



NB Investment Management Corp.
Société de gestion des placements NB

New  Nouveau
Brunswick

PSSA Echo

(PUBLIC SERVICE SUPERANNUATION ACT)

A joint publication from the NB Investment Management Corporation and the
Public Service Employee Benefits Division, Office of Human Resources

VOL. 2, 2004
IN THIS ISSUE

Governance of Your Pension Plan

Who are the stakeholders in your
pension plan?

Setting Investment Policy

Public Service Superannuation
Plan

- Investment Highlights
- Asset Mix
- Net Assets
- Investment Results

Thinking about early retirement?
Important facts you should know...

Are you experiencing a Marriage
Breakdown?

Definition of 'Spouse' in the PSSA

Schedule of annual 'cost of living
adjustments' to PSSA pension
benefits from 1995 to 2004

Did you know that...



New Brunswick Investment Management Corporation

Governance of Your Pension Plan

Governance is a term used to describe the roles played by the different stakeholders in a pension plan, in other words, who makes decisions and on what issues.

Who are the stakeholders in your pension plan?

- 1. The plan members** including both actively working and contributing members, deferred plan members and of course retired members who are drawing a pension.
- 2. The plan sponsor / employer(s)** who is (are) responsible for the overall pension plan including benefits policy and the funding of the pension plan.
- 3. The plan administrator** who implements the plan benefits policy, maintains official benefit records and pays eligible pensions and performs the day-to-day communications.
- 4. The fund trustee** who sets the investment policy and oversees the investment of the funds.
- 5. The fund's investment managers** who are responsible for the investment of the pension funds.

The New Brunswick Investment Management Corporation (NBIMC) acts in the capacity of the last two stakeholder roles.

Setting Investment Policy

As trustee, NBIMC is responsible for establishing an appropriate investment policy and strategy to meet the funding goals of the Public Service Superannuation Plan (PSSP). The investment policy is developed with a

long-term focus that is aligned with the long-term nature of the plan's pension obligations. It is interesting to note that some studies have determined that as much as 80% of total payouts from a typical pension plan come from the returns generated from investment activity, with the remaining 20% coming from employee and employer contributions. Remember that employee and employer contributions may take place over a period of close to 40 years, while investment returns may compound for periods of up to twice that long.

Our investment policy is created by reviewing the nature of the pension obligation, reviewing the available investment opportunities, and by incorporating the sponsor's risk tolerance. The first stage of the process involves developing forecasts of both asset class returns and their associated risks. An asset-liability study is then conducted to determine an optimal asset mix that best matches the liability profile that is provided to us by the plan's actuary. A thorough sensitivity analysis is subsequently conducted to ensure that the risk profile of the suggested asset mix is well within acceptable parameters.

The final piece of the investment policy process is the determination of value added strategies that can be conducted by the investment professionals at the corporation. These strategies are used to create value above and beyond the composite benchmark that mirrors the asset mix policy outlined above.

It is important to note that this is not a static process. While the investment policy must technically be reviewed within one year of an actuarial review of the fund, it is monitored much more frequently based on the corporation's ongoing risk management analytics, or the anticipation of potential market opportunities. Please note that more information in regards to investment policy can be found on our web site (<http://www.nbimc.com>) or in our Annual Report.

PUBLIC SERVICE SUPERANNUATION PLAN

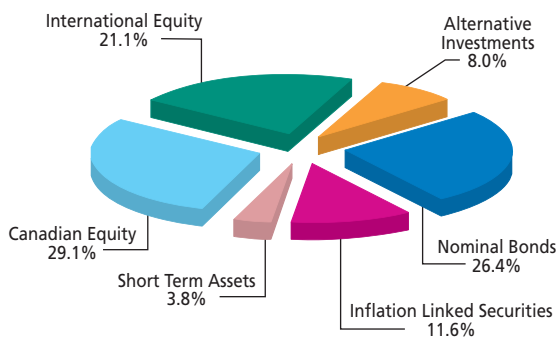
Investment Highlights – To March 31, 2004

Asset Mix

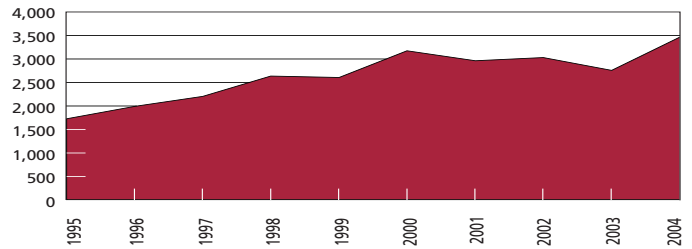
The asset mix is the proportion of your fund invested in each type of asset and adjustments were made to this mix during the twelve-month period ended March 31, 2004.

Specifically, funds have been committed to absolute return strategies and to real estate assets within the Alternative Investment category. These investments have been made to further diversify assets and to provide equity like returns in the long-run, but without equity like volatility. Revisions to the asset mix are an ongoing process and further changes have been made in the first part of the 2004-2005 fiscal year.

ASSET MIX - as of March 31, 2004



NET ASSETS - as of March 31, 2004
(\$ millions)

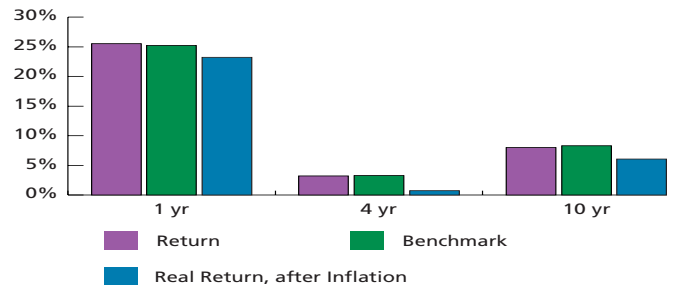


Net Assets at March 31, 2004 stood at \$3,462.9 million which is the highest year end level in the Fund's history.

Investment Results to March 31, 2004

The time-weighted rate of return for the twelve-month period was 25.5% and the average return for the past 4 years was 3.2% and for the past 10 years was 8.0%. As well, the Real Return after inflation for the past ten years has been 6.05%, well in excess of the rate required in the funding plan.

INVESTMENT PERFORMANCE - as of March 31, 2004



Public Service Employee Benefits Division Office of Human Resources

Thinking about early retirement? Important facts you should know...

The decision to retire early hinges on a multitude of factors that should be carefully weighed before making a final decision. Things to consider include the length of your pensionable service, your age, health, work satisfaction, personal finances, whether or not you have a spouse who is approaching retirement and whether you need to support children attending university.

Your pension plan is designed to provide a monthly pension benefit starting at age 60. However, you may choose to retire as early as age 55. If you do retire early, the total value of your pension will be spread out over a longer period of time. Your monthly pension payment will be lower to reflect an actuarial adjustment of up to 15% (3% per year early) in consideration of the extra monthly payments paid to you at an earlier age. Although the payment is reduced at age 55, plan members actually receive a subsidized early retirement pension, as the true cost of providing early

retirement under the plan is closer to 6% per year early. In part, this was made possible as a result of the decrease in the 6% indexation cap to 5%, implemented in the mid 1990's.

Another positive feature is that until your 65th birthday, the pension plan pays a full 2% benefit rate on all pensionable earnings (including earnings below the YMPE as defined by the Canada Pension Plan). That is, you receive a benefit rate of 2% per year of service even if you only paid for a 1.3% benefit rate. This is a plan design feature that often goes unnoticed!

To estimate the amount of pension* you will receive from the pension plan at retirement, user-friendly self-help tools have been developed by the Public Service Employee Benefits Division and are available on the Office of Human Resources' website. Depending on the lifestyle you seek in retirement, your benefit from the PSSA alone may not suffice. A financial adviser will help you assess your projected income stream at retirement from

* e-calculator provides benefit amount before and after age 65 (For more details on CPP integration, please refer to PSSA Echo 2003).

different sources (PSSA, CPP, RRSP, other personal savings/investments) and help you, should a need be identified, save additional funds to achieve the desired lifestyle at retirement.

Are you experiencing a Marriage Breakdown?

The pension benefit is a marital asset and, in many cases, constitutes a significant portion of the marital property. Although the PSSA provides for the division of a pension benefit on marriage breakdown, other assets may be used to provide for an equal distribution of marital assets.

When the pension benefit is to be used in the division of marital property, the PSSA provides that the pension benefit is to be divided pursuant to a written agreement or court order dated on or after January 1, 1997. However, once the pension benefit is divided and the funds are transferred out of the pension fund on behalf of the non-contributor spouse, there are no provisions for the contributor to repurchase the lost benefit.

Where the court order or written agreement provides for the division of the pension benefit, the maximum amount available for transfer would be 50% of the commuted value* of the pension accumulated during the period of marriage.

Should you require additional information regarding the provisions for **Division of Pension Assets upon Marriage Breakdown**, a booklet is available from the Human Resources office of your employer or from the Public Service Employee Benefits Division. The booklet is also accessible electronically at www.gnb.ca/0163/pension/

Definition of 'Spouse' in the PSSA

Effective January 1, 2001, survivor benefits that are available to legally married spouses are being extended to common law partners. This means that pension benefits will be available to survivors who have lived in a common law relationship with PSSA contributors.

"Common law partner", under the PSSA, will be interpreted to mean:

A person, who not being married to the contributor, has lived with the contributor,

- (a) continuously for a period of not less than three years in a conjugal relationship, or
- (b) in a conjugal relationship of some permanence where there is a child born of whom they are the natural parents,

and has lived with the contributor in that relationship at the time of the contributor's death.

*Commuted value refers to the amount of money that needs to be set aside today, on average, to provide sufficient funds at retirement age to pay for the pension (based on recommendations of the Canadian Institute of Actuaries).

The **Application for Survivor Benefit** and the **Statutory Declaration of Common-Law Partner** are available on our website. You can also contact the toll free line of the Public Service Employee Benefits Division at 1-800-561-4012 (N.B. only) or 453-2296 (Fredericton area) to obtain a copy.

Schedule of annual 'cost of living adjustments' to PSSA pension benefits from 1995 to 2004:

1995 = 1.0%	2000 = 1.1%
1996 = 1.1%	2001 = 2.4%
1997 = 1.8%	2002 = 3.0%
1998 = 1.8%	2003 = 1.7%
1999 = 1.2%	2004 = 3.35%

Did you know that ...

- Employees of NB Power; NB Liquor; Workplace Health, Safety and Compensation Commission; non-academic employees of the University of New Brunswick and non-bargaining employees of NB School Districts and Regional Health Authorities as well as employees of government departments participate in this pension plan.
- At March 31, 2004, a total of 19,430 employees were PSSA participants (exclusive of retirees).
- At March 31, 2004, a total of 10,024 retirees were drawing their pension from this pension plan.
- The monthly pension payroll for the PSSA totaled \$12,830,888 in March of 2004. Pensions are paid every 24th of the month (except for the month of December when the benefit is paid earlier).
- In fiscal year 2003-04, a total of 460 new pensioners were added to the payroll (includes survivor and dependant pensions as well as previously deferred pensioners).
- A total of 17,168 Employee Statement of Benefits were issued to PSSA participants in 2004 for the period from January 1, 2002 to December 31, 2003 (Statements of benefits are issued to plan members who have paid pension contributions during the statement period).