



NB Investment Management Corp.
Société de gestion des placements NB

PSSA Echo

(PUBLIC SERVICE SUPERANNUATION ACT)

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



VOL. 5, 2008
IN THIS ISSUE

New Brunswick Investment Management Corporation

Plan Investment Highlights - To March 31, 2008

- Asset Mix
- Net Assets

Investment Results to March 31, 2008

- Investment Performance

Corporate Highlights for Fiscal 2007-08

Current Market Update

Did you Know...

Questions / Inquiries

Compensation and Employee Benefits Division, Office of Human Resources

Returning to Work After Retirement

Re-employment and your Public Service Superannuation Act Pension

Other Implications

- Canada Pension Plan (CPP)
- Old Age Security (OAS)
- Income Tax

PSSA Facts...

www.nbimc.com
www.gnb.ca/0163/pension



New Brunswick Investment Management Corporation

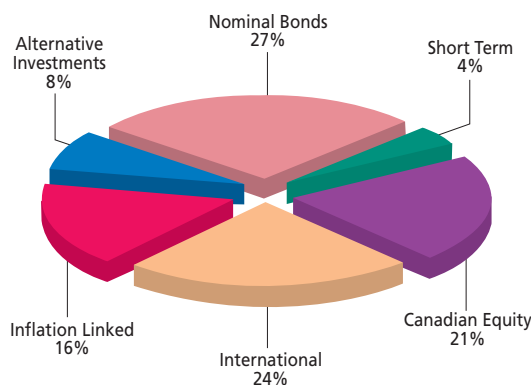
New Brunswick Investment Management Corporation

The New Brunswick Investment Management Corporation (NBIMC) is a Crown Corporation operating as the trustee and investment manager for the pension assets of over 46,000 members of the Public Service, Teachers' and Judges' pension plans. The investments under management as of March 31, 2008 were \$8.699 billion broken down as follows: \$4.724 billion in the Public Service Fund, \$3.941 billion in the Teachers' Fund and \$28.7 million in the Judges' Fund.

The past year was very challenging due to the uncertainty and volatility of the global financial markets. Challenging return years are to be expected from time to time and we wish to report that our overall investment return for the fiscal year ranked very well versus peer public service and pooled balance fund managers. More importantly, our long term annualized return remains strong.

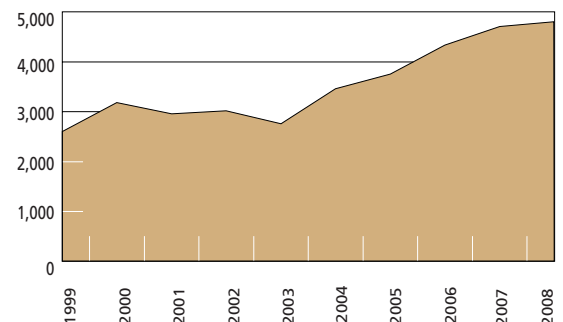
Plan Investment Highlights – to March 31, 2008

ASSET MIX - as of March 31, 2008



The asset mix is the proportion of your fund invested in each type of asset on March 31, 2008.

NET ASSETS - as of March 31, 2008 (\$ millions)



Net Assets at March 31, 2008 stood at \$4,724 M - \$22.9 million more than the previous year.

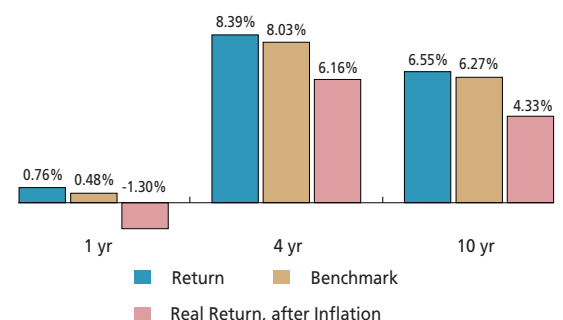
Investment Results to March 31, 2008

The Corporation's two main investment performance objectives are:

1. To realize the long-term returns necessary to fund the pension plan as designed by the plan's actuary;
2. Adding value through active management strategies.

We are pleased to report that we have continued to exceed both our nominal and real return actuary hurdles over the long-term. With our active management strategies, we continued to add value over our benchmarks for the seventh consecutive year.

INVESTMENT PERFORMANCE as of March 31, 2008



The most significant contributor to the funds' performance during the year was the nominal bond portfolio followed by Canadian public equities, commodities, real return bonds, our market neutral strategy and private equity.

Corporate highlights for fiscal 2007-08:

- Continued to exceed the plan sponsor's long term financial goal required to meet the funding obligation for future pension benefits.
- Contributed to the funds value, after covering operating expenses, through our internal active management practice.
- Implemented Asset Mix changes resulting from the completion of our April 2007 Asset Liability study of the Public Service Superannuation Fund (PSSF).
- Completed an enterprise wide Risk Management Framework and enhanced our risk management measurement systems.
- Restructured our foreign asset benchmarks and currency hedging activity to enable us to make more strategic investment and asset mix decisions.
- Transitioned our European and Japanese public equity assets into MSCI EAFE¹ developed markets based exposure. The majority of these assets are now managed in-house.
- Expanded our private markets activity and appointed a Vice President to lead the effort.
- Improved our website (www.nbimc.com) to include more information on our activities and governance processes.

Current Market Update

Our investment teams avoided a number of the significant credit related issues that affected many investors during the year. First of all, NBIMC had no direct exposure to the sub-prime mortgage debt crisis in the U.S., and had no exposure to Canadian non-bank Asset Backed Commercial Paper. Although we had no direct exposure to these types of securities, their issues impacted the credit markets in general.

While public equity markets have weakened further in the fall of 2008, we would like to remind stakeholders that NBIMC has experienced periods of market weakness in the past. We are very focused on managing the current market environment so that we can continue to realize cost effective long-term investment returns that meet the actuarial requirements of the Plans under our management.

NBIMC's mid fiscal year six-month gross rate of return for all funds under management was -6.34 per cent, while the longer-term annualized five-year return was +7.51% at September 30, 2008.

The six-month investment returns for the Public Service Superannuation fund was -6.44 per cent.

Did you know ...?

Active Management means... investment strategies employed by management with the goal of outperforming investment benchmarks.

Actuarial valuation means... a valuation carried out by an actuary on a regular basis, in particular to test future funding or current solvency of the value of the pension fund's assets with its liabilities.

Alternative investments means... a category of assets and strategies designed primarily to provide returns that are independent of public market directions.

Asset means... an investment of economic value, owned by the pension plan.

Asset Allocation means... an investment strategy that diversifies a portfolio among different assets (equities, bonds, cash, etc.) to realize return objectives, with minimum risk.

Commodities mean... things of value, of uniform quality, that were produced in large quantities by many different producers; the items from each different producer are considered equivalent. Generally, these are basic resources and agricultural products such as iron ore, crude oil, coal, salt, sugar, coffee beans, soybeans, aluminum, rice, wheat, gold and silver.

Currency hedging means... an investment strategy taken to reduce the risk arising from the change in price of one currency against another.

Fixed Income means... a security that pays a specific interest rate, such as a bond or money market instrument. They obligate the borrower to pay the owner a fixed rate of interest during the term of the loan and to return the principal or face value when the loan matures.

Market Neutral Strategy... an investment strategy deployed using public equity assets that provide returns independent of public market direction.

Nominal return means... the return on an investment expressed as a percentage of the total amount invested (also called a rate of return).

Public equity means... an equity investment in a company that is publicly traded on a stock exchange.

Private equity means... an equity investment made directly into private companies.

Real return means... the return on an investment, realized after reducing the nominal return by the rate of inflation, observed over the measurement period.

Risk Management Framework... a series of well-defined risk management assessments and processes conducted with respect to each business activity. The process involves the participation of NBIMC's Board of Directors, management and external service providers.

Short term assets generally mean... a fixed income security that matures in one year or less.

Stakeholder means... person, group, organization, or system that affects or can be affected by the organization's actions.

Volatility... the size and frequency of changes in an asset's value over a period of time.

Questions / Inquiries

More information is available on our website at www.nbimc.com or by calling (506) 444-5800 or emailing comments@nbimc.com.

¹ MSCI EAFE - Is an independent third party index maintained by Morgan Stanley Capital, and is based on market capitalization weights. The acronym EAFE stands for Europe, Australia, Asia, and Far East.

Returning to Work After Retirement

We all know what retirement once meant. The average worker spent 35 or 40 years at the same company, earned a nice pension and was free to pursue hobbies everyday. Today's vision of retirement has changed significantly. Improvements to modern-day medicine and society's emphasis on healthier lifestyles mean new retirees are often younger and healthier compared to previous generations. It is now possible for individuals to spend the same amount of time in retirement as in the workforce.

You may decide that working after retiring is something you want to avoid at all costs, or you may be interested in embarking on a second career, or fulfilling a life-long dream. No matter where you stand, there are a few critical points to consider if you plan on re-entering the workforce after retirement.

Re-employment and your *Public Service Superannuation Act* Pension

After you retire, you may decide to return to work in the New Brunswick Public Service, for a new organization, or even start your own business. If you become employed outside of the public service, you will continue to collect your *Public Service Superannuation Act (PSSA)* pension as well as your income from employment. However, if you choose to return to the NB Public Service, and you are in receipt of a *PSSA* pension, there may be situations where your pension will be suspended.

- If you become employed in full-time employment (permanent, full-time employee status), it is compulsory for you to enroll in the *PSSA* plan. Your pension benefit will be suspended, and you will resume contributing to the Plan for as long as you remain employed. During this period of suspension your *PSSA* pension will continue to be indexed.
- If you become re-employed on a casual basis; or under a personal service contract, or professional service contract, you will not be eligible to join the Plan. You will continue to collect your *PSSA* pension along with your employment income.
- If you are in receipt of a *Teachers Pension Act (TPA)* pension, and become employed in full-time employment with the NB public service, it is compulsory for you to enroll in the *PSSA* plan. Your *TPA*

pension will be suspended, and you will begin contributing to the *PSSA* plan as long as you remain employed. During this period of suspension your *TPA* pension will continue to be indexed.

- Under the federal *Income Tax Act*, you must stop contributing to the pension plan and begin collecting your pension no later than the end of the calendar year in which you attain age 71. This applies if you are still employed at age 71 or if you return to work after that time.

When you decide to retire again, your suspended *PSSA* pension (and/or *TPA* pension) will be reinstated. The period for which you were re-employed will be calculated separately. This calculation will be based on your service, age, average earnings, and the pension benefit calculation formula applicable for the new period of service.

Other Implications

Planning for post-retirement employment also involves determining the potential impact other sources of income may have on the retirement benefits you are eligible to receive from federal government programs.

Canada Pension Plan (CPP)

Once you start receiving your CPP pension, you can work as much as you want without affecting this pension amount. However, you cannot contribute to the CPP on any future earnings from employment.

Old Age Security (OAS)

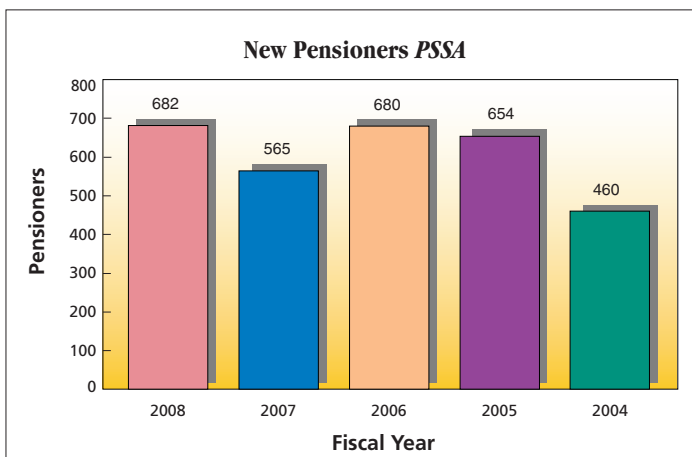
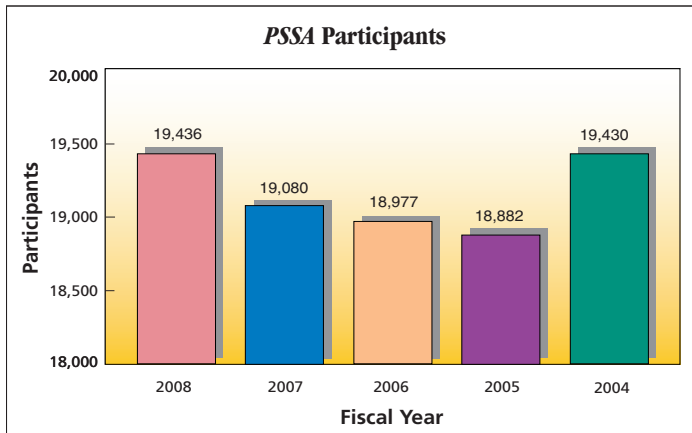
Once you become eligible to collect your OAS benefit at age 65, your overall retirement income plus employment income may surpass the OAS threshold. If this is the case you may have to pay back some, or all, of your OAS benefit.

Income Tax

In addition, your employment earnings may affect the amount of income tax you are required to pay each year. For more detailed personal tax information you should contact the Canada Revenue Agency (CRA).

To find out the implications of returning to work as it relates to you personally, please contact a benefits counselor at 1-800-561-4012.

PSSA Facts...



- At March 31st, 2008, a total of **11,060** retirees were drawing their pension from the PSSA.
- Pensions paid under the PSSA for the month of March 2008 alone totaled **\$16,590,004**. Pensions are paid every 24th of the month (except for the month of December when the benefit is paid earlier).
- The average monthly pension paid under the PSSA is **\$1,771**.
- The average age of a PSSA pensioner is **67.56**.
- A total of **17,094** 'Employee Statement of Benefits' were issued to PSSA participants in 2008 for the period from January 1st, 2007 to December 31st, 2007. (Statements of benefits are issued to plan members who have paid pension contributions during the statement period.)