

July 2022

TO: **Retirees and Beneficiaries of the Nova Scotia Teachers' Pension Plan (TPP)**

Re: **Cost-of-Living Adjustment (COLA) Notification - Variable indexing**

As at December 31, 2021, the TPP achieved a positive return on investments of 9.63 per cent, net of investment management fees, and Plan assets were \$5.856 billion. The Plan's funded ratio was 82.5 per cent.

While the Plan's investment performance was positive at year end 2021, the Plan's funded status remains less than 90 per cent, at 82.5 per cent funded. Therefore, retirees and beneficiaries eligible for a Variable Cost-of-Living Adjustment (COLA) will not receive an increase in their pension in 2022.

You can learn more about the Plan's financial health and view the audited financial statements in the 2021 Annual Report, which is available online at:

www.nstpp.ca/investments/plan-performance

For your information, we have provided further details on the Variable COLA rules on the reverse side of this letter.

Should you have any questions regarding this or any other pension-related matters, please contact Nova Scotia Pension Services Corporation at:

Phone: 1-800-774-5070 (toll free in NS) | 902-424-5070 (local)

Email: info@nspension.ca

You can also follow us on social media at:

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Cost-of-living adjustment (Indexing):

The TPP has a Variable Indexing Method for some retirees. This means an annual increase in the pension benefit will be granted when the Plan is fully funded (100% or more). It may also be granted if the Plan is at least 90% funded.

Variable Indexing Rules are as follows:

If the Plan's Funded status is	Then...
Greater than 100%	COLA (indexing) is granted at 100% of the increase in the Consumer Price Index (CPI); however, if this action would cause the Plan's funded status to fall below 100%, indexing will be granted at a minimum of 50% of the increase in CPI.
Between 90% and 100%	COLA (indexing) may be granted at 50% of the increase in CPI. In this situation, the Teachers' Pension Plan Trustee Inc. will decide if indexing will be granted.
Less than 90%	COLA (indexing) will not be granted and the Province must contribute to the Plan an amount equal to the difference in actuarial value between: <ol style="list-style-type: none">Indexing granted at 50% of CPI in every year; andIndexing not granted for the current year and at 50% of CPI in every year thereafter.

NOTE: The Indexing decision is based on the funded ratio of the Teachers' Pension Plan as stated in the actuarial valuation report for funding purposes as at December 31 of the previous year

Indexing is calculated as a portion of the percentage increase in the average CPI for the 12 months ending April 30 of the preceding school year over the average CPI for the 12 months prior to that. The portion is 50% if the Plan is between 90% and 100% funded, subject to the approval of the Trustee, and up to 100% if the Plan is fully funded.

What is the Consumer Price Index?

It is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. It is published monthly by Statistics Canada. Changes in the CPI are the most common measure of inflation.