Your Public Service Shared Risk Pension at a Glance

WHAT IS THE PUBLIC SERVICE SHARED RISK PLAN?

The primary purpose of the Public Service Shared Risk Plan (the “PSSRP”) is to provide secure pensions to plan members upon retirement and until death (including subsequent benefits to their spouse and eligible dependents as applicable) in respect of their service as employees.

The PSSRP provides a high degree of certainty (as a result of the risk focused management approach of the shared risk pension model) that accrued base benefits can be provided in the vast majority of potential future economic scenarios (i.e., there is a higher than 97.5% probability that accrued base benefits will not be reduced at any point in the 20 years following January 1, 2014). While the PSSRP does not provide an absolute guarantee that all base benefits will never be reduced, legislation has been passed by the province providing a guarantee that base benefits earned by plan members up to December 31, 2013 will never be reduced.

All future cost of living adjustments and other ancillary benefits (e.g., early retirement reduction factors) for members of the PSSRP shall be provided only to the extent that funds are available for such benefits, as determined by the Board of Trustees in accordance with applicable laws and the plan’s funding policy. By design, the PSSRP is expected to be in a position to provide average cost of living adjustments (i.e., indexing) in excess of 75% of the Consumer Price Index (CPI) to active members, deferred members, and retirees over the 20-year period following January 1, 2014.

Base Benefit means the amount of pension paid or payable to a member at any given time.

Ancillary Benefits means benefits that are in addition to the Base Benefit, such as cost of living adjustments and early retirement subsidies.

WHEN MUST I JOIN THE PENSION PLAN?

Effective January 1, 2014, the following employee groups are required to contribute to the PSSRP:

Full-Time Regular Employees; Term Employees; Part-Time Employees who were previously contributing to the Public Service Superannuation Act pension plan (the “PSSA”);

All active employees (part-time and seasonal) who were participating in the Pension Plan for Part-Time and Seasonal Employees of the Province of NB (the “Part-Time and Seasonal Plan”) on December 31, 2013; and,

All other employees (e.g., part-time, casual, or seasonal employees) who:

a) have a minimum of 24 months of continuous employment; and

b) have earned at least 35% of the YMPE in each of the prior two consecutive calendar years.

Effective February 1, 2014, the following employee group is required to contribute to the PSSRP:

Employees under Personal Service Contracts signed on or after February 1, 2014.

* If you are unsure as to whether or not you meet the requirements to join the Public Service Shared Risk Plan, please contact your human resources or payroll office.
YMPE = Year’s Maximum Pensionable Earnings used to calculate the Canada Pension Plan (CPP) contributions
YMPE: 2012 = $50,100; 2013 = $51,100

WHAT ARE THE CONTRIBUTION RATES?

<table>
<thead>
<tr>
<th>You are required to contribute...</th>
<th>Effective April 1, 2014:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.5% of your eligible earnings up to the YMPE*</td>
</tr>
<tr>
<td></td>
<td>10.7% of your eligible earnings above the YMPE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Your employer is required to contribute...</th>
<th>From April 1, 2014 to Dec 31, 2018: 12.5% of your eligible earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From January 1, 2019 to Dec 31, 2023: 12.0% of your eligible earnings</td>
</tr>
<tr>
<td></td>
<td>From January 1, 2024 to Dec 31, 2028: 11.25% of your eligible earnings</td>
</tr>
<tr>
<td></td>
<td>Effective January 1, 2029: employer and employee contribution rates will be re-determined and will become equal</td>
</tr>
</tbody>
</table>

The employee and employer contribution rates listed above may temporarily increase or decrease as outlined in the PSSRP’s Funding Policy. * YMPE for 2014 = $52,500

WHEN DO I BECOME ELIGIBLE TO RECEIVE A BENEFIT UNDER THE PLAN?

You are eligible to receive a benefit under the PSSRP upon the completion of the earlier of:

a) Five years of continuous employment; or

b) Two years of membership in the PSSRP, including membership in any Predecessor Plan.

Predecessor Plan = the New Brunswick Public Service Superannuation Act Pension Plan and the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick.

AT WHAT AGE CAN I RETIRE?

<table>
<thead>
<tr>
<th>Your Normal Retirement Date is:</th>
<th>The first day of the month following your 65th Birthday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Early Retirement Date is:</td>
<td>The first day of any month between the month following your 55th birthday and the month of your 65th birthday</td>
</tr>
</tbody>
</table>
HOW IS MY PENSION CALCULATED? (pension payable prior to age 65)

Once you become eligible to receive a benefit under the plan as detailed above, you may elect an early retirement benefit payable as early as age 55 (payable until age 65). An early retirement pension under the PSSRP (payable up to age 65) is the sum of the following:

<table>
<thead>
<tr>
<th>For each year (or part year) of pensionable service on or after January 1, 2014:</th>
<th>2.0% of Annualized Pensionable Earnings for the year MULTIPLIED BY # of hours worked in the year (and contributed) / Full-time Equivalent hours MULTIPLIED BY Permanent Early Retirement Reduction Factor of 5% per year (5/12% for each month) that your pension starts prior to age 65. No reduction applies if your pension starts in the month after you turn age 65.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For all pensionable service before January 1, 2014:</td>
<td>2.0% of the Best 5-year average salary up to December 31, 2013 MULTIPLIED BY Pensionable service up to December 31, 2013 MULTIPLIED BY Permanent Early Retirement Reduction Factor of 3% per year (3/12% for each month) that your pension starts prior to age 60. No reduction applies if your pension starts in the month after you turn age 60.</td>
</tr>
<tr>
<td>For all pensionable service:</td>
<td>Any cost-of-living increases granted in accordance with the PSSRP’s Funding Policy</td>
</tr>
</tbody>
</table>

HOW IS MY PENSION CALCULATED? (pension payable after age 65)

At age 65, your PSSRP pension is integrated with the Canada Pension Plan (CPP). A pension under the PSSRP (payable after age 65*) is the sum of the following:

<table>
<thead>
<tr>
<th>For each year (or part year) of pensionable service on or after January 1, 2014:</th>
<th>1.4% of Annualized Pensionable Earnings up to the YMPE for the year PLUS 2.0% of Annualized Pensionable Earnings in excess of YMPE for the year, if any MULTIPLIED BY # of hours worked in the year (and contributed) / Full-time Equivalent hours MULTIPLIED BY Permanent Early Retirement Reduction Factor of 5% per year (5/12% for each month) that your pension starts prior to age 65. No reduction applies if your pension starts in the month after you turn age 65.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For all pensionable service before January 1, 2014:</td>
<td>1.3% of the Best 5-year average salary up to the average YMPE PLUS 2.0% of the Best 5-year average salary in excess of the average YMPE, if any (all calculated up to December 31, 2013) MULTIPLIED BY</td>
</tr>
</tbody>
</table>
Pensionable service up to December 31, 2013

MULTIPLIED BY

Permanent Early Retirement Reduction Factor of 3% per year
(3/12% for each month) that your pension starts prior to age 60.
No reduction applies if your pension starts in the month after you turn age 60.

For all pensionable service: Any cost-of-living increases granted in accordance with the pension plan’s Funding Policy

**ARE MY PENSION BENEFITS ADJUSTED FOR COST-OF-LIVING INCREASES?**

The pension benefits for:

a) active contributors (including benefits earned up to December 31, 2013);
b) deferred members;
c) retirees (including survivor pension benefits);

may be adjusted each year by a cost-of-living adjustment (COLA) up to the increase in the Consumer Price Index (CPI) if the funding status of the Plan provides for it. If the funding status of the Plan does not allow for cost of living increases to be granted in a given year, the increases are carried forward to future years and may be paid if the funding status of the Plan allows for it at that time. The PSSRP is expected to be in a position to provide average cost of living adjustments (i.e., indexing) in excess of 75% of CPI over the 20-year period following January 1, 2014.

**ARE THERE DIFFERENT FORMS OF PENSION THAT I CAN CHOOSE FROM?**

There are various forms of pension that you can select at retirement, depending on your personal circumstances. Each optional form of pension available provides a monthly pension benefit amount that is slightly different. The various forms of pension are described below:

<table>
<thead>
<tr>
<th>Joint and Survivor Pension – 50% Benefit Payable (normal form of pension)</th>
<th>Payments are made to you for your lifetime. If you predecease your spouse, payments will continue to your spouse at death for your spouse’s lifetime at a level equal to 50% of your pension payable at age 65 (before application of any early retirement reductions). If you have a spouse at retirement, this option is only available if a spousal waiver form is completed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint and Survivor Pension – 60% Benefit Payable</td>
<td>Payments are made to you for your lifetime. If you predecease your spouse, payments will continue to your spouse (being the same spouse you had at retirement) for your spouse’s lifetime at a level equal to 60% of your pension payable at age 65 (after application of any early retirement reductions). This option is only available if you have a spouse at your date of retirement.</td>
</tr>
<tr>
<td>Joint and Survivor Pension – 100% Benefit Payable</td>
<td>Payments are made to you for your lifetime. If you predecease your spouse, payments will continue to your spouse (being the same spouse you had at retirement) for your spouse’s lifetime at a level equal to 100% of your pension payable at age 65 (after application...</td>
</tr>
</tbody>
</table>
Any document appearing in paper form is uncontrolled and must be compared to the electronic version.

**Life Pension with 5 Year Minimum Payment Period**

Payments are made to you for your lifetime. If you die before receiving sixty (60) monthly installments, payments are continued (being your pension payable at age 65 after application of any early retirement reductions) to your designated beneficiary or to your estate (payable as a lump sum payment), until in total sixty (60) monthly installments have been paid. This option is only available if you do not have a spouse at your date of retirement.

**Life Pension with 10 Year Minimum Payment Period**

Payments are made to you for your lifetime. If you die before receiving one hundred twenty (120) monthly installments, payments are continued (being your pension payable at age 65 after application of any early retirement reductions) to your designated beneficiary or to your estate (payable as a lump sum payment), until in total one hundred twenty (120) monthly installments have been paid. This option is only available if you do not have a spouse at the date of retirement, or if a spousal waiver form is completed.

**Life Pension with 15 Year Minimum Payment Period**

Payments are made to you for your lifetime. If you die before receiving one hundred eighty (180) monthly installments, payments are continued (being your pension payable at age 65 after application of any early retirement reductions) to your designated beneficiary or to your estate (payable as a lump sum payment), until in total one hundred eighty (180) monthly installments have been paid. This option is only available if you do not have a spouse at the date of retirement, or if a spousal waiver form is completed.

Each option above also provides that, as a minimum, payments from the plan equivalent to at least your contributions with interest at the time of your retirement will be paid. Furthermore, Joint and Survivor options above will also include payments to your dependent children (as defined in the Plan documents) in cases where you do not or no longer have a spouse at the time of your death, or following the death of both you and your spouse. The use of the word “Spouse” throughout also includes “common-law partner”, each as defined in the Plan documents. Please note that a “Declaration of Marital Status” form will need to be completed when selecting the desired form of pension.

**WHAT HAPPENS IN CASE OF...**

<table>
<thead>
<tr>
<th>...termination of employment (prior to age 55)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>With less than five years of continuous employment and less than two years of membership in the PSSRP (including membership in any Predecessor Plan):</td>
</tr>
<tr>
<td>- You will receive a refund of your contributions with accumulated interest</td>
</tr>
<tr>
<td>With five or more years of continuous employment or two or more years of membership in the PSSRP (including membership in any</td>
</tr>
</tbody>
</table>
Predecessor Plan), you have the choice to:

- Defer commencement of your pension benefit until age 65 and receive an unreduced pension (this is the default option if no election made); or
- Defer commencement of your pension benefit until a date between your 55th and 65th birthday and receive a reduced pension benefit; or
- Transfer your Termination Value (as defined under the Pension Benefits Act) in a lump sum to:
  - a locked-in retirement account (LiRA);
  - a life income fund; or
  - your new employer’s pension plan (if such plan allows it)

### ...termination of employment (after age 55)?

With less than five years of continuous employment and less than two years of membership in the PSSRP (including membership in any Predecessor Plan):

- You will receive a refund of your contributions with accumulated interest.

With five or more years of continuous employment or two or more years of membership in the PSSRP (including membership in any Predecessor Plan), you have the choice to:

a) Defer commencement of your pension benefit until age 65 and receive an unreduced pension (this is the default option if no election made); or

b) Defer commencement of your pension benefit until a date between your termination date and your 65th birthday and receive a reduced pension benefit.

### ...death during retirement?

The benefit paid will be determined based on the form of pension that you elect at the time of your retirement. (Refer to “ARE THERE DIFFERENT FORMS OF PENSION THAT I CAN CHOOSE FROM?” section above for additional information)

### ...death prior to retirement?

With less than five years of continuous employment and less than two years of membership in the PSSRP (including membership in any Predecessor Plan):

- Your surviving spouse (or your designated beneficiary/estate if there is no spouse) will receive a refund of your contributions with accumulated interest.

With five or more years of continuous employment or two or more years of membership in the PSSRP (including membership in any Predecessor Plan):

- If you have a surviving spouse, such spouse can either:
  a. begin receiving in the month following your death a monthly pension benefit of 50% of the pension
| **payable at age 65 (before application of early retirement reductions) until his or her death (if, at the time of the death of your spouse, there are any remaining dependent children who are designated as your beneficiaries, they will be entitled to receive this monthly pension benefit until the time they no longer qualify as a dependent child); or** | b. the Termination Value in a lump sum payment.  
- If you do not have a surviving spouse, your designated beneficiary or estate will receive your Termination Value in a lump sum payment (if you designated your dependent children as beneficiaries, they will be entitled to a pension instead of the above Termination Value). |