



2021-2022  
Annual Report  
Nova Scotia  
Pension Services  
Corporation

**pension**

2021-2022

# Nova Scotia Pension Services Corporation Annual Report

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## About Us

Nova Scotia Pension Services Corporation (NS Pension) administers the pension benefits and investment assets of the Public Service Superannuation Plan (PSSP) and the Teachers' Pension Plan (TPP), and administers the pension benefits of the Members' Retiring Allowances and the three former Sydney Steel pension plans.

We are a non-profit corporation that provides a wide range of investment, pension administration, and compliance services for some of Nova Scotia's leading pension plans. In total, we manage over \$13 billion of plan assets\* and serve over 76,000 active members, retirees, and survivors.

NS Pension is jointly owned by Public Service Superannuation Plan Trustee Inc. (PSSPTI) and Teachers' Pension Plan Trustee Inc. (TPPTI).

We are accountable to a Board of Directors (Board), which consists of directors appointed by both PSSPTI and TPPTI. The Board oversees our ongoing use of strong controls and risk management practices, transparent reporting, and prudent management of pension plan expenses.

*\* Based on data as at March 31, 2022 for the Public Service Superannuation Plan and as at December 31, 2021 for the Teachers' Pension Plan.*



## Who We Serve

We support over 76,000 members of the PSSP, the TPP, the Members' Retiring Allowances and the three former Sydney Steel pension plans.



Public Service Superannuation Plan  
[www.nspssp.ca](http://www.nspssp.ca)



Teachers' Pension Plan  
[www.nstpp.ca](http://www.nstpp.ca)



Members' Retiring Allowances (MLA Plan)  
[www.mlapp.novascotiapension.ca](http://www.mlapp.novascotiapension.ca)



Former Sydney Steel pension plans (SYSCO)  
[www.sysco.novascotiapension.ca](http://www.sysco.novascotiapension.ca)

We serve over  
**76,000**  
plan members

We manage over  
**\$13** billion  
of plan assets

## Plan membership breakdown

**41,344**  
PSSP  
members\*

**33,825**  
TPP  
members\*\*

**973**  
SYSCO  
members\*

**205**  
MLA  
members\*

\* as at March 31, 2022  
\*\* as at December 31, 2021

## Year in Review

22

We presented at 22 online pre-retirement seminars. These seminars are designed to provide plan members with a better understanding of their pension plan and assists them with making informed retirement decisions.

20,882

We received 20,882 phone call enquires.

1,252

We assisted 1,252 members entering retirement.

56

Employer Services received and processed contributions from 56 employers from the PSSP and the TPP.

87%

87% of phone calls were answered in less than 20 seconds.

14.6

We conducted an average of 14.6 hours of training for each employee, with 100% of employees attending some form of training.

35

We have created 35 new high-value local positions since our establishment in April 2013. These high-value positions include roles in client services (bilingual), employer services, information management and technology, corporate accounting, investment management, investment operations, and communications.

## Our new look



pension

In 2021-2022, our brand was refreshed and modernized by our in-house team. Our new look reflects our connection to people, high-quality service, and transparency.

## Our new address

In February 2022, our office relocated to:

Purdy's Wharf  
Tower 2, Suite 700  
1969 Upper Water St.  
Halifax, NS B3J 3R7



## Co-Chairs' Message

On behalf of Nova Scotia Pension Services Corporation, we are pleased to provide you with our Annual Report for the year ended March 31, 2022.

In 2021-2022, NS Pension navigated through another turbulent year of market volatility as disruption from the pandemic continued, new and material geopolitical risks emerged, and the macro-economic landscape began to significantly shift. Despite these challenges, we finished the year with over \$13 billion in assets under management for the Public Service Superannuation Plan (PSSP) and the Teachers' Pension Plan (TPP).

The unique circumstances created by the pandemic underscored the importance of maintaining well-diversified assets and adhering to robust investment strategies. Investment returns were positive for both the PSSP and the TPP. At fiscal year-end March 31, 2022, the PSSP achieved a positive rate of return on investments of 5.56 per cent (net of investment fees); while at the TPP fiscal year-end of December 31, 2021, the TPP achieved a positive return of 9.63 per cent (net of investment fees). The returns were above the respective benchmarks for both plans.

While demographic challenges for the PSSP and the TPP continued, the membership number for each plan grew. The PSSP membership stood at 41,258 as at March 31, 2022, an overall increase of 1,394 from the year before. The TPP membership stood at 33,574 as at December 31, 2021, an overall increase of 573 from the year before.

As the pension plans we administer continue to grow, so do we. As a result, in February 2022 we consolidated our operations in new office space in the Purdy's complex, of which the PSSP and the TPP own a significant portion. Our new location better accommodates our business needs and service requirements to our plan members. The NS Pension Board approved the relocation after conducting a comprehensive review of cost-efficient options. Our new location also allows for growth over the next couple of decades.

In 2021-2022, we also took the opportunity to evolve our brand to better align with our vision, mission, and values. Our new modernized look reflects our connection to people, high-quality service, and transparency. Our new brand was completed by our in-house team. With our new location and brand, we are well positioned to expand on our service initiatives as we move forward into an exciting future.

The Board is proud of NS Pension staff and very appreciative of their hard work in maintaining a high level of service for plan members and preserving and enhancing plan assets in difficult times. We would like to recognize their dedication and commitment. It is through their efforts that all of our annual priorities were met in 2021-2022.

Fiscal 2021-2022 saw the departures from the Board of Karen Gatien and Ron Smith, each after many years of steady and valuable contribution. John Rogers joined the Board effective October 1, 2021, and Corinne Carey effective April 1, 2022. The Board extends its gratitude to Karen and Ron and wishes them all the best in their next endeavours.

We would be remiss if we did not also mention NS Pension's long-serving Chief Investment Officer, Elizabeth Vandenberg, who retired during fiscal 2021-2022. Elizabeth provided dedicated expertise and a steady hand for more than two decades with NS Pension and its predecessors. We also take this opportunity to welcome our new Chief Investment Officer, Steve Mahoney.

Finally, our appreciation goes out to the Boards of Public Service Superannuation Plan Trustee Inc. and Teachers' Pension Plan Trustee Inc. for the continuing confidence they have in NS Pension and its Board.



- Keiren Tompkins, Co-Chair  
PSSPTI Representative



- John B. Carter, Co-Chair  
TPPTI Representative

# NS Pension Board of Directors

as at March 31, 2022

The Board of NS Pension oversees the overall operation and management of the Corporation. The Board sets the strategic direction of NS Pension, approves our operational budget, and makes key decisions.

The Board consists of four members appointed by PSSPTI and four members appointed by TPPTI. One director from PSSPTI is nominated by the Nova Scotia Government and General Employees Union and one director from TPPTI is nominated by the Nova Scotia Teachers Union. The Board is chaired by two directors acting as Co-Chairs who alternate for six-month periods.

**John B. Carter**

*FCPA, ICD.D*

**Co-Chair**

Retiree

TPPTI Representative

Appointed: 2013



**Keiren Tompkins**

**Co-Chair**

Retiree

PSSPTI Representative

Appointed: 2013

**Nancy MacLellan**

*ICD.D*

Deputy Minister

Department of

Advanced Education

PSSPTI Representative

Appointed: 2017



**Vicki Clark**

Retiree

TPPTI Representative

Appointed: 2018

**Kyle Marryatt**

Staff Officer, Member

Services, NSTU

TPPTI Representative

Appointed: 2018



**Leo McKenna**

*FCPA, FCA*

Retiree

PSSPTI Representative

Appointed: 2019

**Ronald Smith**

*FCPA, ICD.D*

Retiree

PSSPTI Representative

Appointed: 2016



**Karen Gatien\***

Deputy Minister

Department of Natural

Resources and Renewables

TPPTI Representative

Appointed: 2015

**John Rogers\***

*QC, ICD.D*

Retiree

TPPTI Representative

Appointed: 2021



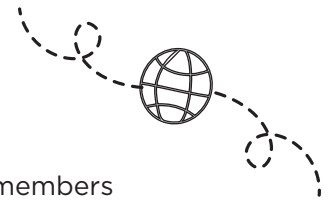
For more information about the NS Pension Board, please visit our website at:

[www.novascotiapension.ca](http://www.novascotiapension.ca)

\* Karen Gatien served until September 30, 2021 and was replaced by John Rogers.



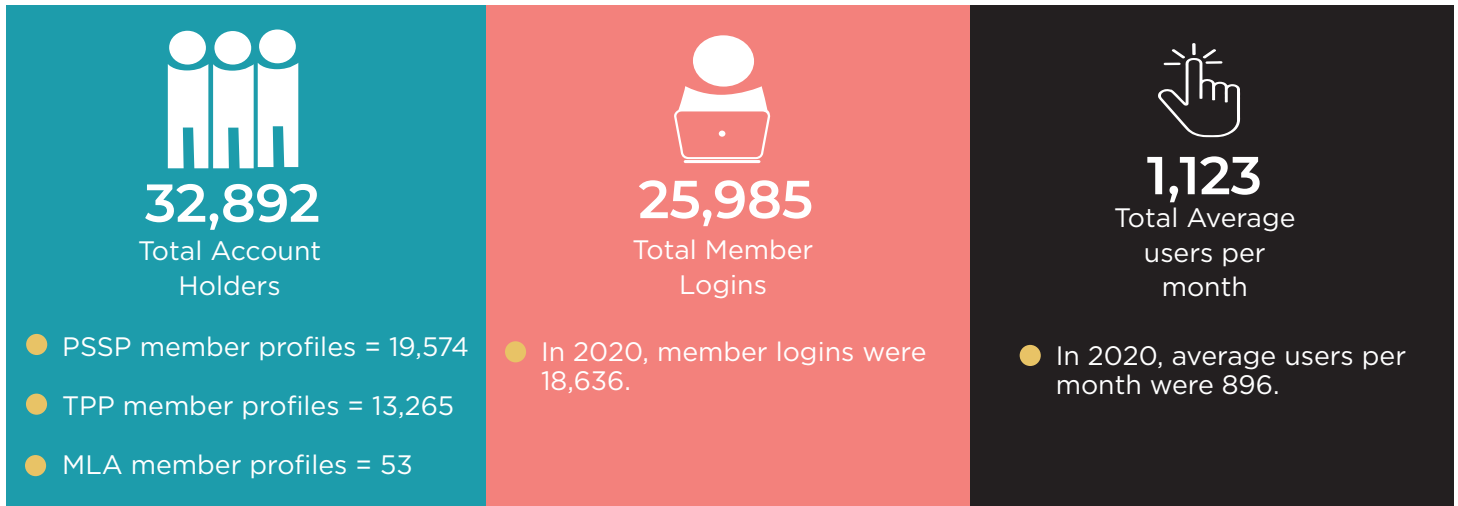
# Connecting with our members online



Through our My Retirement Plan website (<https://nspensions.hroffice.com>) active plan members have secure access to their personalized pension information online. Members can:

- View their Annual Member Statement;
- Use the Pension Projection Tool; and
- View other helpful retirement planning information

## My Retirement Plan website statistics *(as at December 31, 2021)*



### The Pension Projection tool was used 27,291 times.

- PSSP members = 19,985
- TPP members = 7,295
- MLA Plan members = 11



### The Annual Statement tool was used 14,471 times.

- PSSP members = 10,689
- TPP members = 3,760
- MLA Plan members = 22



### The Pension Profile was used 5,538 times.

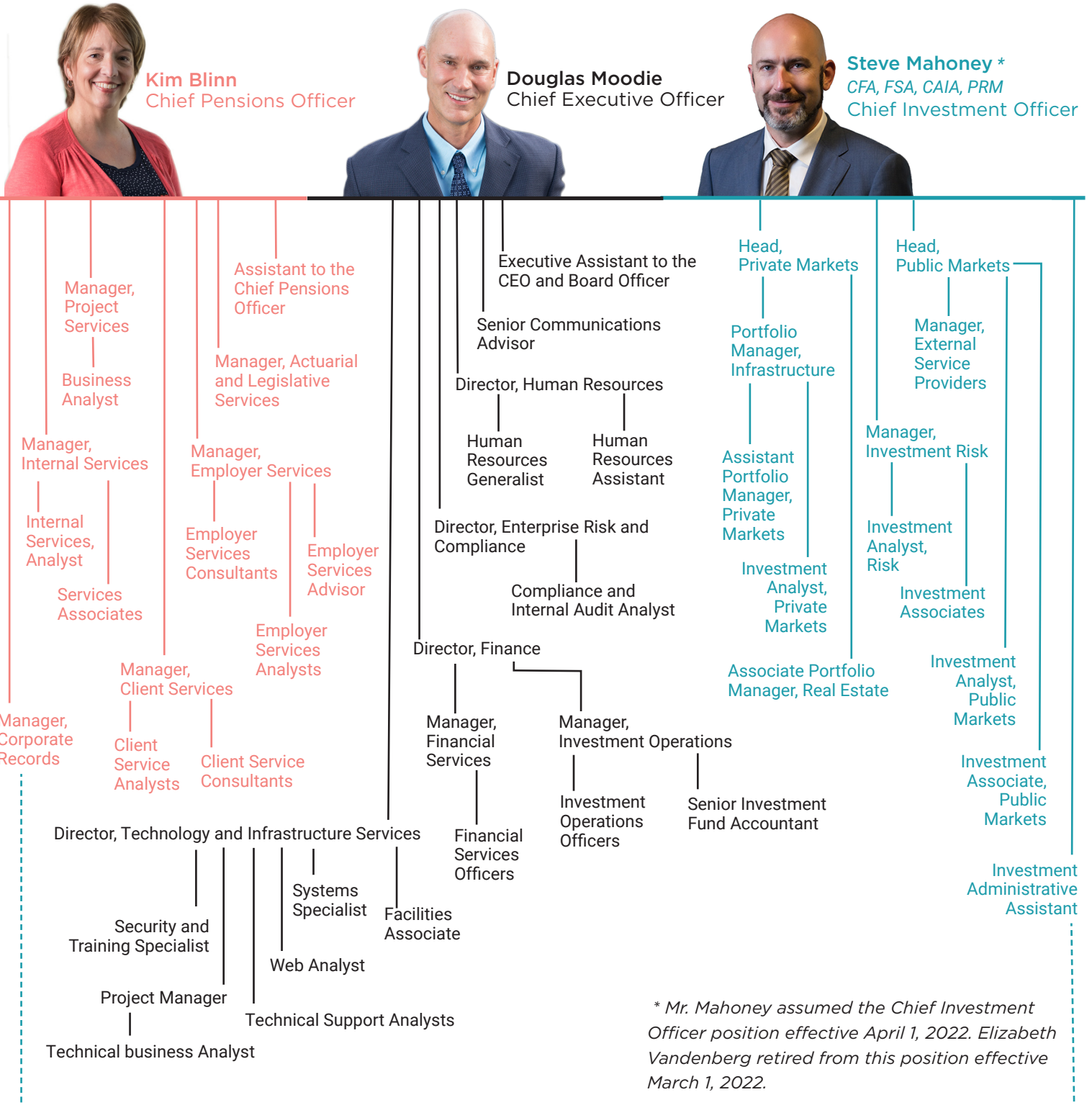
- PSSP members = 4,020
- TPP members = 1,515
- MLA Plan members = 3



# Corporate Structure (as at July 2022)

Our team of over 70 staff manages plan investments and provides pension administration services to plan members and employers. We are accountable to the Board of Directors for achieving the strategic priorities it sets. We are responsible for meeting the service metrics and investment targets set by plan Trustees. We operate within the policies and budgets that the Board and plan Trustees have approved.

Our team is structured according to the following functions: Pension Services, Corporate Services, and Investment Services.



\* Mr. Mahoney assumed the Chief Investment Officer position effective April 1, 2022. Elizabeth Vandenberg retired from this position effective March 1, 2022.

# Community Involvement

## Giving Back

Through the dedication and hard work of NS Pension staff, we have regularly given back to our community.

In 2021-2022, our staff fundraising efforts continued throughout the year and supported local organizations such as:

- Souls Harbour Rescue Mission
- Out of The Cold
- Emergency Shelters Project

We continued to contribute to Feed NS on a quarterly basis through employee donations. Also, many of our employees regularly participate in blood donor clinics.

We are very proud of the spirit of caring and sharing continually shown by the staff of NS Pension.



## Supporting Local

We paid \$7.2 million in salaries to our employees and matched their contributions of \$572 thousand to the PSSP.

We spent over \$5.3 million procuring services from locally-based professional service firms, technology providers and other local companies.

Our plans paid almost \$837 million in pension benefits to plan retirees, survivors, and beneficiaries, thus making a significant monetary injection into the Nova Scotia economy.

Plan Trustees contributed to the local economy with expenditures of approximately \$3.5 million, including \$2.6 million of investment management fees paid to local managers.

○ **\$7.2 million**  
paid in salaries

○ **\$572 thousand**  
matched in contributions to the PSSP

○ **\$5.3 million**  
procuring services from locally-based professionals

○ **\$837 million**  
in benefit payments to retirees, survivors, and beneficiaries

○ **\$3.5 million**  
in expenditures to the local economy by Plan Trustees

# Our Strategic Plan - 2019-2022



## Our Vision

To strengthen the retirement future of Nova Scotians



## Our Mission

To provide outstanding pension services



## Our Values

- Commitment: to provide the highest quality service
- Trust: to act with integrity and to make sound decisions
- Respect: to show consideration to our members and our colleagues
- Expertise: to build and retain a diverse and talented team
- Collaboration: to build mutually beneficial relationships



## Our Key Strategic Objectives

- Client Service:** anticipate and respond to the changing retirement landscape
- provide comprehensive, expert support to our clients
  - broaden education and promote retirement planning
  - adapt investment strategies to meet shifting challenges



- Operational Excellence:** create efficiencies and manage risk
- continually improve the way we do business
  - foster a risk-aware and risk-responsible culture



- Value Leadership:** champion solutions that enhance sustainability
- leverage existing relationships and seek beneficial new ones
  - always strive for pragmatic, meaningful results



- People:** have the right people in the right jobs at the right time and provide a desirable place to work
- forecast future resource needs
  - enable and develop our people
  - ensure roles remain relevant and impactful

Our Annual Scorecard measures our progress on 'Operational Excellence' and 'People' (page 13). The area of 'Client Service' is measured by each of PSSPTI and TPPTI (page 14). The area of 'Value Leadership' is assessed specifically and separately by the Board of NS Pension.

# Our 2021-2022 Business Plan



## Client Service

- with the expected continuing disruption of some markets and economies due to the continuing persistence of COVID-19 variants, continue to monitor and manage short-term risks and long-term repercussions to investment assets
- maintain modifications to the client service delivery model to meet the impacts of COVID-19, ensuring that key life events and transactions are completed for plan members in a safe and efficient manner
- continue to support and advise PSSPTI in its membership growth initiatives
- continue to support and advise TPPTI in its work to improve the funded health of the TPP in a meaningful way, with particular emphasis on assisting the independent TPP Review Panel
- continue to implement changes to MRAA regulatory amendments for the Province of NS; provide support to incoming and outgoing MLAs resulting from the 2021 Provincial election; provide cost-efficient administration for the SYSCO pension plans
- continue development of a diverse suite of educational materials focused on active members at different career stages, as well as retired members
- meet or exceed investment target rates of return within acceptable risk tolerances
- continued implementation of PSSP and TPP asset mix changes resulting from the asset-liability studies
- continue to enhance the long-term focus of the Funds by developing the private asset portfolios and evolving the sustainable investment programs
- continue to advance modeling and analytics to improve the performance of the Funds and various investment portfolios
- support the PSSPTI with its 2022 PSSP Review
- support the PSSPTI Chair Recruitment Committee in its work to secure a new Board Chair for April 1, 2022



## Operational Excellence

- continue to identify and implement necessary adjustments to NS Pension's business operations to ensure the uninterrupted provision of core services throughout the ongoing COVID-19 situation
- continue to implement outcomes of the records management initiative
- continue to review and enhance the Corporation's enterprise-wide risk management program
- continue to place significant ongoing emphasis on the evolution and improvement of cyber-security and other protections, both digital and physical, for member personal information and other sensitive information held by NS Pension
- update the investment ticketing system and provide new functionality
- redesign and update NS Pension and its plans' websites to include accessibility standards, brand redesign, and improve navigation functionality

# Our 2021-2022 Business Plan continued...



## Value Leadership

- maintain a permanent capacity to enable certain key operations to be carried on virtually during periods of short-term office inaccessibility
- continue delivery of pre-retirement and educational seminars to support employees and members in a manner that is respectful of COVID-19 implications for both them and our service-team members
- increase overall use of technology to improve efficiencies, particularly in response to contingencies catalyzed by COVID-19
- proceed with the planning and construction of new office premises for NS Pension in Purdy's Wharf Tower 2
- complete re-branding of NS Pension and implement new Brand and Style Guide
- implement an updated secure file transfer system, with a more user-friendly interface and new stakeholder-requested functionality



## People

- in the context of the ongoing COVID-19 pandemic, maintain various detailed arrangements to protect employee health and safety, to accommodate employees' needs as necessary, to enable working-from-home as necessary, to provide relevant communications, and to continue to support employees and assist them through the stressful and unprecedented circumstances created by the pandemic
- strike and lead a CIO Recruitment Committee to secure a new Chief Investment Officer
- complete a comprehensive internal review of compensation arrangements for non-bargaining unit employees, and implement requisite adjustments
- review services provided by human resources to ensure roles continue to support the organization's priorities
- implement a New Employee Onboarding (NEO) system to automate and streamline the onboarding and orientation of new employees, and improve the employee experience
- continue to promote a congenial and collaborative work environment, enhancing the overall physical and mental well-being of our employees
- provide a diverse array of training and development opportunities, including Diversity, Equity and Inclusion training, and Conflict Management training
- continue to prioritize succession planning efforts
- continue to assess and implement changes to NS Pension's organizational structure, including the creation of new roles and the modification of existing roles as needed

# Annual NS Pension Scorecard

As of March 31, 2022

The Board of Directors is responsible for approving our strategic goals, and monitoring our progress and performance in achieving them. Our Strategic Plan encompasses four strategic goals: Client Service, Operational Excellence, Value Leadership, and People.

The Board uses this Scorecard to measure and assess our progress and performance on Operational Excellence and People. Value Leadership is assessed specifically and separately by the Board. The remaining goal, Client Service, is measured separately as part of the Trustees' Scorecards (see page 14).

Below is a summary of our Annual Scorecard for the fiscal year 2021-2022:

## Goals

### Operational Excellence

Create efficiencies and manage risk

Score:



### People

Have the right people in the right jobs at the right time

Score:



#### RATING SCALE:

- 5 - Exceptional
- 4 - Exceeds
- 3 - Achieved
- 2 - Partially Achieved
- 1 - Did Not Achieve

## Our Performance

NS Pension is retained by PSSPTI and TPPTI to provide pension administration and investment management services for them. These services are fully described in detailed service agreements between each of the Trustees and NS Pension.

In addition to the identified objective metrics which support the NS Pension Scorecard (see page 13), similar Trustee Scorecards are constructed for metrics specific to the Trustees. Those Scorecards are posted on the respective plan websites and are also set out below.

### PSSPTI Annual Scorecard of NS Pension *As of March 31, 2022*

Below is a summary of the PSSPTI Scorecard of NS Pension for the PSSP fiscal year 2021-2022:

#### Goal

**Client Service:** Anticipate and respond to the changing retirement landscape

Score



You can view PSSPTI's Annual Scorecard of NS Pension online at: [www.nspssp.ca](http://www.nspssp.ca)

### TPPTI Annual Scorecard of NS Pension *As of December 31, 2021*

Below is a summary of the TPPTI Scorecard of NS Pension for the TPP fiscal year 2021:

#### Goal

**Client Service:** Anticipate and respond to the changing retirement landscape

Score:



You can view TPPTI's Annual Scorecard of NS Pension online at: [www.nstpp.ca](http://www.nstpp.ca)



## Our Performance continued...

Each of the plan Trustees and the NS Pension Board also completed year-end subjective assessments of NS Pension performance in various categories.

The chart below summarizes the plan Trustee Boards' measurement of NS Pension:

Measurement	PSSPTI Score	TPPTI Score
Trustee Regular Meetings	3.38	3.96
Board Education	3.48	3.86
Budget	3.44	3.86
Actuarial, Audit, and Compliance	3.52	3.86
Communication Materials	3.50	3.86
Special Projects	3.75	3.96
Investment Services	3.38	3.00
Pension Services	3.85	4.00

The chart below summarizes the NS Pension Board's measurement of NS Pension:

Measurement	NS Pension Board Score
Budget and Financial Services	3.54
Infrastructure, Systems, and Organization	3.57
Human Resources	3.82
Risk, Compliance and Internal Controls	3.43
Audit and Actuarial	3.36
Annual Report	3.75
Board Meetings	3.86
Operational Efficiencies, Special Projects, Enhancements of Corporate Profile	3.79

#### RATING SCALE:

- 5 - Exceptional
- 4 - Exceeds
- 3 - Achieved
- 2 - Partially Achieved
- 1 - Did Not Achieve

## Financial Summary

NS Pension operates on a cost-recovery basis. Expenses are allocated and charged to its Trustee clients based upon the Corporate budget and allocation percentages approved by the Boards of the Trustees and the NS Pension Board. The Province is charged a fee for services provided to the Members' Retiring Allowances Plan, Members' Supplementary Retiring Allowances Plan and the former Sydney Steel pension plans.

For the fiscal year ended March 31, 2022, NS Pension had total operating expenses of \$12.9 million, an increase of \$561 thousand over the previous year. Salaries increased 3% on average, and total salaries and benefits increased by \$180 thousand over the year. Professional fees decreased by \$395 thousand. Overall office and administration costs increased by \$588 thousand mainly due to increased expenditures in information technology, and office move-related costs. Amortization decreased by \$8 thousand and the office move resulted in a \$39 thousand loss on disposal of fixed assets.

For the year ended March 31, 2022, NS Pension's total expenses were within the budgeted targets set by the Boards of the Trustees and the NS Pension Board.

## Compliance and Internal Audit

NS Pension uses a systematic and detailed approach to evaluating, measuring, and monitoring NS Pension's operational risks and compliance to applicable legislation, regulations, and internal policies and procedures. Compliance and internal audit reporting is provided quarterly by the Director, Enterprise Risk & Compliance to the NS Pension Board. The Director, Enterprise Risk & Compliance confirmed that, as at March 31, 2022, they were not aware of any material noncompliance in respect of legislative, regulatory or internal policy or procedural requirements.

## Governance

NS Pension is a statutory corporation under the *Nova Scotia Pension Services Corporation Act*.

We are committed to the highest ethical standards. We do this by conducting our business with maximum integrity and by achieving full compliance with all applicable laws, rules, and regulations.

In line with this commitment, we have a Whistleblower Policy that provides an avenue for employees to raise concerns they may have and be assured that they will be protected from reprisal for raising any such concern in good faith.

NS Pension also has a Code of Business Ethics and Conduct, a Fair Hiring Policy, and a Respectful Workplace Policy. The Respectful Workplace Policy formally enshrines our steadfast commitment to a healthy, safe and supportive workplace and to providing a work environment that values diversity where all persons are treated with respect and dignity. It is of the utmost importance for NS Pension that all of our employees are able to work in an environment that is free from harassment, sexual harassment and discrimination.

To that end, our Respectful Workplace Policy specifically seeks to:

- promote awareness for employees and create understanding as to what is considered offensive behaviour,
- support a work environment that is free from all forms of offensive behaviour, and
- provide a mechanism to address offensive behaviour and eliminate it from the workplace

## Industry-Related Initiatives

NS Pension staff participate directly in a number of industry-related organizations and initiatives, including:

- Pension Investment Association of Canada (PIAC)
- Canadian Public Pension Leadership Council (CPPLC)
- Public Sector Pension National Forum (PSPNF)
- Association of Canadian Pension Management (ACPM)
- Conference Board of Canada
- Association for Intelligent Information Management (AIIM)
- Association of Records Managers and Administrators (ARMA)

NS Pension also supports the members of the PSSPTI and TPPTI Boards in their participation in various organizations, including the International Foundation of Employee Benefit Plans (IFEBC) and the Institute of Corporate Directors (ICD).

## Executive Compensation

The goal of the compensation philosophy and framework is to attract, motivate, reward, and retain a high-performing team. The framework is designed to promote a pay-for-performance culture by focusing employee efforts on the achievement of the vision, mission, values, and critical business performance targets of NS Pension.

The compensation framework is designed to be fair and reasonable to stakeholders. Compensation is benchmarked to Canadian pension funds of similar size and complexity and to similar roles within Atlantic Canada.

Elements of the framework include base salary, short-term incentive plan (STIP), and benefits. The STIP component of total compensation is 'at-risk' and linked to the performance of corporate, division, and individual objectives. The weightings for each of the three objectives vary by position to reflect roles and job responsibilities.

The Board approved STIP awards totalling \$705,722 for 21 employees based upon performance in the fiscal year ended March 31, 2022. The STIP awards are significantly affected by the annual assessment of our performance by the plan Trustees and the NS Pension Board. Details of the assessments are summarized on page 13-15.

The Communications and Disclosure Policy for the NS Pension Board requires that the compensation of the Chief Executive Officer, the Chief Investment Officer, and the Chief Pensions Officer be disclosed. These details are provided below:

	Base Pay	Incentive Award	Total Compensation (excluding benefits)	
			March 31, 2022	March 31, 2021
Douglas Moodie Chief Executive Officer	\$373,862	\$155,850	\$529,712	\$491,507
Elizabeth Vandenberg * Chief Investment Officer	\$235,231	\$78,576	\$313,807	\$321,760
Kim Blinn Chief Pensions Officer	\$189,674	\$55,743	\$245,417	\$223,349

\* pro-rated based on retirement date of March 1, 2022

# Financial Statements of Nova Scotia Pension Services Corporation Year ended March 31, 2022

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Halifax NS B3J 3N2  
Canada  
Tel 902-492-6000  
Fax 902-429-1307

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nova Scotia Pension Services Corporation

### ***Opinion***

We have audited the financial statements of Nova Scotia Pension Services Corporation (the "Entity"), which comprise:

- the balance sheet as at March 31, 2022;
- the statement of earnings and retained earnings for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Halifax, Canada

June 22, 2022

# Financial Statements

## Balance Sheet

Year ended March 31, 2022, with comparative information for 2021	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 137,108	\$ 575,636
Accounts receivable (note 2)	3,229,458	4,708,712
Prepaid expenses	335,486	289,047
	<b>3,702,052</b>	5,573,395
Fixed assets (note 3)	2,597,166	205,327
Intangible assets (note 3)	-	-
	<b>\$ 6,299,218</b>	\$ 5,778,722
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,671,943	\$ 2,956,881
	<b>2,671,943</b>	2,956,881
Lease inducement (note 7)	992,817	-
Future benefits liability (note 6)	2,634,458	2,821,841
	<b>3,627,275</b>	2,821,841
Shareholders' equity:		
Common shares (note 9)	-	-
	-	-
Commitments (note 11)		
	<b>\$ 6,299,218</b>	\$ 5,778,722

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:



Keiren Tompkins, Co-Chair



Jenn B. Carter, Co-Chair

# Financial Statements

## Statement of Earnings and Retained Earnings

Year ended March 31, 2022, with comparative information for 2021	2022	2021
Revenue (note 10)	12,876,233	12,315,657
Total increase in assets	12,876,233	12,315,657
Expenses:		
Salaries and benefits	8,240,997	8,061,398
Office and administration	2,455,274	1,867,718
Professional services	1,329,258	1,723,758
Office lease	685,890	528,720
Amortization	126,132	134,063
Loss on disposal of fixed assets	38,682	-
	12,876,233	12,315,657
<b>Net earnings, being retained earnings, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

# Financial Statements

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021	2022	2021
<b>Cash flows from operating activities:</b>		
Net earnings	\$ -	\$ -
Items not involving cash:		
Amortization	126,132	134,063
Loss on disposal of fixed assets	38,682	-
Lease inducement	992,817	-
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	1,479,254	(260,177)
Increase in prepaid expenses	(46,439)	(36,746)
(Decrease) increase in accounts payable and accrued liabilities	(542,939)	569,283
(Decrease) increase in future benefits liability	(187,383)	168,426
Net cash provided by operating activities	1,860,124	574,849
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(2,298,652)	(64,139)
Net cash used in investing activities	(2,298,652)	(64,139)
<b>(Decrease) increase in cash</b>	<b>(438,528)</b>	<b>510,710</b>
<b>Cash, beginning of year</b>	<b>575,636</b>	<b>64,926</b>
<b>Cash, end of year</b>	<b>\$ 137,108</b>	<b>\$ 575,636</b>

See accompanying notes to financial statements.

# Notes to Financial Statements

Year ended March 31, 2022

Nova Scotia Pension Services Corporation (“the Corporation”) is a private enterprise, incorporated on April 1, 2013 under the laws of Nova Scotia under Bill No. 17 (*Financial Measures Act (2012)* dated April 12, 2012).

Under the *Nova Scotia Pension Services Corporation Act* (the “Act”), the Corporation was devolved from the Nova Scotia Pension Agency, a government agency of the Province of Nova Scotia. The Corporation has issued an equal number of shares to the Teachers’ Pension Plan Trustee Inc. and the Public Service Superannuation Plan Trustee Inc. All assets, liabilities, and obligations of the Nova Scotia Pension Agency as at March 31, 2013 were transferred to the Corporation on April 1, 2013.

The purpose of the Corporation is to provide pension administration and pension investment services for the Public Service Superannuation Plan and Teachers’ Pension Plan, Ancillary Plans of the Province of Nova Scotia (Sydney Steel Corporation Superannuation Fund, Members’ Retiring Allowances Plan and Members’ Supplementary Retiring Allowances Plan established under the *Members’ Retiring Allowances Act*) and any other pension plan or arrangement that retains the services of the Corporation and is approved by the Board of Directors (“the clients”).

The Corporation operates on a cost recovery basis as provided for in the *Act*. The Corporation is a not-for-profit organization and, as such, is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

## 1.

### Significant accounting policies

#### a. Basis of presentation

The Corporation’s financial statements are prepared in accordance with Part II – Accounting Standards for Private Enterprises of the CPA Canada Handbook.

#### b. Fixed assets

Fixed assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Computer hardware	Straight-line	2-5 years
Furniture	Straight-line	5 years
Leasehold improvements	Straight-line	Lease term

The carrying amount of an item of fixed assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset’s carrying amount is not recoverable and exceeds its fair value.

## Significant accounting policies (continued)

### c. Intangible assets

Intangible assets represent deferred development costs related to corporate, pension and investment systems. Development activities are recognized as an asset provided they meet the capitalization criteria, which include the Corporation's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use or sale; the Corporation's intention to complete the asset for use; the Corporation's ability to use the asset; the adequacy of the Corporation's resources to complete the development; the Corporation's ability to measure reliably the expenditures during the development; and the Corporation's ability to demonstrate that the asset will generate future economic benefits. Development expenditures that do not meet the capitalization criteria and expenditures for research activities are expensed as incurred. Intangible assets are measured at cost less accumulated amortization and are amortized on a straight-line basis over their useful lives of 5 years.

The amortization of project costs related to corporate, pension and investment systems commences upon completion of the systems. As the assets are amortized, an amount equal to the amortization will be charged back to the clients using those systems, offsetting loans from related entities.

The basis to account for internally generated intangible asset costs is the aggregation of all intangible costs that can be directly identified as being part of the production of the asset. These costs include the salary costs of specific employees based on their time spent while working on project-related tasks.

### d. Employee future benefits

The Corporation has an obligation to provide future benefits to its employees in respect of post-retirement health benefits, public service awards and a supplemental employee retirement plan. The benefits are based on years of service and final average salary.

Post-retirement health benefits are available to all retirees whereas the public service award is only available to bargaining unit employees. The supplemental employee retirement plan benefits are based on years of service and salary level – being available only to employees above a defined salary. The Corporation accrues its obligations under the benefit plans as the employees render the services necessary to earn the benefits on an annual basis.

The obligation at the end of the year is determined based on the most recent actuarial valuation report prepared for accounting purposes. The measurement date of the obligation coincides with the Corporation's fiscal year-end. The date of the most recent actuarial valuation of the obligation prepared for accounting purposes is March 31, 2022.

### e. Revenue recognition

Revenue is recognized when services are provided and the customer assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

## Significant accounting policies (continued)

### f. Expense allocation

The net of operating costs, amortization and income are charged to clients based on the clients' usage rate of the services provided by the Corporation. Wherever practical, these costs are matched to the client based on their use of specific services.

### g. Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### h. Related party transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

### i. Use of estimates

The preparation of the Corporation's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the assumptions used in measuring the future benefits liability. Actual results could differ from those estimates made.



## 2. Accounts receivable

The following amounts were due to the Corporation as at March 31, 2022:

	2022	2021
Public Service Superannuation Plan	\$ 1,370,133	\$ 2,715,697
Teachers' Pension Plan	856,468	1,981,191
Other	1,002,857	11,824
	<b>\$ 3,229,458</b>	<b>\$ 4,708,712</b>

## 3. Fixed and intangible assets

2022	Cost	Accumulated amortization	Net book value
Fixed assets:			
Computer hardware	\$ 624,117	\$ (348,742)	\$ 275,375
Furniture	479,962	(35,566)	444,396
Leasehold Improvements	1,893,172	(15,777)	1,877,395
	<b>2,997,251</b>	<b>(400,085)</b>	<b>2,597,166</b>
Intangible assets:			
Systems	6,236,511	(6,236,511)	-
	<b>6,236,511</b>	<b>(6,236,511)</b>	<b>-</b>
Total	<b>\$ 9,233,762</b>	<b>\$ (6,636,596)</b>	<b>\$ 2,597,166</b>

2021	Cost	Accumulated amortization	Net book value
Fixed assets:			
Computer hardware	\$ 446,265	\$ (321,555)	\$ 124,710
Furniture	107,515	(80,291)	27,224
Leasehold Improvements	105,592	(52,199)	53,393
	<b>659,372</b>	<b>(454,045)</b>	<b>205,327</b>
Intangible assets:			
Systems	6,607,133	(6,607,133)	-
	<b>6,607,133</b>	<b>(6,607,133)</b>	<b>-</b>
Total	<b>\$ 7,266,505</b>	<b>\$ (7,061,178)</b>	<b>\$ 205,327</b>

For the year ended March 31, 2022, the Corporation has excluded the following non-cash investing activities from the Statement of Cash Flows:

- Additions to fixed assets of \$258,001 (2021 - \$nil) which remain unpaid at year-end.

4.

**Accounts payable and accrued liabilities**

	2022	2021
Accounts payable and accrued liabilities	\$ 2,523,916	\$ 2,686,635
Harmonized sales tax payable	148,027	270,246
	<b>\$ 2,671,943</b>	<b>\$ 2,956,881</b>

5.

**Related party transactions**

**a. Public Service Superannuation Plan Trustee Inc. as trustee of Public Service Superannuation Plan**

The Corporation entered into an agreement with the Public Service Superannuation Plan Trustee Inc. on April 1, 2013, to provide pension and investment services to the Public Service Superannuation Plan. The amount charged to the Public Service Superannuation Plan for the year ended March 31, 2022, was \$7,033,146 (2021 - \$6,867,050) (note 10). As at March 31, 2022, the Corporation has a receivable of \$1,370,133 (2021 - \$2,715,697) from the Public Service Superannuation Plan for services provided (note 2).

Employees of the Corporation are members of the Public Service Superannuation Plan. During the year, the Corporation made contributions of \$571,559 (2021 - \$530,225) to the plan (note 8).

**b. Teachers’ Pension Plan Trustee Inc. as trustee of Teachers’ Pension Plan**

The Corporation entered into an agreement with the Teachers’ Pension Plan Trustee Inc. on April 1, 2013, to provide pension and investment services to the Teachers’ Pension Plan. The amount charged to the Teachers’ Pension Plan for the year ended March 31, 2022, was \$5,659,487 (2021 - \$5,264,634) (note 10). As at March 31, 2022, the Corporation has a receivable of \$856,468 (2021 - \$1,981,191) from the Teachers’ Pension Plan for services provided (note 2).

**c. Premises**

The Corporation bases its operations in Purdy’s Wharf, Tower II (2021 - Purdy’s Landing). The building is partially owned by both TPP Investments I Inc., a related subsidiary of the Teachers’ Pension Plan, and PSS Investments I Inc., a related subsidiary of the Public Service Superannuation Plan. Employees of the Corporation serve as directors of both TPP Investments I Inc. and PSS Investments I Inc. The lease amount paid to the landlord for the year was \$685,890 (2021 - \$528,720).

At March 31, 2022, the landlord owes the Corporation \$1,001,160 (2021 - \$nil) relating to a one-time contribution towards the initial leasehold improvements at the new office location. This amount is recorded in accounts receivable.

## Related party transactions (continued)

### d. Province of Nova Scotia

During the year, the Province of Nova Scotia provided services to the Corporation and its clients. The significant related party purchases from the Province of Nova Scotia were as follows:

	2022	2021
Payroll services	\$ 225,000	\$ 225,000
Other	12,665	761
	<b>\$ 237,665</b>	<b>\$ 225,761</b>

The amount due to the Province of Nova Scotia as at March 31, 2022 for services provided to the Corporation was \$225,000 (2021 - \$225,493). The amount due to the Corporation for services provided to the Province of Nova Scotia as at March 31, 2022 was \$1,608 (2021 - \$1,006).

The Province of Nova Scotia, the Corporation's payroll service provider, pays the Corporation's staff and recovers the gross payroll amount from the Corporation. The amount due to the Province of Nova Scotia as at March 31, 2022 for recovery was \$723,949 (2021 - \$548,606).

In all cases the measurement basis of related party transactions has been the value of cash received or paid between parties and the value of invoices raised for services between parties.

6.

### Future benefits liability

Upon retirement, employees of the Corporation will receive post-retirement health benefits, and where eligible, the Public Service Award and benefits under a Supplemental Employee Retirement Plan.

The future benefits liability of the Corporation was calculated as at March 31, 2022, under Section 3463 of Part III of the CPA Canada Handbook – Accounting by Eckler Limited. In determining liabilities under CPA 3463, the method required is the projected unit credit method prorated on services (i.e. benefits are projected with salary increases to retirement and then prorated based on service).

	2022	2021
Discount rate	<b>4.00% per annum</b>	3.30% per annum
Salary	<b>2.75% per annum plus merit (under age 30 - 2% per annum, age 30 to 45 - 1.5% to 0.0% per annum)</b>	2.50% per annum plus merit (under age 30 - 2% per annum, age 30 to 45 - 1.5% to 0.0% per annum)
Retirement age	<ul style="list-style-type: none"> <li>• 10% at age 59</li> <li>• 20% at age 60</li> <li>• 10% at age 61-64</li> <li>• 50% at age 65-69</li> <li>• 100% at age 70</li> </ul> <p>However, 20% each year on or after earliest unreduced retirement date, if greater; plus an additional 40% at 35 years of service</p>	<ul style="list-style-type: none"> <li>• 10% at age 59</li> <li>• 20% at age 60</li> <li>• 10% at age 61-64</li> <li>• 50% at age 65-69</li> <li>• 100% at age 70</li> </ul> <p>However, 20% each year on or after earliest unreduced retirement date, if greater; plus an additional 40% at 35 years of service</p>
Mortality	<b>120% of Canadian Public Sector Mortality Table with future mortality improvements in accordance with Scale B</b>	120% of Canadian Public Sector Mortality Table with future mortality improvements in accordance with Scale B
<i>Income Tax Act</i> maximum pension	<b>\$3,420 per year of service in 2022, increasing at 2.75% per annum after 2022</b>	\$3,026 per year of service in 2021, increasing at 2.50% per annum after 2021

## Future benefits liability (continued)

The future benefits liability as at March 31, 2022 is calculated as follows:

	2022	2021
Supplemental Employee Retirement Plan	\$ 1,654,648	\$ 1,607,743
Post-retirement health benefits	941,366	1,163,813
Public Service Award	38,444	50,285
	<b>\$ 2,634,458</b>	<b>\$ 2,821,841</b>

### 7. Lease inducement

During the year, lease extension and amending agreements were signed by the Corporation and its landlord, reflecting a change in office location from Purdy's Landing to Purdy's Wharf, Tower II, effective March 1, 2022 for a 10-year term. The landlord will pay the Corporation a one-time contribution towards the final cost of the initial leasehold improvements for the new office location. The amount due to the Corporation for the lease inducement as at March 31, 2022 is \$1,001,160. The lease inducement is accounted for as a reduction of the monthly office lease expense on a straight-line basis over the lease term. At March 31, 2022, the remaining lease inducement is \$992,817 which is recorded as a liability on the balance sheet.

The Corporation is not responsible for any under-funded liability, nor does the Corporation have access to any surplus that may arise in this Plan.

### 8. Employee pension plan

Permanent employees of the Corporation participate in the Public Service Superannuation Plan (the "Plan"), a contributory defined benefit pension plan, which provides pension benefits based on length of service and earnings.

Contributions to the Plan are required by both the employees and the employer. The Corporation's contributions range from 8.4% to 10.9% of an employee's salary. Total employer contributions for 2022 were \$571,559 (2021 - \$530,225) and are recognized in salaries and benefits expense in the financial statements.

The Corporation is not responsible for any under-funded liability, nor does the Corporation have access to any surplus that may arise in this Plan.

### 9. Share capital

The share capital of the Corporation is 100,000 common shares of one class without par value. The shares do not carry a dividend; they are not redeemable and are not convertible. On April 1, 2013, 100 shares were issued, 50 to the Teachers' Pension Plan Trustee Inc. and 50 to Public Service Superannuation Plan Trustee Inc. at \$nil value.

## 10.

**Revenue**

Revenue is as follows:

	2022	2021
Public Service Superannuation Plan	\$ 7,033,146	\$ 6,867,050
Teachers' Pension Plan	5,659,487	5,264,634
Members' Retiring Allowances Act Plans	102,000	100,000
Sydney Steel Corporation Superannuation Fund	81,600	80,000
Other	-	3,973
	<b>\$ 12,876,233</b>	<b>\$ 12,315,657</b>


## 11.

**Commitments**

As at March 31, 2022, the Corporation was contractually obligated under various operating and occupancy leases. Future minimum annual lease payments over the next five years are as follows:

2023	1,408,509
2024	1,284,190
2025	1,308,866
2026	1,233,169
2027	709,195




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