

NEW BRUNSWICK

Teachers'

PENSION PLAN



IN THIS ISSUE

- 1 | LIFE EVENTS: ENDING A SPOUSAL RELATIONSHIP
- 2 | INTEGRATION: A QUICK GUIDE TO YOUR BRIDGE BENEFIT
- 3 | INVESTMENT REPORT
- 5 | NBTPP FINANCIAL UPDATE
- 5 | TIPS FOR RETIREES
- 6 | NBTPP BOARD OF TRUSTEES
- 7 | NBTPP ANNUAL INFORMATION MEETING 2024
- 7 | AMENDMENTS TO GOVERNING DOCUMENTS

RETIREE EDITION

SPRING 2024

VOLUME 9

ISBN 978-1-4605-3615-5

CONTACT US

WRITE:
NBTPP Board of Trustees
c/o Vestcor
PO Box 6000
Fredericton, NB E3B 5H1

CALL:
1 800 561 4012 (toll free)
or 506 453 2296 (Fredericton)

EMAIL: info@nbtp.ca

LIFE EVENTS:

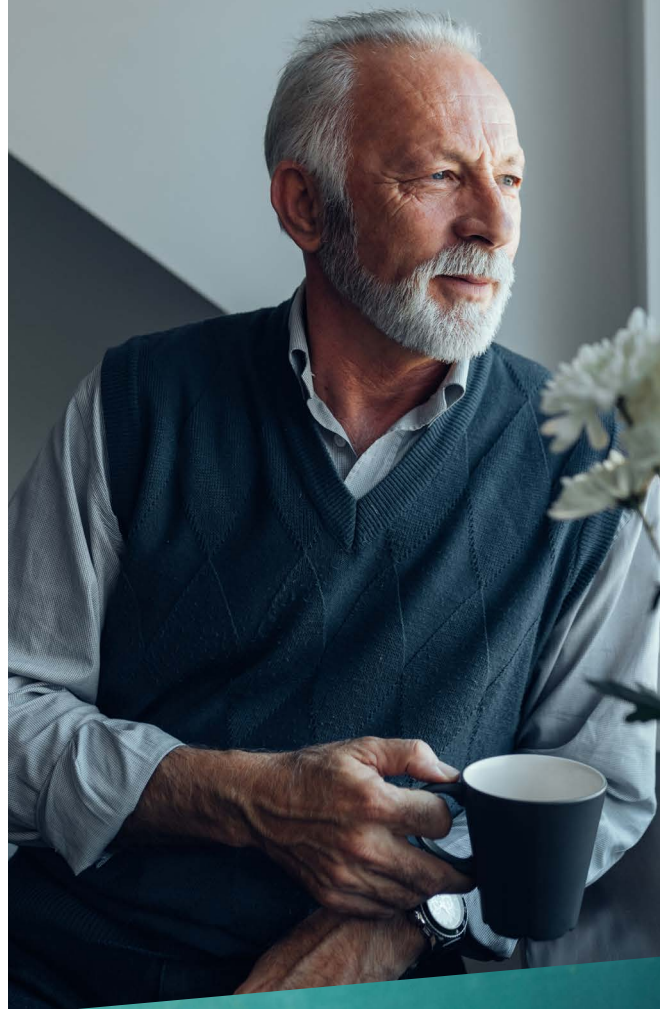
ENDING A SPOUSAL RELATIONSHIP

Over the course of your career you may experience a lot of changes – professionally and personally. If you're going through a separation or divorce, your pension may be affected.

Your pension is one of the assets available for division as part of a separation or divorce and may be included in the final settlement between you and your former partner.

The NBTPP allows for the transfer of a portion of pension assets to an ex-spouse following the breakdown of a marriage or common-law partnership. The benefits earned in the pension plan **during the time you were married/cohabitating** can be included in the division of marital assets. For retirees, the portion of the benefit that is transferred to your spouse will directly reduce your monthly pension benefit on a go forward basis.

Visit nbtp.ca/lifeevents. You'll find important resources including an information booklet which details your Plan's rules regarding the division of pension benefits upon marriage/common-law partnership breakdown, how the calculations are conducted, and other important factors to consider. You'll also find other Life Events including *Planning for Retirement*, *Leaving Your Employment*, *Returning from a Leave of Absence*, and more.



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.

INTEGRATION:

A QUICK GUIDE TO YOUR BRIDGE BENEFIT

You can watch a video about Integration by scanning the code to the right with your mobile device, or by visiting nbttp.ca/integration.



One of the perks the New Brunswick Teachers' Pension Plan provides is a bridge benefit paid to members that retire before age 65. As the name suggests, this bridge benefit is **paid temporarily in addition to your lifetime pension** to help bridge the gap financially between your retirement date, and when you qualify for an **unreduced** Canada Pension Plan (CPP) benefit at age 65.

FIRST, A LITTLE BACKGROUND...

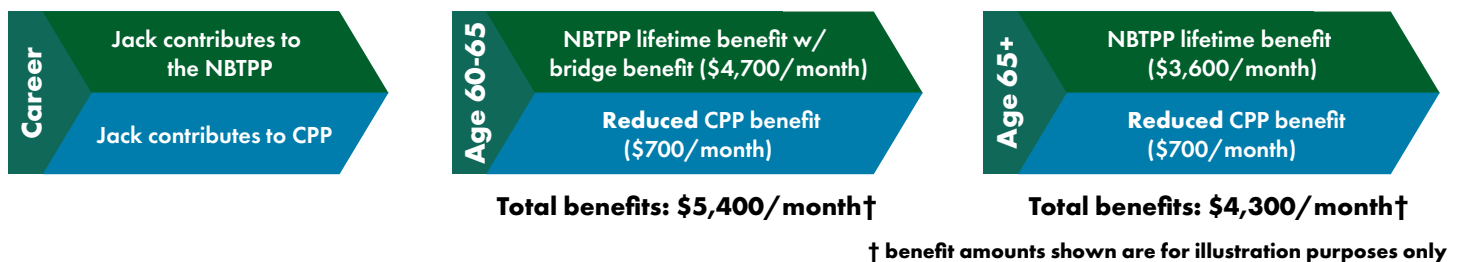
The NBTPP, like most other plans across Canada, is integrated with the CPP. When the CPP was introduced in 1966, contributions under the NBTPP were reduced so that an employee's overall contributions did not increase. Benefit levels were also adjusted so that the combined NBTPP and CPP paid similar benefits as were previously paid by the NBTPP alone. Together they are meant to provide you with a retirement income that will allow you to maintain your quality of life throughout your retirement.

You are eligible to start CPP as early as age 60 at a **reduced** amount, 65 **unreduced**, or as late as age 70 with a late retirement increase applied. If you decide to start receiving your CPP benefit before the normal retirement age of 65, the **reduced** benefit you will receive is to balance out the fact that you will be receiving your pension for a longer period of time.

SO, HOW DOES IT WORK?

As mentioned above, if you retire before age 65, your base pension amount will include a temporary bridge benefit on top of your lifetime benefit. This additional benefit is only paid until you reach age 65.

In addition to their NBTPP pension, some members choose to start receiving their CPP benefit early. You can start receiving a **reduced** CPP benefit as early as age 60. It is important to remember, your bridge benefit is paid until you reach age 65, regardless of when you start receiving your CPP benefit. On the month following your 65th birthday, your bridge benefit ends, while your lifetime pension benefit continues to be paid to you for the whole of your retirement. An example of a member who retires at age 60 and opts to receive both their NBTPP and CPP pensions is below.



Individuals also receive the Old Age Security (OAS) pension at age 65 (max \$640 per month), which will make up some of the difference shown in the example above.

For NBTPP members who choose to delay starting their CPP, the change in their income the month following their 65th birthday will be much less significant, as the end of the bridge benefit will coincide with the start of their CPP benefit. You should keep in mind that your bridge benefit and CPP benefit amounts are unlikely to be exactly the same, so you will see a change in your monthly income.

If you have questions about your bridge benefit, contact Vestcor's Member Services Team at 1 800 561 4012 or info@nbttp.ca and they'll be able to talk to you about the details and how they pertain to you.

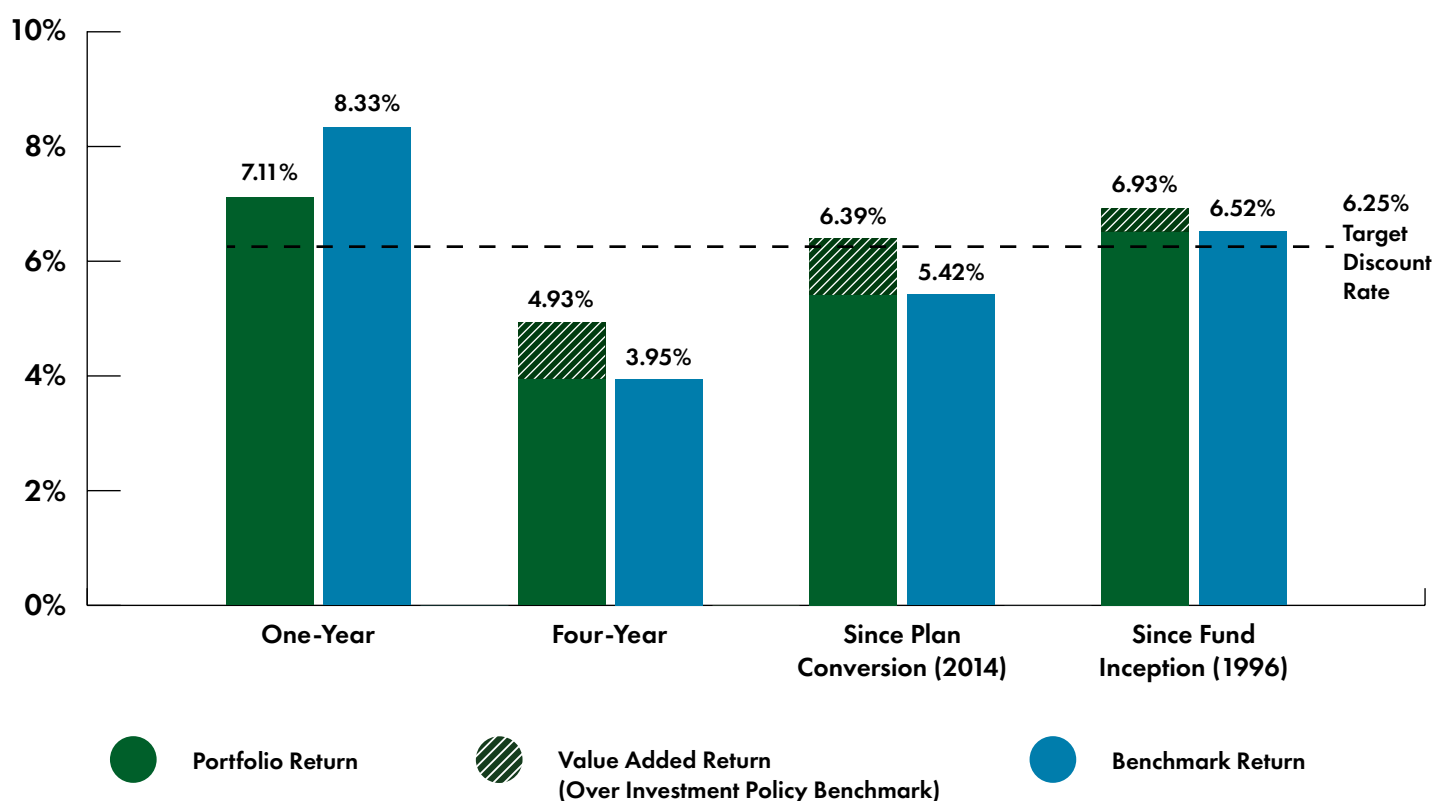
A SNAPSHOT OF WHERE YOUR PENSION FUND STANDS AS AT DECEMBER 31, 2023



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 DECEMBER 31, 2023)



We are pleased to report that the overall investment program earned a strong positive return of 7.11% for 2023. Although this return was strongly positive, the portfolio earned less return than the benchmark for 2023. This is due in part to the defensive positioning of the invested assets. Additionally, the timing of private market valuations are complex and tend to lag behind those of the public market benchmarks, which are updated more frequently through public security exchanges. The strength of the public markets at the end of the year, and this typical lag in the corresponding valuation of private market assets held by the NBTPP contributed to this underperformance during 2023.

Over the longer term, both the four-year annualized return of 4.93% and the annualized return since conversion of the NBTPP of 6.39% have continued to exceed the benchmark returns of 3.95% and 5.42% respectively. The return since the inception of the NBTPP remains in excess of the 6.25% target discount rate set by the independent actuary.

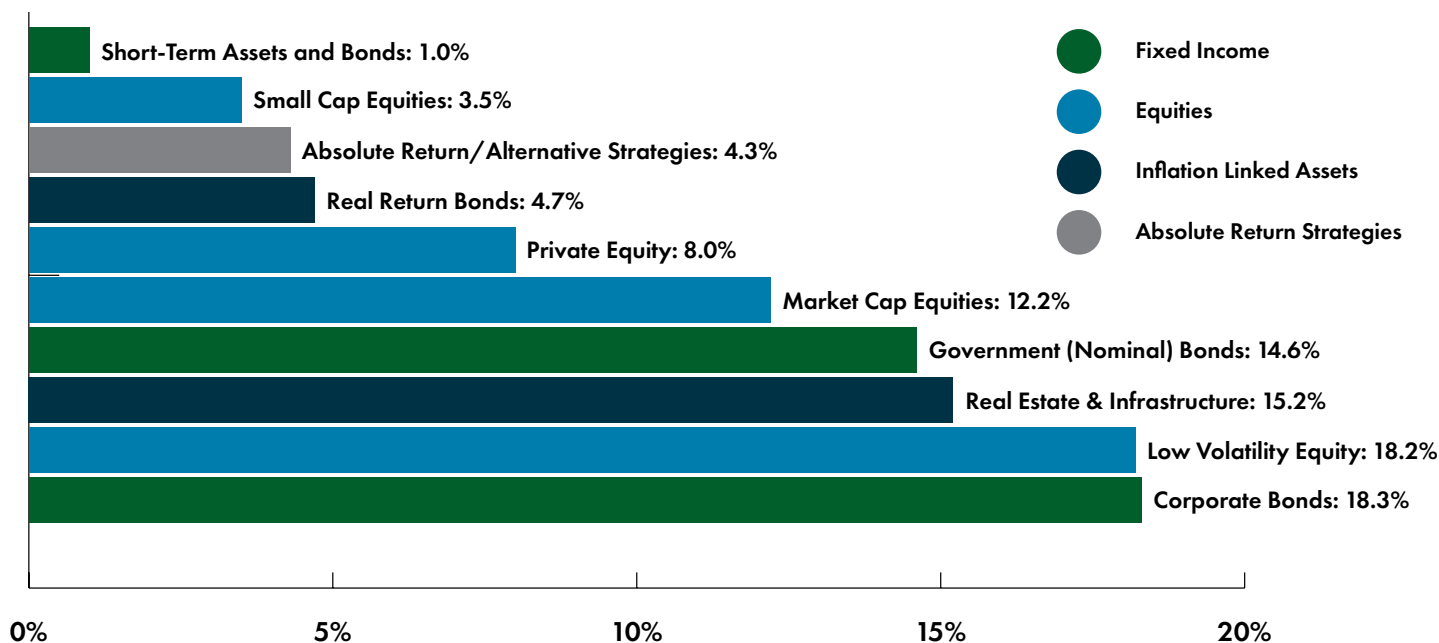
INVESTMENT REPORT

INVESTMENT ASSETS

The fair value of the NBTPP investment assets on December 31, 2023 was \$6.789 billion, an increase of \$260.9 million from the fair value on December 31, 2022.

ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2023 and illustrates how well-diversified (see “diversification” in the glossary) the Plan’s investment assets are.



As a result of the Board’s annual review of the investment policy, the NBTPP’s investments are being transitioned to a new asset mix over the next 6 - 12 months. More information on the Board’s policies can be found in the [Statement of Investment Policies](#) available at nbtp.ca, under “Plan Governance” then “Governing Documents.”

MARKET SNAPSHOT

2023 can be described as a year of significant bifurcation. Global stocks produced strong gains in 2023, but the significant concentration within U.S. equity markets – around a few technology companies – meant active managers had a challenging time adding additional value over and above benchmarks. Interest rates, especially over the medium term, experienced significant volatility throughout the second half of the year. As mid to long term interest rates fell in the last quarter this drove higher returns for bonds.

Inflation continued to decline throughout the early part of 2023 before stabilizing above 3% in the second half of 2023 for both Canada and the US. Overall, despite the significant volatility and pockets of uncertainty in certain markets, medium to long term return expectations for investors remain strong.

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.

NBTPP FINANCIAL UPDATE

COST CERTIFICATES AND ACTUARIAL VALUATIONS

Every three years the NBTPP is required to undergo an actuarial valuation. This extensive report, prepared by our actuary, **assesses the NBTPP's ability to provide pension benefits to you**, the NBTPP membership. It also helps **guide the Board in making decisions regarding the finances of the NBTPP**. The most recent Actuarial Valuation Report for the NBTPP was completed as at August 31, 2022, with the next one scheduled for 2025.

In the years in which an actuarial valuation is not required, the actuary must prepare a Cost Certificate. As part of preparing a Cost Certificate, **our actuary calculates the financial position of the NBTPP by comparing the fair market value of the NBTPP's assets to the extrapolated funding liability as at August 31, 2023**; this ratio is known as the **termination value funded ratio**, with the results as at August 31, 2023 provided to the right. Essentially, it is the Plan's funding status.

**Funded Status
of the NBTPP**
113.0%
(as at August 31, 2023)

This is the highest Funded Status for the Plan since conversion to a target benefit plan.



TIPS FOR RETIREES UPDATING YOUR INFORMATION

- Is a move in your near future? You can update your address with the change of address form available at nbtp.ca/address. If you would rather call, you can also contact Vestcor at 1 800 561 4012.
- If you have owed money after filing your income tax return in the past few years, you may want to consider increasing the amount of tax withheld from your monthly pension payment. By doing so, you can reduce how much money you owe when you file your tax return next year. The form is available at nbtp.ca/incometax. You may want to contact a tax specialist before making any decisions regarding your income tax deductions.
- Have you opened a new bank account? Go to nbtp.ca/banking to find the form you need to update your banking information. You can also contact Vestcor by phone at 1 800 561 4012. Remember to keep your old account open until you've seen a payment deposited in your new account.





NBTPP BOARD OF TRUSTEES

1. Larry Jamieson

Chair

Retired Teacher, and retired Executive Director, New Brunswick Teachers' Association

2. Marcel Larocque

Vice-Chair | Governance Committee Member

Retired Teacher, and retired Acting Executive Director, Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

3. Robert Fitzpatrick

Trustee | Governance Committee Member

Retired Teacher, and retired Executive Director, New Brunswick Teachers' Association

4. Jane Garbutt, ICD.D

Trustee

Senior Vice-President of Corporate Operations and Administration, Ocean Capital Investments Limited

5. Rémi Gauthier

Trustee | Audit Committee Member

Teacher, Director of Member services of the Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

6. Leonard Lee-White, CFA

Trustee | Chair of the Governance Committee

Retired Assistant Deputy Minister, Department of Finance and Treasury Board, Province of New Brunswick

7. Jennifer Morrison, CPA, CA

Trustee | Chair of the Audit Committee

Treasurer, University of New Brunswick

8. Amy Murdock, CPA, CA

Trustee | Audit Committee Member

Comptroller, Province of New Brunswick

9. Michael Ketchum

Observer

Retired Teacher, and retired from the New Brunswick Teachers' Association Teacher Welfare Services

10. Kerry Leopkey

Observer

Licensed Teacher, and Executive Director and Chief Spokesperson, New Brunswick Teachers' Federation

Find full biographies of your Trustees at nbtp.ca.

JOIN US AS WE MARK 10 YEARS SINCE THE PLAN'S CONVERSION

NBTPP ANNUAL INFORMATION MEETING

2024

10 YEARS OF THE NBTPP

WHEN?

October 9, 2024, 7:00 pm ADT

WHERE?

Online via webcast with a phone-in option

WHY SHOULD YOU ATTEND?

It's your opportunity to learn more about the NBTPP:

- meet your Board of Trustees;
- watch presentations by the Plan's actuary, investment manager and pension administration service provider; and
- ask questions of your Board of Trustees and the Plan's service providers.



REGISTER TODAY!

Scan the code on the left with your mobile device or visit nbtpp.ca/2024AIM

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 in order to document the Indexing Adjustment Benefit awarded as at January 1, 2024. The amendment was filed with the Superintendent of Pensions on January 15, 2024.
- The Plan Text and Agreement and Declaration of Trust were amended to permit the Province of New Brunswick to appoint an Observer to the NBTPP Board of Trustees. The amendments were filed on October 31, 2023.

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

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

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

