

Teachers'

PENSION PLAN




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Board of Trustees

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WHAT YOU NEED TO KNOW...

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



UNDERSTANDING YOUR INDEXING ADJUSTMENT BENEFITS (IAB)

Learn more about how the NBTPP grants Indexing Adjustment Benefits to active, retired, and deferred members on pages 2 and 3.

FUNDED STATUS OF THE NBTPP

122.3%

(as at August 31, 2025)

More information on the most recent Actuarial Valuation Report for the NBTPP can be found on page 5.

THIS YEAR'S ANNUAL INFORMATION MEETING

Sign up for reminders at nbtp.ca/2026aim.

More information can be found on page 6.



DELVING INTO YOUR INDEXING ADJUSTMENT BENEFITS (IAB)

The rising cost of living has been front and centre for everyone lately, and your NBTPP Board of Trustees is no exception. Here, we take an in-depth look at how your Plan handles Indexing Adjustment Benefits (IAB), also known as cost-of-living adjustments (COLA).

The IAB is provided to help your pension keep up with inflation, as prices of food and other goods rise, so will your pension benefit. Your Board considers the IAB to be a vital part of the design of the NBTPP. Not every teacher's pension plan in Canada provides for cost-of-living increases, whether due to their plan design or the fact that they don't have the necessary funds to provide these benefits. Some plans that do provide indexing have annual caps as low as 1%. Here in New Brunswick, a great deal of effort goes into making sure that teachers have a pension plan that is sustainable, with benefits that are able to keep up with inflation.



Two governing documents set forth how the NBTPP grants the IAB. Namely, the **Plan Text** lays out how the IAB is calculated, when and how it is applied, as well as the maximum IAB that can be provided to active (contributing) members, retirees, and deferred members. Meanwhile, the **Funding Policy** spells out rules specific to the Plan's funds regarding contributions, risk management, and what actions are to be taken when the Plan is in a surplus or deficit situation.

01

THE PLAN TEXT

DETERMINES HOW THE IAB IS CALCULATED FOR ACTIVE, RETIRED, AND DEFERRED MEMBERS.

02

THE FUNDING POLICY

SPELLS OUT RULES SPECIFIC TO THE PLAN'S FUNDS.

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.

HOW IS THE IAB CALCULATED?

First, the Plan's independent actuary calculates the maximum IAB amount that can be granted, based on the percentage change in the average Canadian Consumer Price Index (CPI) as determined by Statistics Canada. In the NBTPP's case, they measure the 12-month average change in the CPI from the period of July 1 to June 30 each year. For example, the most recent IAB granted at the beginning of 2026 was based on the change in CPI from July 1, 2024 to June 30, 2025.

NBTPP members are granted the IAB automatically, providing the Plan has the funds to pay for the increase, as determined by the Plan's independent actuary. Active (contributing) members receive an IAB equal to the full average increase in the CPI (capped at 4.75%), while retired and deferred members receive a maximum IAB equal to 75% of the average increase in the CPI (capped at 3.56%).

A short video expanding on this topic can be found at nbtp.ca/iabvideo.



REMINDER

The most recent IAB granted to members, as previously announced in your fall newsletter, can be found below.

The Indexing Adjustment Benefit awarded to **ACTIVE MEMBERS** was

2.01%^{*}
on all pension benefits accumulated up to December 31, 2024.

The Indexing Adjustment Benefit awarded to **RETIRED and DEFERRED MEMBERS** was

1.51%^{*}
on January 1, 2026.

^{*}Members who retired or became deferred in 2025 will receive a blended IAB rate.

THE VALUE OF YOUR PENSION

The benefit you receive from the Plan exceeds the contributions you make during your career.

As a member of the NBTPP, a certain amount is deducted from your paycheque throughout your career and deposited in the NBTPP's Fund. The percentage of your earnings deducted currently stands at 8.5% below YMPE* and 10.2% above YMPE. Your employer is subject to the same deductions. These contribution rates may be increased or decreased in the future by your Board of Trustees in accordance with the Plan's Funding Policy. In fact, the latest policy-mandated change happened last August when both employees and employers each saw a 1.5% reduction in their respective contribution rates due to the Fund's strong performance. It's important to note that contribution rate reductions do not reduce pension benefits.

The NBTPP Board of Trustees has a responsibility to uphold the purpose of the Plan: to provide members with a secure, lifetime source of retirement income. Besides employee contributions and employer contributions, the third piece of the NBTPP Fund is investment income, which constitutes the bulk of the financial growth of the Fund. For instance, in 2025, investment income far exceeded both contributions and deposits, and benefit payments and withdrawals.

NBTPP Board Chairperson Larry Jamieson offered a simple example at last October's Annual Information Meeting. When asked about the potential for members to invest their own money for retirement as opposed to making pension contributions, he explained the advantages of being a Plan member. Here is an excerpt of his response:

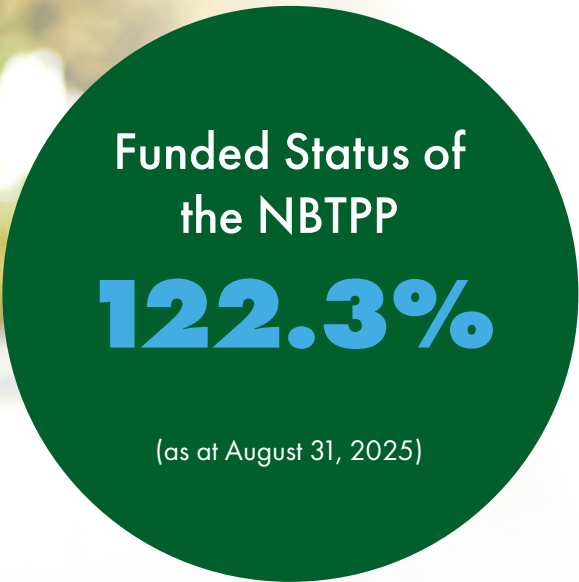


“ Over time, receiving a pension far (...) outstrips what you can earn in the marketplace. Time has proven that. I'll use the example I've used at retirement with teachers: when we calculate the contributions plus interest that they've made to the Pension Plan over the course of their career and compare that to how much they would receive as a pension on a yearly basis starting at retirement, **teacher contributions plus interest get eaten up in the first five years or less of their retirement solely in the amount of pension you receive.**(...) Every year beyond that has to be supported by the Plan's investment return and funding level, and it's paid through the rest of your life, and potentially through the life of any dependant, spouse, or disabled child. ”

[†] YMPE = Year's Maximum Pensionable Earnings (\$74,600 for 2026), set by the federal government

NBTPP FINANCIAL UPDATE

Every three years, the NBTPP is required to undergo an actuarial valuation[‡]. Prepared by our independent actuary, TELUS Health, and presented as an extensive report, the actuarial valuation **assesses the NBTPP’s ability to provide pension benefits to you as an NBTPP member**. It also helps **guide the Board in making decisions regarding the finances of the NBTPP**. The most recent Actuarial Valuation Report was completed as at August 31, 2025. As part of preparing an actuarial valuation, our actuary calculates the financial position of the NBTPP by comparing the fair market value of the NBTPP’s assets to its liabilities; this ratio is known as the **termination value funded ratio** which is basically what the Plan owns versus what it owes, or its **funded status**.



This is the Plan’s
highest funded status
since conversion to a target
benefit plan.



Funded Status of the NBTPP

2024 (as at Aug. 31)	117.2%
2023 (as at Aug. 31)	113.0%
2022 (as at Aug. 31)	112.4%
2021 (as at Aug. 31)	110.4%
2020 (as at Aug. 31)	103.4%
2019 (as at Aug. 31)	108.9%
2018 (as at Aug. 31)	108.5%
2017 (as at Aug. 31)	105.4%
2016 (as at Aug. 31)	105.6%
2015 (as at Aug. 31)	104.7%
2014 (as at Aug. 31)	106.1%
Initial Funding (as at Jan. 1, 2014)	100.2%

[‡] This is the minimum requirement. The NBTPP Board of Trustees may request that the actuary prepare an actuarial valuation in a shorter interval, as has been the case the past two years. On years where an actuarial valuation is not prepared, a simpler document, called a cost certificate, is provided by the Plan’s actuary.

THIS YEAR'S ANNUAL INFORMATION MEETING

LEARN ABOUT YOUR PLAN FROM THE PEOPLE WHO KNOW IT BEST!

WHEN?

OCTOBER 7, 2026, 7:00 P.M. ADT

WHERE?

ONLINE WEBCAST

All members of the Plan, whether you are actively contributing, are a retiree, have deferred your pension, or are a survivor or beneficiary.

WHO?



SIGN UP FOR REMINDERS AT [NBTPP.CA/2026AIM](https://nbtp.ca/2026aim).

An official invitation will follow as the meeting approaches.

WHY SHOULD YOU ATTEND?

Join the Board of Trustees and the Plan's key service providers to receive:



Key updates and insights on the performance and management of the Plan.



Important facts and information to help you better understand your pension benefits – whether you're contributing to the Plan or receiving a pension.



Answers to your questions from the source. Engage in conversation with the Board and service providers, who will answer your questions live.



Missed last year's meeting? Scan the code to the left with your mobile device to watch a recording or visit nbtp.ca/2025aim.

RECAP OF THE 2025 AIM

The 2025 Annual Information Meeting (AIM), held virtually on Wednesday, October 8, was attended by approximately 300 individuals.

OPENING REMARKS

Larry Jamieson, Chairperson of the NBTPP Board of Trustees, kicked off the meeting by presenting the history of the Pension Plan from its beginnings over a century ago, in 1910. He highlighted the changes to the Plan as it went through various ups and downs, including the change that took place in 2014 when the Plan was only 89.5% funded with a \$250 million shortfall. Members recognized the need for change but were adamant about keeping certain provisions, namely, preserving the age-service index (potentially allowing for earlier retirement dates for members), protecting the purchase-of-service rules, and allowing only modest increases in contributions. The resulting discussions and negotiations led to the conversion to today's target benefit plan. Larry reported that to date, the Plan is very healthy. One proof of this is the fact that the Plan is in a position to provide Indexing Adjustment Benefits (also known as cost-of-living adjustments) on an annual basis, contrary to many peers' plans.

REPORT ON THE PLAN'S NUMBERS

Next, Yves Plourde, the Plan's independent actuary with TELUS Health, reported on the Plan's financial position. The funded status has risen to 119.4% at December 31, 2024 compared to 115.3% at December 31, 2023. Since it has now surpassed the 115% mark, per the Plan Text, contributing members and employers benefited from contribution reductions of 1.5% each starting in August of last year. Yves also confirmed that using the Consumer Price Index figures provided by Statistics Canada, the 2026 Indexing Adjustment Benefit would be 2.01% for active members and 1.51% for retirees, deferred members, and survivors.

MESSAGE FROM VESTCOR

Sean Hewitt, Vestcor's President and CEO, rounded off the presentations by laying out Vestcor's role in investment management and pension administration. Vestcor manages over \$23 billion in total assets, 80% of which are managed internally by staff here in New Brunswick. Vestcor prides itself with low operating costs. In fact, according to external benchmarking studies, Vestcor has one of the lowest investment management costs in Canada. The NBTPP saves approximately \$15 million annually through its use of Vestcor as an investment manager. That is money that stays in the Plan for members and is equivalent to the average annual pensions for 450 retired teachers. Sean provided a snapshot of the NBTPP's well-diversified and prudent investment asset mix and ended by discussing the long-term importance of responsible investing – highlighted in the NBTPP's Responsible Investment Report at nbtp.ca/responsible.

Larry Jamieson concluded the formal part of the meeting with three takeaway messages:

- The Plan is well funded and in a healthy financial position.
- Members and survivors should be proud and reassured of the results presented.
- The Plan continues to be resilient, sustainable, secure, and affordable for members.

Lastly, the presenters and Vestcor staff members responded to questions sent in by members.

The meeting was very well received with 93% of attendees stating the meeting was informative or very informative, as expressed in a post-meeting survey.

INVESTMENT UPDATE

A SNAPSHOT OF WHERE YOUR PENSION FUND STOOD AT DECEMBER 31, 2025

HIGHLIGHTS

NBTPP 2025 RETURN

9.33%

AT DEC. 31, 2025
(GROSS)

NET INCREASE OF

\$479.1 million

SINCE DEC. 31, 2024

INVESTMENT
ASSETS ARE

\$7.958 billion

AT DEC. 31, 2025

NBTPP
FOUR YEAR RETURN

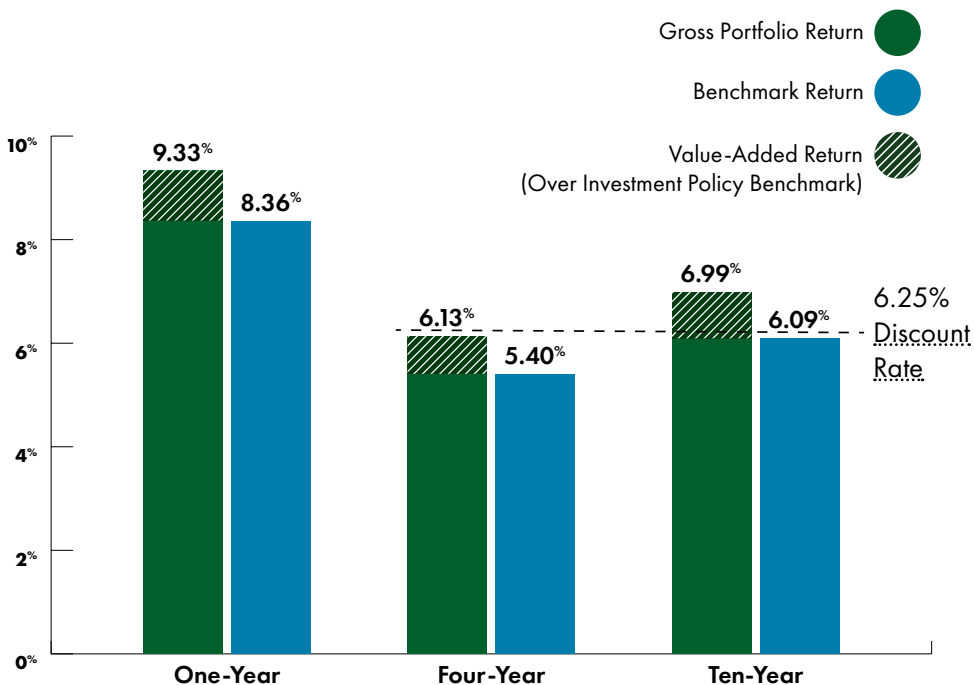
6.13%

(GROSS)

Key Takeaways

- 2025 was another strong investment year; however, concentration is an increasing issue in U.S. markets.
- The return on investments in 2025 was greater than the sum of all pensions, refunds, and expenses paid by the Plan in the year.

INVESTMENT RETURNS (AS AT DEC. 31, 2025)



We are pleased to report that the Plan's investments earned a strong return of 9.33% for 2025. The investment portfolio also managed to more than keep pace with its benchmark after accounting for investment costs.

Over the longer term, the four-year annualized rate of return of 6.13% exceeds the benchmark return of 5.40%, while the ten-year annualized return of 6.99% is in excess of both the 6.25% discount rate recommended by the Plan's independent actuary and approved by the Board, as well as the benchmark return of 6.09%. This strong performance has been achieved while the Plan has taken on less investment risk than most other comparable Canadian pension plans.

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 UPDATE

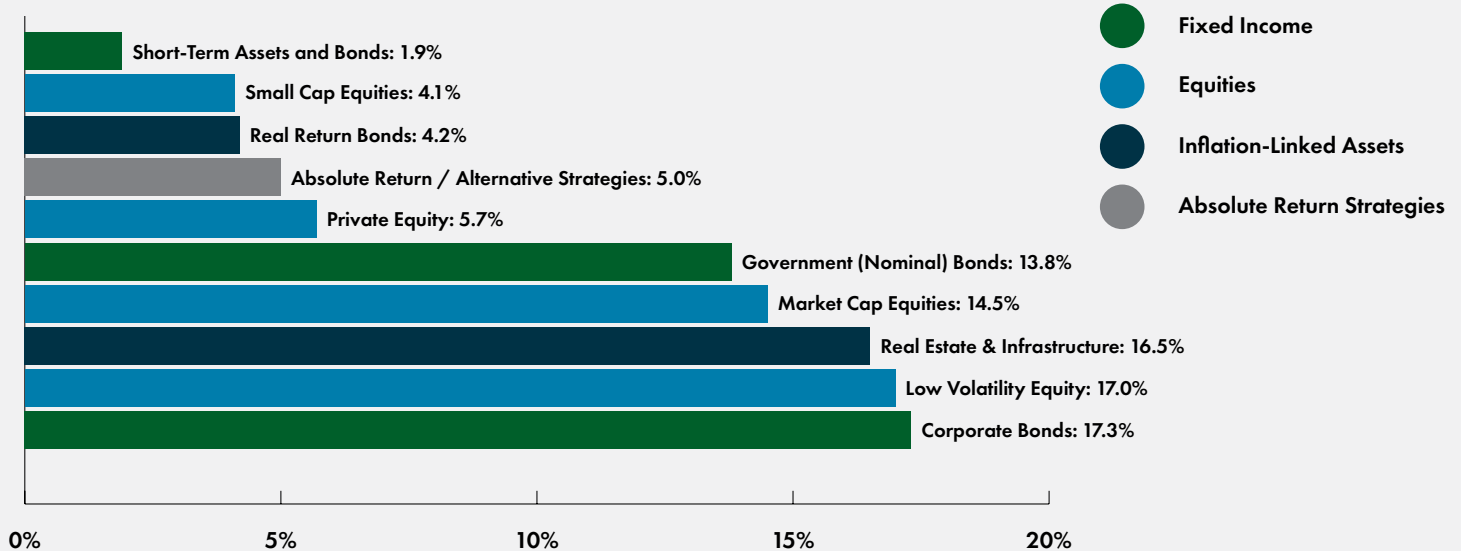
A SNAPSHOT OF WHERE YOUR PENSION FUND STOOD AT DECEMBER 31, 2025

INVESTMENT ASSETS

The fair value of the NBTPP investment assets on December 31, 2025 was \$7.958 billion, an increase of \$479.1 million from the fair value on December 31, 2024.

ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2025 and highlights the diversification within the Plan's investment assets.



The NBTPP's investment policy is reviewed by the Board on an annual basis, and the Plan's investments are currently being transitioned to the target asset mix. More information on the Board's policies can be found in the Statement of Investment Policies available at nbtpp.ca, under "About the NBTPP" then "Governing Documents."

MARKET SNAPSHOT

Despite the volatility experienced during the "Liberation Day" events in April, the year turned out to be a strong one for global equity markets. Even with an "America-first" policy perspective from the current U.S. administration, global stocks broadly outperformed U.S. equities for the year, with Canadian stocks performing even better.

Concentration continues to be an issue for the U.S. market. As of the end of 2025, the Magnificent 7 stocks* accounted for more than a third of a broad representative index of U.S. stocks, while the top 10 companies made up nearly 40% of the market. By some measures, the U.S. market is now more concentrated than the Canadian market.

Geopolitical events remain a meaningful source of uncertainty for financial markets, as some previously latent risks have materialized. Ongoing conflicts in eastern Europe and the Middle East, including a recent escalation involving Iran that has significantly impacted energy supply routes, have largely been absorbed by markets to date with only modest drawdowns. At the same time, pressures associated with global trade realignment and supply chain resilience continue to build gradually rather than emerging through discrete shocks. As such, market volatility has been accentuated following a notable increase in early 2026 and investors would be wise to manage risks carefully as they continue their journey through 2026.

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.



* Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla



OFFICE EXPANSION

It's easier than ever for members to access in-person services.

Our administration services provider and investment manager, Vestcor, has recently expanded its office space. Still located at 140 Carleton Street in downtown Fredericton, New Brunswick, members who wish to meet with Vestcor's Member Services Team can now find them on the first floor. Just follow the signage. Vestcor's helpful team is now more accessible than ever!

You can also reach Vestcor via email at info@vestcor.org, or by phone toll-free in Canada at 1-800-561-4012. Office hours are Monday to Friday, 8:15 a.m. to 4:30 p.m.

AMENDMENTS TO GOVERNING DOCUMENTS

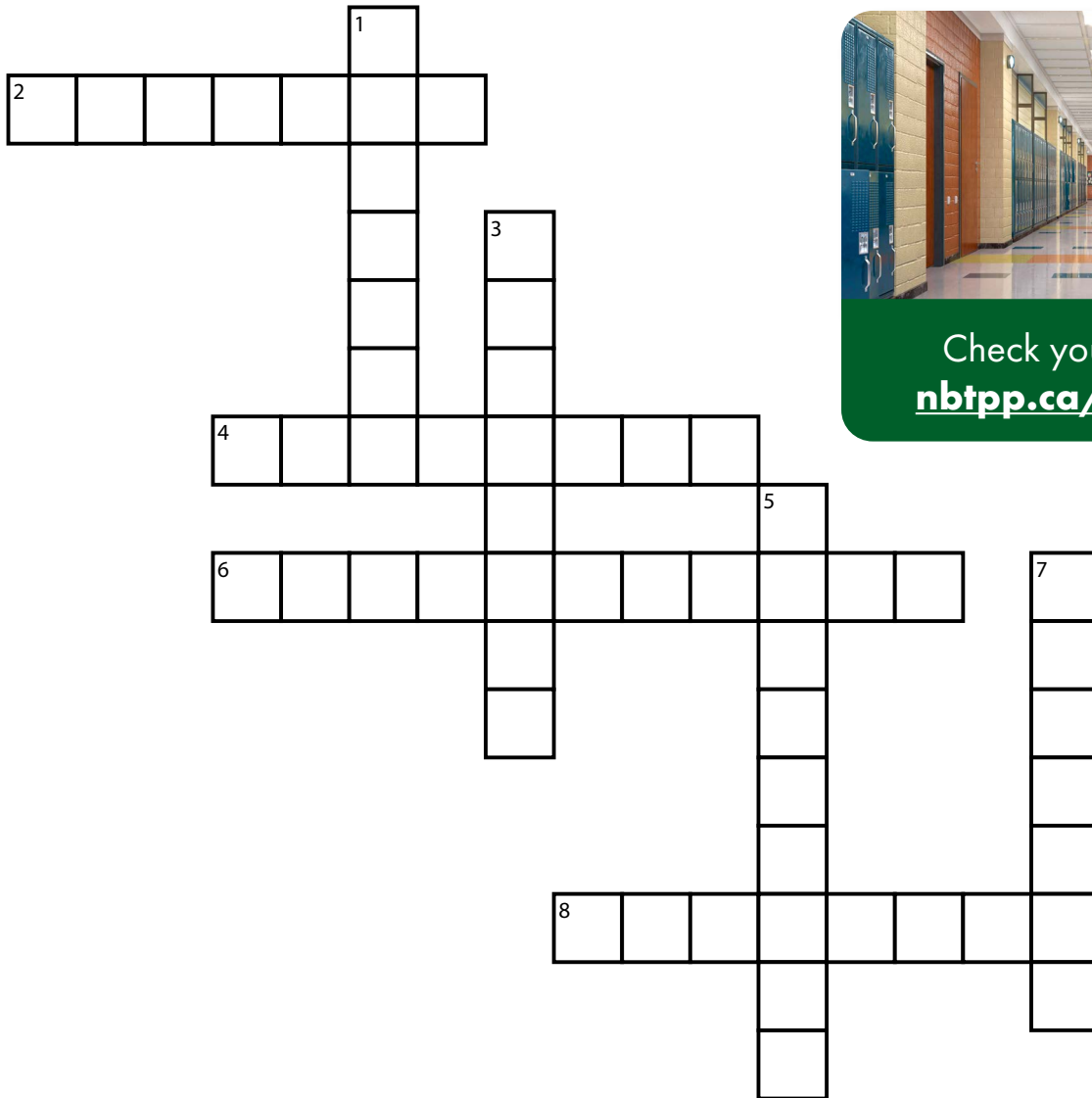
The *Pension Benefits Act* (New Brunswick) requires that Plan members be provided with an update on any Plan amendments. As such, the Board of Trustees would like to inform you of the following amendment which was filed with the Superintendent of Pensions:

- The Plan Text was amended to reflect the Indexing Adjustment Benefit of 2.01% effective January 1, 2026. The amendment was filed with the Superintendent of Pensions on February 25, 2026.

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.

BREAK TIME

Read the entire newsletter to help you fill out the crossword!



Check your answers at
nbtp.ca/spring2026

DOWN

1. The next NBTPP Annual Information Meeting will be held on _____ 7, 2026.
3. The purpose of the NBTPP is to “provide members with a secure, _____ source of retirement income”.
5. Members of the NBTPP Board of Trustees have a _____ duty to act in the best interest of the Plan and its members.
7. The NBTPP’s _____ Policy dictates what actions are to be taken when the Plan is in a surplus or deficit situation.

ACROSS

2. The age-_____ index allows members of the NBTPP to potentially retire early without penalty.
4. You can find the Plan’s administrative services provider, Vestcor, on the first floor of 140 _____ Street in Fredericton, NB.
6. To determine the funding level of the NBTPP, the actuary compares the Plan’s assets to its _____.
8. Indexing Adjustment Benefits (IAB) are based on the percentage change in the average _____ Consumer Price Index.



2026 BOARD OF TRUSTEES

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Marcel Larocque

Vice-Chairperson

Robert Fitzpatrick

Trustee

Rémi Gauthier

Trustee

Natalie Kenny

Trustee

Leonard Lee-White

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Jennifer Morrison

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Robert Penney

Trustee

Michael Ketchum

Observer

Kerry Leopkey

Observer

Half of the NBTPP Board of Trustees are appointed by the New Brunswick Teachers' Federation (NBTF), while the other half are appointed by the provincial government. Once appointed to the Board, Trustees:

- Hold a fiduciary duty towards the Plan. This means they **must always act in the best interest of the NBTPP and its members** when administering the affairs of the Plan. They do not represent the party who appointed them.
- Are entrusted with the property of another person; in the case of the NBTPP, it consists of the funds for the pensions of Plan members.
- Must conduct themselves with the highest standards of integrity, honesty, independence, fairness, openness, and competence. Failure by any of the Trustees to meet their fiduciary duty (e.g., not disclosing or addressing conflicts of interest) can result in disciplinary actions.

CONTACT US

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Pension Plan
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