

WHAT IS THE NEW BRUNSWICK TEACHERS' PENSION PLAN?

- The primary purpose of the New Brunswick Teachers' Pension Plan (the "NBTPP") is to provide secure pensions to teachers upon retirement and until death (including subsequent benefits to their spouse and eligible dependents as applicable) in respect of their service as teachers.
- The NBTPP does not provide an absolute guarantee to teachers; however because of the focused approach on ensuring the security of benefits and the establishment of a Reserve Fund, there is a high degree of certainty that base benefits will be payable in the vast majority of potential future economic scenarios.
- As a plan that focuses on providing secure benefits, all future cost of living adjustments for current and future retired teachers will be applied in accordance with the Funding Policy. Other Ancillary Benefits under the NBTPP will be provided as outlined in the NBTPP Plan Document and to the extent that funds are available for such benefits, as determined by the Board of Trustees in accordance with applicable laws and the Funding Policy.
- By design, the NBTPP is expected to be in a position to provide cost of living adjustments (i.e., indexing) of 100% of the Consumer Price Index (CPI) on salary to active teachers, and of 75% of the Consumer Price Index (CPI) on pension benefits to retired teachers and deferred members (maximum CPI of 4.75% per year).

Base Benefit – means the amount of pension paid or payable to a teacher at any given time.

Ancillary Benefits – means benefits that are in addition to the Base Benefit, such as cost of living adjustments.

WHAT ARE THE CONTRIBUTION RATES?

Effective Date	Teachers		Employer	
	Below YMPE	Above YMPE	Below YMPE	Above YMPE
July 1, 2014	8.5%	10.2%	11.5%	13.2%
July 1, 2015	9.0%	10.7%	11.5%	13.2%
July 1, 2016	9.5%	11.2%	11.5%	13.2%
July 1, 2017	10.0%	11.7%	11.5%	13.2%
July 1, 2018	10.0%	11.7%	11.5%	13.2%
July 1, 2019 to June 30, 2024	10.0%	11.7%	10.75%	12.45%
July 1, 2024 to June 30, 2029	10.0%	11.7%	10.0%	11.7%
July 1, 2029	9.25%	10.95%	9.25%	10.95%

Teacher and employer contribution rates listed above may temporarily increase or decrease as outlined in the NBTPP's Funding Policy.

* YMPE for 2014 = \$52,500

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WHEN DO I BECOME ELIGIBLE TO RECEIVE A BENEFIT UNDER THE PLAN?

You are eligible to receive a benefit under the NBTPP upon the completion of the earlier of two years of membership or two years of pensionable service in the NBTPP (includes any service under the *Teachers' Pension Act*).

AT WHAT POINT CAN I RETIRE?

There are various provisions under the NBTPP which may allow you to retire with either a reduced or unreduced pension (depending on your circumstances). An Early Retirement Reduction will be applied to the portion of your pension that falls under a reduced pension scenario. For details regarding how the pension would be calculated, please refer to the "HOW IS MY PENSION CALCULATED" section of this document.

Scenario	For Service earned <u>prior to July 1, 2014</u>	For Service earned <u>on or after July 1, 2014</u>
35 years of Pensionable Service*	Unreduced Pension	Unreduced Pension
Age + Service Index	<p><u>Earliest Unreduced:</u> Age+Service Index equal to at least 87</p> <p><u>Earliest Reduced:</u> Age+Service Index equal to at least 80</p>	<p><u>Earliest Unreduced:</u> Age+Service Index equal to at least 91</p> <p><u>Earliest Reduced:</u> Age+Service Index equal to at least 84*</p> <p>* Teachers who have any pensionable service prior to July 1, 2014 may retire with an Age+Service Index equal to at least 80</p>
20 or more years of Pensionable Service	<p>Earliest Unreduced – Age 60</p> <p>Earliest Reduced – Age 55</p>	<p>Earliest Unreduced – Age 62</p> <p>Earliest Reduced – Age 55</p>
Less than 20 years of Pensionable Service	<p>Earliest Unreduced – Age 65</p> <p>Earliest Reduced – Age 55</p>	<p>Earliest Unreduced – Age 65</p> <p>Earliest Reduced – Age 55</p>

* A teacher cannot accrue more than 35 years of pensionable service.

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HOW IS MY PENSION CALCULATED? (pension payable prior to age 65)

Once you become eligible to receive a benefit under the plan as detailed in the “AT WHAT POINT CAN I RETIRE?” section, you may elect an early retirement benefit payable as early as age 55 (payable until age 65). An early retirement pension under the NBTPP (payable up to age 65) is the sum of the following:

For all pensionable service before July 1, 2014:	2.0% of the Best 5-year salary average up to June 30, 2014 MULTIPLIED BY Pensionable service up to June 30, 2014 MINUS Early Retirement Reduction (if applicable)
For each year (or part year) of pensionable service on and after July 1, 2014:	2.0% of Annualized Salary for the year MULTIPLIED BY % of Full-Time Equivalent (FTE) worked MINUS Early Retirement Reduction (if applicable)
For all pensionable service:	Indexing increases granted in accordance with the NBTPP’s Funding Policy will be applied

HOW IS MY PENSION CALCULATED? (pension payable after age 65)

At age 65, your NBTPP pension is integrated with the Canada Pension Plan (CPP). A pension under the NBTPP (payable after age 65*) is the sum of the following:

For all pensionable service before July 1, 2014:	1.3% of the Best 5-year salary average up to the 3-year YMPE Average** PLUS 2.0% of the Best 5-year salary average in excess of the 3-year YMPE Average**, if any (all calculated up to June 30, 2014) MULTIPLIED BY Pensionable service up to June 30, 2014 MINUS Early Retirement Reduction (if applicable)
For each year (or part year) of pensionable service on and after July 1, 2014:	1.3% of Annualized Salary up to the YMPE*** for the year PLUS 2.0% of Annualized Salary in excess of YMPE*** for the year, if any MULTIPLIED BY % of FTE worked MINUS Early Retirement Reduction (if applicable)
For all pensionable service:	Indexing increases granted in accordance with the NBTPP’s Funding Policy will be applied

* A member must commence receipt of their pension by the end of the year in which they turn age 71 (Income Tax Act Requirement)

** 3-year YMPE Average for 2014 = \$51,233

*** YMPE for 2014 = \$52,500

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WHAT IS THE EARLY RETIREMENT REDUCTION?

Depending on your age and the amount of service you have upon termination of employment, the following permanent early retirement reduction may be applied to your pension at retirement:

Scenario	For Service earned prior to July 1, 2014	For Service earned on or after July 1, 2014																																																																																				
Age+ Service Index	<p>2.5% reduction for each Index Year that Age+Service is less than 87</p> <p>The following table demonstrates the reduction that would be applied at retirement:</p> <table border="1"> <thead> <tr> <th>Age + Service</th> <th>50</th> <th>52.5</th> <th>55</th> <th>57.5</th> <th>60</th> </tr> </thead> <tbody> <tr> <td>20 yrs</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>0%</td> </tr> <tr> <td>22.5 yrs</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>17.5%</td> <td>0%</td> </tr> <tr> <td>25 yrs</td> <td>N/A</td> <td>N/A</td> <td>17.5%</td> <td>11.2%</td> <td>0%</td> </tr> <tr> <td>27.5 yrs</td> <td>N/A</td> <td>17.5%</td> <td>11.2%</td> <td>5%</td> <td>0%</td> </tr> <tr> <td>30 yrs</td> <td>17.5%</td> <td>11.2%</td> <td>5%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>32.5 yrs</td> <td>11.2%</td> <td>5%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>	Age + Service	50	52.5	55	57.5	60	20 yrs	N/A	N/A	N/A	N/A	0%	22.5 yrs	N/A	N/A	N/A	17.5%	0%	25 yrs	N/A	N/A	17.5%	11.2%	0%	27.5 yrs	N/A	17.5%	11.2%	5%	0%	30 yrs	17.5%	11.2%	5%	0%	0%	32.5 yrs	11.2%	5%	0%	0%	0%	<p>2.5% reduction for each Index Year that Age+Service is less than 91</p> <p>The following table demonstrates the reduction that would be applied at retirement:</p> <table border="1"> <thead> <tr> <th>Age + Service</th> <th>50</th> <th>52.5</th> <th>55</th> <th>57.5</th> <th>60</th> </tr> </thead> <tbody> <tr> <td>20 yrs</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>10%</td> </tr> <tr> <td>22.5 yrs</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>27.5%*</td> <td>10%</td> </tr> <tr> <td>25 yrs</td> <td>N/A</td> <td>N/A</td> <td>27.5%*</td> <td>21.2%*</td> <td>10%</td> </tr> <tr> <td>27.5 yrs</td> <td>N/A</td> <td>27.5%*</td> <td>21.2%*</td> <td>15%</td> <td>8.7%</td> </tr> <tr> <td>30 yrs</td> <td>27.5%*</td> <td>21.2%*</td> <td>15%</td> <td>8.7%</td> <td>2.5%</td> </tr> <tr> <td>32.5 yrs</td> <td>21.2%*</td> <td>15%</td> <td>8.7%</td> <td>2.5%</td> <td>0%</td> </tr> </tbody> </table> <p>* Only available to Teachers who joined TPP prior to July 1, 2014</p>	Age + Service	50	52.5	55	57.5	60	20 yrs	N/A	N/A	N/A	N/A	10%	22.5 yrs	N/A	N/A	N/A	27.5%*	10%	25 yrs	N/A	N/A	27.5%*	21.2%*	10%	27.5 yrs	N/A	27.5%*	21.2%*	15%	8.7%	30 yrs	27.5%*	21.2%*	15%	8.7%	2.5%	32.5 yrs	21.2%*	15%	8.7%	2.5%	0%
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WHAT IS THE EARLY RETIREMENT REDUCTION? *(continued)*

Scenario	For Service earned prior to July 1, 2014	For Service earned on or after July 1, 2014																								
<p>Less than 20 years of Pensionable Service</p>	<p>5.0% reduction per year prior to age 65 (as early as age 55) The following table demonstrates the reduction that would be applied at retirement:</p>																									
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ARE MY PENSION BENEFITS ADJUSTED FOR COST OF LIVING INCREASES?

The pension benefits for **active teachers** (including 5 year average benefit earned up to July 1, 2014) will be adjusted each year by indexing of **100%** of the increase in the Consumer Price Index (CPI) (subject to the funding status of the Plan to a maximum CPI of 4.75% per year).

The pension benefits for **deferred members and retired teachers (including survivor pension benefits)** will be adjusted each year by indexing of **75%** of the increase in the CPI (subject to the funding status of the Plan to a maximum CPI of 4.75% per year).

If the funding status of the Plan does not allow for indexing to be granted in a given year, the increases are carried forward to future years and may be paid if the funding status of the Plan allows for it at that time.

ARE THERE DIFFERENT FORMS OF PENSION THAT I CAN CHOOSE FROM?

There are various forms of pension that you can select at retirement, depending on your personal circumstances. Each optional form of pension available provides a monthly pension benefit amount that is slightly different. The various forms of pension are described below:

Joint and Survivor Pension – 50% Benefit Payable (normal form of pension)	Payments are made to you for your lifetime. If you predecease your spouse, payments will continue to your spouse at death for your spouse's lifetime at a level equal to 50% of your pension payable at age 65 (<u>before</u> application of any early retirement reductions).
Joint and Survivor Pension – 60%, 66 2/3%, 75%, or 100% Benefit Payable	Payments are made to you for your lifetime. If you predecease your spouse, payments will continue to your spouse (being the same spouse you had at retirement) for your spouse's lifetime at a level equal to 60%, 66 2/3%, 75%, or 100% of your pension payable at age 65 (<u>after</u> application of any early retirement reductions). <u>This option is only available if you have a spouse at your date of retirement.</u>

Each option above also provides that, as a minimum, payments from the plan equivalent to at least your contributions with interest at the time of your retirement will be paid. Furthermore, the Joint and Survivor Pension – 50% Benefit option above will also include payments to your dependent children (as defined in the Plan document) in cases where you do not or no longer have a spouse at the time of your death, or following the death of both you and your spouse.

The use of the word "Spouse" throughout also includes "common-law partner", each as defined in the Plan documents. Please note that a "Declaration of Marital Status" form will need to be completed when selecting the desired form of pension

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WHAT HAPPENS IN CASE OF...

<p>...termination of employment (prior to eligibility to retire)?</p>	<ul style="list-style-type: none"> • With <u>less than two years</u> of membership and pensionable service in the NBTPP: <ul style="list-style-type: none"> • You will receive a refund of your contributions with accumulated interest • With <u>two or more years</u> of membership and pensionable service in the NBTPP, you have the choice to: <ul style="list-style-type: none"> • Defer commencement of your pension benefit until the time you are eligible to receive a reduced or unreduced pension * • Transfer your Termination Value (as defined under the <i>Pension Benefits Act</i>) in a lump sum to: <ul style="list-style-type: none"> • a locked-in retirement account (LIRA); • a life income fund; or • your new employer's pension plan (if such plan allows it) <p><i>* Pension may not be deferred past age 65</i></p>
<p>...termination of employment (upon eligibility to retire)?</p>	<ul style="list-style-type: none"> • With <u>less than two years</u> of membership and pensionable service in the NBTPP: <ul style="list-style-type: none"> • You will receive a refund of your contributions with accumulated interest • With <u>two or more years</u> of membership and pensionable service in the NBTPP, you have the choice to: <ul style="list-style-type: none"> • Elect an immediate pension benefit; or • Defer commencement of your pension benefit to a later point in time * <p><i>* Pension may not be deferred past age 65</i></p>
<p>...death during retirement?</p>	<ul style="list-style-type: none"> • The benefit paid will be determined based on the form of pension that you elect at the time of your retirement.
<p>...death prior to retirement?</p>	<ul style="list-style-type: none"> • With <u>less than two years</u> of membership and pensionable service in the NBTPP: <ul style="list-style-type: none"> • Your surviving spouse (or your children/estate if there is no spouse) will receive a refund of your contributions with accumulated interest. • With <u>two or more years</u> of membership and pensionable service in the NBTPP: <ul style="list-style-type: none"> • If you have a surviving spouse or dependent children*, such spouse will begin receiving in the month following your death a monthly pension benefit of 50% of the pension payable at age 65 (before application of early retirement reductions) until his/her death (if no spouse, or, at the time of the death of your spouse, there are any remaining dependent children*, they will be entitled to receive this monthly pension benefit until the time they no longer qualify as a dependent child*). • If you do not have a surviving spouse or dependent children*, your estate will receive a refund of your contributions with accumulated interest.

* Dependant Child (Dependant Children) means a child (or children) of a teacher who is dependant on the teacher and who is under the age of 19 in the calendar year; is under the age of 25 in the calendar year and is in full-time attendance at an educational institution; or is dependent on the teacher by reason of mental or physical infirmity.

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