

NOVA SCOTIA TEACHERS' PENSION PLAN

REPORT ON THE ACTUARIAL VALUATION AS AT DECEMBER 31, 2022

(REGISTRATION No. 0355438)

APRIL 2023

PREPARED BY:

ECKLER

**1969 UPPER WATER STREET, SUITE 503
HALIFAX, NOVA SCOTIA
B3J 3R7**

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, 20223
	B. HYPOTHETICAL WIND-UP BASIS: FINANCIAL POSITION AS AT DECEMBER 31, 20226
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 VALUATION13
	C. HYPOTHETICAL WIND-UP VALUATION22
	D. INCREMENTAL COST24
C	MEMBERSHIP DATA 26
D	SUMMARY OF PLAN PROVISIONS 30
E	DATA CERTIFICATION..... 34

SUMMARY OF RESULTS

Going Concern Financial Position	December 31, 2021	December 31, 2022
Going concern value of assets	\$5,855,523,000	\$5,479,704,000
Going concern actuarial liability	(\$7,095,756,000)	(\$7,298,511,000)
Going concern excess / (unfunded liability)	(\$1,240,233,000)	(\$1,818,807,000)
Funded ratio (going concern basis)	82.5%	75.1%

Funding Requirements	December 31, 2021		December 31, 2022	
	% of Payroll	\$	% of Payroll	\$
Estimated pensionable earnings for the following year		\$934 million		\$975 million
Total annual current service cost	(16.02%)	(\$149,717,000)	(16.21%)	(\$158,029,000)
Estimated member required contributions	11.71%	\$109,423,000	11.71%	\$114,161,000
Estimated employer required contributions	11.71%	\$109,423,000	11.71%	\$114,161,000
Excess contributions	7.40%	\$69,129,000	7.21%	\$70,293,000

SECTION I INTRODUCTION AND PURPOSE OF THE VALUATION

At the request of Teachers' Pension Plan Trustee Inc. (the "Trustee", or "TPPTI" – both are used in this report), we have completed an actuarial valuation of the Nova Scotia Teachers' Pension Plan (the "Plan" or "Teachers' Plan") as at December 31, 2022. The last valuation was performed as at December 31, 2021, and the next valuation will be performed as at December 31, 2023.

The purposes of this actuarial valuation are as follows:

- to report on the financial position of the Plan as at December 31, 2022;
- to establish the minimum contributions required and maximum contributions permitted for the period from January 1, 2023 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 Teachers' Pension Plan Trustee Inc. 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.

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.

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 inflation assumption was increased in view of our overall economic outlook from 2.00% per annum used at the previous valuation to 2.10% 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 increased from 2.00% to 2.10% per annum, the assumption for the increase in the Year's Maximum Pensionable Earnings (YMPE) and the Canada Revenue Agency defined benefit limit were increased from 2.75% to 2.85% per annum for this valuation, and the pension indexing assumption for those with guaranteed indexing was increased from 1.10% to 1.20%. 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, 2022

Our calculations show that the total going concern actuarial liabilities as at December 31, 2022 for all benefits accrued to active, inactive and retired members is \$7,298,511,000. This compares to going concern assets of \$5,479,704,000 as shown below, and results in a going concern unfunded actuarial liability of \$1,818,807,000 and a funded ratio (the ratio of net assets to total liabilities) of 75.1% as at December 31, 2022.

The valuation balance sheet shown below summarizes the components of the liabilities and the corresponding asset values as at December 31, 2022 and as at December 31, 2021 for comparative purposes.

FINANCIAL POSITION – GOING CONCERN BASIS

	December 31, 2021	December 31, 2022
Going concern assets		
Net assets available for benefits¹	\$5,855,523,000	\$5,479,704,000
Going concern actuarial liabilities		
Active members	\$2,477,713,000	\$2,580,120,000
Pensioners and survivors (CPI - 1% indexing)	2,204,697,000	2,168,992,000
Pensioners and survivors (variable indexing)	2,368,500,000	2,497,184,000
Inactive members	44,846,000	52,215,000
Total going concern liabilities	\$7,095,756,000	\$7,298,511,000
Going concern excess / (unfunded liability)	(\$1,240,233,000)	(\$1,818,807,000)
Funded ratio (going concern basis)	82.5%	75.1%

Sensitivity of Going Concern Financial Position

The going concern actuarial liabilities shown above at December 31, 2022 are based on a discount rate of 5.70% 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 4.70% discount rate rather than 5.70%, the liabilities would be \$8,293,024,000 or 13.6% higher, and the plan would have an unfunded liability of \$2,813,320,000 and a going concern funded ratio of 66.1%.

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 also 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

	2022
Going concern excess / (unfunded liability) as at December 31, 2021	(\$1,240,233,000)
Interest on unfunded liability at 5.70% per annum	(70,693,000)
Investment experience (return on assets different than actuarial discount rate)	(576,992,000)
Contributions in excess of current service cost	75,916,000
Government contribution due to no indexing on variable indexing provision	63,374,000
Change in salary increase assumption - inflation component	(23,784,000)
Change in pensioner indexing assumption	(15,972,000)
Change in assumed rate of increase in YMPE and maximum pension	3,459,000
Net Plan liability experience (see table below)	(50,773,000)
Miscellaneous gains / (losses)	16,891,000
Going concern excess / (unfunded liability) as at December 31, 2022	(\$1,818,807,000)

PLAN LIABILITY EXPERIENCE

	2022
	\$ Gain / (Loss)
Salary increases different from assumed	6,738,000
CPI - 1% indexing different from assumed	(58,262,000)
Retirement experience different from assumed	(4,114,000)
Mortality experience different from assumed	4,865,000
Net Plan liability experience	(\$50,773,000)

RECONCILIATION OF GOING CONCERN LIABILITIES

	2022
Going concern liabilities as at December 31, 2021	\$7,095,756,000
Benefits accrued	160,059,000
Transfers in	3,999,000
Interest on going concern liabilities	397,025,000
Net Plan liability experience (incl. misc. experience)	33,882,000
Changes in assumptions	36,297,000
Benefits paid	(426,112,000)
Transfers out	(2,395,000)
Going concern liabilities as at December 31, 2022	\$7,298,511,000

B. Hypothetical Wind-up Basis: Financial Position as at December 31, 2022

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, 2022 and as at December 31, 2021 for comparative purposes is as follows:

FINANCIAL POSITION – HYPOTHETICAL WIND-UP BASIS

	December 31, 2021	December 31, 2022
Wind-up assets		
Net assets available for benefits	\$5,855,523,000	\$5,479,704,000
Estimated wind-up expenses	(12,000,000)	(12,000,000)
Total wind-up assets	\$5,843,523,000	\$5,467,704,000
Wind-up liabilities		
Active members	\$3,307,163,000	\$2,512,903,000
Pensioners and survivors (CPI - 1% indexing)	3,094,471,000	2,621,768,000
Pensioners and survivors (variable indexing)	3,170,789,000	2,688,279,000
Inactive members	83,739,000	73,061,000
Total wind-up liabilities	\$9,656,162,000	\$7,896,011,000
Wind-up excess / (deficiency)	(\$3,812,639,000)	(\$2,428,307,000)
Wind-up funded ratio	60.5%	69.2%

As shown above, on a hypothetical wind-up basis there is a deficiency of \$2,428,307,000 in the Plan after providing for the settlement of all accrued benefit entitlements as at December 31, 2022. The funded ratio on a wind-up basis is 69.2%, as compared to 60.5% as at December 31, 2021.

The wind-up assumptions and the hypothetical wind-up scenario modeled as at December 31, 2022 can be found in Appendix B.

Sensitivity of Hypothetical Wind-up Position

The wind-up liabilities shown as at December 31, 2022 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 \$8,893,393,000 or 12.6% higher, and the Plan would have a wind-up deficit of \$3,425,689,000 and a wind-up funded ratio of 61.5%.

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, 2022. This is the expected aggregate change in hypothetical wind-up liability between December 31, 2022 and December 31, 2023. 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

	2023
Incremental cost	\$166,826,000

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, 2022 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 for the 12-month period from January 1, 2023 and the comparison with the current service cost for the prior year. The actuarial cost in respect of the benefits assumed to be earned for service in the year commencing January 1, 2023 is \$158,029,000 or 16.21% of payroll.

Estimated member and employer required contributions for 2023 amount to \$114,161,000 each.

FUNDING REQUIREMENTS

Funding Requirements	December 31, 2021		December 31, 2022	
	% of Payroll	\$	% of Payroll	\$
Estimated pensionable earnings for the following year		\$934 million		\$975 million
Total annual current service cost	(16.02%)	(\$149,717,000)	(16.21%)	(\$158,029,000)
Estimated member required contributions	11.71%	\$109,423,000	11.71%	\$114,161,000
Estimated employer required contributions	11.71%	\$109,423,000	11.71%	\$114,161,000
Excess contributions	7.40%	\$69,129,000	7.21%	\$70,293,000

The current service cost funding excess of \$70,293,000 for 2023 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 5.70% on the current unfunded liability of \$1,818,807,000 amounts to \$103,672,000, 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. In the Teachers' Plan, this restriction does not apply as the Plan has an unfunded actuarial liability at December 31, 2022.

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 16.02% of pensionable payroll for 2022 to 16.21% of pensionable payroll for 2023. The sources of the changes are as follows:

CURRENT SERVICE COST RECONCILIATION

	% of Payroll
Current service cost as at January 1, 2022	16.02%
Change in salary increase assumption (inflation component)	0.22%
Change in assumed rate of increase in YMPE and maximum pension	(0.03%)
Current service cost as at January 1, 2023	16.21%

Sensitivity of Current Service Cost

The current service cost shown above for the year beginning January 1, 2023 is based on a discount rate of 5.70% 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 4.70% discount rate, the cost would be \$200,765,000, or 27.0% higher. This cost would be equivalent to 20.59% of pensionable payroll.

SECTION V ACTUARIAL OPINION

The following represent our primary conclusions as a result of our actuarial valuation as at December 31, 2022:

1. The Plan has a going concern unfunded liability of \$1,818,807,000 and a funded ratio of 75.1%.
2. The current service cost in respect of 2023 is \$158,029,000, which amounts to 16.21% 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 \$228,322,000 for 2023, resulting in a current service cost funding excess of \$70,293,000, 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, 2023.
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, 2022.
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 \$2,428,307,000.
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.
7. In our opinion,
 - a. the membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation as described in Section I;
 - b. the assumptions described herein are appropriate for the purposes of the valuation; and
 - c. 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.

Respectfully submitted,



Mary Kate Archibald, FSA, FCIA, CFA



Jill Wagman, FSA, FCIA

April 2023

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 market value of the Plan's invested assets at December 31, 2022 was \$5,493,296,000.

BREAKDOWN OF INVESTED PLAN ASSETS BY ASSET CLASS

Asset Class	Market Value at December 31, 2022	% of Assets
Cash / money market	237,607,000	4.3%
Canadian bonds & debentures	214,921,000	3.9%
Non-Canadian bonds & debentures	826,084,000	15.0%
Canadian real return bonds	171,103,000	3.1%
Canadian equities	236,067,000	4.3%
US equities	754,456,000	13.7%
Global equities	676,761,000	12.3%
Real estate	941,875,000	17.1%
Infrastructure	728,248,000	13.3%
Commodities	113,672,000	2.1%
Hedge funds	587,422,000	10.7%
Other assets	5,080,000	0.1%
Total market value of invested assets	\$5,493,296,000	100.0%

Valuation of Assets

The table below summarizes the calculation of the net assets available for benefits at December 31, 2022, rounded to the nearest \$1,000.

NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2022
Market value of invested assets	\$5,493,296,000
Net receivables	23,040,000
Net payables	(36,632,000)
Net assets available for benefits	\$5,479,704,000

Reconciliation of Net Plan Assets

A summary of pension fund transactions for the periods January 1, 2021 to December 31, 2021 and from January 1, 2022 to December 31, 2022 is provided below:

RECONCILIATION OF NET PLAN ASSETS

	2021	2022
Net assets available for benefits as at January 1	\$5,518,745,000	\$5,855,523,000
Member contributions	115,097,000	116,881,000
Employer contributions	115,097,000	116,881,000
Member contributions (not matched)	497,000	137,000
Employer contributions (not matched)	9,665,000	61,642,000
Net transfers to/from other plans	(34,000)	1,604,000
Investment income, gains and losses	533,382,000	(228,495,000)
Benefits paid	(417,426,000)	(426,112,000)
Expenses	(19,500,000)	(18,357,000)
Net assets available for benefits as at December 31	\$5,855,523,000	\$5,479,704,000

Performance of Plan Assets

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

NET RATES OF RETURN

Year Ending	December 31, 2021	December 31, 2022
Rate of return (net of expenses)	9.5%	(4.3%)

The net rate of return since the last valuation was -4.3%, or 10.0% lower 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 of 5.70% per annum, net of expenses, is unchanged from 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 fund's investment policy.

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;
- combining these best estimate long-term, expected future investment returns to reflect the Plan's investment policy, thereby creating an expected total fund return that is a weighted average of the asset class returns;
- including an allowance for additional return due to active versus passive management, and the impact of rebalancing and diversification, which we have considered appropriate in the circumstance based on the results of stochastic modelling conducted specific to the Plan's target asset mix; and
- 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.

In establishing the discount rate assumption, 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, we have included a margin for adverse deviation to take into account the effect of the uncertainty of the best estimate assumptions used in the calculation. The margin was determined in conjunction with the Trustee with an objective of promoting benefit and financial security. The result of our analysis is depicted in the following table:

DISCOUNT RATE

	Discount Rate
Unadjusted best estimate return on the total portfolio	6.12%
Rebalancing and diversification effect	0.41%
Provision for explicit Plan expenses	(0.40%)
Value added return from active management	0.40%
Less margin for adverse deviation	(0.83%)
Going concern discount rate assumption	5.70%

The unadjusted best estimate asset return assumption was determined using the Plan's target investment mix (or policy weight) 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 new target asset mix and expected returns on each asset class are depicted in the following table:

UNADJUSTED BEST ESTIMATE PORTFOLIO RETURN

Asset Class	Policy Weight	Expected Return
Cash	2.0%	2.56%
Bank loan	2.0%	5.72%
Canadian equity	3.0%	6.83%
US large cap equity	6.0%	7.01%
US small-mid cap equity	2.0%	7.41%
International equity	4.5%	7.05%
Global equity	10.0%	7.15%
Small cap equity	2.0%	7.41%
Emerging markets equity	5.0%	8.28%
Canadian government bonds	7.0%	3.49%
US credit (investment grade)	5.0%	4.52%
US high yield bonds	3.0%	5.85%
Global credit (investment grade)	2.0%	4.52%
Emerging market debt	3.0%	6.85%
Real return bonds	3.5%	3.04%
Hedge funds	10.0%	6.05%
Real assets	30.0%	6.46%
Total portfolio	100.0%	6.12%

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 increased in view of our overall economic outlook from 2.00% per annum used at the previous valuation to 2.10% 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	2.10%	7.50%
30 – 34	2.10%	4.75%
35 – 39	2.10%	2.50%
40 – 44	2.10%	1.25%
45 – 49	2.10%	1.00%
50 – 59	2.10%	0.75%
Age 60 +	2.10%	0.00%

These rates represent a change in the inflation component since the last valuation. The prior valuation used an inflation component of 2.00% per annum. The promotional components remain unchanged from the prior 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 Trustee.

Annualized pensionable earnings assumed for each member for 2022 were based on 7 months of the annualized actual 2021-2022 school year earnings plus 5 months of the annualized estimated 2022-2023 school year earnings as calculated using the actual salary inflation adjustments (per the collective agreement) and assumed promotional increases. This is the same method as used in the previous valuation. For new Plan members after July 31, 2022, we used the annualized pensionable earnings from the 2022-2023 school year to estimate their 2022 earnings, which is then used to estimate future earnings levels.

YMPE and CRA Defined Benefit Limit Increase

We have assumed the Year's Maximum Pensionable Earnings (YMPE) would increase at a rate of 2.85% per annum. This is a change from the previous valuation assumption of 2.75% per annum. The YMPE for 2023 was \$66,600.

We have assumed the Canada Revenue Agency defined benefit limit would also increase at a rate of 2.85% per annum. This is a change from the previous valuation assumption of 2.75% per annum. The defined benefit limit for 2023 is \$3,506.67. 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 1.20% 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 1.10% 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 Trustee 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 have assumed no indexing in the future.

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.

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.

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. This represents no change from the previous valuation.

Actuarial Method

The actuarial cost method used in conducting this valuation is the projected unit credit method. This is the same method as was used in 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 group as a whole, 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, 2022					
Net of expense discount rate:	5.70% per annum				
Inflation:	2.10% 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>2.10% 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	2.10% per annum
<u>Promotional component:</u>	<u>Inflation component:</u>				
7.50% if under age 30; ranging to 0.00% if over age 60	2.10% per annum				
Pensioner indexing:	CPI-1% indexing provision: 1.20% per annum Variable indexing provision: 0.00% per annum				
Contribution crediting:	2.50% per annum				
Maximum pension and YMPE increase rates:	2023: \$3,506.67 and \$66,600 2024+: Increase at 2.85% 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 interest rate used for calculating these commuted values was 4.10% 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.

The above hypothetical wind-up basis is 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 2022.

Active and inactive members age 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 4.91% 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 1.97% 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—Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates on or after December 31, 2022 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, 2022

Annual interest rates:	<p>Actives and Inactives under age 50:</p> <ul style="list-style-type: none"> ▪ Pre-retirement: 4.10% per annum for the first 10 years, 4.50% thereafter ▪ Post-retirement: 4.10% 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: 4.91% per annum ▪ Post-retirement (CPI-1% indexing provision): 1.97% per annum ▪ Post-retirement (variable indexing provision): 4.91% 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, 2022 and December 31, 2023:

INCREMENTAL COST ACTUARIAL ASSUMPTIONS

December 31, 2022 – December 31, 2023

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	35.3	\$56,294
27%	M	36.5	\$57,385

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.	2.10%

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 (NSPSC) 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 Data Certification regarding 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, 2021	December 31, 2022
Active members		
Number	13,206	13,653
Average annualized pensionable earnings for year	\$77,928	\$79,219
Average years of pensionable service	12.0 years	11.7 years
Average age	43.8	43.7
Inactive members		
Number	6,315	6,400
Average annual pension	\$968	\$1,076
Average age	51.1	51.7

December 31	CPI-1% Indexing Provision		Variable Indexing Provision	
	2021	2022	2021	2022
Retired members				
Number	6,556	6,292	5,745	6,073
Average annual lifetime pension	\$29,821	\$30,912	\$30,017	\$30,220
Average annual temporary pension	\$6,391	\$0	\$9,997	\$10,106
Average age	78.0	78.7	66.5	67.1
Spouses, ex-spouses & dependants				
Number	1,322	1,344	377	417
Average annual lifetime pension	\$17,688	\$18,581	\$13,021	\$13,295
Average annual temporary pension	\$1,760	\$2,086	\$3,521	\$3,645
Average age	78.8	79.4	65.9	66.7
Orphans				
Number	6	4	47	51
Average annual pension	\$3,406	\$4,146	\$2,377	\$2,771
Average age	19.5	20.1	16.0	16.6
Total number	7,884	7,640	6,169	6,541

SCHEDULE C2: RECONCILIATION OF MEMBERSHIP

	Active Members	Inactive Members	Retired Members	Spouses Ex-Spouses	Orphans
Total at December 31, 2021	13,206	6,315	12,301	1,699	53
Net adjustments	-	-	-	1	1
Records combined	(1)	-	-	-	-
New entrants	1,077	-	-	-	-
Transfers to active	177	(177)	-	-	-
Transfers to inactive	(409)	409	-	-	-
Terminations	(45)	(113)	-	-	-
Pensioner returned to work	1	-	(1)	-	-
Pension divisions	-	-	-	12	-
Deaths – without survivor	(2)	(5)	(179)	(86)	-
Deaths – with survivor (spouse and possibly orphans)	(6)	(1)	(128)	135	8
Deaths – orphan only	(1)	-	-	-	1
Pensions ceased	-	-	-	-	(8)
Regular retirements	(344)	(28)	372	-	-
Total at December 31, 2022	13,653	6,400	12,365	1,761	55

**SCHEDULE C3: DISTRIBUTION OF ACTIVE MEMBERS
BY AGE GROUP AND PENSIONABLE SERVICE AS AT DECEMBER 31, 2022**

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	215	0	0	0	0	0	0	0	215
25 - 29	1,119	65	0	0	0	0	0	0	1,184
30 - 34	810	646	23	0	0	0	0	0	1,479
35 - 39	640	669	746	31	0	0	0	0	2,086
40 - 44	544	382	659	894	25	0	0	0	2,504
45 - 49	352	236	274	759	581	86	0	0	2,288
50 - 54	227	149	189	365	496	600	60	0	2,086
55 - 59	158	90	116	207	237	274	98	5	1,185
60 - 64	93	57	43	81	94	47	36	15	466
65 - 69	41	17	12	20	18	19	12	12	151
70 - 74	2	2	1	1	2	0	0	1	9
Total	4,201	2,313	2,063	2,358	1,453	1,026	206	33	13,653

**SCHEDULE C4: DISTRIBUTION OF NON-ACTIVE MEMBERS
BY AGE GROUP AS AT DECEMBER 31, 2022**

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	*	41	\$2,341
20 - 24	22	\$111	2	*	10	\$4,534
25 - 29	189	\$415	0	\$0	0	\$0
30 - 34	378	\$578	0	\$0	0	\$0
35 - 39	686	\$961	3	\$25,000	1	*
40 - 44	851	\$1,225	0	\$0	6	\$6,343
45 - 49	883	\$1,453	4	\$9,922	24	\$9,634
50 - 54	978	\$1,656	7	\$11,638	30	\$12,859
55 - 59	758	\$1,422	16	\$15,334	566	\$35,905
60 - 64	627	\$842	52	\$13,998	1,481	\$31,976
65 - 69	422	\$505	151	\$20,542	2,393	\$29,723
70 - 74	298	\$307	2,103	\$31,319	1,620	\$26,474
75 - 79	176	\$234	2,457	\$29,345	341	\$18,357
80 - 84	86	\$205	1,544	\$27,900	25	\$14,352
85 - 89	23	\$73	824	\$26,258	2	*
90 - 94	9	\$16	368	\$26,466	0	\$0
95 - 99	8	\$14	78	\$27,220	0	\$0
100+	6	\$25	29	\$22,631	1	*
Total	6,400	\$1,076	7,640	\$28,728	6,541	\$28,927

* 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, 2022. 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 Trustee 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 DATA CERTIFICATION

On behalf of the Nova Scotia Teachers' Pension Plan, I hereby certify that the member data provided to Eckler Ltd. for the purposes of the actuarial valuation of the Nova Scotia Teachers' Pension Plan as at December 31, 2022 are accurate and complete.

Kim Blinn

Name

Kim Blinn

Signature

Chief Pensions Officer

Title

March 30, 2023

Date