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## Reaching New Heights

### A LETTER FROM THE BOARD OF TRUSTEES

As communicated on May 1, 2026, the New Brunswick Teachers' Pension Plan (the "Plan") recently reached an important milestone—one that creates new opportunities to strengthen benefits for members. Thanks to continued strong investment performance and careful management over time, the Plan has reached a record level of funding of 122.3% as of August 31, 2025.

#### WHY THIS MATTERS

When the Plan was converted in 2014<sup>1</sup>, the Plan's **Funding Policy** was put in place to guide how the Plan's finances would be managed over the long term. This governing document is the tool that we, as the Board of Trustees of the NBTPP, use to manage risks inherent to the Plan. The Funding Policy provides guidance and rules regarding decisions that must, or may (as applicable), be made by the Board with regards to funding levels, contributions, and benefits. This policy set out clear priorities:

- Protect the sustainability of the Plan
- Manage risks responsibly
- **Use strong funding to improve benefits for members**, when possible

**The Funding Policy specifies that if the Plan's funded ratio surpasses 120%, a portion of the excess funds can be utilized to improve member benefits** and, in some cases, restore benefits that were given up when the Plan was converted—a change necessary to protect the sustainability of the Plan for current and future generations. **That said, the Funding Policy did not originally specify how the excess funds should be utilized.**

#### WHAT'S HAPPENING NOW

Because the Plan's funding level has exceeded the key threshold of 120% for the first time ever, we have now taken the next step: amending the Funding Policy to specify **how this excess funding can be utilized to provide benefit improvements to members going forward.**

Under the guidance of the Plan's independent actuary, and with the support of the Parties of the Plan (i.e., the New Brunswick Teachers' Federation and the Government of New Brunswick), we are excited to share that the following steps have been approved by the Board of Trustees under the Funding Policy. Note that approval by the province's pension regulator, the Financial and Consumer Services Commission of New Brunswick (FCNB), is pending.

<sup>1</sup> The Plan was converted from a defined benefit (DB) pension plan to a target benefit plan on July 1, 2014.



**It is very important to understand the following:**

- The steps provided below (i.e., Step 4A, Step 4B, and Step 4C) would be included under the Funding Excess Utilization Plan section of the Funding Policy and would follow Steps 1-3 as detailed within the Funding Excess Utilization Plan.
- The steps under the Funding Excess Utilization Plan must be fully implemented in the order provided before the next step can be considered (e.g., Step 4A must be fully implemented before any of Step 4B can be considered/implemented).
- **The inclusion of these steps does not mean immediate changes to your pension benefits.** Changes to member benefits will be considered gradually, as excess funding becomes available. Decisions will depend on the Plan continuing to have sufficient funding. Financial markets and results fluctuate, so we will continue to act carefully and responsibly to protect the Plan's long-term health.

The changes to the Funding Policy, pending FCNB's approval, are as follows. Note that it could take years before some of these steps are implemented, as all are dependent on how much excess funding is available annually:

**STEP  
4A**

**Provide Indexing Adjustment Benefits (IAB) not granted due to cap of 4.75%**

Generally speaking, the IAB has been granted under the Plan based on the average year-over-year change in the Consumer Price Index (CPI) up to a cap of 4.75% for active members and 3.56% for retirees<sup>2</sup> (4.75% x 75% applicable to retirees); the cap has previously applied to the IAB granted on January 1, 2023 (average CPI of 5.56%) and January 1, 2024 (average CPI of 5.59%).

With the introduction of Step 4A, the IAB that was not granted due to the cap would be determined and **applied on a go-forward basis** (i.e., no retroactive amounts paid) based on the excess funds available. This would result in an increase to the accrued pension benefits of active and deferred members, and to the pensions payable to retirees.

In addition, if the average year-over-year CPI resulted in the IAB being capped in the future, this step would provide an IAB above the cap if excess funds were available.

<sup>2</sup>"Retirees" mean pensioners, survivors, and other beneficiaries in receipt of a pension, and deferred vested members who have ceased employment but left their accrued pensions in the Plan.

## STEP 4B

Increase the IAB from 75% to 100% of CPI for retirees<sup>2</sup> and restore pre-conversion early unreduced retirement rules for all active members

This step consists of two distinct components that would be restored in tandem: one applicable to retirees and one applicable to active members.

1. For the portion of Step 4B applicable to retirees, the IAB already granted of 75% of the CPI since January 1, 2015 would gradually be increased to 100% of CPI, thereby restoring the 25% of CPI that was lost at the time of reform. This increase would be **awarded on a go-forward basis** (i.e., no retroactive amounts paid).
2. For the portion of Step 4B applicable to active members, the early unreduced retirement rules that were in place prior to Plan conversion would gradually be restored and be applicable when members retire. The table below displays the applicable early retirement rules impacted by Step 4B:

Rule	Rule applicable to pensionable service <u>prior to July 1, 2014</u>	Rule applicable to pensionable service <u>since July 1, 2014</u>
<b>Age + Service Index (ASI)</b>	<p><b>Earliest Unreduced Pension</b> ASI equal to at least 87</p> <p><b>Earliest Reduced Pension</b> ASI equal to at least 80 (2.5% reduction for each index year that ASI is less than 87)</p>	<p><b>Earliest Unreduced Pension</b> ASI equal to at least 91</p> <p><b>Earliest Reduced Pension</b> ASI equal to at least 84 (2.5% reduction for each index year that ASI is less than 91)</p>
<b>20 Years of Service</b>	<p><b>Earliest Unreduced Pension</b> Age 60</p> <p><b>Earliest Reduced Pension</b> Age 55 (5% reduction per year prior to age 60)</p>	<p><b>Earliest Unreduced Pension</b> Age 62</p> <p><b>Earliest Reduced Pension</b> Age 55 (5% reduction per year prior to age 62)</p>

<sup>2</sup>“Retirees” mean pensioners, survivors, and other beneficiaries in receipt of a pension, and deferred vested members who have ceased employment but left their accrued pensions in the Plan.

## STEP 4C

Restore pre-conversion early unreduced retirement rules for retirees and eliminate the impact of the Section 5.6 rule that previously applied to retirements

Step 4C consists of two components that would be reviewed for retirees who retired on or after July 1, 2014:

1. The early unreduced retirement rules that were in place prior to Plan conversion would be restored (refer to the table provided in Step 4B above for the applicable early retirement rules). If the pension at retirement was calculated using one of these rules, the original pension amount would be redetermined using the applicable pre-conversion early unreduced retirement rule, be brought forward to one year after the valuation date, and be **paid on a go-forward basis** (i.e., no retroactive amounts paid).
2. Section 5.6 of the Plan Text, which was in effect for terminations under the Plan between July 1, 2014 and June 4, 2024, capped the lifetime pension benefit payable to retirees to that which would have been paid under the rules of the former *Teachers' Pension Act*. With Step 4C, pensions would be reviewed to determine if the Section 5.6 provision capped the pension at that time; if it did, the uncapped pension amount would be brought forward to one year after the valuation date and **paid on a go-forward basis** (i.e. no retroactive amounts paid).

Pensions under Step 4C would be reviewed from earliest (i.e., July 1, 2014) to most recent (i.e., June 4, 2024) until all applicable excess funds were used.

When the Board is in a position to implement these steps, impacted members will be notified in writing. Updates will also be provided through the Plan's website at [nbtp.ca](http://nbtp.ca) and in the semi-annual newsletters.

## THINGS TO REMEMBER

- The changes to the Funding Policy noted above are subject to the pension regulator's approval (i.e., FCNB).
- These changes will not have an immediate impact on your pension benefits. They will be implemented gradually, over many years, as excess funding becomes available to do so. **As such, you should not alter or delay any retirement plans that you may have in order to wait for these steps to be implemented.**
- All changes are on a go-forward basis and cannot be applied retroactively. When implemented, the changes will impact your pension benefits moving forward as of the specific implementation date of that change.

This is a very positive milestone for the New Brunswick Teachers' Pension Plan. Please refer to the Plan's semi-annual newsletters and website ([nbtp.ca](http://nbtp.ca)) for updates.