

NOVA SCOTIA TEACHERS' PENSION PLAN

REPORT ON THE ACTUARIAL VALUATION AS AT DECEMBER 31, 2023

(REGISTRATION No. 0355438)

APRIL 15, 2024

PREPARED BY:

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TABLE OF CONTENTS

SECTION	PAGE
SUMMARY OF RESULTS	
I	INTRODUCTION AND PURPOSE OF THE VALUATION.....1
II	PLAN CHANGES AND SUBSEQUENT EVENTS.....2
III	FINANCIAL POSITION OF THE PLAN.....3
	A. GOING CONCERN BASIS: FINANCIAL POSITION AS AT DECEMBER 31, 20233
	B. HYPOTHETICAL WIND-UP BASIS: FINANCIAL POSITION AS AT DECEMBER 31, 20235
IV	FUNDING REQUIREMENTS8
V	ACTUARIAL OPINION 10
APPENDIX	
A	PLAN ASSETS..... 11
B	ACTUARIAL METHODS AND ASSUMPTIONS..... 13
	A. ASSET VALUATION METHOD..... 13
	B. GOING CONCERN VALUATION 13
	C. HYPOTHETICAL WIND-UP VALUATION21
	D. INCREMENTAL COST22
C	MEMBERSHIP DATA 24
D	SUMMARY OF PLAN PROVISIONS 29
E	ADMINISTRATOR CERTIFICATION..... 33

SUMMARY OF RESULTS

Going Concern Financial Position	December 31, 2022	December 31, 2023
Going concern value of assets	\$5,479,704,000	\$5,759,420,000
Going concern actuarial liability	(\$7,298,511,000)	(\$7,376,462,000)
Going concern excess / (unfunded liability)	(\$1,818,807,000)	(\$1,617,042,000)
Funded ratio (going concern basis)	75.1%	78.1%

Funding Requirements	December 31, 2022		December 31, 2023	
	% of Payroll	\$	% of Payroll	\$
Estimated pensionable earnings for the following year		\$975 million		\$1,011 million
Total annual current service cost	(16.21%)	(\$158,029,000)	(15.68%)	(\$158,530,000)
Estimated member required contributions	11.71%	\$114,161,000	11.70%	\$118,255,000
Estimated employer required contributions	11.71%	\$114,161,000	11.70%	\$118,255,000
Excess contributions	7.21%	\$70,293,000	7.71%	\$77,980,000

SECTION I INTRODUCTION AND PURPOSE OF THE VALUATION

At the request of Teachers' Pension Plan Trustee Inc. (the "TPPTI"), we have completed an actuarial valuation of the Nova Scotia Teachers' Pension Plan (the "Plan") as at December 31, 2023. The last valuation was performed as at December 31, 2022, and the next valuation will be performed as at December 31, 2024.

The purposes of this actuarial valuation are as follows:

- to report on the financial position of the Plan as at December 31, 2023;
- to establish the minimum contributions required and maximum contributions permitted for the period from January 1, 2024 until the results of the next valuation are available; and
- to provide the actuarial certifications required under the federal Income Tax Act.

The intended users of this report are the TPPTI and the Canada Revenue Agency. This report is not intended or necessarily suitable for purposes other than those listed above. Any party reviewing this report for other purposes should have their own actuary or other qualified professional assist in their review to ensure that the party understands the assumptions, results, and uncertainties inherent in our results. This report and any opinions within may not be modified or otherwise provided, in whole or in part, to any other person or entity without the express written permission of Eckler Ltd. (unless required by applicable legislation). Eckler takes no responsibility for the consequences of any other use of this report.

Reliance

We have relied on asset information as provided by the Nova Scotia Pension Services Corporation. We have also relied on the Nova Scotia Pension Services Corporation to provide all relevant data and to confirm the pertinent Plan terms.

Report Format

In this report, we have first provided the valuation results, along with our actuarial opinion of the recommended funding levels for use until the next valuation. The data, actuarial assumptions and methodology used in valuing both the assets and the liabilities are provided by way of Appendices for ease of reference.

Finally, we note that in some cases, figures in the tables contained in this report may not add exactly due to rounding.

Terms of Engagement

For the purposes of this actuarial valuation report, the significant terms of engagement with the TPPTI are:

- For the going concern valuation, we have been directed to use the market value of assets; and
- For the going concern valuation, we have been directed to use a margin for adverse deviations of 0.68% in setting the going concern discount rate.

The terms of engagement are in accordance with accepted actuarial practice in Canada.

SECTION II PLAN CHANGES AND SUBSEQUENT EVENTS

Plan Amendments

There were no material Plan amendments from the date of the prior valuation to the date of the current valuation that would impact the results of the actuarial valuation.

Actuarial Assumptions

The going concern actuarial assumptions were revised from the previous valuation. In particular, the going concern discount rate was increased from 5.70% per annum used at the prior valuation to 5.80% per annum in this valuation. This updated discount rate reflects the current expectation of the long-term rate of return on the Plan's investments, adjusted by the margin for adverse deviations.

Further, the inflation assumption was decreased in view of our overall economic outlook from 2.10% per annum used at the previous valuation to 2.00% per annum for this valuation. The change in inflation and economic outlook led to changes in a number of other related increase rate assumptions as well – the salary inflation assumption was decreased from 2.10% to 2.00% per annum, the assumption for the increase in the Year's Maximum Pensionable Earnings (YMPE) and the Canada Revenue Agency defined benefit limit was decreased from 2.85% to 2.75% per annum for this valuation, and the pension indexing assumption for those with guaranteed indexing was decreased from 1.20% to 1.10%. See Appendix B for details of the assumptions used in this valuation and the rationale employed in setting these assumptions. See Section III for the impact of these changes in assumptions on the valuation results.

The wind-up economic assumptions were changed to reflect market conditions as at the valuation date. These assumptions are summarized in Appendix B.

We are not aware of any other events that occurred between the valuation date and the date this report was completed that would have a material impact on the results of this valuation.

SECTION III FINANCIAL POSITION OF THE PLAN

A. Going Concern Basis: Financial Position as at December 31, 2023

The following is the going concern valuation balance sheet as at December 31, 2023 based on:

- the actuarial value of assets (summarized in Appendix A);
- the going concern valuation assumptions (described in Appendix B);
- the membership data (summarized in Appendix C); and
- the Plan provisions (summarized in Appendix D)

with comparative figures from the valuation as at December 31, 2022.

FINANCIAL POSITION – GOING CONCERN BASIS

	December 31, 2022	December 31, 2023
Going concern assets		
Net assets available for benefits¹	\$5,479,704,000	\$5,759,420,000
Going concern actuarial liabilities		
Active members	\$2,580,120,000	\$2,622,435,000
Pensioners and survivors (CPI - 1% indexing)	2,168,992,000	2,124,748,000
Pensioners and survivors (variable indexing)	2,497,184,000	2,573,097,000
Inactive members	52,215,000	56,182,000
Total going concern liabilities	\$7,298,511,000	\$7,376,462,000
Going concern excess / (unfunded liability)	(\$1,818,807,000)	(\$1,617,042,000)
Funded ratio (going concern basis)	75.1%	78.1%

Sensitivity of Going Concern Financial Position

The going concern actuarial liabilities shown above at December 31, 2023 are based on a discount rate of 5.80% per annum. To illustrate the sensitivity of the valuation results to changes in the discount rate, we report the impact on the going concern liabilities of a 1.00% decrease in the discount rate. Had the Plan's liabilities been calculated using a 4.80% discount rate rather than 5.80%, the liabilities would be \$8,361,639,000 or 13.4% higher, and the plan would have an unfunded liability of \$2,602,219,000 and a going concern funded ratio of 68.9%.

¹ See Appendix A for more details on the asset values.

Reconciliation of Going Concern Financial Position

The reconciliation provides an independent cross-check of the calculations performed and determines the main reasons for the change in the going concern financial position that have occurred since the previous valuation date.

The tables below summarize the results of our reconciliation of the going concern financial position and the going concern actuarial liabilities.

RECONCILIATION OF GOING CONCERN FINANCIAL POSITION

	2023
Going concern excess / (unfunded liability) as at December 31, 2022	(\$1,818,807,000)
Interest on unfunded liability at 5.70% per annum	(103,672,000)
Investment experience (return on assets different than actuarial discount rate)	80,581,000
Contributions in excess of current service cost	75,975,000
Government contribution due to no indexing on variable indexing provision	89,459,000
Change in discount rate assumption	89,822,000
Change in salary increase assumption - inflation component	23,713,000
Change in pensioner indexing assumption	15,222,000
Change in assumed rate of increase in YMPE and maximum pension	(3,421,000)
Net Plan liability experience (see table below)	(83,824,000)
Miscellaneous gains / (losses)	17,910,000
Going concern excess / (unfunded liability) as at December 31, 2023	(\$1,617,042,000)

PLAN LIABILITY EXPERIENCE

	2023
	\$ Gain / (Loss)
Salary increases different from assumed	17,349,000
YMPE increases different from assumed	635,000
CPI - 1% indexing different from assumed	(90,598,000)
Retirement experience different from assumed	(3,613,000)
Mortality experience different from assumed	(7,597,000)
Net Plan liability experience	(\$83,824,000)

RECONCILIATION OF GOING CONCERN LIABILITIES

	2023
Going concern liabilities as at December 31, 2022	\$7,298,511,000
Benefits accrued	166,859,000
Transfers in	4,422,000
Interest on going concern liabilities	408,397,000
Net Plan liability experience (incl. misc. experience)	65,914,000
Changes in assumptions	(125,336,000)
Benefits paid	(439,241,000)
Transfers out	(3,064,000)
Going concern liabilities as at December 31, 2023	\$7,376,462,000

B. Hypothetical Wind-up Basis: Financial Position as at December 31, 2023

The hypothetical wind-up valuation portrays the funded status of the Plan had it been terminated or wound-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits were earned, and all members were paid their entitlements as an annuity, a deferred annuity, or a commuted value.

The financial position of the Plan on a hypothetical wind-up basis as at December 31, 2023 and as at December 31, 2022 for comparative purposes is as follows:

FINANCIAL POSITION – HYPOTHETICAL WIND-UP BASIS

	December 31, 2022	December 31, 2023
Wind-up assets		
Net assets available for benefits	\$5,479,704,000	\$5,759,420,000
Estimated wind-up expenses	(12,000,000)	(12,000,000)
Total wind-up assets	\$5,467,704,000	\$5,747,420,000
Wind-up liabilities		
Active members	\$2,512,903,000	\$2,679,992,000
Pensioners and survivors (CPI - 1% indexing)	2,621,768,000	2,504,871,000
Pensioners and survivors (variable indexing)	2,688,279,000	2,889,802,000
Inactive members	73,061,000	81,506,000
Total wind-up liabilities	\$7,896,011,000	\$8,156,171,000
Wind-up excess / (deficiency)	(\$2,428,307,000)	(\$2,408,751,000)
Wind-up funded ratio	69.2%	70.5%

As shown above, on a hypothetical wind-up basis there is a deficiency of \$2,408,751,000 in the Plan after providing for the settlement of all accrued benefit entitlements as at December 31, 2023. The funded ratio on a wind-up basis is 70.5%, as compared to 69.2% as at December 31, 2022.

The wind-up assumptions and the hypothetical wind-up scenario modeled as at December 31, 2023 can be found in Appendix B.

Sensitivity of Hypothetical Wind-up Position

The wind-up liabilities shown as at December 31, 2023 are based upon the discount rates as shown in Appendix B. Had the Plan's wind-up liabilities been calculated using discount rates that were 1.00% lower than those used, the wind-up liabilities would be \$9,180,957,000 or 12.6% higher, and the Plan would have a wind-up deficit of \$3,433,537,000 and a wind-up funded ratio of 62.6%.

Incremental Cost

In accordance with the Canadian Institute of Actuaries' Standard of Practice, we have estimated the incremental cost of the hypothetical wind-up liability as at December 31, 2023. This is the expected aggregate change in hypothetical wind-up liability between December 31, 2023 and December 31, 2024. The incremental cost is the present value, at the valuation date, of the expected aggregate change in the hypothetical wind-up or solvency liability between the valuation date and the next valuation date. It also reflects expected benefit payments between the valuation date and the next valuation date.

INCREMENTAL COST

	2024
Incremental cost	\$209,013,000

The incremental cost does not impact the funding requirements of the Plan and is for information purposes only.

The incremental cost assumptions as at December 31, 2023 can be found in Appendix B.

SECTION IV FUNDING REQUIREMENTS

Current Service Cost

The Plan's current service cost is the value of the benefits accruing to members in the year following the valuation, determined on a going concern basis.

The table below summarizes the Plan's current service cost compared to estimated member and employer required contributions for the 12-month period from January 1, 2024, and a comparison with the current service cost for the prior year.

FUNDING REQUIREMENTS

Funding Requirements	December 31, 2022		December 31, 2023	
	% of Payroll	\$	% of Payroll	\$
Estimated pensionable earnings for the following year		\$975 million		\$1,011 million
Total annual current service cost	(16.21%)	(\$158,029,000)	(15.68%)	(\$158,530,000)
Estimated member required contributions	11.71%	\$114,161,000	11.70%	\$118,255,000
Estimated employer required contributions	11.71%	\$114,161,000	11.70%	\$118,255,000
Excess contributions	7.21%	\$70,293,000	7.71%	\$77,980,000

The current service cost funding excess of \$77,980,000 for 2024 is the amount by which total member and employer required contributions are expected to exceed the Plan's current service cost and may be applied towards funding the Plan's going concern unfunded liability. We also note, however, that these excess contributions are not sufficient to amortize the unfunded liability. One year of interest at 5.80% on the current unfunded liability of \$1,617,042,000 amounts to \$93,788,000, and as such, the unfunded liability is expected to grow during the next year should plan experience turn out as expected, and prior to accounting for any contributions from the Province for missed indexing.

The Income Tax Act and Regulations restrict employer contributions to those that are deemed "eligible". In determining whether an employer contribution is an eligible contribution, the funded position of the Plan must be considered. If it is found that a Plan's actuarial surplus is greater than a certain threshold amount, then the employer's contributions may be restricted. For this Plan, this restriction does not apply as the Plan has an unfunded actuarial liability at December 31, 2023.

Accordingly, we believe that the employer contributions to the Plan in respect of both current service and the current service cost funding excess, if made in accordance with the recommendations contained in this report, will meet the requirements of an “eligible contribution” as set forth in Section 147.2 of the Income Tax Act.

We also note that contributions for all active Plan members exceed 9% of earnings. Paragraph 8503(4)(a) of the Income Tax Regulations (ITR), specifies a limit on the level of employee contributions that are eligible under a defined benefit pension plan. This limit is essentially 9% of earnings (the semantics of paragraph 8503(4)(a) are not quite that simple, but this is generally the result), including employee contributions made in respect of an unfunded liability (which are allowed under subsection 8501(6.1) of the ITR). Employee contributions in excess of 9% are not prohibited, but they require a Ministerial waiver through the Registered Plans Directorate. This waiver has been granted by CRA, as noted in their letter dated February 4, 2022, and is currently effective from January 1, 2021 until December 31, 2024.

The total current service cost has changed from 16.21% of pensionable payroll for 2023 to 15.68% of pensionable payroll for 2024. The sources of the changes are as follows:

CURRENT SERVICE COST RECONCILIATION

	% of Payroll
Current service cost as at January 1, 2023	16.21%
Change in demographics	0.02%
Change in discount rate	(0.37%)
Change in salary increase assumption (inflation component)	(0.21%)
Change in assumed rate of increase in YMPE and maximum pension	0.03%
Current service cost as at January 1, 2024	15.68%

Sensitivity of Current Service Cost

The current service cost shown above for the year beginning January 1, 2024 is based on a discount rate of 5.80% per annum. To illustrate the sensitivity of the valuation results to changes in the discount rate, we report the impact on the Plan’s current service cost of a 1.00% decrease in the discount rate. Had the Plan’s current service cost been calculated using a 4.80% discount rate, the cost would be \$200,747,000, or 26.6% higher. This cost would be equivalent to 19.85% of pensionable payroll.

SECTION V ACTUARIAL OPINION

The following represent our primary conclusions as a result of our actuarial valuation as at December 31, 2023:

1. The Plan has a going concern unfunded liability of \$1,617,042,000 and a funded ratio of 78.1%.
2. The current service cost in respect of 2024 is \$158,530,000, which amounts to 15.68% of pensionable payroll. The required contribution rate for members is 11.3% of pensionable earnings up to the YMPE and 12.9% of pensionable earnings above the YMPE, with employer matching contributions required at the same rates. We estimate these contributions together will amount to \$236,510,000 for 2024, resulting in a current service cost funding excess of \$77,980,000, which may be used towards funding the Plan's going concern unfunded liability.
3. The adequacy and appropriateness of this funding level should be reviewed at the next actuarial valuation of this Plan, which is expected to take place as at December 31, 2024.
4. For purposes of paragraph 147.2(2)(d) of the Income Tax Act, the excess surplus based on the going concern valuation was nil as at December 31, 2023.
5. If the Plan were to be wound-up on the valuation date with benefits payable as described in Appendix D of this report, the value of Plan assets would be less than actuarial liabilities by an amount of \$2,408,751,000.
6. We are not aware of any events that occurred between the valuation date and the date this report was completed that would have a material impact on the results of this valuation.

In our opinion,

- the membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation as described in Section I;
- the assumptions described herein are appropriate for the purposes of the valuation; and
- the methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

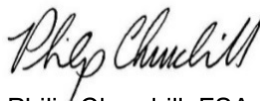
Nonetheless, emerging experience, differing from the assumptions, will result in gains or losses which will be revealed in future valuations.

This report has been prepared in a manner consistent with the recommendations for the preparation of actuarial valuation reports issued by the Canadian Institute of Actuaries. This report has been prepared in accordance with applicable legislation.

Respectfully submitted,



Mary Kate Archibald, FSA, FCIA, CFA



Philip Churchill, FSA, FCIA

April 2024

APPENDIX A PLAN ASSETS

The assets of the pension plan are held in trust by Teachers' Pension Plan Trustee Inc. We have relied on information provided by the Nova Scotia Pension Services Corporation as the source of the Plan's assets.

The table below summarizes the breakdown of the market value of the Plan's invested assets at December 31, 2023.

BREAKDOWN OF INVESTED PLAN ASSETS BY ASSET CLASS

Asset Class	Market Value at December 31, 2023	% of Assets
Cash / money market	357,686,000	6.2%
Canadian bonds & debentures	199,336,000	3.4%
Non-Canadian bonds & debentures	893,785,000	15.5%
Canadian real return bonds	175,011,000	3.0%
Canadian equities	258,334,000	4.5%
US equities	692,119,000	12.0%
Global equities	761,363,000	13.2%
Real estate	814,022,000	14.1%
Infrastructure	836,724,000	14.5%
Commodities	116,287,000	2.0%
Hedge funds	565,446,000	9.8%
Other assets	110,721,000	1.8%
Total market value of invested assets	\$5,780,834,000	100.0%

Valuation of Assets

The table below summarizes the calculation of the net assets available for benefits at December 31, 2023.

NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2023
Market value of invested assets	\$5,780,834,000
Net receivables	63,945,000
Net payables	(85,359,000)
Net assets available for benefits	\$5,759,420,000

Reconciliation of Net Plan Assets

A summary of pension fund transactions for the periods January 1, 2022 to December 31, 2022 and from January 1, 2023 to December 31, 2023 is provided below:

RECONCILIATION OF NET PLAN ASSETS

	2022	2023
Net assets available for benefits as at January 1	\$5,855,523,000	\$5,479,704,000
Member contributions	116,881,000	120,016,000
Employer contributions	116,881,000	120,016,000
Member contributions (not matched)	137,000	724,000
Employer contributions (not matched)	61,642,000	87,013,000
Net transfers to/from other plans	1,604,000	1,358,000
Investment income, gains and losses	(228,495,000)	409,153,000
Benefits paid	(426,112,000)	(439,241,000)
Expenses	(18,357,000)	(19,323,000)
Net assets available for benefits as at December 31	\$5,479,704,000	\$5,759,420,000

Performance of Plan Assets

The estimated rate of return net of all Plan expenses on the pension fund's net assets over each of the past two years is shown below:

NET RATES OF RETURN

Year Ending	December 31, 2022	December 31, 2023
Rate of return (net of expenses)	(4.3%)	7.2%

The net rate of return since the last valuation was 7.2%, or 1.5% higher than the assumed net rate of return of 5.70% per annum used in the last valuation. This return has been calculated net of all plan expenses, using the Simple Dietz method assuming mid-year cash flows.

APPENDIX B ACTUARIAL METHODS AND ASSUMPTIONS

A. Asset Valuation Method

As with the previous valuation, we have used the net assets available for benefits for the going concern and hypothetical wind-up valuations. Net assets are the market value of assets adjusted for amounts receivable and amounts payable.

B. Going Concern Valuation

For the purposes of a going concern valuation, we select actuarial assumptions with a long-term focus. That is, we anticipate that the Plan will continue indefinitely into the future. Actuarial assumptions are selected considering historical trends, future expectations and Plan specific experience, where possible.

The purpose of this part of our analysis is to determine an appropriate method and series of assumptions to make proper allowance for the Plan's future liabilities by way of payment of pensions and other benefits. In making these calculations, assumptions must be made as to:

- the probability that a particular payment will be made at a certain time (for example, depending upon whether the individual concerned survives to that date); and
- the expected amount of each such payment.

To do this, we make a series of assumptions in connection with the many factors which will impact the future financial operation of the Plan. These include the following:

- future rates of mortality (and the corresponding life expectancies of Plan members and their spouses);
- future rates of salary increase for members of the Plan;
- future rates of member turnover (withdrawal from the Plan);
- future retirement ages;
- future impacts of inflation; and
- the rate of return that will be earned on the assets of the pension fund in future years.

Where applicable, we have taken into account the actual experience of this pension plan, in addition to statistics developed from many other pension plans.

Going Concern Discount Rate

The discount rate assumption has changed from 5.70% per annum to 5.80% per annum since the previous valuation.

The economic assumptions (i.e., those related to interest rates and inflation) for this valuation are based on reasonable expectations with respect to the relationships among key economic variables over the long-term, as well as the expected impact of those economic variables on the investment performance of the pension fund given the Plan's target policy asset mix.

Prior to applying any margin for adverse deviations, we have taken a best estimate approach to the determination of the discount rate, based on the expected future investment return on the assets of the pension plan. In particular, our approach consists of:

- determining the best estimate of long-term, expected future investment returns for each of the asset classes in which the Plan invests, and combining these expected future investment returns to reflect the target policy asset mix, thereby creating an unadjusted best estimate portfolio return;
- including the impact of rebalancing and diversification based on the results of stochastic modelling conducted specific to the Plan's target policy asset mix;
- including an allowance for additional return due to active versus passive management;
- making appropriate provision for expenses.

In employing this approach, we recognize that there are a range of reasonable assumptions for each component of the model. In determining an overall best estimate assumption, we have neither selected the most optimistic nor the most pessimistic point of the range for each of these components.

We have assumed that there will be a small additional return achieved due to active management over and above the cost of active management, which is a component of overall Plan expenses, based on a long term sustained history of additional value added.

As a last step, based on the terms of engagement, we have included the margin for adverse deviations to take into account the effect of the uncertainty of the best estimate assumptions used in the calculation. The result of our analysis is depicted in the following table:

DISCOUNT RATE

	Discount Rate
Unadjusted best estimate portfolio return	6.06%
Rebalancing and diversification effect	0.42%
Provision for explicit Plan expenses	(0.40%)
Value added return from active management	0.40%
Net best estimate portfolio return	6.48%
Less margin for adverse deviations	(0.68%)
Going concern discount rate assumption	5.80%

The unadjusted best estimate portfolio return assumption was determined using the Plan's target policy asset mix and the expected return for each asset class. Expected returns are developed each year through a rigorous stochastic modelling process. This model is designed to simulate all key economic and market variables over thousands of different paths that are path-wise consistent. Key variables include bond yields (nominal and real), inflation, equity market returns, and alternative asset class returns. Adjustments for specific approaches to investment implementation are applied to asset class expected returns where appropriate. The details of the target policy asset mix and expected returns on each asset class are depicted in the following table:

UNADJUSTED BEST ESTIMATE PORTFOLIO RETURN

Asset Class	Target Policy Asset Mix	Expected Return
Cash	2.0%	2.76%
Bank loan	2.0%	5.58%
Canadian equity	3.0%	6.73%
US large cap equity	6.0%	6.66%
US small-mid cap equity	2.0%	7.06%
International equity	4.5%	6.99%
Global equity	10.0%	7.01%
Small cap equity	2.0%	7.06%
Emerging markets equity	5.0%	7.84%
Canadian government bonds	7.0%	3.54%
US credit (investment grade)	5.0%	4.22%
US high yield bonds	3.0%	5.56%
Global credit (investment grade)	2.0%	4.00%
Emerging market debt	3.0%	6.41%
Real return bonds	3.5%	3.51%
Hedge funds	10.0%	5.93%
Real assets	30.0%	6.60%
Total portfolio	100.0%	6.06%

Inflation

The inflation assumption has a direct bearing on the assumption with respect to pensioner indexing and active member salary increases. The inflation assumption was decreased in view of our overall economic outlook from 2.10% per annum used at the previous valuation to 2.00% per annum for this valuation. This rate is based on a long-term view and is within the Bank of Canada's 1% - 3% inflation-control target range.

Salary Increase

The salary increase assumption includes an inflation component as well as a promotional component which varies by age. The rates used for this valuation were as follows:

ANNUAL SALARY INCREASE RATES

Age Group	Inflation Component	Promotional Component
< Age 30	2.00%	7.50%
30 – 34	2.00%	4.75%
35 – 39	2.00%	2.50%
40 – 44	2.00%	1.25%
45 – 49	2.00%	1.00%
50 – 59	2.00%	0.75%
Age 60 +	2.00%	0.00%

The previous valuation used a salary inflation component of 2.10% per annum.

The promotional component used represents no change from the previous valuation. The promotional component was the result of a salary experience study conducted on the Plan's data during 2021. With respect to the pattern of increases, our assumption considers historic salary experience, current and past collective agreements, and discussion with the TPPTI.

Annualized pensionable earnings assumed for each member for calendar year 2023 were based on 7 months of the annualized actual 2022-2023 school year earnings plus 5 months of the annualized estimated 2023-2024 school year earnings. Estimated school year earnings reflect an inflationary increase (actual negotiated increase, if known, otherwise assumed), and a promotional increase based on the increase rates above over the prior school year earnings. If prior school year earnings are not available, such as for new Plan members, annualized pensionable earnings from the 2023-2024 school year are used to estimate calendar year 2023 earnings. This is the same method as used in the previous valuation.

YMPE and CRA Defined Benefit Limit Increase

We have assumed the Year's Maximum Pensionable Earnings (YMPE) would increase at a rate of 2.75% per annum. This is a change from the previous valuation assumption of 2.85% per annum. The YMPE for 2024 is \$68,500.

We have assumed the Canada Revenue Agency defined benefit limit would also increase at a rate of 2.75% per annum. This is a change from the previous valuation assumption of 2.85% per annum. The defined benefit limit for 2024 is \$3,610.00. In combination with a member's pensionable service and their year of retirement, this limit determines the maximum pension that may be payable from a registered defined benefit pension plan under the Income Tax Act.

Pensioner Indexing

Pensioners are categorized into two groups, generally depending upon whether the pensioner retired before or on/after August 1, 2006.

Retirements prior to August 1, 2006 are eligible for indexing at each July 1. Indexing occurs at a rate equal to the year-over-year percentage increase in the “pension index” minus 1%, with indexing no higher than 6% and no less than 0%. Effective July 1, 2007, the “pension index” was defined as the average of the Consumer Price Index for all items for Canada published by Statistics Canada for each month in the 12-month period ending on April 30 of the preceding indexing period. This is referred to as the “CPI-1%” provision. For this group, we have assumed future indexing at a rate of 1.10% per annum, which reflects the indexing formula, the volatility of inflation and the minimum indexing level of 0%. This is a change from the previous valuation assumption of 1.20% per annum.

Retirements on or after August 1, 2006 are eligible for variable indexing at each July 1. The amount of the increase at each July 1 will be based upon the Plan’s funded status according to the most recent actuarial valuation:

- if the Plan has a deficit of 10% or more of the Plan’s actuarial liabilities, no indexing is provided;
- with a deficit that is less than 10%, indexing may be provided at the discretion of the TPPTI at a rate of one half the year-over-year percentage increase in the “pension index” as defined above; and
- if the Plan is in an actuarial surplus position, indexing will be provided at a rate, as high as possible without putting the Plan into a deficit position, between one half and the full percentage increase in the “pension index” as defined above.

As with the CPI-1% provision, indexing will be no higher than 6% and no less than 0%. For this group, we assume no indexing in the future. This represents no change from the previous valuation.

Contribution Crediting

As at the valuation date, members currently contribute at a rate of 11.3% of pensionable earnings up to the YMPE and 12.9% of pensionable earnings above the YMPE. Interest is credited on these contributions at a rate based on the 5-year personal fixed term chartered bank deposit rate as determined from the Canadian Socio-Economic Information Management (CANSIM) Series V80691336 (formerly named B14045), published in the Bank of Canada Review.

In order to project member contribution-with-interest balances to the expected date of termination, death or retirement, we have assumed contribution rates as a percent of pensionable earnings would continue into the future, and that interest would be credited on those contributions at a rate of 2.50% per annum. This represents no change from the previous valuation.

Mortality

For this valuation, we have continued to use a pre- and post-retirement mortality assumption of 107% of the rates from the CPM 2014 Public Sector Mortality Table (CPM2014Publ) for male members and 99% of the rates from the CPM2014Publ for female members. Mortality improvements are assumed to be in accordance with CPM Improvement Scale B (CPM-B). The adjustments to the CPM2014Publ table were determined based on the Plan's experience from 2011 to 2020, which was analyzed through a mortality experience study that was completed in 2021. The CPM2014Publ table represents mortality patterns of Canadians participating in, or retired from, defined benefit pension plans in the public sector. Experience continues to be monitored through annual gain and loss analysis. This represents no change from the previous valuation.

Retirement Age

We have assumed 50% of active members who achieve eligibility for the rule of 85 prior to age 62 will retire when first eligible; the remainder of active members and all inactive members are assumed to retire at the earliest of:

- age 65 with 2 years of service;
- 35 years of service; and
- age 62 with 10 years of service.

For members who have already met the eligibility for the rule of 85, we have assumed that 50% will retire immediately, and the remainder at the earliest of age 65 with 2 years of service, 35 years of service or age 62 with 10 years of service. This assumption represents no change from the previous valuation.

Our assumption is based on a review conducted in 2013 of past retirement patterns for teachers as they reach the various retirement eligibility criteria, as well as continued monitoring of the Plan's retirement experience through the annual gain and loss analysis. It can be shown that approximately half the teachers who attain "rule of 85" retire when they become eligible. However, as teachers become eligible for the next unreduced early retirement threshold (i.e., age 60 with 10 years of service), they tend to wait to retire. On average, these teachers postpone their retirement two years. Finally, very few teachers postpone retirement to after age 65.

Marital Status

There has been no change since the previous valuation in the marital status assumptions. The assumption varies by gender and by status in the Plan. For members who have not yet retired, we have assumed that 85% of male members and 75% of female members will have an eligible spouse on the earlier of death or retirement. For members who have retired, we have assumed that where the member data shows a married status, that there is an 85% chance that the member is still married at the valuation date. If the member data shows a single status, we have assumed that the member is still single. We have continued to assume that male spouses are 3 years older than female spouses. We have also continued to assume that no members will have an eligible orphan or dependent recipient upon death unless currently in receipt of such a benefit.

Termination Rates

The annual termination decrement rate assumption used in this valuation represents no change from the previous valuation. The rates vary by service in the Plan and are as follows:

TERMINATION RATES

Service in Plan	Annual Termination Decrement Rate
0 – 1 years	5.0%
1 – 2 years	5.0%
> 2 years	0.0%

Actual termination rates from the Plan are relatively low, and if a teacher terminates after two years of service there is relatively little impact on the valuation since they are vested in their accrued benefit. Therefore, we have assumed only teachers very early in their career will terminate.

Disability Rates

As a result of the 2014 amendment which removed the disability pension provisions from the Plan for future applicants, instead providing disability benefits under the teachers' long-term disability insurance plan, a disability decrement is no longer needed or used.

Actuarial Method

The actuarial cost method used in conducting this valuation is the projected unit credit method. This represents no change from the previous valuation.

In using this method, as a first step, a calculation is made of the liability in respect of all benefits that have accrued to members for service up to and including the valuation date. This represents the "accrued liability". This calculation takes into account projected future salary increases for each member up to and including expected retirement, termination or pre-retirement death.

As a separate process, the current service cost has been calculated using the same actuarial assumptions. This cost represents the additional cost of the benefits that will accrue in respect of the 12-month period following the valuation date. This is compared with the amount of the required member and employer contributions over that period. The difference represents the current service cost funding excess for the Plan for that period.

For an individual member, the funding pattern produced by the projected unit credit cost method is one that increases (as a percentage of salary) over time. However, for the whole group, if the average age remains constant (which can occur through the retirement of older members and the addition of new, younger members) the current service cost under this method will remain relatively constant, provided there have been no changes to the valuation assumptions or methods. If the Plan's average age increases, on the other hand, the current service cost will also increase. Such increases would be revealed in future valuations.

The following table summarizes the actuarial assumptions that have been used in the going concern valuation.

GOING CONCERN VALUATION ACTUARIAL ASSUMPTIONS

December 31, 2023					
Net of expense discount rate:	5.80% per annum				
Inflation:	2.00% per annum				
Annual salary increase:	<table border="0"> <tr> <td><u>Promotional component:</u></td> <td><u>Inflation component:</u></td> </tr> <tr> <td>7.50% if under age 30; ranging to 0.00% if over age 60</td> <td>2.00% per annum</td> </tr> </table>	<u>Promotional component:</u>	<u>Inflation component:</u>	7.50% if under age 30; ranging to 0.00% if over age 60	2.00% per annum
<u>Promotional component:</u>	<u>Inflation component:</u>				
7.50% if under age 30; ranging to 0.00% if over age 60	2.00% per annum				
Pensioner indexing:	CPI-1% indexing provision: 1.10% per annum Variable indexing provision: 0.00% per annum				
Contribution crediting:	2.50% per annum				
Maximum pension and YMPE increase rates:	2024: \$3,610.00 and \$68,500 2025+: Increase at 2.75% per annum				
Retirement age:	50% of active members who achieve eligibility for an unreduced pension under rule of 85 prior to age 62 will retire when they first become eligible; remainder of active and all inactive will retire at earliest of (i) age 65 with 2 years of service; (ii) 35 years of service; (iii) age 62 with 10 years of service				
Termination rates:	5.00% in each of the first two years of service, 0% thereafter				
Disability rates:	No rates				
Mortality:	107% (male) / 99% (female) of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B				
Marital status:	Active & Inactive males: 85% married Active & Inactive females: 75% married Retired males and females (married in data): 85% married Retired males and females (single in data): 0% married Male spouse is assumed to be 3 years older than female spouse				
Actuarial method:	Projected Unit Credit				

C. Hypothetical Wind-up Valuation

The Canadian Institute of Actuaries' Standards of Practice mandate a hypothetical wind-up valuation. This valuation allows the sponsor to assess the funded status of the Plan should it terminate or wind-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits were provided and all members were paid their entitlements as an annuity, a deferred annuity, or as a commuted value.

Active and deferred members under age 50 are assumed to elect to receive the commuted value of their benefits as a lump sum transfer. The discount rate used for calculating these commuted values was 4.50% per annum for 10 years from the valuation date and 4.50% per annum thereafter. Implicit in these rates is an assumption that the variable indexing provision will provide for no (0%) indexing. This indexing assumption represents no change from the previous valuation. The CPM 2014 Mortality Table projected generationally with CPM Improvement Scale B was used as the mortality assumption for calculating the pension commuted values. These assumptions were determined in accordance with Section 3500 of the *CIA Standards of Practice – Practice-Specific Standards for Pension Plans* with rates and methods in effect for December 2023.

Active and inactive members aged 50 or over as well as current retirees (pensioners and survivors) are assumed to elect to have their pensions purchased as an annuity from an insurance company. The discount rate used to estimate the cost of purchasing annuities as at the valuation date was 4.56% per annum for the pre-retirement period as well as for the post-retirement period for members under the variable indexing provision. A net discount rate of 2.39% per annum was applied for the post-retirement period to members under the CPI-1% indexing provision. The CPM 2014 Mortality Table projected generationally with CPM Improvement Scale B was used as the mortality assumption for all members assumed to be settled through the purchase of annuities. These assumptions were determined in accordance with the *Educational Note Supplement — Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective December 31, 2023, and Applicable to Valuations with Effective Dates on or after December 31, 2023, and no later than June 29, 2024*.

Note that the wind-up valuation does not make any assumptions about future pay increases or future terminations of employment, as all members are assumed to terminate on the valuation date. The actuarial assumptions for the wind-up valuation are summarized in the table on the following page.

HYPOTHETICAL WIND-UP VALUATION ACTUARIAL ASSUMPTIONS

December 31, 2023

Annual interest rates:	<p>Actives and Inactives under age 50:</p> <ul style="list-style-type: none"> ▪ Pre-retirement: 4.50% per annum for the first 10 years, 4.50% thereafter ▪ Post-retirement: 4.50% per annum for the first 10 years, 4.50% thereafter <p>Actives and Inactives 50 and over and current retirees:</p> <ul style="list-style-type: none"> ▪ Pre-retirement: 4.56% per annum ▪ Post-retirement (CPI-1% indexing provision): 2.39% per annum ▪ Post-retirement (variable indexing provision): 4.56% per annum
Retirement age:	<p>Actives and Inactives under age 50:</p> <ul style="list-style-type: none"> ▪ 50% when first eligible for an unreduced pension (the earliest of (i) age 65 with 2 years of service; (ii) 35 years of service; (iii) age 60 with 10 years of service and (iv) 85 points with age 55) ▪ 50% at the age that maximizes the value of the pension <p>Actives and Inactives 50 and over:</p> <ul style="list-style-type: none"> ▪ 100% at the age that maximizes the value of the pension
Termination rates:	None
Salary increase:	None
Mortality:	CPM 2014 Mortality Table projected generationally with CPM Improvement Scale B
Disability rates:	None
Wind-up expenses:	\$12,000,000
Marital status:	<p>Active & Inactive males: 85% married</p> <p>Active & Inactive females: 75% married</p> <p>Retired males and females (married in data): 85% married</p> <p>Retired males and females (single in data): 0% married</p> <p>Male spouse is assumed to be 3 years older than female spouse</p>
Actuarial method:	Termination Method

D. Incremental Cost

We have determined the incremental cost under the hypothetical wind-up basis. The incremental cost was determined as the sum of (a) and (b) minus (c):

- a) the projected hypothetical wind-up liability at the next valuation date for those members at the current valuation date, allowing for expected decrements and change in membership status, service accrual and increase in earnings between the current valuation date and the next valuation date. The resulting projected hypothetical wind-up liability was then discounted to the current valuation date;
- b) the present value of the benefit payments expected to be paid between current valuation date and the next valuation date, discounted to the current valuation date;
- c) the hypothetical wind-up liability as at the current valuation date.

For purposes of calculating the hypothetical wind-up incremental cost, the expected decrements, as well as the expected benefit payments between the current valuation date and the next valuation date, were determined using the going concern demographic assumptions (also outlined in the table below). The projected hypothetical wind-up liability at the next valuation date was determined using the same method and assumptions as disclosed in the previous section. In particular, we have assumed that the discount rates will remain the same throughout the projection period and the Standards of Practice for determining commuted value rates in effect at the valuation date will remain unchanged, as will the current educational guidance on the estimation of annuity purchase costs.

The following projection assumptions and approximations were used to project the dataset between December 31, 2023 and December 31, 2024.

INCREMENTAL COST ACTUARIAL ASSUMPTIONS

December 31, 2023 – December 31, 2024

New entrant profile:	Each Active or Inactive member who dies, retires or terminates from the Plan will be replaced by a new entrant with the following profile:			
	Proportion	Sex	Age	Salary
	73%	F	35.6	\$57,544
	27%	M	36.8	\$58,691
Retirement rate:	50% of active members who achieve eligibility for an unreduced pension under rule of 85 prior to age 62 will retire when they first become eligible; remainder of active and all inactive will retire at earliest of (i) age 65 with 2 years of service; (ii) 35 years of service; (iii) age 62 with 10 years of service.			
Termination rates:	5.00% in each of the first two years of service, 0% thereafter			
Disability rates:	None			
Mortality:	107% (male) / 99% (female) of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B			
Salary increase:	<u>Promotional component:</u>		<u>Inflation component:</u>	
	7.50% if under age 30; ranging to 0.00% if over age 60.		2.00%	
Marital status:	Active & Inactive males: 85% married Active & Inactive females: 75% married Retired males and females (married in data): 85% married Retired males and females (single in data): 0% married Male spouse is assumed to be 3 years older than female spouse			

APPENDIX C MEMBERSHIP DATA

The records are maintained and provided by the Nova Scotia Pension Services Corporation for purposes of the actuarial valuation.

We have reviewed the data as to accuracy and reasonableness. By comparing the data to those provided in previous years and examining the level of membership cessation over the previous years, we are satisfied that the data is complete. This review included a comparison of lists of active members with lists of inactive and retired members to check for unintended duplicate records.

Various checks of reasonableness were performed on pensions, dates of employment, Plan membership and birth, as well as pensionable earnings, contributions with interest and credited service. The Nova Scotia Pension Services Corporation was provided with a report on the results of our data verifications where any questions arose from our reasonableness and consistency checks. They either confirmed the data provided or advised of adjustments to the data. Accordingly, we are satisfied that the data is sufficient and reliable for the purposes of this actuarial valuation.

Appendix E contains the Administrator Certification including confirmation of the data provided and the adjustments confirmed through the review process.

Plan membership data is summarized in Schedule C1. For comparison, we have also included the summary of the membership data from the previous valuation. Schedule C2 outlines the membership movement in the Plan. Schedule C3 illustrates the distribution of active teachers by age and pensionable service. Schedule C4 illustrates the distribution of non-active members by age.

SCHEDULE C1: MEMBERSHIP DATA

	December 31, 2022	December 31, 2023
Active members		
Number	13,653	13,867
Average annualized pensionable earnings for year	\$79,219	\$80,750
Average years of pensionable service	11.7 years	11.8 years
Average age	43.7	43.9
Inactive members		
Number	6,400	6,638
Average annual pension	\$1,076	\$1,106
Average age	51.7	51.8

December 31	CPI-1% Indexing Provision		Variable Indexing Provision	
	2022	2023	2022	2023
Retired members				
Number	6,292	6,061	6,073	6,352
Average annual lifetime pension	\$30,912	\$32,618	\$30,220	\$30,369
Average annual temporary pension	\$0	\$0	\$10,106	\$10,276
Average age	78.7	79.5	67.1	67.7
Spouses, ex-spouses & dependants				
Number	1,344	1,385	417	450
Average annual lifetime pension	\$18,581	\$19,660	\$13,295	\$13,518
Average annual temporary pension	\$2,086	\$3,132	\$3,645	\$3,439
Average age	79.4	80.1	66.7	67.5
Orphans				
Number	4	2	51	44
Average annual pension	\$4,146	\$5,084	\$2,771	\$3,451
Average age	20.1	18.9	16.6	16.4
Total number	7,640	7,448	6,541	6,846

SCHEDULE C2: RECONCILIATION OF MEMBERSHIP

	Active Members	Inactive Members	Retired Members	Spouses & Ex-Spouses	Orphans
Total at December 31, 2022	13,653	6400	12,365	1,761	55
Net adjustments	-	-	-	1	-
Records combined	(4)	(2)	-	-	-
New entrants	992	-	-	-	-
Transfers to active	145	(145)	-	-	-
Transfers to inactive	(562)	562	-	-	-
Terminations	(50)	(148)	-	-	-
Pensioner returned to work	1	-	(1)	-	-
Pension divisions	-	-	-	4	-
Deaths – without survivor	-	(4)	(141)	(71)	-
Deaths – with survivor (spouse and possibly orphans)	(9)	(1)	(130)	140	5
Deaths – orphan only	(2)	(1)	-	-	4
Pensions ceased	-	-	-	-	(18)
Regular retirements	(297)	(23)	320	-	-
Total at December 31, 2023	13,867	6,638	12,413	1,835	46

**SCHEDULE C3: DISTRIBUTION OF ACTIVE MEMBERS
BY AGE GROUP AND PENSIONABLE SERVICE AS AT DECEMBER 31, 2023**

Age	Years of Pensionable Service								Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35+	
<20	0	0	0	0	0	0	0	0	0
20 - 24	246	0	0	0	0	0	0	0	246
25 - 29	1,115	61	0	0	0	0	0	0	1,176
30 - 34	817	656	33	0	0	0	0	0	1,506
35 - 39	649	636	673	32	0	0	0	0	1,990
40 - 44	540	420	644	930	35	0	0	0	2,569
45 - 49	386	244	248	738	627	64	0	0	2,307
50 - 54	230	158	186	384	485	678	42	0	2,163
55 - 59	160	86	101	196	241	299	113	7	1,203
60 - 64	123	52	49	90	105	56	36	15	526
65 - 69	58	17	11	13	23	20	12	11	165
70 - 74	5	2	2	0	1	1	4	1	16
Total	4,329	2,332	1,947	2,383	1,517	1,118	207	34	13,867

**SCHEDULE C4: DISTRIBUTION OF NON-ACTIVE MEMBERS
BY AGE GROUP AS AT DECEMBER 31, 2023**

Age	Inactive Members		Pensioners, Survivors and Orphans (CPI-1% indexing)		Pensioners, Survivors and Orphans (Variable indexing)	
	Number	Average Annual Pension	Number	Average Annual Pension	Number	Average Annual Pension
<20	0	\$0	2	*	36	\$3,550
20 - 24	43	\$104	0	\$0	8	\$3,005
25 - 29	236	\$388	0	\$0	0	\$0
30 - 34	378	\$641	0	\$0	0	\$0
35 - 39	668	\$1,060	0	\$0	1	*
40 - 44	880	\$1,226	3	\$26,350	4	\$9,754
45 - 49	906	\$1,541	4	\$18,441	23	\$9,018
50 - 54	999	\$1,753	8	\$11,151	34	\$15,423
55 - 59	784	\$1,455	11	\$17,269	565	\$35,937
60 - 64	632	\$883	37	\$15,301	1,366	\$32,475
65 - 69	443	\$377	121	\$18,317	2,316	\$29,777
70 - 74	313	\$307	1,619	\$32,812	1,969	\$27,666
75 - 79	203	\$282	2,553	\$31,183	464	\$19,827
80 - 84	97	\$164	1,662	\$29,693	56	\$14,174
85 - 89	31	\$156	898	\$27,687	4	\$29,063
90 - 94	7	\$57	417	\$27,997	0	\$0
95 - 99	11	\$16	88	\$28,289	0	\$0
100+	7	\$20	25	\$24,068	0	\$0
Total	6,638	\$1,106	7,448	\$30,201	6,846	\$29,088

* Not shown for confidentiality reasons.

APPENDIX D SUMMARY OF PLAN PROVISIONS

The following is a summary of the Plan's main provisions in effect on December 31, 2023. This summary is not intended as a complete description of the Plan. For specific details of the Plan provisions, reference should be made to the Teachers' Pension Act and Regulations (the "Regulations").

Type of Pension Plan

This Plan can be categorized as a "final average defined benefit plan" in which the benefit is a function of the member's highest five years' of earnings. The Plan also provides for death, disability and termination benefits.

Effective Date

The Plan was established effective August 1, 1949.

Eligibility

All teachers, with few exceptions, must join the Plan on their date of employment.

Vesting

A member will become vested, and entitled to a retirement pension, upon completion of two years of service in the Plan.

Contribution Rates

Contribution rates for the teachers and the employer are as follows:

- 11.3% of pensionable earnings up to the YMPE and 12.9% of pensionable earnings above the YMPE beginning August 1, 2016.

Normal Retirement Date

The normal retirement date is the last day of the month coincident with the attainment of age 65 with two years of pensionable service.

Early Retirement

A member may retire prior to the Normal Retirement Date. Early retirement reductions may apply in accordance with the following table:

EARLY RETIREMENT PROVISIONS

Age	Service or Points	Retirement Eligibility
50	30 years	Eligible with reduction
55	2 years	Eligible with reduction
No minimum age	35 years	Eligible without reduction
55	85 points	Eligible without reduction
60	10 years	Eligible without reduction
65	2 years	Eligible without reduction

Normal Retirement Benefits

The amount of lifetime pension payable at normal retirement is equal to the sum of:

- 2.0% of HAS-5 x non-CPP service, plus
- 1.3% of HAS-5 up to the AvgYMPE x CPP service, plus
- 2.0% of HAS-5 above the AvgYMPE x CPP service, plus

The amount of bridge pension payable at unreduced early retirement until age 65 is equal to:

- 0.7% of HAS-5 up to the AvgYMPE x CPP service.

HAS-5: the average of member's highest five years of pensionable earnings.

AvgYMPE: the average of the Year's Maximum Pensionable Earnings (YMPE) over the same years as in the HAS-5.

CPP service: pensionable service that is also pensionable under the Canada Pension Plan.

Non-CPP service: pensionable service that is not pensionable under the Canada Pension Plan.

Pre-Retirement Death Benefit

The death benefit payable to a surviving eligible spouse upon pre-retirement death of a vested member is a pension payable for the life of the spouse at a level of 60% of the member's accrued lifetime pension to the date of death. In addition, 60% of the bridge pension accrued by the member prior to January 1, 1992 will be payable to the surviving spouse for his or her lifetime provided the member's death occurred prior to his or her age 65.

Additionally, a 10% orphan benefit will be payable to all surviving children, up to a maximum of a 40% benefit, until the age of 18 (or 25 while still in school).

Should a vested member die without an eligible spouse or child, but with a dependant as defined in the Regulations, the dependant will be entitled to a pension in the amount of the spousal pension as described above, payable until the earlier of the death of the dependant or until the dependant's disability ceases.

The death benefit payable to the beneficiary of a non-vested member (or of a member with no surviving spouse, children or dependants), is the member's contributions with interest to the date of death.

Post-Retirement Death Benefit

The normal form of pension is a pension payable for the life of the member with payments continuing at 60% to the member's surviving eligible spouse for his or her lifetime. If the member dies prior to age 65, 60% of the bridge pension will be payable to the surviving spouse, with the portion accrued by the member on or after January 1, 1992 ceasing upon the member's 65th birthday.

Additionally, a 10% orphan benefit will be payable to all surviving children, up to a maximum of a 40% benefit, until the age of 18 (or 25 while still in school).

Should a vested member die without an eligible spouse or child, but with a dependant as defined in the Regulations, the dependant will be entitled to a pension in the amount of the spousal pension as described above, payable until the earlier of the death of the dependant or until the dependant's disability ceases.

Members may elect an optional form upon retirement, providing for a guarantee of full payments for 5, 10 or 15 years and/or a survivor benefit of 80% or 100%.

Termination Benefit

The termination benefit payable upon termination of a vested member is a deferred pension payable at normal or early retirement date.

Alternatively, the member may elect to transfer the commuted value of the deferred pension in respect of service after December 31, 1987 to another registered account in accordance with the Regulations, and receive a refund of contributions with interest in respect of service prior to January 1, 1988. A member electing this option will also be entitled to a refund of any member contributions made in respect of service after December 31, 1987, with interest, in excess of the corresponding commuted value.

The termination benefit payable upon termination of a non-vested member is a lump sum refund of the member's contributions with interest to the date of termination.

Disability Benefit

Effective August 1, 2014, the former disability pension provisions have been removed as a benefit from the pension plan for future applicants, and instead are provided for under the teachers' long-term disability insurance plan. Members who are on unpaid sick leave as of June 30, 2014 may still qualify for a disability pension under the pension plan, however the application for the disability pension must have been received by July 31, 2016.

Post-Retirement Indexing

Pensioners are categorized into two groups, depending upon whether the pensioner retired before or on/ after August 1, 2006.

Retirements prior to August 1, 2006 are eligible for indexing at each July 1. Indexing occurs at a rate equal to the year-over-year percentage increase in the "pension index" minus 1%, with indexing no higher than 6% and no less than 0%. Effective July 1, 2007, the "pension index" was defined as the average of the Consumer Price Index for all items for Canada published by Statistics Canada for each month in the 12-month period ending on April 30 of the preceding indexing period. This is referred to as the "CPI-1%" provision.

Retirements on or after August 1, 2006 are eligible for variable indexing at each July 1. The amount of the increase at each July 1 will be based upon the Plan's funded status according to the most recent actuarial valuation:

- if the Plan has a deficit of 10% or more of the Plan's actuarial liabilities, no indexing is provided;
- with a deficit that is less than 10%, indexing may be provided at the discretion of the TPPTI at a rate of one half the year-over-year percentage increase in the "pension index" as defined above;
- and if the Plan is in an actuarial surplus position, indexing will be provided at a rate, as high as possible without putting the Plan into a deficit position, between one half and the full percentage increase in the "pension index" as defined above.

As with the CPI-1% provision, indexing will be no higher than 6% and no less than 0%.

APPENDIX E ADMINISTRATOR CERTIFICATION

On behalf of the Administrator of the Nova Scotia Teachers' Pension Plan, I hereby certify to the best of my knowledge and belief:

- The significant terms of engagement contained in Section I of this report are accurate and reflect the Plan administrator's direction with respect to this valuation;
- The Summary of Plan Provisions contained in Appendix D of this actuarial report is a complete and accurate summary of the terms of the Plan;
- The membership data provided to the actuary includes a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2023;
- The asset data provided or made available to the actuary is complete and accurate;
- All events subsequent to December 31, 2023 that may have an impact on the valuation have been communicated to the actuary.

Kim Bunn

Name

Kim Bunn

Signature

Chief Pensions Officer

Title

April 11, 2024

Date