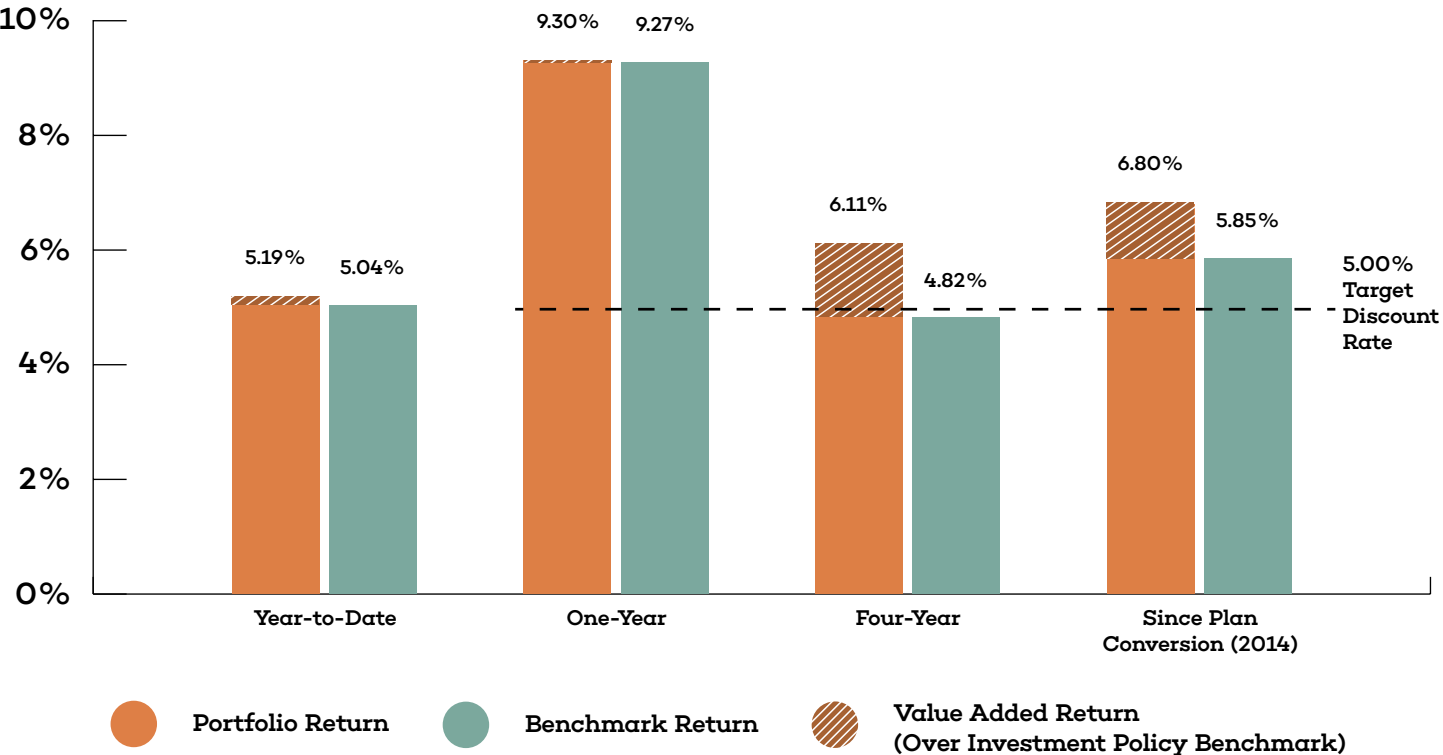
A SNAPSHOT OF YOUR PENSION FUND AT JUNE 30, 2024

NBPSPP RETURN (GROSS) <h3 style="margin: 0;">5.19%</h3> AT JUNE 30, 2024	NET INCREASE OF <h3 style="margin: 0;">\$358.9 million</h3> SINCE DEC. 31, 2023	INVESTMENT ASSETS <h3 style="margin: 0;">\$9.594 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.



INVESTMENT RETURNS (AS AT JUNE 30, 2024)



We are pleased to report that the overall investment program earned a positive return of 5.19% in the first six months of 2024. This resulted in approximately \$476.8 million in investment gains, which along with active member contributions, resulted in total funds increasing by \$358.9 million after Plan expenses and retiree benefits.

Importantly, both the four-year return of 6.11% and return since the conversion to the NBPSPP of 6.80% have continued to exceed the benchmark returns and remain in excess of the 5.00% 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.

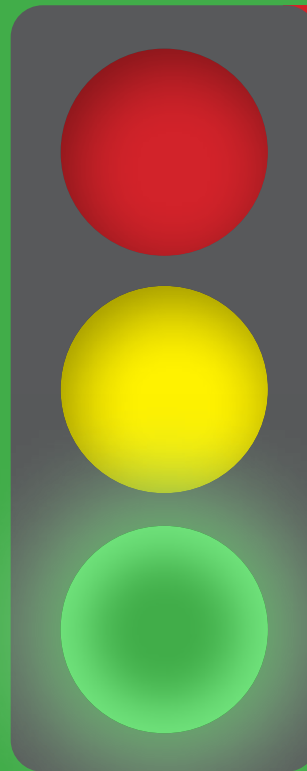
WHAT WERE THE FUNDING RESULTS IN 2023?

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/2024aim.

Termination Value
Funded Ratio
111.0%

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



When the 15-Year Open Group Funded Ratio is below 105%, no Cost of Living Adjustments (COLA) can be granted, additional contributions may be triggered, and the risk of benefit reduction is real.

When the 15-Year Open Group Funded Ratio is between 105% and 120%, COLA is granted most of the time, but may not match full inflation.

When the 15-Year Open Group Funded Ratio is over 120%, the NBPSPP is in a good financial condition, and COLA can be granted every year. This is where the NBPSPP is today. See below.

15-Year Open Group
Funded Ratio
129.4%

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.

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.

99.15%



1st Secondary Risk Management Goal

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

94.70%
of CPI



2nd 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.

98.75%



NEW RECIPROCAL TRANSFER AGREEMENT

Your Board of Trustees is pleased to report that a new reciprocal transfer agreement (RTA) has been negotiated between the NBPSPP and the Canadian Union of Public Employees Employees' Pension Plan ("CEPP").



If you are an active contributor to the NBPSPP and have funds in CEPP from past contributions to that plan, you now have the option under the RTA to transfer the value of your CEPP contributions to the NBPSPP; transferring these past contributions will increase your accumulated pension benefit under the NBPSPP.

Similarly, individuals who cease contributing to the NBPSPP and who have joined CEPP may now transfer the value of their NBPSPP contributions to CEPP, increasing the benefit that they will receive under that plan at retirement. If you are interested in finding out how any past CEPP contributions could increase your pension benefit under the NBPSPP, please complete and submit an "Appendix A – Transfer Information Request and Authorization Form" which can be found at nbspp.ca. If you have any questions, please contact Vestcor's Member Services Team at 1-800-561-4012.



YOUR MEMBER BOOKLET

Your NBPSPP Member Booklet is a valuable resource. Some of the topics covered in the Member Booklet include:

- what being a Plan member means;
- retirement under the Plan;
- leaving the Plan before retirement; and
- purchasing prior service.

Have questions about your pension plan? Refer to the booklet at nbspp.ca/booklet.

A simplified overview of the key topics can also be found in the NBPSPP At-a-Glance at nbspp.ca/at-a-glance.

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 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 26, 2024.

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

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