



SECURE AND SUSTAINABLE

PENSION NEWS

SPRING 2025

VOLUME 10



2	3	4-5	6-7	8	9	10	11	12
WHAT MAKES UP THE CBE PENSION FUND?	THE EASIEST WAY TO ESTIMATE YOUR PENSION	INVESTMENT REPORT	CELEBRATING THE PLAN	ANOTHER YEAR OF GROWTH FOR YOUR BENEFITS	THE FACTS OF YOUR PLAN	MEMBER SURVEY RESULTS	YOUR BOARD OF TRUSTEES	RESPONSIBLE INVESTMENT REPORT AMENDMENTS TO GOVERNING DOCUMENTS

CONTACT US

ISBN 978-1-4605-4045-9

CBE Pension Plan Board of Trustees
c/o Vestcor
PO Box 6000
Fredericton, NB E3B 5H1

1 800 561 4012 (toll free)
506 453 2296 (Fredericton)
info@cbe-nb.ca



WHAT MAKES UP THE CBE PENSION FUND?

The CBE Pension Fund is made up of the following elements:

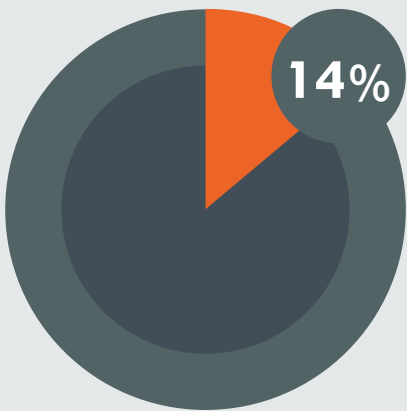
Contributions from active members,
which are matched by employers



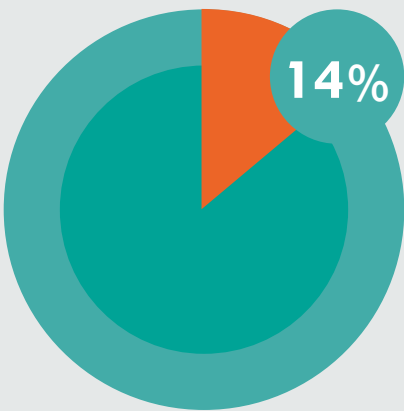
Income from the Plan's
investment portfolio

Here's how contributions and investment income build the pension fund.

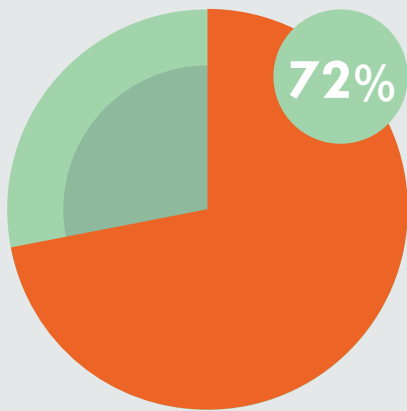
IN 2024, THE CBE PENSION PLAN FUND GREW BY **\$341.2 MILLION**.
THAT GROWTH WAS MADE UP OF...



EMPLOYEE
CONTRIBUTIONS



EMPLOYER
CONTRIBUTIONS



INVESTMENT
INCOME

2024 PLAN EXPENSES

Benefits paid to members
\$128.7 million

Cost to the Plan for the most recent
Cost of Living Adjustment (COLA)
\$82.5 million

Plan expenses
(including all administration and investment costs)
\$7.3 million

See page 6 for more information on the status of the Plan.

DISCLAIMER: This newsletter is a publication on behalf of the Board of Trustees of the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals. This publication is intended to provide information about the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals, also referred to as the CBE Pension Plan or CBE. If there is a discrepancy between the information contained herein and the pension plan text or other appropriate governing documents, the latter will prevail.

THE EASIEST WAY TO ESTIMATE YOUR PENSION

Did you know that you can quickly and easily estimate your future pension yourself, completely online? There are no forms to fill out, no waiting, and you can get as many estimates as you like. In minutes, you can see what your pension may look like when you reach retirement age.

Thinking of retiring early? You can easily get estimates for that as well!



WHAT DO I NEED TO GET STARTED?

To use the online calculator, you'll need one of your annual Employee Statements of Pension Benefits. The statement includes a section specifically for use with the online calculator. All you need to do is copy a few figures from your statement into the calculator. Your latest statement will give you the most accurate results, but older copies can be used as well.

Your statement for the period of January 1 to December 31, 2024 will arrive soon.

Need help with your statement?

A helpful guide, called "Understanding your Employee Statement of Pension Benefits" is included with your statement. This guide is also available at cbenb.ca under "Guides and Booklets".

ARE YOU CLOSE TO RETIREMENT?

Complete a request for a formal estimate using the Pension Estimate Form available at cbenb.ca, under "Application Forms", and then "Planning for Retirement", or contact Vestcor's Member Services Team at 1 800 561 4012 or info@vestcor.org.

NEED A LITTLE MORE HELP?

Scan the code below with your mobile device to watch a step-by-step video on how to use the calculator. This video is also available to view on vestcor.org/calculators.



GO TO [VESTCOR.ORG/CALCULATORS](https://vestcor.org/calculators) TO GET STARTED.

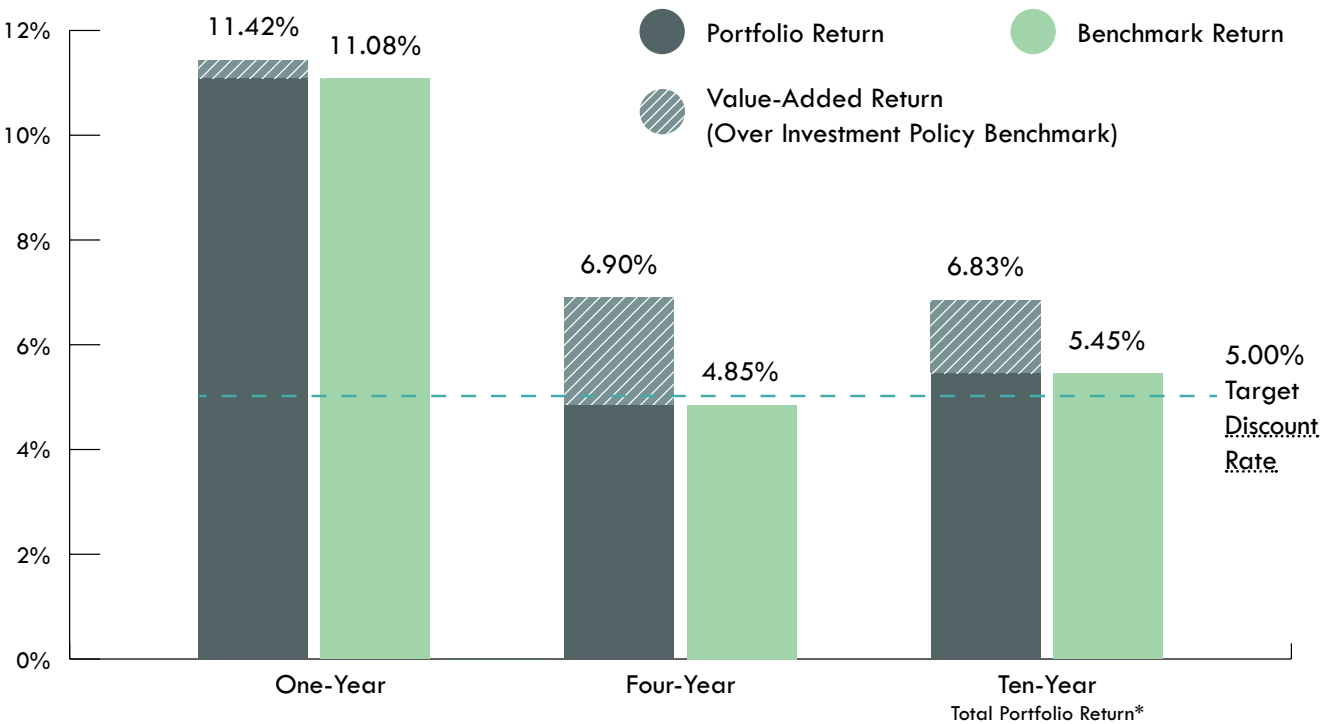
A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT DECEMBER 31, 2024

2024 GROSS INVESTMENT RETURN 11.42%	NET INCREASE OF \$341.2 MILLION	INVESTMENT ASSETS \$3.364 BILLION	FOUR-YEAR GROSS INVESTMENT RETURN 6.90%
--	------------------------------------	--------------------------------------	--

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



INVESTMENT RETURNS (AS AT DECEMBER 31, 2024)



We are pleased to report that the Plan’s investments earned a record return of 11.42% for 2024. This is the highest return for a calendar year since Vestcor took on the investment management of the assets on September 1, 2016. The investment portfolio also managed to exceed its benchmark after accounting for investment costs, despite the lower risk positioning of the portfolio and the difference in timing of the valuation of private equity investments and public equity investments.

Over the longer term, both the four-year annualized return of 6.90% and the ten-year annualized return of 6.83% are in excess of the 5.00% target discount rate set by the independent actuary, and they continue to exceed the respective benchmark returns of 4.85% and 5.45%. This performance is particularly noteworthy since the Plan’s assets continue to take on less investment risk than most other comparable Canadian pension plans. An independent survey of Canadian pension plans found that this Plan earned significantly more return compared to the median plan over the last four years, after adjusting for the level of risk taken.

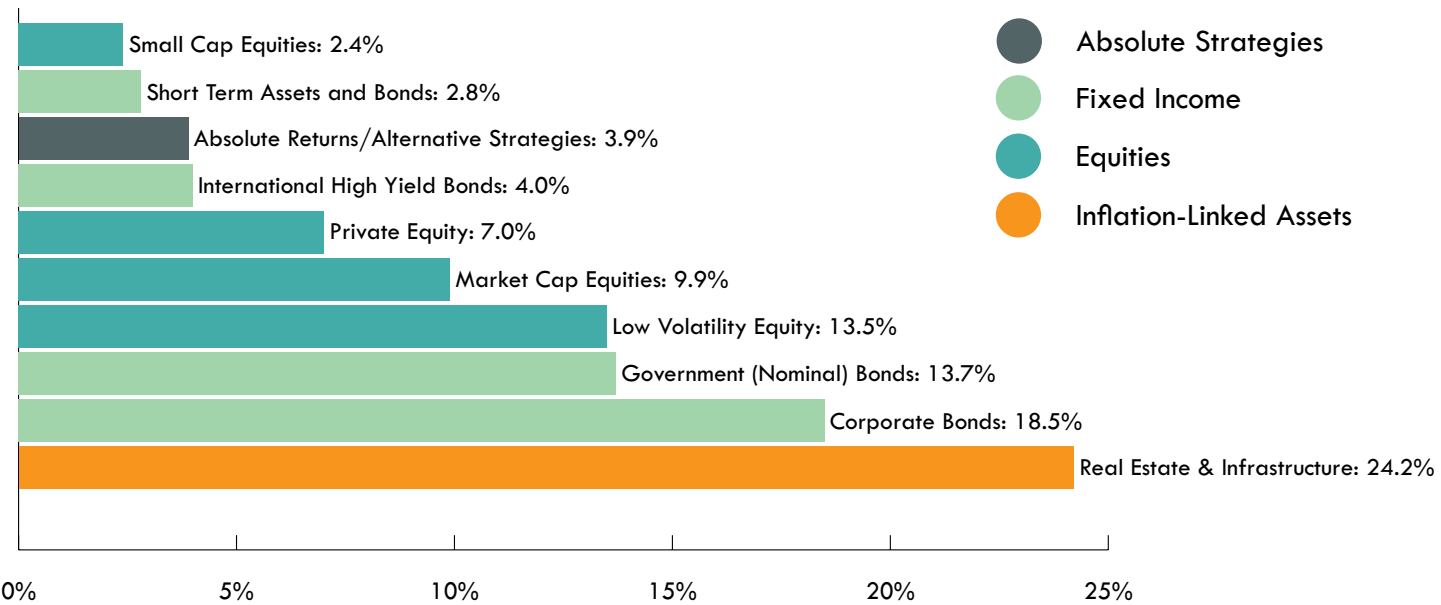
*Vestcor’s investment mandate began on September 1, 2016. Includes periods prior to full transition to Vestcor’s management.

INVESTMENT ASSETS

The fair value of the CBE Pension Plan investment assets on December 31, 2024 was \$3.364 billion, an increase of \$341.2 million from the fair value on December 31, 2023.

ASSET MIX

The chart below outlines the portfolio asset mix** on December 31, 2024, and highlights the diversification within the Plan’s investment assets.



The CBE Pension Plan’s investment policy is reviewed by the Board on an annual basis, and the Plan’s investments are currently being transitioned to a new asset mix. More information on the Board’s policies can be found in the [Statement of Investment Policies](#) available at [cbenb.ca](#), under “About the CBE Pension Plan” then “Governing Documents.”

MARKET SNAPSHOT

Overall, most diversified investors earned strongly positive returns over the past year, with those positioned in relatively higher risk investments performing best of all. However, the divergence in economic prospects between Canada and the U.S. has put increasing pressure on the Canadian dollar over the past year. The outcome of the U.S. election has also had impacts on trading partners like Canada. Imposition of far-reaching tariffs would significantly impact Canadian producers, and retaliatory action on the part of Canadian policymakers will have an additional negative impact on domestic consumers, who would be forced to pay more for imported goods if politicians engage in “like-for-like” tariff policies.

Further, broad themes that have been in place in recent years – such as artificial intelligence (A.I.) stock outperformance, the general strength of the technology sector, significant geopolitical events, and relative turmoil among a variety of consumer-focused businesses – will either continue to place pressures on active managers struggling to keep up, or potentially experience a reversal, with significant volatility and risk implications for investors. Although market volatility is inevitable, your Plan’s diversified investment portfolio is crafted to withstand these fluctuations, ensuring the long-term security of member benefits.

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](#).

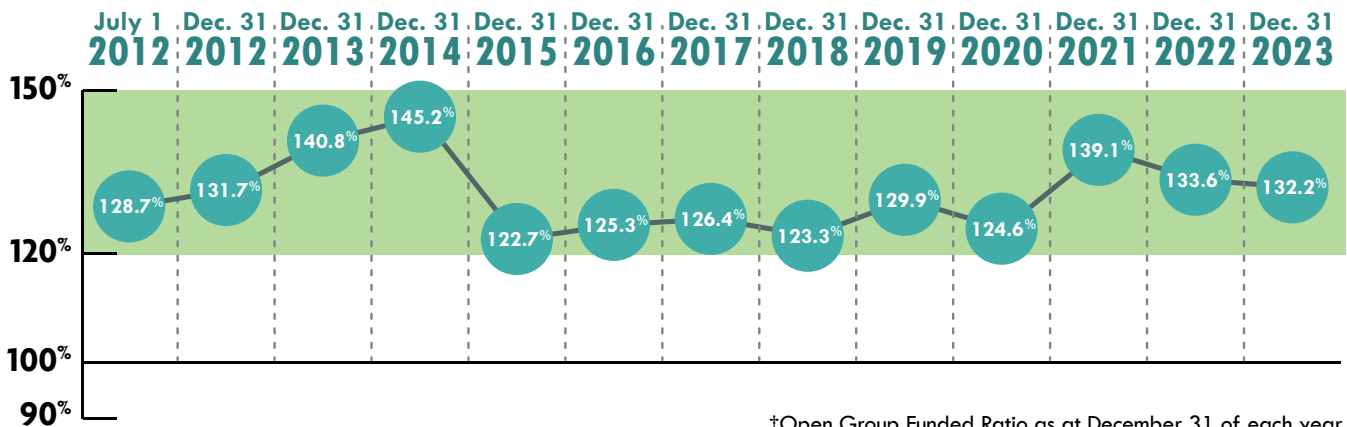
CELEBRATING THE PLAN

DID YOU KNOW?

The CBE Pension Plan has grown to **over \$3.364 BILLION** since conversion.

The CBE
Pension Plan is
132.2%
funded.[†]

FUNDED STATUS[‡] OF THE CBE PENSION PLAN OVER THE YEARS



[‡]Open Group Funded Ratio as at December 31 of each year

The Plan has been able to provide **FULL Cost of Living Adjustments (COLA)** every year since conversion.

This year's
COLA:
3.11%

2024
5.59%

2022
1.46%

2023
5.56%

The CBE Pension Plan has granted over
\$683.5 million
in pension benefit improvements to members.

THE PLAN'S ACTUARY SAID...



The Plan is fully expected to continue to provide the benefits for which it was designed, even in the face of high inflation, high interest rates, and everlasting financial market uncertainty.”

[†]Open Group Funded Ratio as at December 31, 2023

NEW! TRAFFIC LIGHT SYSTEM

YOUR PLAN'S STATUS AT A GLANCE



YOUR PENSION PLAN IS IN EXCELLENT FINANCIAL HEALTH.

The Board of the CBE Pension Plan has introduced a “Traffic Light” system to provide a snapshot of the financial health of the Plan. This traffic light system is based on the Open Group Funded Ratio of the CBE Pension Plan. This ratio is determined by the Plan’s actuary, TELUS Health, and is used by the Board to make decisions on benefit improvements for members, such as granting Cost of Living Adjustments (COLA). Look for the traffic light in future communications and the Plan’s website.

WHAT DO THE TRAFFIC LIGHTS MEAN?

GREEN LIGHT

When the Plan is funded[§] over 120%, it is considered to be in good financial health, and you can expect COLA to be granted. **This is where the CBE Pension Plan has stood since conversion, and where it remains today.**

The funded[§] status of the Plan has **never dropped below 120%** since conversion to a shared risk plan (see the graph on the previous page).

YELLOW LIGHT

When the Plan is funded[§] between 105% and 120%, COLA can be granted most of the time, but may not match the rate of inflation.

RED LIGHT

When the Plan is funded[§] below 105%, COLA can not be granted that year. If funding drops too low, contributions may need to be increased or benefits may be reduced in accordance with the Plan’s Funding Policy.

§Open Group Funded Ratio, as determined by the Plan’s actuary

CBE PENSION PLAN ANNUAL INFORMATION MEETING

All the information you see on these two pages was discussed in detail at the CBE Pension Plan 2024 Annual Information Meeting.

Watch highlights of the meeting by scanning the code below with your mobile device. The highlights and a recording of the full meeting are also available at cbenb.ca/2024aim.



The CBE Pension Plan remains secure and sustainable for all members.

ANOTHER YEAR OF GROWTH FOR YOUR BENEFITS

Did you know that the Cost of Living Adjustments (COLA) granted to CBE Pension Plan members every year are only the first in a series of benefit improvements that can be approved by the Board of Trustees?

Every year, an Actuarial Valuation Report is prepared by the Plan's independent actuary. This report determines the funding of the Plan and its ability to fulfill its sole purpose: to provide pension benefits to its members. The CBE Pension Plan design also allows for member benefits to be improved every year, as long as the Plan has the funding to support these increases.

The most well-known benefit improvement is the COLA that has been granted to members every year since conversion, matching the rate of inflation. Below is the COLA that has been granted at January 1 of each year.

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
3.11%	5.59%	5.56%	1.46%	1.46%	2.12%	1.88%	1.47%	1.40%	1.49%	1.43%	0.96%	2.40%

But Cost of Living Adjustments are just the beginning! There are additional benefit improvements the CBE Pension Plan Board of Trustees can approve through the step-increase process. Once again, the Board is happy to announce that Steps 1 to 4 have been granted to members. If you're looking for more information on the step-increase process, you can find a detailed description in the Plan's Funding Policy at cbenb.ca/fp.

The purpose of the step-increase process is to further grow members' pension benefits. If, after recalculation, the step increases don't result in a higher benefit for a member, their accrued pension benefit remains unchanged. **A pension will never be reduced because of these steps.**

WHAT ARE THE STEPS?

STEP 1:
Cost of Living Adjustment (COLA) provided to all members.

STEP 2:
Active members have their pensions recalculated based on their highest five-year average salary up to the date of the actuarial valuation (in this case, December 31, 2023).

STEP 3:
Retired members have their pensions recalculated based on their highest five-year average salary during their career up to the date of the actuarial valuation (in this case, December 31, 2023).

STEP 4:
A lump sum payment is provided to retirees for missed past payment increases which are now applicable due to Steps 2 and 3 being granted.

THE FACTS OF YOUR PLAN



I've been told that the investment returns of our Plan are lower than most other similar pension plans. Is this true?

No, this is not accurate. When we look over the long term, the CBE Pension Plan has tended to outperform comparable plans.

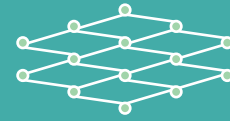
It's important to remember that the CBE Pension Plan has strict risk-management rules in place. These rules are vital to the stability of the Plan as they focus on investments with lower volatility and more stable long-term returns.

What does this mean for the investments of the Plan?

Generally speaking, when markets are very strong, the CBE Pension Plan, with its lower-volatility investments, tends to have lower investment returns than other pension plans. This is because the CBE Pension Plan limits its exposure to riskier assets like technology stocks that often perform well when financial markets are riding high. That being said, the CBE Pension Plan had a very strong 2024, with returns of 11.42%, well above the 5.00% discount rate for the Plan. (The discount rate is the approximate rate that the CBE Pension Plan needs to conservatively earn on its investments to maintain the Plan's funded status.)

On the other hand, when financial markets aren't performing well, the CBE Pension Plan typically outperforms other pension plans. The most recent case was in 2022 when many similar pension plans noted double-digit negative returns, and the CBE Pension Plan achieved overall returns of -2.12%. This is particularly significant when compared to the median gross returns (pre-fee) of Canadian defined benefit pension plans, which were -10.3% for the same period, as noted by RBC Investor & Treasury Services. When comparing performance, it's important to look at long-term results that account for both the highs and the lows of financial markets.

For more information on the Plan's investments, see the Investment Report on page 4.



How are Board Members for the CBE Pension Plan chosen?

Your Board is composed of individuals appointed by the Parties who signed the Memorandum of Understanding that established the CBE Pension Plan:

- the New Brunswick Union (NBU)
- the New Brunswick Nurses Union (NBNU)
- the Province of New Brunswick

Together, the Parties use a "skills matrix" to help select Trustees so that each member of the Board brings unique knowledge and experience to the table. This is to make sure that the Board is knowledgeable on a wide range of topics. Several are also members of the Plan — active and retired.



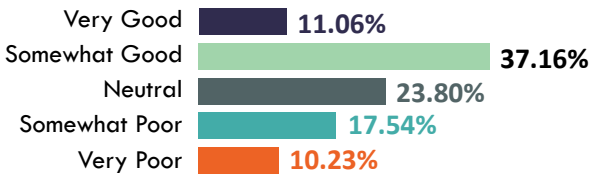
If I retire early, is there a penalty applied to my pension once I reach age 65?

This is a common misconception. The truth is, if you retire before age 65, the CBE pension benefit that you'll receive will consist of an extra, supplemental amount in addition to the lifetime pension portion. This amount is called a "bridge benefit" and is intended to help you financially until you're eligible for an unreduced Canada Pension Plan (CPP) benefit at age 65, no matter when you decide to start receiving your CPP pension. This bridge benefit ends when you reach age 65. Much more detail can be found by watching our "CPP Integration and Your CBE Pension" video at cbenb.ca/integration.

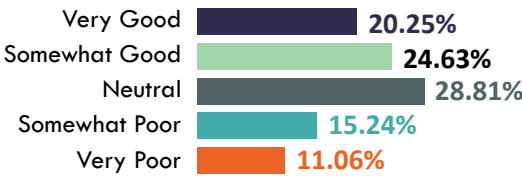
MEMBER SURVEY RESULTS

In the latter half of 2024, we asked you, the members of the CBE Pension Plan, what you thought about the Plan. As you may not have been able to attend the Annual Information Meeting due to supplier delays in mailing out the meeting notices, we thank you for voicing your opinion through this survey. Here are some of your answers.

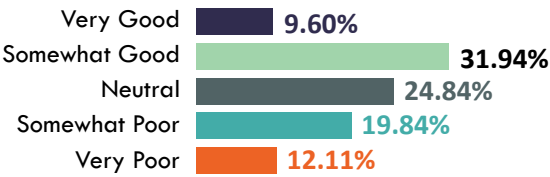
How would you rate your understanding of the CBE Pension Plan?



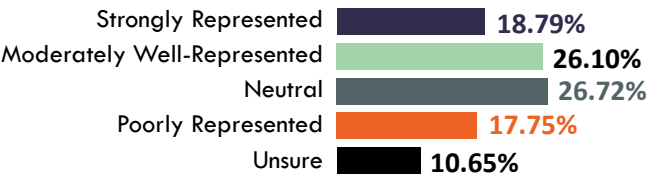
How would you rate the CBE Pension Plan’s reputation?



How would you rate the benefits offered by the CBE Pension Plan?



The Board of Trustees’ responsibility is to act in the best interests of its stakeholders. How well do you believe your interests are represented by the Board?



WHAT HAPPENS NEXT?

The Board of Trustees has identified the following focus areas based on your feedback.

CLEAR LANGUAGE

This is YOUR Pension Plan and we want every member to understand it. Communicating in plain language will be an even higher priority moving forward.

FOCUSING ON WHAT YOU NEED TO KNOW

We want to focus on key information about the Plan. First and foremost, know that the Plan is healthy and meeting all of its goals to provide lifetime pensions to members.

BETTER REACH

What value is information if you don’t see it? We want to meet you on the platforms where you are already looking for information. Learning about your Plan shouldn’t be a struggle.

YOUR BOARD OF TRUSTEES



1. **Tom Maston, CA, CHE**
Chair

2. **Matt Hiltz, B.Sc., LL.B.**
Vice-Chair

3. **Paula Doucet, RN**
Trustee

4. **Richard Luton, CFA, M.Econ.**
Trustee

5. **Ben Mersereau, MBA**
Trustee

6. **Susie Proulx-Daigle**
Trustee

7. **Marilyn Quinn**
Trustee

8. **Maria Richard, RN**
Trustee

9. **Mark Gaudet, MBA**
Trustee

10. **Lisa Watters, BSW**
Trustee

11. **Catherine Little, RN**
Observer

12. **Leigh Sprague, LL.B.**
Observer

Find full biographies of your Trustees at cbenb.ca.

The CBE Pension Plan Board is responsible for the Pension Plan and for making any decisions related to it. This includes awarding the Cost of Living Adjustments that have been granted to members every year to date. Trustees also oversee the service providers of the Plan, including investment managers, auditors, and the plan administrator who manages the day-to-day operations of the CBE Pension Plan.

The Board must always make decisions that:

- Are in the best interest of the Pension Plan and its members. This is known as a **fiduciary duty**.
- Follow all applicable laws, including the *Pension Benefits Act* (New Brunswick) and the federal *Income Tax Act*.
- Abide by the governing documents of the Plan. These include the Plan Text, Funding Policy, and other legal documents, which can all be found on your Plan's website, cbenb.ca.

RESPONSIBLE INVESTMENT REPORT

The Board of Trustees is pleased to share the Plan's first Responsible Investment Report. This report accounts for how environmental, social, and governance (ESG) related issues are considered when making investment decisions for the Pension Plan. The report also includes climate-related greenhouse gas emission disclosures for a majority of the Plan's investment portfolio.

Responsible investing is important to the CBE Pension Plan. A long-term investment approach integrated with responsible investing considerations is aligned with the goal of the Plan.

The CO₂ equivalent figures provided in this Responsible Investment Report will serve as the Plan's baseline. Moving forward, we will publish a Responsible Investment Report annually, allowing you to follow the progress on our responsible investment practices. We look forward to showing you the work we've done to ensure stable, sustainable, long-term investment returns are generated for your pension funds.

The CBE Pension Plan Portfolio finances 70.5 tonnes of CO₂ equivalent per million \$ invested.*

That equals



The annual CO₂ emissions from

16.5 homes

Or



21.6 passenger vehicles

* This calculation is based on 79.9% of the assets of the CBE Pension Plan's total portfolio.

Source: Natural Resources Canada's Greenhouse Gas Equivalencies Calculator

<https://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/calculator/ghg-calculator.cfm>



We are happy to announce that the CBE Pension Plan's first Responsible Investment Report is now available at cbenb.ca/responsible.

AMENDMENTS TO GOVERNING DOCUMENTS

The New Brunswick *Pension Benefits Act* 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 amendment which was filed with the Superintendent of Pensions:

- The CBE Plan Text was amended in order to document the Cost of Living Adjustment (COLA, also known as indexation) and the benefit increases associated with Steps 2-4 of the Funding Excess Utilization Plan as at January 1, 2025. The amendment was filed with the Superintendent of Pensions on January 20, 2025.

The governing documents of the CBE Pension Plan are available at cbenb.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 cbenb.ca/fp. A quick summary of some of the main provisions of the Funding Policy of the CBE Pension Plan is available at cbenb.ca/sfp.

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

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

