

PENSION CONNECTION

Cost-of-living Allowance

We have recently received questions regarding the funded health of the Public Service Superannuation Plan (PSSP or Plan) and its ability to grant indexing (also referred to as cost-of-living allowance, or COLA) in the face of rising inflation.

Public Service Superannuation Plan Trustee Inc. (PSSPTI) is acutely aware of the inflationary environment we currently live in and its impact on our pensioners who are receiving no CPI indexing on the PSSP portion of their pensions.

The 2020 Funded-Health Review (Review) determined that COLA would be zero for the 5-year cycle of January 1, 2021 to December 31, 2025. This Review was conducted in accordance with the *Public Service Superannuation Act's* (PSSA) funding policy, which mandates PSSPTI to review the Plan's funded health every 5 years. The Review was based on the PSSP's funded status as at December 31, 2019, which was 98.5%. As per the PSSA's funding policy, when the funded status is below 100% on the stipulated valuation date, indexing is mandated to be zero for the next 5-year cycle. PSSPTI has no discretion to override this.

PSSPTI has a fiduciary duty to oversee sound administration and investment management of the PSSP. The funding policy is designed to provide PSSPTI with well-defined levers that ensure the Plan's long-term sustainability.

The PSSA's funding policy provides for conditional indexing for retirees, meaning indexing may only be paid if the PSSP can afford it. Guaranteed indexing is very expensive and would drive the PSSP into a substantial deficit position. The PSSP has a limited amount of funds and must be managed carefully, given the challenge of its very mature demographic profile.

The PSSP has a disproportionately high number of pensioners compared to its base of active members. The liabilities attached to the pensioner group are very large. The Plan has to cover both present and future pension obligations from a finite pool of money. The PSSA's funding policy is constructed to achieve balance between present and future pensioners.

PSSPTI continues to work on improving the PSSP's funded health between now and the next funded-health review in 2025, by carrying on with membership expansion, pursuing appropriate investment strategies, and assessing ways to reduce Plan liabilities.

For more information, please visit our website:
www.nspssp.ca/members/your-retirement/cost-living-adjustment

PSSP Investment Returns

While the Plan's demographics continue to challenge and have an impact on the Plan's financial position, the Plan's investment returns have been performing above benchmark and generating revenue.

Returns - as at Dec. 31, 2021:

	Fund	Benchmark	
Quarter	2.67%	2.57%	
Annualized	1 year	9.20%	7.92%
	3 year	9.48%	8.73%
	5 year	7.31%	6.94%
	7 year	7.06%	6.58%
	10 year	7.99%	7.37%

The 2021-2022 PSSP Annual Report

On June 28th, be sure to check out the 2021-2022 PSSP Annual Report. The Annual Report provides you with information on the PSSP's investment results and financial performance as at March 31, 2022.

The Report will be available on our website at:
www.nspssp.ca



The 2022 PSSP Review - Update

The 2022 PSSP Review is underway.

PSSPTI is mandated by the *Public Service Superannuation Act* to ensure a comprehensive review of the PSSP is completed at least every five years.

PSSPTI has now received the 2022 PSSP Review Report (Report) from the Independent Reviewer and is currently reviewing its recommendations. It anticipates releasing the full Report once its assessment is completed and it has formulated a plan to properly address the Report's recommendations.



REMINDER!

Once you become a retired PSSP member, you will no longer have access to your personalized pension information on the My Retirement Plan website. Please contact us by phone or email for information relating to your pension.

PSSPTI Board welcomes its new Chair

On April 1, 2022, the PSSPTI Board welcomed its new Chair, Leo McKenna.

Mr. McKenna has served on the PSSPTI Board since its inception in 2013, including 6 years at the helm of its Investment Committee. He also sits on the Board of Nova Scotia Pension Services Corporation.

Mr. McKenna retired in 2020 as the Chief Financial Officer of the Workers' Compensation Board of Nova Scotia after serving in that role for 24 years.

"As Chair, I am looking forward to continuing the progress of the Board in strengthening the retirement security of our members," said Mr. McKenna.

PSSPTI oversees the pension administration and investment management for the PSSP. Along with the independent Chair, the PSSPTI Board is comprised of 12 directors representing both employees and employers. To learn more about PSSPTI, visit the 'About' section of our website at: www.nspssp.ca

For retirees who participate in the Provincial Government Retired Employee Health Plan administered by Blue Cross:

For questions regarding your health plan benefits, contact the Public Service Commission Benefits Team at: Phone: 902-424-3240; Press option 1, then 4 to leave a message. Email: PSCBenefitInquiries@novascotia.ca

All information presented in this document is premised on the Plan rules and criteria which currently exist under the Public Service Superannuation Act (the "PSSA") and the plan text made thereunder. This document explains in plain language aspects of the rules and criteria of the Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the PSSA, the plan text, or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.

We appreciate your feedback. If you have a comment or a suggested topic, please contact us:



Nova Scotia Pension Services Corporation
Purdy's Wharf, Suite 700, 1969 Upper Water St.
Halifax, NS B3J 3R7

Mailing Address: PO Box 371, Halifax NS B3J 2P8

P: 1-902-424-5070 (Halifax) | 1-800-774-5070 (toll free in NS)

F: 1-902-424-0662

www.novascotiapension.ca | www.nspssp.ca

info@nspension.ca

Hours: 8 am to 5 pm (Monday to Friday)