ANNUAL REPORT 2024

Nova Scotia Public Service
Long Term Disability Plan Trust Fund

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Nova Scotia Public Service
Long Term Disability Plan Trust Fund

CHAIR & CEO MESSAGE

CHRIS DALY
Chair

ANNA MACISAAC
CEO

On behalf of the Board, we are pleased to present the Nova Scotia Public Service Long Term Disability Plan Trust Fund 2024 Annual Report. We hope you find the report informative, if you have any questions or would like any additional information, please contact the Plan office or visit our website. We appreciate your feedback.

The report highlights the Plan's funding position, the Plan's employer membership, a review of claims' activity and Plan Administrator performance and finally a summary of our investments.

Every other year an actuarial valuation addresses the Trust Fund's funding position. The results of the scheduled valuation as of December 31, 2024, indicate the funded ratio has decreased from 132% as of December 2022, the last valuation, to 115%. Though investment returns were greater than expected a change in actuarial assumptions, ad hoc cost of living allowances and an increase in claims experience greater than expected, resulted in the decrease in the funded ratio. In particular, the increase in claims experience was a significant factor resulting in a $13.4 million increase to the benefit liabilities. Regardless of the decrease we would like to reassure that the Plan remains well funded and in a strong financial position ending the year with a surplus funding margin of $21.2 million.

With the funded ratio at 115% the Funding Policy does not require a change to the Plan. The Board's goal is to return the funding level to 125% within 10 years. Quarterly, the Board will be reviewing the Plan's liabilities and assets and in particular claims experience.

We continue to meet regularly with our Plan Administrator, Manulife, monitoring both claims experience and performance measures. Though claim numbers decreased slightly over the last 2 years the cost of claims continues to grow, and mental health remains the leading cause of disability. Working with Manulife and our employers we will explore opportunities to address the mental health of our claimants and improve the return to work experience for all.

CHAIR & CEO MESSAGE

Investment Manager Beutel Goodman manages the Trust Fund's two portfolios totalling $156.5 million. The Liability Hedging Portfolio with 78.4% of the Plan's assets is mostly fixed income and the Balanced Portfolio with the remaining 21.6% of assets is mostly fixed income and equities. Changes to the Liability Hedging Portfolio's target asset mix were made in 2024 to improve the duration match between the Trust Fund's assets and liabilities. The duration on the assets now matches the duration of the liabilities. Review of the duration match between assets and liabilities will continue to be monitored and adjusted as needed. The match will enhance the expected return in lower interest rate scenarios and provide some downside protection in higher interest rate scenarios.

We would like to acknowledge and thank the trustees for their work and commitment to the Trust Fund. We would especially like to thank outgoing trustee Sarah Bradfield for her service and extend a warm welcome to new trustee Siobhan Ryan.

With the Plan entering its 40th year of providing long term disability coverage we are excited for the summer of 2025 and the introduction of an updated Trust Agreement, Participation Agreement and LTD Plan Text. The updates provide clarity, simplified wording and reflect current best practices.

In closing we would be remiss if we did not thank trustee Darren McPhee for sharing his photography and brightening the 2024 annual report.

Respectfully,

Chris Daly
Chair

Anna MacIsaac
CEO

BOARD OF TRUSTEES

The Province of Nova Scotia (the Province) and the Nova Scotia Government and General Employees Union (NSGEU) jointly established the Nova Scotia Public Service Long Term Disability Plan Trust Fund in 1985 to provide long term disability benefits to the Province's Public Sector employees. The Nova Scotia Public Service Long Term Disability Plan (LTD Plan) is managed and administered by a Board of Trustees appointed by the two Plan Sponsors.

Five trustees are appointed by the NSGEU, one of whom is a representative of the Canadian Union of Public Employees (CUPE). Five trustees are appointed by the Province, one of whom is a representative of the Nova Scotia Health Authority. The Plan Sponsors jointly appoint an independent Chair.

BOARD OF TRUSTEES

"Our shared mission is to administer the Nova Scotia Public Service Long Term Disability Plan Trust Fund to ensure sustainable and affordable funding for long term disability benefits and return to work support."

The Board meets quarterly and committees meet at least four times per year. Every year the trustees participate in an education day based on identified areas of interest. Trustees are encouraged to build on their knowledge and participate in educational opportunities like those offered through the International Foundation of Employee Benefit Plans.

In 2024, trustees attended the 57th Annual Canadian Employee Benefits Conference.

PARTICIPATING EMPLOYERS

Province of Nova Scotia
Nova Scotia Community College
Nova Scotia Health Authority
Art Gallery of Nova Scotia
Atlantic Provinces Special Education Authority (APSEA)
Build Nova Scotia
Canada-Nova Scotia Offshore Energy Regulator
Events East Group
Invest Nova Scotia
IWK Health Centre
Joint Regional Transportation Agency
Nova Scotia Energy and Regulatory Boards Tribunal
Nova Scotia Government and General Employees Union
Nova Scotia Legal Aid Commission
Nova Scotia Pension Services Corporation
Nova Scotia Provincial Housing Agency
Nova Scotia Public Service Long Term Disability Plan Trust Fund
Property Valuation Services Corporation
Université Sainte-Anne

Employers play a significant role in returning their employees to work in a safe and timely manner.

As of the end of 2024, the LTD Plan insured 19 employers and approximately 14,600 Plan members.

We encourage our participating employers to visit our website and contact our Navigator if they have any questions pertaining to the LTD Plan.

FUNDING POSITION

The actuarial report, in its entirety, is available on the NSPS-LTD Plan website.

Every second year an actuarial valuation is performed. The most recent actuarial valuation was completed as of December 31, 2024, by HUB International, the firm retained by the Board of Trustees to provide the Plan's actuarial services.

The purpose of the valuation is to:

- Determine the funded status of the Plan's claims and administrative expenses as of December 31, 2024, and on a going-concern basis
- Report the cause(s) of change from the last valuation
- Estimate the cost of new claims going forward

Since the previous valuation, the following changes to the Plan have occurred:

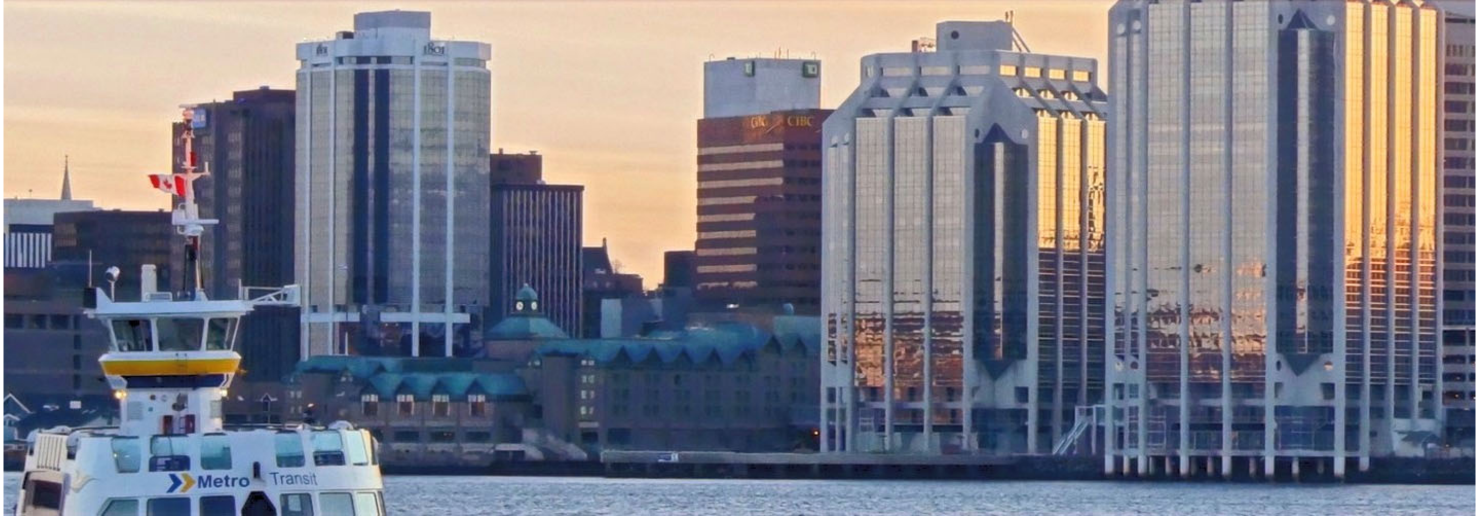
- Effective January 1, 2024, a one-time cost-of-living adjustment of 4.5% was applied to claims in pay beyond the change of definition
- Effective January 1, 2025, a one-time cost-of-living adjustment of 2.6% was applied to claims in pay beyond the change of definition
- Effective January 1, 2025, coverage and benefit payment were no longer terminated when a member reached 35 years of pensionable service

The Funded Status

The following table shows the funded position of the Plan for the last five years. In the years between full actuarial valuations (2021* and 2023*) the accrued liability for benefits is based on an extrapolation of the results from the previous full actuarial valuation.

YEAR END ($ millions)	2020	2021*	2022	2023*	2024
Net assets available for benefits	174.3	171.3	151.1	154.6	**$159.1**
Benefit liabilities	116.2	119.2	114.4	121.1	**$137.9**
Funding Margin	58.1	52.1	36.7	33.5	**$21.2**
FUNDED RATIO	**150%**	**144%**	**132%**	**128%**	**115%**

Source: HUB



FUNDING POSITION

The market value of the assets in the Plan as of December 31, 2024, was $159.1 million. The benefit liabilities for the Plan are estimated to be $137.9 million a decrease of $23.5 million since the last valuation. The benefit liabilities include both active in-force claims as of the valuation date and a reserve for claims incurred before the valuation date but not yet reported. It also includes a liability for claims related administrative expenses. The cost of any future ad hoc indexing is not reflected in the calculation of the actuarial liabilities.

Since the last full valuation as of December 2022, the Plan's funding margin has been reduced by $15.5 million, from $36.7 million to the current $21.2 million, and the funded ratio reduced by 13% from 132% to the current funded ratio of 115%.

The main factors contributing to the change in the funding ratio:

Investment returns greater than expected
Increase of $7.5 million

Change in actuarial assumptions
Decrease of $3.1 million

Ad hoc cost of living adjustments
Decrease of $6 million

Increase in claims experience greater than expected
Decrease of $13.4 million

Source: HUB

FUNDING POSITION

Cost of New Claims Going Forward

Based on the Plan's experience over the last five years and the expected payroll of Plan members, the estimated cost of new claims incurred in 2025 is $27.3 million or 2.22% of covered payroll. To cover the cost of new claims incurred in 2025, it is estimated that the premium rate would need to be 2.22%.

Funding Policy

The Board of Trustees have adopted a Funding Policy to guide how the Plan responds to variations in the funded position. The objective of the policy is to maintain a funded position that provides for the security of benefits promised to claimants, while maintaining a stable and affordable premium rate. The target funded ratio under the policy is 125%

The Funding Policy states that when the funded ratio is at 115% the Board may recommend implementing a Funding Level Adjustment or modifying an existing Funding Level Adjustment to increase the funded ratio to 125% over a period of up to 10 years.

As communicated in the 2023 Annual Report to ensure the stability of a 125% funded ratio the previously discounted premium rates were increased and one new rate of 1.86% became effective September 2024. The LTD premium rates had been discounted since 2009 with the last premium increase in 2002.

A significant factor in the 2024 decrease in the funded ratio was the increase in claims experience being greater than expected. The increase in claims experience resulted in a $13.4 M increase to the benefit liabilities negatively impacting the funded ratio.

FUNDING POSITION

A summary of claims data comparing December 2022 to December 2024 shows the number of active claims was down from 688 to 675 with only minor change regarding age and claim duration. The biggest change is in the average monthly benefit, which is approximately 8.7% higher at $3,153 versus $2,899 due to ad hoc increases and new claimants earning more than in previous years.

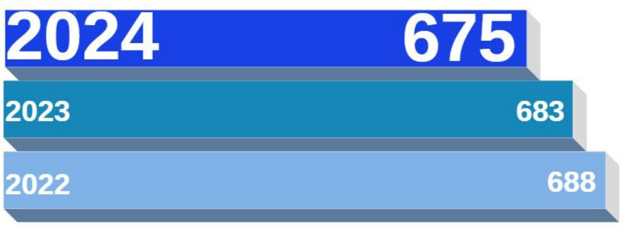
The valuation results confirm claims from two years ago are much more expensive. In addition to higher benefits, many claims did not terminate, and the likelihood of termination has dropped.

The valuation is a snapshot in time. The Board monitors the Plan's liabilities and assets quarterly. If required, they will recommend to the Plan Sponsors implementing a Funding Level Adjustment or modifying an existing Funding Level Adjustment to ensure that the funded ratio of 125% is met within the next 10 years as dictated by the Funding Policy.

CLAIMS

The Board has renewed Manulife Financial's contract to administer the LTD Plan on their behalf. As Plan Administrator, Manulife has provided claims management services as documented in the LTD Plan under the supervision of the Plan office since 2003.

CLAIMS IN PAY AS OF DECEMBER 31



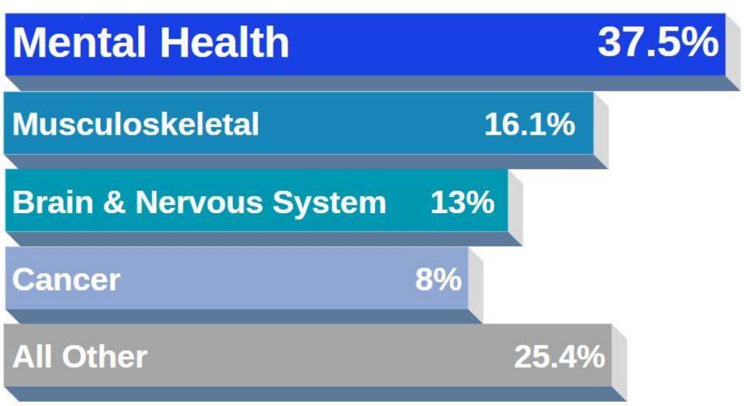
Source: Manulife

% CHANGE

-1.2%

-.7%

DIAGNOSIS FOR CLAIMS IN PAY AS OF DECEMBER 31, 2024



Source: Manulife

CLAIMS

2024 CLAIM HIGHLIGHTS

- Manulife received 221 claims in 2024 compared to 242 in 2023.
- Though slight, we have again seen a decrease in claims in pay as of year end.
- The top three diagnosis are mental health, musculoskeletal and brain & nervous system.
- Mental health continues to be the leading cause of disability making up 37.5% of claims, and 40.2% of benefits paid in 2024.
- Overall, durations from benefit start date to closure (excluding permanent claims*) was 18.9 months, slightly higher than the previous year durations of 17.1 months.
- Return to work closures were the number one reason for claim resolution, but down slightly from 2023.
- Average return to work durations were up slightly for the second year in a row, with claimants returning to work after 13.6 months on claim as opposed to 13.2 in 2023.

***Permanent claims**- A return to work is highly unlikely.

Manulife's performance is measured quarterly against mutually agreed upon standards. The results are reflective of:

Initial claim decisions made within 10 business days
95% met
New information reviewed within 10 business days
96% met

CLAIMS

ACTIVE CLAIMS BY STATUS AS OF DECEMBER 31, 2024

Though we again saw an overall decrease in claims in pay, we also saw a shift in claimants. In 2024, more high wage earners went off on claim with serious disabilities and an unlikelihood of returning to work. This shift has in part contributed to the increase in the Plan's liabilities.

2024 saw a 4% increase in permanent claims. This increase and the subsequent 4% decrease in intervention claims is reflective of more claimants with serious disabilities and fewer opportunities for rehab involvement and longer claim durations.

STATUS	2022	2023	2024
Intervention	273	258	227
Rehab	47	38	34
Permanent	368	387	414
TOTAL	688	683	675

Source: Manulife

Intervention- Medical management is ongoing and final prognosis is unknown. The Case Manager is actively monitoring status to determine when medically appropriate to move forward with return to work planning.

Rehab- The focus is on addressing physical and or cognitive barriers that are impacting ability to return to work.

ACTIVITY IN PERIOD

In 2024, 82% of claims were approved and 18% declined, this is fairly consistant with 2023 activity. Overall more claims resolved than were approved, which is positive.

ACTIVITY	2022	2023	2024
Approved *	183	204	197
Declined	66	52	44
Resolved	169	214	206
Resolved RTW	73	102	89

Source: Manulife

*Approved in year noted regardless of when received

CLAIMS

DIAGNOSES FOR CLAIMS APPROVED IN 2024

DIAGNOSIS	2024
Mental Health	80
Cancer	28
Brain & Nervous System	20
Musculoskeletal	19
All Other	50
TOTAL	197

Source: Manulife

Year over year, mental health is by far the leading diagnosis for approved claims.

CLAIM RESOLUTIONS

YEAR	2022	2023	2024
Return to Work	73	102	89
Medical Evidence	8	27	27
Change of Definition *	15	9	17
Max Period or Age	46	46	48
Retirement	5	2	0
Deceased	17	18	14
Other	5	10	11
TOTAL RESOLUTIONS	169	214	206

* Change of Definition- disabled from own occupation; however not any occupation.
Source: Manulife

In 2024, there were 5% fewer return to work resolutions than in 2023.

INVESTMENT MANAGER PORTFOLIO SUMMARY

Investment Manager Beutel Goodman & Company Ltd. is the sub-advisor for the Trust Fund's Liability Hedging Portfolio and Balanced Portfolio.

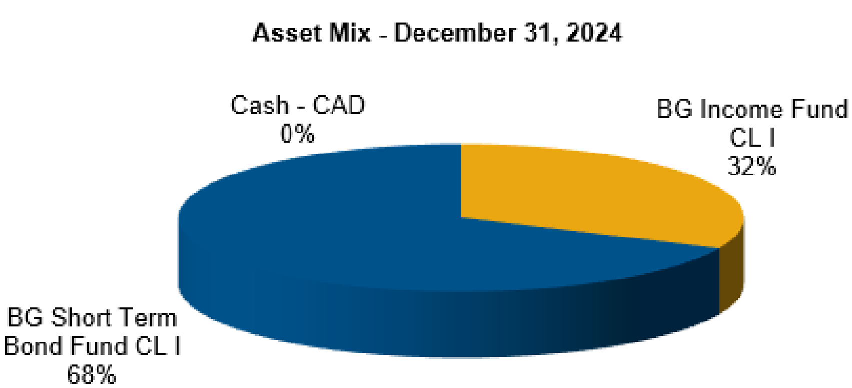
For the 12-month period ended December 31, 2024, the Liability Hedging Portfolio recorded a positive return on a gross of fee basis. The Balanced Portfolio recorded a positive return but underperformed its blended benchmark on a gross of fee basis over the same period.

LIABILITY HEDGING PORTFOLIO

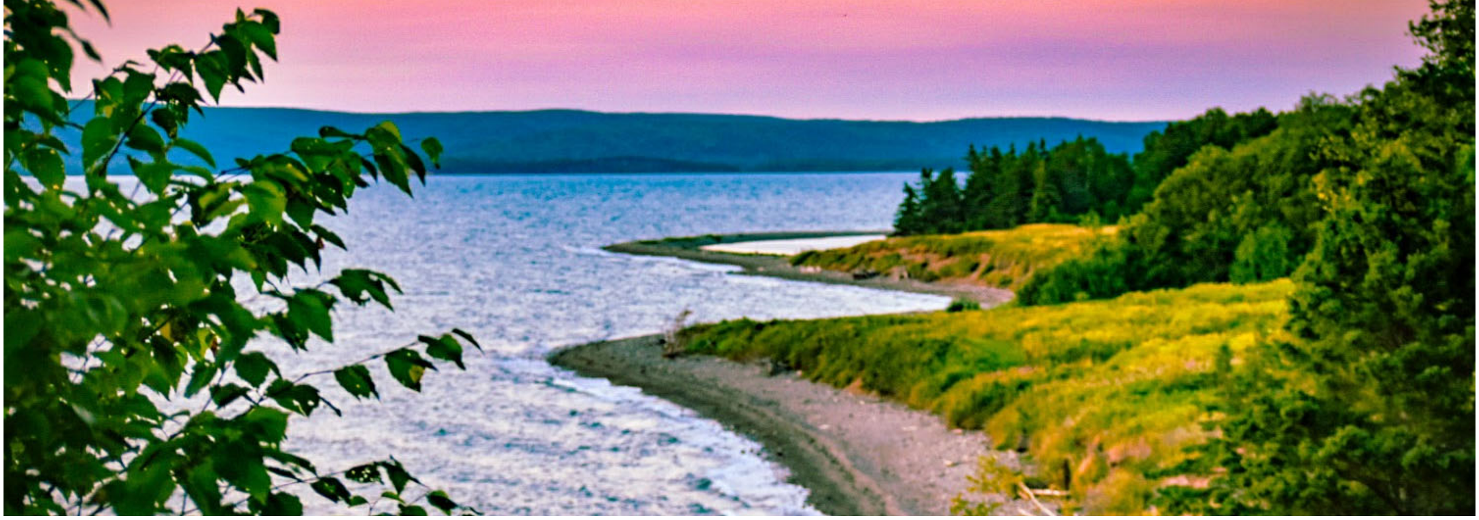
Results of Operations

Over the 12-month period ended December 31, 2024, the Liability Hedging Portfolio (the "Fund") recorded a positive return on a gross of fee basis. The Fund is invested in the Beutel Goodman Income Fund and the Beutel Goodman Short Term Bond Fund and in keeping with the Fund's primary objective, the combined holdings closely matched the liabilities of the Plan.

VALUE $124,930,747



Source: Beutel Goodman



INVESTMENT MANAGER PORTFOLIO SUMMARY

Inflation has been the dominant investment theme for the past two years and came down to the Bank of Canada's (BoC) target range towards the end of 2024. The unemployment rate in Canada has been rising steadily throughout the year, which provided the BoC leeway to cut its policy rate aggressively in 2024 with a view to stimulating the economy. At the end of 2024, bond markets were pricing in a terminal rate (i.e., the level at which central banks end their cutting cycle) of around 2.75% in Canada. This is significantly lower than terminal rate expectations were at the midpoint of 2024 and reflects how quickly market sentiment can change.

Key Drivers of Performance for the Beutel Goodman Income Fund ("Income Fund")

- The Income Fund's long duration positioning relative to the benchmark contributed to performance amid falling yields.
- Sector allocation contributed to performance as the Income Fund was overweight corporate bonds amid a tightening of credit spreads.
- Security selection in government bonds detracted from performance as the Income Fund was overweight long-term provincial bonds, which underperformed short- and mid-term provincial bonds.
- Corporate security selection contributed to performance as the selection in energy bonds and financials securities outperformed.

Key Drivers of Performance for the Beutel Goodman Short Term Bond Fund ("ST Fund")

- The ST Fund's duration positioning relative to the benchmark contributed to performance due to the portfolio's tactical long-duration position amid falling yields.
- Curve positioning was positive due to the overweight in 3- to 4-year bonds which outperformed during the year.
- Sector allocation contributed to performance as the ST Fund was overweight corporate bonds amid a tightening of credit spreads.
- Government security selection detracted from performance due to overweights in Ontario and Quebec.
- Corporate security selection detracted from performance due to the underperformance of the portfolio's high-quality senior financial bonds.

INVESTMENT MANAGER PORTFOLIO SUMMARY

Portfolio Activity

The portfolio management team (the “team”) employs macroeconomic analysis, rigorous bottom-up credit research and proprietary risk-management tools to search for opportunities where the market has mispriced risk and reward. As a by-product of the team’s investment process, market performance and general management activity, the following changes occurred in the Fund’s portfolio during the reporting period:

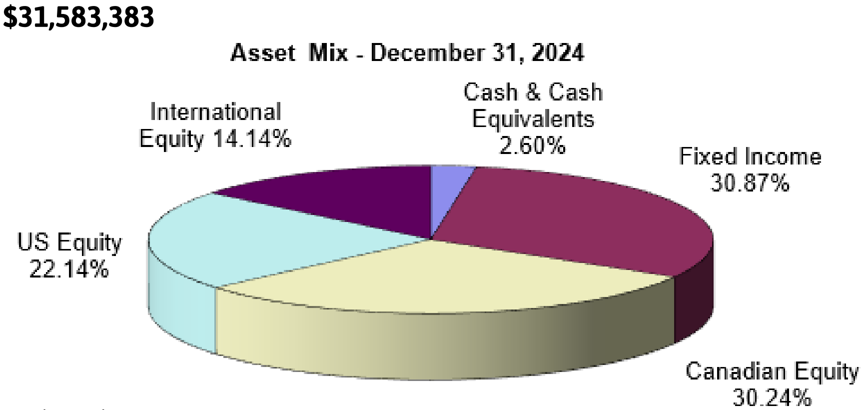
- Weighting in federal government bonds increased over the period while the Fund's weighting in provincial and municipal bonds decreased over the period
- Weighting in investment grade corporate bonds increased over the period
- The level of cash and cash equivalents decreased from the beginning of the period

BALANCED PORTFOLIO

Results of Operations

Over the 12-month period ended December 31, 2024, the Balanced Fund (the “Fund”) recorded a positive return but underperformed its blended benchmark on a gross of fee basis.

VALUE $31,583,383



Source: Beutel Goodman

INVESTMENT MANAGER PORTFOLIO SUMMARY

After the highest inflation since the 1980s in the post-pandemic period, in 2024 the pace of rising prices slowed down considerably. Facing a global economy with anemic growth, many central banks moved to accommodative monetary policy midway through the year. U.S. equities again led the way globally in terms of returns, boosted by the performance of the “Magnificent 7”. In bond markets, 2024 will be remembered as a good year, with record-breaking global bond fund inflows. After considerable global bond fund outflows in 2022, it was quite the turnaround and speaks to the attractive yields available following the hiking cycle of 2022–2023.

Over the period, the S&P/TSX Composite Index, the S&P 500 Index (C$) and the MSCI EAFE Index (C$) rose 21.65%, 36.36% and 13.24%, respectively. The FTSE Canada Universe Bond Index increased by 4.23% on a total-return basis.

The equity portfolio of the Fund is divided into three portions: Canadian equities, U.S. equities and international equities. The Canadian equity and U.S. equity components underperformed their benchmarks while the international equity component outperformed its benchmark. The fixed income portion of the Fund outperformed its benchmark.

From an asset allocation perspective, relative underperformance was driven primarily by stock selection in U.S. equity and Canadian equity. An overweight in U.S. equity was the primary contributor to relative performance. The selection and weighting effects in fixed income also contributed to relative performance.

Equity Portfolio

Key Contributors to Performance

- Within the Canadian equity portion of the Fund, the top-performing sectors during the period relative to its benchmark were Industrials and Consumer Staples.
- Within the U.S. equity portion of the Fund, the top-performing sectors during the period relative to its benchmark were Industrials and Financials.
- Within the international equity portion of the Fund, the top-performing sectors during the period relative to its benchmark were Industrials and Consumer Staples.
- Over the period, the top individual contributors to Fund performance included Royal Bank of Canada, American Express Co. and Kellanova.

INVESTMENT MANAGER PORTFOLIO SUMMARY

Key Detractors from Performance

- Within the Canadian equity portion of the Fund, the Consumer Discretionary and Information Technology sectors were the largest detractors from relative performance.
- Within the U.S. equity portion of the Fund, the Communication Services and Health Care sectors were the largest detractors from relative performance.
- Within the international equity portion of the Fund, the Energy and Health Care sectors were the largest detractors from relative performance.
- Over the period, the largest individual detractors from Fund performance included Biogen Inc., Rogers Communications Inc. and Magna International Inc.

Fixed-Income Portfolio

- The Fund's long duration positioning relative to the benchmark contributed to performance amid falling yields.
- Sector allocation contributed to performance as the Fund was overweight corporate bonds amid a tightening of credit spreads.
- Security selection in government bonds detracted from performance as the Fund was overweight long-term provincial bonds, which underperformed short- and mid-term provincial bonds.
- Corporate security selection contributed to performance, as the selection in energy bonds and financials securities outperformed.

RECENT DEVELOPMENTS

Global stocks saw another blockbuster year in 2024. Given current valuation levels and expectations for further revenue acceleration, margin expansion and earnings growth, Beutel anticipates equity market volatility to continue, with the potential for sharp drawdowns should any earnings or guidance announcements fall short of high expectations. Beutel believes this risk is particularly acute with respect to Growth stocks, and across the Information Technology, Communication Services and Consumer Discretionary sectors. Beutel continues to apply their disciplined equity value investment strategy to the Fund's equity portfolio regardless of what's happening in markets.

CONTACT US

(902)461-0421 or toll-free 1(877)461-0421
nspsltdinfo@nsps-ltd.com
www.nsps-ltd.com

Nova Scotia Public Service
Long Term Disability Plan Trust Fund

Doane Grant Thornton

Financial Statements

Nova Scotia Public Service

Long Term Disability Plan Trust Fund

December 31, 2024

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Doane Grant Thornton

Independent auditor's report

Doane Grant Thornton LLP
Nova Centre, North Tower
Suite 1000,1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.doanegrantthornton.ca

To the Trustees of
Nova Scotia Public Service Long Term Disability Plan Trust Fund

Opinion

We have audited the financial statements of Nova Scotia Public Service Long Term Disability Plan Trust Fund, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits and changes in accrual for benefit for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nova Scotia Public Service Long Term Disability Plan Trust Fund as at December 31, 2024, and the changes in its net assets available for benefits and the changes in accrued liability for benefit for the year then ended in accordance with Canadian accounting standards for pension plans.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Nova Scotia Public Service Long Term Disability Plan Trust Fund 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Nova Scotia Public Service Long Term Disability Plan Trust Fund'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 the Trustees either intend to liquidate Nova Scotia Public Service Long Term Disability Plan Trust Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Nova Scotia Public Service Long Term Disability Plan Trust Fund's financial reporting process.

Auditor's 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 auditor's 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 these 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.
- 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 Nova Scotia Public Service Long Term Disability Plan Trust Fund'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 Nova Scotia Public Service Long Term Disability Plan Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Nova Scotia Public Service Long Term Disability Plan Trust Fund 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.

We 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.

Doane Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
May 6, 2025

Nova Scotia Public Service
Long Term Disability Plan Trust Fund
Statement of financial position

December 31	2024	2023
Assets		
Investment assets (Note 4)	**$ 156,514,130**	$ 151,674,102
Cash held for operations	**1,969,513**	1,225,583
Contributions receivable		
Premiums		
Employer	**403,492**	339,239
Employee	**403,492**	339,239
EI rebates	**124,347**	120,562
Other assets		
Deposit held with Manulife	**2,800,000**	2,800,000
Other receivables	**264,916**	412,041
Capital assets (Note 5)	**4,770**	7,232
Total assets	**162,484,660**	156,917,998
Liabilities		
Payables	**3,378,660**	2,299,397
Net assets available for benefits	**159,106,000**	154,618,601
Accrual for benefits (Page 6)	**137,908,000**	121,125,000
Surplus	**$ 21,198,000**	$ 33,493,601

Contingencies (Note 10)

Signed on behalf of the Board of Trustees

Chair

Chief Executive Officer

See accompanying notes to the financial statements.

Nova Scotia Public Service
Long Term Disability Plan Trust Fund
Statement of changes in net assets available for benefits

Year ended December 31	**2024**	2023
Revenue		
Contributions		
Premiums		
Employer	**$ 9,674,965**	$ 8,619,604
Employee	**9,674,965**	8,619,604
EI premium rebates	**2,636,164**	2,299,285
	21,986,094	19,538,493
Investment income (Note 8)	**5,560,876**	5,426,244
Changes in the fair value of investment assets	**4,434,079**	5,438,066
	9,994,955	10,864,310
	31,981,049	30,402,803
Expenses		
Benefits paid (Note 11)	**24,741,689**	24,118,472
Program administration (Note 12)	**1,514,014**	1,534,556
Administrative expenses (Note 13)	**826,812**	788,765
Investment expenses (Note 14)	**411,135**	410,941
	27,493,650	26,852,734
Change in net assets available for benefits	**4,487,399**	3,550,069
Net assets available for benefits, beginning of year	**154,618,601**	151,068,532
Net assets available for benefits, end of year	**$ 159,106,000**	$ 154,618,601

See accompanying notes to the financial statements.

Nova Scotia Public Service
Long Term Disability Plan Trust Fund
Statement of changes in accrual for benefit

Year ended December 31	**2024**	2023
Accrual for benefit, beginning of year	**$ 121,125,000**	$ 114,374,000
Change in accrual for benefit		
Changes in actuarial assumptions	**3,133,000**	-
Interest accrued on benefits	**4,997,000**	4,824,000
Experience losses	**13,447,000**	-
Benefits accrued	**21,861,000**	25,529,000
Benefits paid	**(26,795,000)**	(25,254,000)
Expense release	**(2,144,000)**	(2,020,000)
Plan changes	**2,284,000**	3,672,000
	16,783,000	6,751,000
Accrual for benefit, end of year (Note 6)	**$ 137,908,000**	$ 121,125,000

See accompanying notes to the financial statements.

1. Description of plan

The following description of Nova Scotia Public Service Long Term Disability Plan (the “Plan”) is a summary only. For more complete information, reference should be made to the Plan text.

General
The Plan was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the Trustees.

The Plan was established by Order in Council dated September 26, 1985, as a Health and Welfare Trust Fund. In accordance with the Federal Department of Finance ‘Backgrounder: Summary of Draft Legislature Proposals’, as issued May 2, 2019, the Plan has elected to continue as an Employee Life and Health Trust.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans apply to all pension plans as well as benefit plans with characteristics similar to pension plans (such as long term disability plans) and require entities to select accounting policies for accounts that do not relate to its investment portfolio or accrued benefit obligations in accordance with either Part I (International Financial Reporting Standards (“IFRS”)) or Part II (Canadian accounting standards for private enterprises (“ASPE”)) of the CPA Handbook. The Plan selected to apply Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

(a) Financial instruments

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Cash held for operations
Cash held for operations is defined as cash on held with banks and is measured at amortized cost.

Investment assets
All investment assets are measured at fair value at the date of the statement of financial position in accordance with IFRS 13 Fair Value Measurement in Part I of the CPA Handbook. Fair values of the investment assets are determined as follows:

1. Short term notes and deposits are valued at closing bid prices.
2. Bonds and other fixed income securities are valued at closing bid prices. Where the bid price is not available, fair value is calculated using discounted cash flows based on current market yields of instruments with similar characteristics.
3. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.
4. Equities are valued at quoted closing bid prices.

Transaction costs are not included in the fair value of investment assets either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income, which excludes changes in the fair value of investments, and changes in the fair value of investments, are separately presented in the statement of changes in net assets available for benefits.

Contributions and other receivables
Contributions and other receivables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Deposit held with Manulife
The deposit held with Manulife consists of cash, as required under terms of agreement with Manulife Financial to provide a float for monthly benefit payments and is recorded at amortized cost.

Financial liabilities
Financial liabilities are measured subsequently at amortized cost using the effective interest method.

(b) Investment income
Income from investments is recognized on an accrual basis and includes both dividend income and interest income.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(c) Changes in the fair value of investment assets

This includes both realized gains or losses on sale of investments and unrealized gains or losses on investments.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains or losses in respect of disposals during the year.

(d) Contributions

Revenue from premiums and EI premium rebates are recognized as they become receivable. Premiums and EI premium rebates both relate to required contribution payments which are evenly split by both employer and employee.

(e) Benefits paid

Benefit payments to Plan members are recorded in the period in which they are paid.

(f) Capital assets

Computer and office equipment and software are recorded at cost and amortized at the annual rate of 30% using the declining balance method.

(g) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(g) Estimation uncertainty (continued)

Fair value of financial instruments (continued)
Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accrual for benefits
Management estimates the accrued benefit obligation annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of its accrual obligation of $137,908,000 (2023 - $121,125,000) is based on industry standard disability recovery tables.

3. Related party transactions

During the year, the Trustees attended meetings and educational conferences as part of their on-going governance responsibilities for the Plan. The expenses associated with these activities have been paid for by the Plan and are disclosed separately in Note 13. At year end, there were no significant amounts payable to the Trustees.

4. Investment assets

	2024	2023
Pooled funds		
Beutel Goodman Money Market Fund	**$ -**	$ 12,647,264
Beutel Goodman Income Fund	**39,685,417**	106,286,038
Beutel Goodman Balanced Fund	**31,583,383**	32,740,800
Beutel Goodman Short Term Bond Fund	**85,245,330**	-
	$ 156,514,130	$ 151,674,102

5. Capital assets

	Cost	Accumulated Depreciation	**2024 Net Book Value**	2023 Net Book Value
Computer and office equipment	$ 157,648	$ 152,878	**$ 4,770**	$ 7,232
Software	9,109	9,109	**-**	-
	$ 166,757	$ 161,987	**$ 4,770**	$ 7,232

6. Accrual for benefits

The present value of accrual for benefits was determined using the accrued benefits actuarial cost method. Under this method, the actuarial liability is determined as the present value of benefits accrued up to the valuation date.

The most recent issued actuarial valuation was made as of December 31, 2024, by HUB International, a firm of consulting actuaries. The Plan has adopted a biennial schedule for valuation; accordingly the next formal actuarial valuation of the Plan is scheduled for December 31, 2026. As of December 31, 2024 a valuation was performed by HUB International. Extracts from the 2024 actuarial valuation follow.

Actuarial Surplus

The actuarial surplus is the excess of the market value of assets over the actuarial liabilities as at December 31 of the respective year.

	2024	2023
Market value of assets	**$ 159,106,000**	$ 154,618,601
Actuarial liabilities	**137,908,000**	121,125,000
Actuarial surplus	**$ 21,198,000**	$ 33,493,601

The assumptions used in determining the actuarial value of accrued benefits were developed by reference to expected medium term market conditions. Significant actuarial assumptions used in the 2024 valuation are:

Claim Termination	The Canadian Institute of Actuaries 2015-2019 Group Long Term Disability Study tables, modified for historical Plan experience
Discount rate	4.25%
Inflation	2.25%
Retirement age	Pre May 2002: Age 65 May 2002 to December 2008: Age 60 Post December 2008: Age 65 (those over 65 at time of disability get 2 years of benefits)
Future admin expense	8.5% of expected benefit payments
Acceptance rate pending CPPD	As follows: 0 – 12 months 0% 13 – 24 months 20% 25 – 36 months 50% 37 – 48 months 75% 49 months+ 90%

7. Financial risk factors

Financial instruments risk exposure and measurement
The Plan is exposed to various risks in relation to its investment portfolio, consisting of investment assets and investment liabilities. The main types of risks are market risk, credit risk and liquidity risk.

The Plan's risk management is coordinated by management with the investment manager, at the direction of the Board of Trustees, and focuses on actively securing the Plan's short to medium term cash flows by ensuring appropriate liquidity. Long term financial investments are managed to generate lasting returns.

The Plan does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Plan is exposed are described below.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Plan segregates market risk into three categories: interest rate risk, currency risk and other price risk.

i. Interest rate risk

Interest rate risk refers to the effect on the market value of the Plan's assets and liabilities due to fluctuations in interest rates. The value of the Plan's assets is affected by short term changes in nominal and real interest rates. As of December 31, 2024, the Plan had the following exposure to interest rate risk:

	Fair value	**Impact of a 1% absolute change in interest rates On net assets**
2024		
Pooled funds		
Beutel Goodman Income Fund	**$ 39,685,417**	**$ 396,854**
Beutel Goodman Short Term Bond Fund	**85,245,330**	**852,453**
	$ 124,930,747	**$ 1,249,307**
2023		
Pooled funds		
Beutel Goodman Money Market Fund	$ 12,647,264	$ 126,473
Beutel Goodman Income Fund	106,286,038	1,062,860
	$ 118,933,302	$ 1,189,333

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

7. Financial risk factors (continued)

(a) Market risk (continued)

ii. Currency risk

Foreign currency exposure arises from the holding of investments denominated in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. Consistent with the prior year the entity does not hold any foreign denominated securities.

iii. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. Securities held for trading are valued at market and, as such, changes in market value affect net assets available for benefit as they occur. The Plan periodically assesses the quality of its investments and is satisfied with the current investments in place.

The carrying amounts for receivables and accounts payable on the balance sheet approximate fair value due to their short term maturity. The Plan is primarily exposed to other price risk as a result of investments held. The fair value of these investments is based on quoted market prices of the underlying investments within each of the investment accounts.

The following table demonstrates the sensitivity to a 5% absolute change in the fair value of the Plan's investments which are exposed to price risk:

	Fair value	Impact of a 5% absolute change in fair value on net assets
2024		
Pooled funds		
Beutel Goodman Income Fund	**$ 39,685,417**	**$ 1,984,271**
Beutel Goodman Balanced Fund	**31,583,383**	**1,579,169**
Beutel Goodman Short Term Bond Fund	**85,245,330**	**4,262,266**
	$ 156,514,130	**$ 7,825,706**
2023		
Pooled funds		
Beutel Goodman Money Market Fund	$ 12,647,264	$ 632,363
Beutel Goodman Income Fund	106,286,038	5,314,302
Beutel Goodman Balanced Fund	32,740,800	1,637,040
	$ 151,674,102	$ 7,583,705

7. Financial risk factors (continued)

(a) Market risk (continued)

iii. Other price risk (continued)

Since all other variables are held constant in assessing price risk sensitivity, it is possible to extrapolate a 5% absolute change in the fair value to any absolute percentage change in fair value.

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(b) Credit risk

The Plan is exposed to the risk that a counterparty defaults or becomes insolvent. Financial instruments that potentially subject the Plan to concentrations of credit risk are as follows:

	2024	2023
Cash held for operations	**$ 1,969,513**	$ 1,225,583
Contributions receivables	**931,331**	799,040
Deposit held with Manulife	**2,800,000**	2,800,000
Other receivables	**264,916**	412,041
	$ 5,965,760	$ 5,236,664

The Plan manages its credit risks on contributions receivable by reviewing each outstanding account and determining the collectability based on its knowledge of the participating employers' situations. All contributions receivable are considered to be current.

Management believes that the Plan is not exposed to significant credit risks on its other receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. Management believes that cash flows generated from its investment assets and monthly contributions will be sufficient to cover its normal operating expenditures. The Plan monitors cash flows to ensure there is sufficient cash on hand to meet its obligations.

Fair value disclosure

The financial instruments recognized at fair value on the statement of financial position must be classified as one of three fair value hierarchy levels. These levels reflect the significance of the input used in making the fair value measurements. The three levels of the fair value hierarchy are as follows

7. Financial risk factors (continued)

Fair value disclosure (continued)

Level 1

Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3

Inputs that are unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The following fair value hierarchy table presents information about the Plan's assets measured at fair value on a recurring basis:

Financial assets at fair value as at December 31, 2024

	Level 1	**Level 2**	**Level 3**	**Total**
Pooled funds				
Beutel Goodman				
Income Fund	**$ -**	**$ 39,685,417**	**$ -**	**$ 39,685,417**
Balanced Fund	-	**31,583,383**	**-**	**31,583,383**
Short Term Bond Fund	**-**	**85,245,330**	**-**	**85,245,330**
	$ -	**$ 156,514,130**	**$ -**	**$ 156,514,130**

Financial assets at fair value as at December 31, 2023

	Level 1	Level 2	Level 3	Total
Pooled funds				
Beutel Goodman				
Money Market Fund	$ -	$ 12,647,264	$ -	$ 12,647,264
Income Fund	-	106,286,038	-	106,286,038
Balanced Fund	-	32,740,800	-	32,740,800
	$ -	$ 151,674,102	$ -	$ 151,674,102

At year end, the Plan's financial assets and liabilities did not include any amounts classified in Level 3 using valuation techniques based on significant inputs that are not based on observable market data. There were no transfers between the level classifications in the current or prior year.

8. Investment income

	2024	2023
Cash held for operations		
Interest income	$ **88,332**	$ 82,909
Pooled funds		
Interest income	**4,487,150**	1,179,686
Dividend income	**985,394**	4,163,649
	$ **5,560,876**	$ 5,426,244

9. Capital risk management

The Plan employs a capital management plan, a Statement of Investment Policies and Procedures ("SIPP") that is reviewed annually by the Board of Trustees. The SIPP dictates the Plan's approach to growth, credit quality and profitability objectives.

The overall objectives in investing the assets of the Plan are to ensure sufficient liquidity to support its financial obligations, to continue to provide benefits in the best interest of its members, to remain financially self-sufficient and to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk. The Plan monitors its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets.

There has been no change in the overall strategy employed during the year ended December 31, 2024.

10. Contingencies

As at December 31, 2024, the Plan was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of management, any liability which may arise from such contingencies would not have a significant adverse effect on the financial statements.

11. Benefits paid

	2024	2023
CPP recoveries	$ **(1,169,317)**	$ (863,907)
Disability benefits paid	**26,795,108**	25,254,054
Subrogation recoveries	**(278,096)**	(23,463)
WCB recoveries	**(606,006)**	(248,212)
	$ **24,741,689**	$ 24,118,472

12. Program administration

		2024		2023
Plan administration services	$	**1,212,720**	$	1,196,163
Rehabilitation program		**251,644**		324,511
Medical appeal hearings		**49,650**		13,882
	$	**1,514,014**	$	1,534,556

13. Administrative expenses

		2024		2023
Actuarial valuation	$	**25,696**	$	8,050
Amortization		**2,045**		2,414
Audit and accounting		**36,770**		37,330
Legal		**122,284**		76,031
Projects		**-**		50,485
Public relations and professional development		**3,145**		150
Rent		**62,052**		62,976
Salaries		**463,552**		455,846
Office		**32,402**		28,814
Trustees' expenses		**78,866**		66,669
	$	**826,812**	$	788,765

14. Investment expenses

		2024		2023
Investment manager	$	**343,514**	$	344,687
Investment custodian		**61,871**		60,504
Performance measurement		**5,750**		5,750
	$	**411,135**	$	410,941