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NBPSPP UPDATE

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NBPSPP ANNUAL INFORMATION MEETING 2024

10 YEARS OF THE NBPSPP

WHY SHOULD YOU ATTEND?

It's your opportunity to learn more about the NBPSPP as we mark 10 years since the Plan's conversion. Join us to:

- 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.

WHEN?

September 25, 2024, 12 pm (noon)

WHERE?

Virtually (phone-in option available)



REGISTER TODAY!

Scan the code above with your mobile device or visit nbpspp.ca/2024aim



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.

NBPSPP BOARD OF TRUSTEES

The NBPSPP Board of Trustees is made up of ten Trustees and two Observers.

- Five Trustees have been appointed by the provincial government.
- Four Trustees have been appointed by the unions who signed the NBPSPP's Memorandum of Understanding.
- There is currently one Trustee vacancy for an appointee from the Professional Institute of the Public Service of Canada.

The rules of the NBPSPP require that at least one provincial appointee is a retired member of the Plan. The current make up of the Board meets that requirement.

Although appointed by the unions or the provincial government, each member of the Board has a fiduciary duty to the NBPSPP. **This fiduciary duty means they must act in the best interest of the Plan and its members.**

Katherine Greenbank, BBA, CPA, CMA

Chair - Appointed by the Province of New Brunswick

Retired Corporate Director of Financial Systems
Integration, Service New Brunswick

Ross Galbraith

**Vice-Chair - Appointed by the International
Brotherhood of Electrical Workers Local 37**

International Representative, International Brotherhood
of Electrical Workers

Sébastien Deschênes, DBA, CFA, CPA, ICD.D

Trustee - Appointed by the Province of New Brunswick

Professor of Accounting and Vice-President, Université
de Moncton - Edmundston Campus

Paula Doucet

**Trustee - Appointed by the New Brunswick Nurses
Union**

President, New Brunswick Nurses Union

Renée Laforest, CPA, CGA

Trustee - Appointed by the Province of New Brunswick

Vice President of Strategic Procurement and Corporate
Services, Service New Brunswick

Jim Mehan, MBA, CPA, CMA

Trustee - Appointed by the Province of New Brunswick

Deputy Minister, Department of Social Development,
Province of New Brunswick

Susie Proulx-Daigle

**Trustee - Appointed by the New Brunswick Union of
Public and Private Employees**

President, New Brunswick Union

Marilyn Quinn

Trustee - Appointed by the Province of New Brunswick

Retired registered nurse and former President,
New Brunswick Nurses Union

Odette Robichaud

**Trustee - Appointed by the Canadian Union of Public
Employees Locals 1252, 1840 and 5017**

Retired Court Stenographer, Province of New Brunswick

Chris Russell

**Observer - Appointed by the Canadian Union of
Public Employees Locals 1252, 1840 and 5017**

Red Seal Plumber and Maintenance Repair Worker, New
Brunswick Community College and President, Canadian
Union of Public Employees Local 5017

Leigh Sprague

**Observer - Appointed by the New Brunswick Union of
Public and Private Employees**

Executive Director, New Brunswick Union

Peter Hanlon

**Guest of the International Brotherhood of Electrical
Workers Local 37**

Matt Hiltz

Guest of the New Brunswick Nurses Union

Find full biographies of your Trustees at nbpspp.ca.

INVESTMENT REPORT

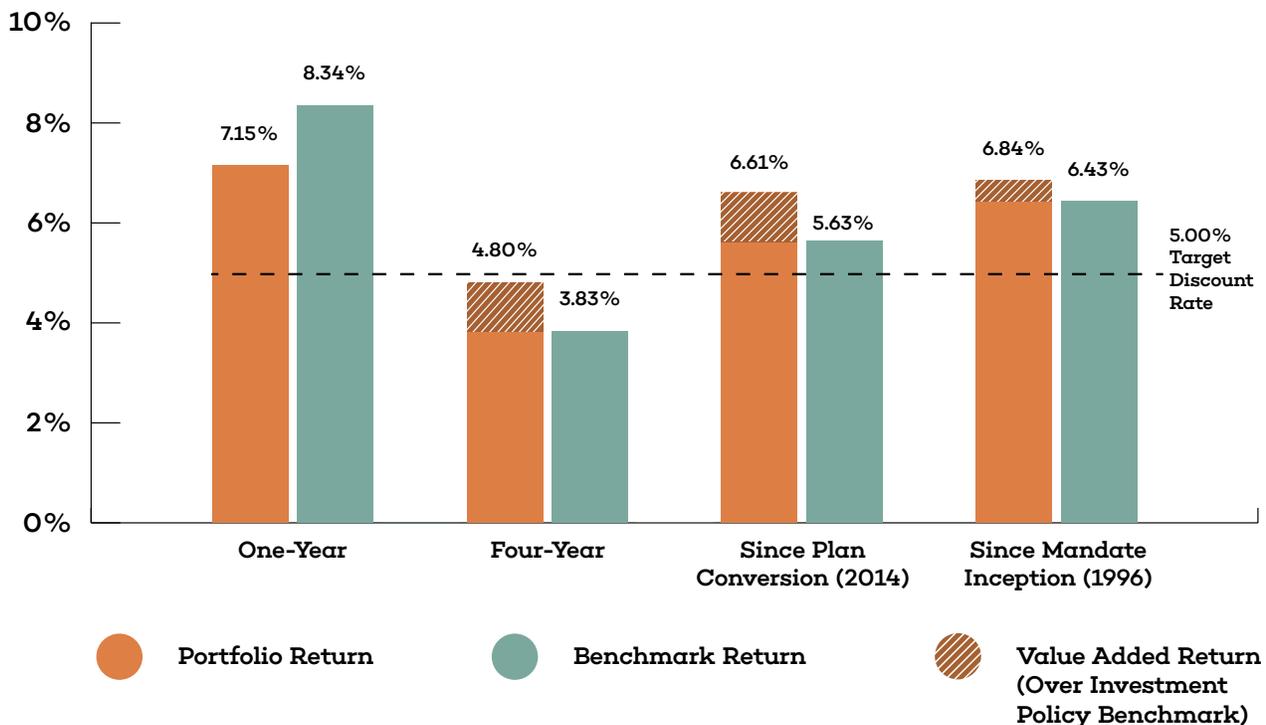
A SNAPSHOT OF YOUR PENSION FUND AT DECEMBER 31, 2023



Look for terms with a dotted underline in this Investment Report. You can find definitions of these terms and others relevant to the NBPSPP 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 7.15% 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 NBPSPP contributed to this underperformance during 2023.

Over the longer term, both the four-year annualized return of 4.80% and the annualized return since conversion of the NBPSPP of 6.61% have continued to exceed the benchmark returns of 3.83% and 5.63% respectively. The return since the inception of the NBPSPP also remains in excess of the 5.00% target discount rate set by the independent actuary.

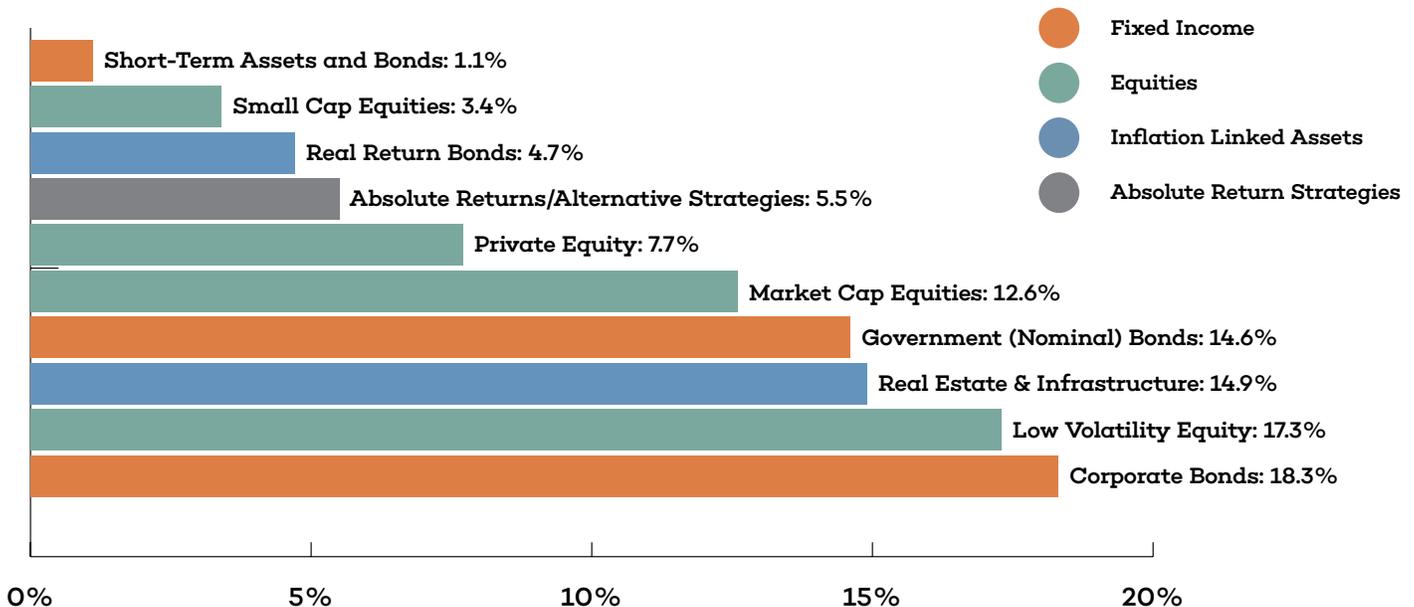
INVESTMENT ASSETS

The fair value of the NBPSPP investment assets on December 31, 2023 was \$9.234 billion, an increase of \$415.2 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:

Asset Mix Breakdown as at December 31, 2023



As a result of the Board’s annual review of the investment policy, the NBPSPP’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 nbpspp.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.



SEPARATED SPOUSES, COMMON-LAW PARTNERS AND YOUR PENSION

As a member of the NBPSP, both you and your spouse are entitled to various benefits under the Plan. But what if you are separated from your spouse? What are they potentially entitled to?

The following section is designed to answer some common questions and misconceptions regarding the entitlement of separated spouses along with the actions that you may want to take to ensure that any entitlement to your pension benefit is what you expected.

WHAT IS A “SPOUSE”?

A “spouse” under the NBPSP means a person who:

- is legally married to the member (regardless of whether or not they live with the member); or
- is a common-law partner, which is someone who lived with the member in a conjugal relationship for a continuous period of at least two years immediately before the date in question (e.g., retirement start date, date of death, etc.).

WHAT IS MY SPOUSE ENTITLED TO UNDER THE NBPSP?

The NBPSP may provide a benefit to your spouse in the future depending on the circumstances. Benefits which may be payable to your spouse include:

- Upon your death as a retiree, a survivor pension (e.g., a pension payable for the rest of their lives or for a limited guarantee period, depending on the optional form of pension you chose at retirement).
- A payout to your spouse of up to 50% of the benefit earned in the Plan while you were married/living together, if you and your spouse undergo a marriage/common-law partnership breakdown.

I’M SEPARATED FROM MY SPOUSE – ARE THEY STILL ENTITLED TO MY PENSION BENEFIT?

Generally speaking, a spouse you are separated from is entitled to a payout of 50% of the pension benefit earned in the Plan while you were married/living together. If a marriage/common-law partnership breakdown payout has not taken place, your separated spouse may still be entitled to the applicable death benefit payable upon your death if 1) you are not divorced; or 2) there is no court order or domestic contract (e.g., separation agreement, etc.) which addresses the treatment of the pension benefit.

SEPARATED SPOUSES, COMMON-LAW PARTNERS AND YOUR PENSION

WHY IS IT IMPORTANT FOR ME TO HAVE MY LEGAL AFFAIRS IN ORDER REGARDING MY MARITAL STATUS?

If you are separated from your spouse but 1) are not divorced from them; or 2) there is no court order or domestic contract which addresses the treatment of the pension benefit, the separated spouse still has a right to the pension benefit.

This means that if you now have a common-law partner, the spouse you are separated from could still be the person entitled to any survivor death benefit.

Even if you don't have a new common-law partner, you may still run into problems in the future. For example, your designated beneficiaries' (e.g., your children) entitlement upon your death may not apply as the benefit would default to your separated spouse (unless they have signed the applicable waiver form prior to your death).

I HAVE OTHER QUESTIONS REGARDING MY MARITAL STATUS AND ITS IMPACT ON MY PENSION BENEFIT – WHO SHOULD I CONTACT?

Questions regarding your marital status and the entitlement of current and former spouses can be very tricky. If you have any questions regarding a specific scenario, please reach out to Vestcor's Member Services Team toll-free at 1 800 561 4012 for further information.

Remember, it is usually best to address situations regarding your marital status sooner rather than later. That way you can ensure that the individual that you intend to benefit from your pension (e.g., a survivor benefit) is the person who is ultimately entitled to receive the benefit.

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 nbpspp.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 nbpspp.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 nbpspp.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.



AMENDMENTS TO GOVERNING DOCUMENTS

The *Pension Benefits Act* (New Brunswick) 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 that has been filed with the Superintendent of Pensions:

- The NBPSPP Plan Text was amended to reflect the 5.32% Cost of Living Adjustment granted as at January 1, 2024. The amendment was filed with the Superintendent of Pensions on January 9, 2024.

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

PREFER TO GET THIS NEWSLETTER IN PAPER FORMAT?

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

