

**Government Money Purchase Pension Plan
Committee**

2024 Annual Report

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Government Money Purchase Pension Plan
P.O. Box 8700
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Honourable Siobhan Coady
President of Treasury Board
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL. A1B 4J6

Dear Minister Coady:

On behalf of the committee responsible for the Government Money Purchase Pension Plan (GMPP), I hereby submit the 2024 Activity Report. Per the **Transparency and Accountability Act**, the GMPP is a category three government entity and is required to prepare an annual report to present information on its activities during the preceding year. The report was prepared under the committee's direction and the committee is accountable for the results contained herein.

The committee is responsible for overseeing the GMPP, which includes setting investment policies, recommending the appointment of an administrator or custodian, and monitoring the plan's performance. The GMPP operates as a capital accumulation plan, meaning retirement benefits depend on both contributions made and the investment income generated throughout an employee's career.

To ensure financial security in retirement, employees are encouraged to take an active role in managing their plan assets; a key strategic priority for the GMPP Committee. However, the majority of plan members default to low-risk, low-return options. It is essential for employees to understand both the potential risks and rewards of actively managing their financial investments and how these choices impact their long-term financial goals. As such, the committee focused on engaging and educating members on the importance of informed investment decisions.

This annual report details the GMPP Committee's activities and changes in assets and membership throughout 2024. It marks the second report under the committee's 2023-2025 Activity Plan. A strong financial market in 2024 resulted in investment gains of \$53.4 million, bolstering plan assets.

I am pleased to submit the 2024 Annual Report for your consideration.

Sincerely,



Lisa Curran
Chair of the Government Money Purchase Pension Plan Committee

1.0 OVERVIEW

The GMPP provides pension coverage for part-time employees of Government, and its agencies, and full-time employees (of participating employers) that are ineligible to participate in other government-sponsored pension plans. The GMPP Committee was established by the Lieutenant-Governor in Council to oversee the operations of the GMPP. Employer representatives are appointed by their positions in government, while employee representatives are appointed based on the recommendation of the various unions. Committee members are responsible for ensuring accumulated employee contributions are invested prudently, provide investment options, promote the plan and educate employees on the importance of taking an active interest in their investments.

Government Money Purchase Pension Plan Committee Members

(As of December 31, 2024)

Government and Employer Representatives:

Lisa Curran (Chair)	Assistant Deputy Minister- Human Resources, Treasury Board Secretariat
Lisa Phelan	Newfoundland and Labrador Health Services
James Doody	Director, Benefits Administration, Treasury Board Secretariat
Dean Batten	Manager, Pension Investments, Treasury Board Secretariat

Employee Representatives:

Bert Blundon	Newfoundland and Labrador Association of Public and Private Employees
Gabe Ryan	Newfoundland and Labrador Teachers' Association
Pamela Toope	Association of Allied Health Professionals
Dawn Learning	National Representative, Canadian Union of Public Employees
Kim Parsons	Registered Nurses' Union Newfoundland and Labrador

A GMPP member's retirement security is directly influenced by their investment decisions, which should align with their individual risk tolerance and financial goals. To support members in making informed investment choices, the committee has approved various available investment options for plan members. These include Guaranteed Investment Accounts (GIAs) and market-based funds such as an equity fund, bond fund, global equity fund, balanced fund, and target-date funds. Additionally, in 2024, two new investment options were offered to members; the Blackrock Islamic Investment Fund, and the Zero Interest Fund.

To help fulfill its mandate of educating plan members, the committee has engaged Canada Life Assurance Company (Canada Life) as both the custodian and administrator of the GMPP. Canada Life also provides operational and administrative support to the plan and its members.

Market-based investment products are managed by Phillips, Hager & North Investment Management Limited (PH&N), while Eckler Ltd. provides advisory services on pension compliance with legislation and the **Income Tax Act, 2000**, as required. Investment management fees for these pension partners vary based on investment categories and asset levels under management.

2.0 MANDATE

According to section 12.1 of the **Government Money Purchase Pension Plan Act**, the committee is established by the Lieutenant-Governor in Council and mandated to administer the GMPP. The mandate is delivered by completing the following activities:

- Development, implementation, and review of investment alternatives to provide plan members with the ability to make an active investment decision for their accumulated funds.
- Promotion of the plan and education of plan members on the importance of taking an active interest in their investments.
- Oversight of investment options to ensure that contributions accumulated to the credit of plan members are invested prudently in the investment classes prescribed by the committee.
- Oversight of the services provided by the administrator and the performance of the investment manager.

3.0 HIGHLIGHTS AND PARTNERSHIPS

Administration Costs - December 31, 2024

	<u>2024</u>	<u>2023</u>
Investment Management Costs (PH&N)	\$551,199	\$509,212
Annual Pension Plan Registration	<u>12,500</u>	<u>12,500</u>
Total Administration Costs	<u>\$563,699</u>	<u>\$521,712</u>

The Forfeiture Account holds employer GMPP contributions that were forfeited when members who were not vested were terminated from the plan and take a refund of their contributions. Since the inception of the GMPP in 1989, the balance of this Forfeiture Account has been intended to pay for administrative costs associated with running the GMPP. The balance in the forfeitures account was \$8.5 million as of December 31, 2024, compared to \$7.2 million as of December 31, 2023.

Investment management fees for PH&N, which are based on a percentage of the total plan assets, are paid by the plan member from their investment earnings. Canada Life administration costs are funded entirely from plan members.

Membership Status

Plan membership has increased by approximately five percent, from 39,528 accounts in 2023 to 41,572 accounts in 2024. The number of accounts includes both active participants and terminated employees who have left their funds on deposit with Canada Life. Of the total number of accounts, 15,853 (38.1 percent) are members who contributed during 2024. The following table illustrates the change in membership from 2023 to 2024:

	<u>2024</u>	<u>2023</u>
Membership, January 1	<u>39,528</u>	<u>38,138</u>
<u>Additions</u>		
Enrolments during the year	<u>4,620</u>	<u>3,545</u>
<u>Less: Exits</u>		
Terminations	2,373	2,065
Death Benefits	36	31
Retirements	<u>167</u>	<u>59</u>
	<u>2,576</u>	<u>2,155</u>
Membership, December 31	<u>41,572</u>	<u>39,528</u>

4.0 FINANCIAL HIGHLIGHTS

Market Value

Employee contributions for the year totalled \$15.67 million, plus \$236,753 in Additional Voluntary Contributions (AVCs) and \$8,266,558 were transfers from other pension plans. Plan members may deposit AVCs to the plan, subject to RRSP limitations under the **Income Tax Act, 2000**. These AVCs are not matched by the employer. Employer contributions for the year totalled \$15.67 million, and the investment gain was \$53.4 million. The Statement of Changes in Assets for the Year Ended December 31, 2024, is shown below:

Statement of Changes in Assets for the Year Ended December 31

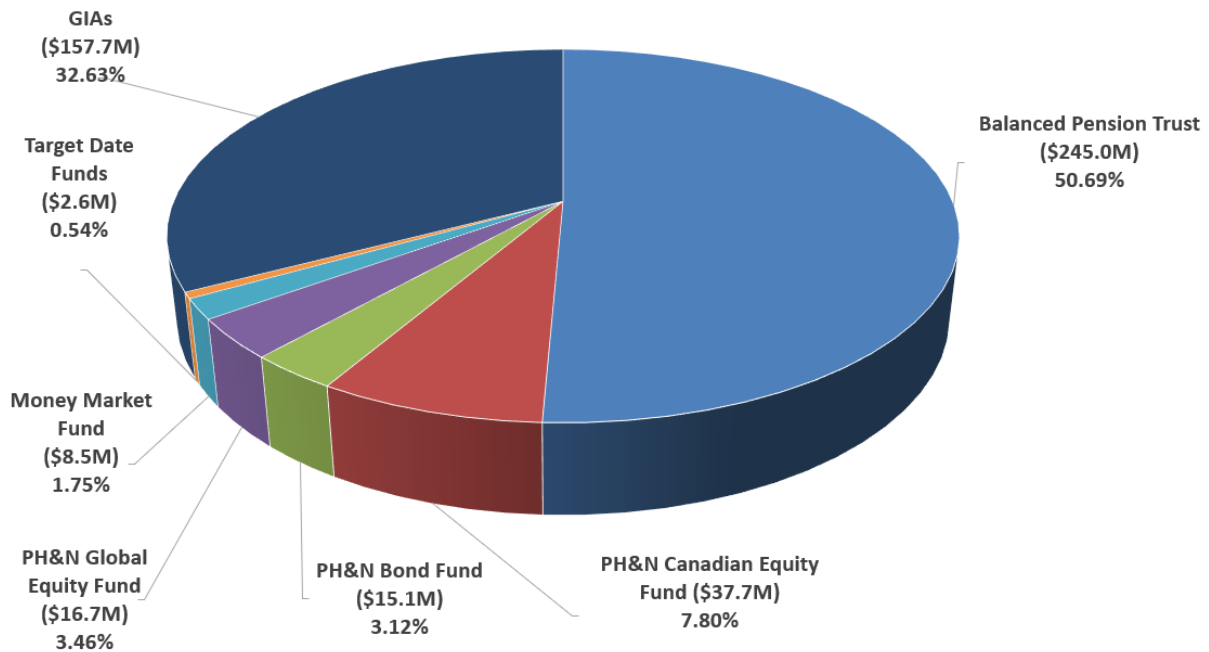
	<u>2024</u> (\$Millions)	<u>2023</u> (\$Millions)
Opening Balance, January 1	<u>\$431.4</u>	<u>\$400.0</u>
Contributions to the Plan	41.2*	30.4
Investment Income	<u>53.4</u>	<u>31.8</u>
Total Additions	<u>94.6</u>	<u>62.2</u>
Refunds to Terminating Plan Members	40.6	28.8
Administrative & Investment Costs	<u>2.0</u>	<u>2.0</u>
Total Deductions	<u>42.6</u>	<u>30.8</u>
Net change in assets	<u>52.0</u>	<u>31.4</u>
Market Value, December 31	<u>\$ 483.4</u>	<u>\$ 431.4</u>

* Includes +\$1.4 million increase in the Forfeiture Account Balance

Portfolio Asset Mix

Based on the asset decisions of plan members and the direction of the employer's share to the balanced fund, the asset mix of the portfolio as of December 31, 2024, illustrated in the following chart:

Portfolio Asset Mix - December 31, 2024
Total: \$483.4 Million (Rounded)



Additionally, as of December 31, 2024, the Blackrock Islamic and the Zero Interest Fund held \$26,870 and \$9,305 respectively.

Investment Performance as of December 31, 2024

The following table illustrates the performance of the GMPP market-based funds to December 31, 2024:

Government Money Purchase Pension Plan (GMPP) Summary of Investment Returns as of December 31, 2024 with Benchmark comparisons				
Investment Options	Three Months %	One Year %	Five Years Annualized % per annum	Ten Years Annualized % per annum
Balanced Pension Trust	2.60	17.16	8.49	7.97
Balanced Pension Trust Benchmark	2.96	17.00	7.88	7.21
Canadian Equity Fund	3.02	20.45	11.58	9.02
S&P/TSX Capped Composite Index Benchmark	3.76	21.65	11.08	8.65
Bond Fund	-0.01	4.47	1.42	2.43
FTSE Canada Universe Bond Index Benchmark	-0.04	4.23	0.79	1.98
Global Equity Fund	5.96	29.06	11.05	13.30
Global Equity Fund C\$ Benchmark	6.29	29.43	13.49	12.35

Note: Total returns are gross-of-fee and reported in Canadian dollars
Fund benchmarks are listed directly below their associated fund investment returns.

5.0 2024 OBJECTIVE AND RESULTS

The GMPP Committee is responsible for supporting the President of Treasury Board in administering the GMPP and providing recommendations on matters referred by the President. Its key responsibilities include developing, reviewing, and implementing investment policies; recommending benefits consultants, administrators, record keepers and investment managers for appointment; and overseeing the activities of the plan administrator/record keeper and investment manager, Canada Life and PH&N respectively.

Additionally, the committee plays a vital role in assisting pension plan members with investment decisions, helping them allocate employee and employer contributions effectively to maximize retirement benefits. As part of its **2023-2025 Activity Plan**, the committee established an annual objective to align with these responsibilities.

The following summary outlines the committee's mandated activities as of December 31, 2024:

Objective: By December 31, 2024, the Government Money Purchase Pension Plan Committee will have prudently managed and administered the Government Money Purchase Pension Plan.

Indicators:

- **Developed, implemented, and reviewed investment alternatives to provide plan members with the ability to make an active investment decision with respect to their accumulated funds.**

The committee continued to assess the current investment offerings to ensure they align with the needs of plan members. The current investment options allow adequate diversity to meet the investment needs of plan members.

- **Provided educational promotion materials to increase investment interest and active participation of plan members in their self-directive management of their accumulated funds.**

Canada Life offered six educational sessions during 2024, which focused on the various financial planning stages impacting plan members. Session topics included: RRSP and TFSAs, Investing for Beginners, Investing Beyond the Basics, Retirement (Saving for the Future), Retirement (Getting Close), and Your Plan – Make it Work for You.

Members can access the Group Retirement Service website from Canada Life to find information about their pension plan, including investment options. In 2024, this website experienced 2,379 unique visits from plan members.

In 2024, the Canada Life call centre serviced 3,268 enquiries from plan members.

- **Provided oversight of investment options to ensure that contributions accumulated to the credit of plan members were invested prudently in the investment classes prescribed by the committee.**

Throughout 2024, employees utilized all investment options provided by the committee; however, the overall asset distribution remained largely unchanged. The committee, in collaboration with Canada Life, will continue to promote member engagement in asset selection.

- **Provided oversight of the Record Keeper services and the performance of the Investment Manager.**

In 2024, Canada Life, as the administrator/record keeper, met with the committee to provide updates on GMPP participation and overall plan administration. The company continues to deliver reliable custodial and administrative services.

Phillips, Hager & North Investment Management Limited (PH&N) demonstrated strong investment performance across most asset classes, meeting or surpassing the 2024 benchmarks, with the exception of the PH&N Global Equity Fund and the PH&N Canadian Equity Fund. Over a 10-year period, however, PH&N outperformed the benchmark in all designated asset classes.

- **When requested, provided recommendations to the responsible Minister on matters referred to the committee.**

During 2024, there were no recommendations made by the committee to the responsible Minister.

6.0 2025 OBJECTIVE AND INDICATORS

During 2025, the GMPP will continue to fulfil its mandate to support the President of Treasury Board in the administration of the GMPP. As such, the GMPP has established the following objective for 2025:

Objective: By December 31, 2025, the Government Money Purchase Pension Plan Committee will have prudently managed and administered the Government Money Purchase Pension Plan.

Indicators:

- Developed, implemented, and reviewed investment alternatives to provide plan members with the ability to make an active investment decision with respect to their accumulated funds.
- Provided educational promotion materials to increase investment interest and active participation of plan members in their self-directive management of their accumulated funds.
- Provided oversight of investment options to ensure that contributions accumulated to the credit of plan members were invested prudently in the investment classes prescribed by the committee.
- Provided oversight of the Record Keeper services and the performance of the Investment Manager.
- When requested, provided recommendations to the responsible Minister on matters referred to the committee.
- Reviewed the options to appropriately utilize the accumulated forfeiture account balance in accordance with CRA guidelines.

- Plan to market administrative/record keeper and investment management services with a request for proposals during the 2026 calendar year.

7.0 CONTACT INFORMATION

1. Canada Life
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