

Introduction of the *Pension Plan Sustainability and Transfer Act*

NOVEMBER 29, 2023

What is the proposed *Pension Plan Sustainability and Transfer Act*?

On November 29, 2023, the Government of New Brunswick introduced the *Pension Plan Sustainability and Transfer Act* (PPSTA) in the Legislative Assembly. The PPSTA is intended to establish a process and framework to provide for the transfer of designated pension plans into an established shared-risk pension plan registered under Part II of the New Brunswick *Pension Benefits Act*.

What is the purpose of the PPSTA?

The purpose of the PPSTA is to improve the sustainability, affordability and security of pension benefits and provide for pension plan arrangements that are consistent with pension plan arrangements offered across the public service.

What plans are immediately affected by the proposed act?

The five designated pension plans immediately affected by the proposed act are:

- The Pension Plan for General Labour, Trades and Services Employees of NB School Districts
- The Pension Plan for Full Time CUPE 2745 Employees of NB School Districts
- The Pension Plan for General and Service Employees of New Brunswick Nursing Homes
- The Pension Plan for Nursing and Paramedical Employees of New Brunswick Nursing Homes
- The Pension Plan for Management Employees of New Brunswick Nursing Homes

What are the key elements of the proposed act?

- A memorandum of understanding that is intended to allow parties to the affected pension plan to negotiate the employment related aspects of the transfer including the selection of the intended receiving plan.
- A transfer agreement to be negotiated between the administrator of the affected pension plan and the administrator of the receiving shared-risk plan to provide for the matters pertaining to the transfer.
- Established timelines throughout the process to facilitate the conclusion of the transfer of the affected plans with the possibility of extensions if necessary.
- Appointment of a sustainable pension plan authority, an individual appointed by Lieutenant Governor in Council, to act as a mediator or arbitrator should the parties in any part of the legislative process be unable to come to agreement on any, or all, applicable matters related to the memorandum of understanding or the transfer agreement.

What about those receiving a pension under on of the immediately affected pension plans?

Those receiving a pension from one of the immediately affected pension plans will continue to receive the same monthly pension payment amount currently being provided under the terms of the existing plan following the transfer. Retirees will also become eligible to receive the same periodic adjustments to their pension as other shared-risk plan retirees based on the terms of the shared-risk plan.

What about those currently participating in one of the immediately affected pension plans?

Those participating in one of the immediately affected pension plans will continue to participate in the current plan up until the transfer; following transfer, participation will be in an established shared-risk plans.

What is a shared-risk plan?

Shared-risk plans within New Brunswick are highly regulated pension plans that must be administered in accordance with the *Pension Benefits Act (New Brunswick)*. Shared-risk plans, whose guiding principles are security, sustainability, and affordability, enjoy the following features:

- Shared-risk plans are administered by an independent board of trustees containing both government and employee appointees – their legal duty is to make decisions in the best interest of all members of the shared-risk plan.
- The pension funds of shared-risk plans are invested in more secure assets which generally makes investment returns less volatile – and leads to greater security for these pension funds during negative economic periods.

- Stringent risk management testing is performed on shared-risk plans on an annual basis to ensure that benefits remain secure under a variety of economic scenarios.

When does the process start?

The PPSTA anticipates that the transfer process will commence February 1, 2024, although parties are invited to begin conversations to facilitate a transfer within the near term. The PPSTA provides for a structured series of negotiations to finalize transfer terms within a reasonable time.

Is government going to provide funding?

Depending on the funding level of the affected pension plan, government expects to contribute significant public funds in order to ensure the funding for all affected pension plans is at a level appropriate for transfer to the destination shared-risk plan.

Why is government doing this?

Government has a responsibility to ensure that public-sector and quasi public sector pension plans are managed as efficiently and transparently as possible and are reasonable for both the pension plan beneficiaries and New Brunswick taxpayers.

Where can I learn more about public sector shared risk plans in New Brunswick?

More information is available online using the following links:

- [New Brunswick Public Sector Pension Plan \(NBPSPP\)](#)
- [CBE Pension Plan \(Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals – CBE SRP\)](#)
- [Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals \(CUPE Hospitals SRP\)](#)

Where can I learn more about the School Board Plans?

More information is available online:

- [Pension Plan for General Labour, Trades and Services Employees \(GLT&S\)](#)
- [Pension Plan for Full-Time CUPE 2745 of NB School Districts \(CUPE 2745\)](#)

Where can I learn more about the Nursing Homes Pension Plans?

Information is not currently available to the public. Improving transparency is one objective of the reforms.