Nova Scotia Public Service Long Term Disability Plan Trust Fund

Actuarial Valuation as at
December 31, 2024

Table of Contents

Executive Summary

This report has been prepared for the Board of Trustees (the “Board” or the “Trustees”) of the Nova Scotia Public Service Long Term Disability Plan Trust Fund (the “Trust” or the “Plan”). The Board has retained HUB International to perform an actuarial valuation of the Plan as at December 31, 2024. The last valuation of the Plan was performed as at December 31, 2022.

Since the previous valuation, the following changes to the Plan have taken place:

- Effective January 1, 2024, there was a one-time cost-of-living adjustment of 4.5% for all claims that were beyond their change in definition as of the effective date. The cost-of-living adjustment is applied to the gross LTD benefit prior to CPP and other offsets.
- Effective January 1, 2025, there was an additional one-time cost-of-living adjustment of 2.6% for all claims that were beyond their change in definition as of the effective date. The cost-of-living adjustment is applied to the gross LTD benefit prior to CPP and other offsets.
- Effective January 1, 2025, the Plan was changed to remove the limitation on disability coverage when a member reaches 35 years of pensionable service. Furthermore, benefits will continue for those on disability beyond the age at which they would have reached 35 years of pensionable service.

We are not aware of any other changes that may have an impact on the results of this valuation.

Valuation Results

Based on our valuation, the Plan has liabilities of $137,908,000 as at December 31, 2024. The liabilities of the Plan have increased from the last valuation at December 31, 2022 when the liabilities totaled $114,374,000. The table below shows the Funded Position of the Plan, with comparative figures from the last valuation.

Table – Valuation Results

	December 31, 2024	December 31, 2022
Net Assets Available	$ 159,106,000	$ 151,069,000
Benefit Liabilities	137,908,000	114,374,000
Funding Surplus / (Deficit)	**$ 21,198,000**	**$ 36,695,000**
Funded Ratio	**115.4%**	**132.1%**

A full discussion of the actuarial results can be found in Section 2.

The Plan’s benefit liabilities have been calculated using a discount rate of 4.25%. The liabilities include both active claims as of the valuation date as well as a reserve for claims that were incurred but not yet reported (IBNR) as of the valuation date. Our total liability also includes a provision for administrative expenses.

The Plan's funding surplus of $21,198,000 represents a $15,496,000 decrease from the previous valuation. The main reasons for the change in the funding position are:

- Investment returns in 2023 and 2024 greater than expected resulted in an increase in funding position of $7.5 million;
- Ad hoc cost-of-living adjustments effective January 1, 2024 and January 1, 2025, resulting in a decrease in the funding position by $6.0 million;
- Increase in claims experience greater than expected, resulting in a decrease in funding margin of $13.4 million; and
- A change in actuarial assumptions, resulting in a net decrease to the funded position of $3.1 million.
    - Change in termination assumption to reflect recent plan experience resulting in an increase to the funded position of $0.1 million;
    - Change in the future CPP approval assumption to reflect recent plan experience resulting in a decrease to the funded position of $2.6 million; and
    - Change in the non-investment expense assumption resulting in a decrease to the funded position of $0.6 million.

While it is not reflected in our calculation of the actuarial liabilities, we have also provided an analysis of the cost of ad hoc indexing for January 1, 2026 and January 1, 2027. When granted, ad hoc indexing is calculated based on the year-over-year change in Consumer Price Index (CPI) for Canada from November to October. Based on our inflation assumption of 2.25%, the present value of the cost of this ad hoc indexing is $4.8 million.

We have also estimated the cost of new claims expected to be incurred in 2025. Based on the Plan's experience over the most recent 5 calendar years (2020 to 2024) and the expected 2025 payroll of members covered by the Plan, we have estimated this cost to be $27,325,000 or 2.22% of covered payroll.

Actuarial Assumptions

Since the previous valuation, the following assumptions have been changed:

- Updates to the disability termination rates;
- Updates to the CPP approval rates; and
- Increase in non-investment expense allowance.

A full discussion of the actuarial assumptions employed in this valuation is provided in Appendix A.

Census Data

We were provided with disability data of the Plan on January 15, 2025 from Manulife. We find the data to be sufficient and reliable for the purposes of this valuation. As of December 31, 2024, there are 675 active claimants in the Plan.

Next Actuarial Valuation

The next valuation of the Plan should be completed with an effective date no later than December 31, 2027.

Respectfully submitted,

HUB International

Rakesh Aggarwal
Fellow, Canadian Institute of Actuaries

May 15, 2025

HUB International Ltd.
130 King Street West, Suite 1100
Toronto, ON M5X 1E4

Section 1 – Introduction

HUB International has been engaged by the Board of Trustees of the Nova Scotia Public Service Long Term Disability Plan Trust Fund to complete a detailed valuation of the Plan as at December 31, 2024. The previous valuation of the Plan was performed as of December 31, 2022.

The purposes of the valuation of the Plan as at December 31, 2024 are to:

- To determine the funded status of the Plan's claims and administrative expenses as at December 31, 2024, on a going-concern basis;
- To report the cause(s) of change from the previous to the current valuation; and
- To estimate the cost of new claims going forward.

The intended users of this report are the Trustees and their Auditors. This report should only be used by the intended users and the results provided in this report may not be appropriate for any other purpose not listed above.

We understand that certain results from the actuarial valuation will also be used for financial reporting purposes by the Plan in accordance with its accounting standards.

Regular administration data formed the basis for the data used in the valuation. Claims information and data as at December 31, 2024 was provided by Manulife. Audited asset information was utilized, as provided by Grant Thornton. The provisions of the Plan are as of January 1, 2025, as provided by the Nova Scotia Public Service Long Term Disability Plan Trust Fund.

Other than potential future ad hoc indexing, which has not yet been approved by the Trustees, we are not aware of any subsequent events that may affect the results of this valuation.

As of the date of this report, we have not been made aware of any subsequent events which would have had an effect on the results of this valuation.

The claims data, asset information, as well as the plan provisions used in this valuation can be found in Appendices B, C and D, respectively.

All values are reported in Canadian dollars.

Section 2 – Actuarial Results

Valuation Results

The funded status of the Plan as at December 31, 2024 is summarized below. Comparable information from the previous valuation, performed as of December 31, 2022, are provided for reference. A summary and discussion of the assumptions and data employed in the valuation are provided in Appendices A and B, respectively.

Table 2.1 – Actuarial Valuation Results

	December 31, 2024	December 31, 2022
Net Assets Available for Benefits	**$ 159,106,000**	**$ 151,069,000**
Plan Liabilities		
Future LTD Payments	$ 115,077,000	$ 94,489,000
Incurred But Not Reported Reserve (IBNR)	12,027,000	11,414,000
Provision for Expenses	10,804,000	8,472,000
Total Liability	**$ 137,908,000**	**$ 114,374,000**
Funding Surplus / (Deficit)	**$ 21,198,000**	**$ 36,695,000**
Funding Ratio	**115.4%**	**132.1%**

The actuarial liability has increased by $23,533,000 in the two years since the previous valuation. A discussion of some of the main sources of the change in the liability over the inter-valuation period is contained in Section 3.

Reconciliation of Liabilities

The reconciliation of the change in the Plan's funding liability from December 31, 2022 is summarized in the table below.

Table 2.2 – Reconciliation of Liabilities

	2024	2023
Liability at Beginning of Period	**$ 121,125,000**	**$ 114,374,000**
Interest on Liability	4,997,000	4,824,000
Benefits Accrued	21,861,000	25,529,000
Benefits Paid	(26,795,000)	(25,254,000)
Expense Assumption Released	(2,144,000)	(2,020,000)
Experience (Gain)/Loss	13,447,000	0
Plan Changes	2,284,000	3,672,000
Change in Actuarial Assumptions	3,133,000	0
Liability at End of Period	**$ 137,908,000**	**$ 121,125,000**

The main sources for the change in the liability are:

- A plan change increase of $3,672,000 in 2023 in respect of the ad hoc cost-of-living adjustment of 4.5% for all claims that were beyond their change in definition as of the effective date of January 1, 2024;
- A plan change increase of $2,284,000 in 2024 in respect of the ad hoc cost-of-living adjustment of 2.6% for all claims that were beyond their change in definition as of the effective date of January 1, 2025;
- Claims experience different than expected, resulting in a increase of $13,447,000; and
- Change in the actuarial assumptions resulting in a net increase of $3,133,000, which can be broken down by:
    - A change in termination assumption to reflect recent plan experience resulting in a decrease in actuarial liabilities of $110,000; and
    - A change in the future CPP approval assumption to reflect recent plan experience resulting in an increase in actuarial liabilities of $2,607,000.
    - A change in assumed non-investment expenses to 8.5% of liabilities resulting in an increase in actuarial liabilities of $636,000.

Section 3 – Cost of Ad Hoc Indexing

While it is not reflected in our calculation of the actuarial liabilities discussed throughout the rest of this report, this section outlines the potential impact of ad hoc indexing for January 1, 2026 and January 1, 2027.

When granted, indexing is calculated based on the year-over-year change in the average Consumer Price Index (CPI) for Canada from November to October. Based on our inflation assumption of 2.25%, the present value, at December 31, 2024, of the cost of this assumed ad hoc indexing at January 1, 2026 and January 1, 2027, is $4.8 million. The table below illustrates the changes in the Plan's liability due to this hypothetical scenario.

Table 3.1 – Cost of Ad Hoc Indexing

	December 31, 2024	
	Base Valuation Results	Ad Hoc Indexing for 2026 & 2027
Net Assets Available for Benefits	**$ 159,106,000**	**$ 159,106,000**
Plan Liabilities		
Future LTD Payments	$ 115,077,000	$ 119,519,000
Incurred But Not Reported Reserve (IBNR)	12,027,000	12,027,000
Provision for Expenses	10,804,000	11,181,000
Total Liability	**$ 137,908,000**	**$ 142,727,000**
Funding Surplus / (Deficit)	**$ 21,198,000**	**$ 16,379,000**
Funding Ratio	**115.4%**	**111.5%**
Change in Plan Liability		**$ 4,819,000**
Change in Funding Ratio		**(3.9%)**

Section 4 – Estimated Cost of New Claims

We estimate the cost of new claims using five years of actual experience (2020 through 2024). For this calculation, we obtained the actual payments made by claimant and by plan year from January 1, 2020 to December 31, 2024 and combined it with the actuarial liabilities as at December 31, 2024. For disabilities occurring in fiscal year 2024, the liability figure included an IBNR.

In order to estimate the cost of new claims for each fiscal year of disability, we discounted all payments and actuarial liabilities to the mid-point of year of disability, assuming that claims incurred on average halfway through the year. The total cost for each year of claims is then compared to the payroll for that disability year to calculate cost of claims rate (i.e. breakeven rate). The projected rate of new claims is then calculated as the average of total costs as a percentage of total estimated payroll for the full 5 years. The results of this calculation are set out in the table below.

Disability Year	Total Cost	Payroll	Breakeven Rate
2020	$ 23,905,000	$ 948,745,000	2.52%
2021	25,405,000	1,002,550,000	2.53%
2022	21,548,000	1,074,479,000	2.01%
2023	20,335,000	1,093,359,000	1.86%
2024	25,892,000	1,162,938,000	2.23%
Total	**$ 117,085,000**	**$ 5,282,071,000**	**2.22%**
2025	**$ 27,235,000**	**$ 1,232,714,000**	**2.22%**

Assuming that payroll for 2025 is 6% higher than in 2024, the estimated cost of new claims in 2025 is $27,325,000. This has been estimated by applying the average breakeven rate over the five-year period (2.22%) against the estimated 2025 payroll of $1,232,714,000.

Statement of Actuarial Opinion

We performed a valuation of the Nova Scotia Public Service Long-term Disability Plan Trust Fund as at December 31, 2024, based on the plan provisions and data as at that date including the ad hoc increase to benefits effective January 1, 2025. The Trustees of the Plan have confirmed that, between December 31, 2024 and the date of the report, no subsequent events, modifications nor extraordinary changes to the membership or the Plan that would materially affect the results of this actuarial valuation have occurred, except as indicated in this report.

In respect of the Nova Scotia Public Service Long-term Disability Plan Trust Fund, we state that in our opinion:

- The Plan has an actuarial liability of $137,908,000 and a Funding Surplus of $21,198,000 as at December 31, 2024 calculated based on a discount rate of 4.25%;
- The data on which the valuation is based are sufficient and reliable for the purposes of the valuation;
- The assumptions made for the purpose of the valuation are, in aggregate, adequate and appropriate for the purpose of this report at the time the report was prepared; and
- The valuation methods employed are consistent with sound actuarial principles and appropriate for the purposes of this report.

This report has been prepared, and opinions given, in accordance with accepted actuarial practice in Canada.

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses. These gains or losses will be revealed in future actuarial valuations.

The undersigned is available to respond to any comments or questions regarding this report.

Respectfully submitted,

HUB International

Rakesh Aggarwal
Fellow, Canadian Institute of Actuaries

May 15, 2025

HUB International Ltd.
130 King Street West, Suite 1100
Toronto, ON M5X 1E4

Appendix A – Actuarial Assumptions

The Plan's liabilities are valued on a going concern basis. For this valuation, it is necessary to make certain assumptions that affect these liabilities in the future. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations. These factors and assumptions form the actuarial basis and are described in this section.

Summary of Actuarial Assumptions & Methods

The following is a summary of the assumptions utilized in this valuation along with comparable information from the previous valuation.

Table A.1 – Summary of Actuarial Assumptions

	December 31, 2024	December 31, 2022
Economic Assumptions		
Inflation	2.25% per annum	2.50% per annum
Discount Rate	4.25% per annum	4.25% per annum
Expenses		
Non-Investment Expenses	8.50% load on liabilities	8.00% load on liabilities
Investment Expenses	Included in Discount Rate	Included in Discount Rate
Disability Assumptions		
Termination Rates	Table A.7(A)	Table A.7(B)
Termination Age	Table A.8(A)	Table A.8(B)
CPP Approval	Table A.10	Table A.9
Run-Off (IBNR) Factors	46.79% of Expected Annual Costs Based on 2024 Payroll	46.79% of Expected Annual Costs Based on 2022 Payroll

Inflation

We have utilized an expected long-term inflation rate of 2.25% per annum for this valuation. For the previous valuation, an inflation rate of 2.50% per annum was utilized.

Our assumption is within the Bank of Canada's target inflation range of 1% to 3% and is also in line long term expectations of inflation inherent in the Government of Canada bond market as of December 31, 2024.

Discount Rate

The discount rate is based on the expected long-term return of plan assets. The Plan is currently invested into two portfolios:

1. A liability-hedging portfolio that is invested in money market and fixed income assets; and
2. A balanced portfolio, which has allocations to money market, fixed income and equity investments.

Per the Board's funding approach, the present value of expected future benefits is calculated using the expected rate of return on the Plan's total assets (both portfolios combined) over an investment horizon of 10 to 15 years as the discount rate.

The following tables outline the development of the discount rate utilized for this valuation.

Table A.2 – Expected Long-Term Real Return

	Liability Hedging	Balanced	Combined	Expected Real Return
Proportion of Assets	**78.41%**	**21.59%**	**100.00%**	
Allocation				
Cash & Short Term	10.00%	5.00%	8.92%	0.80%
Fixed Income	90.00%	40.00%	79.20%	1.80%
Canadian Equities	0.00%	30.00%	6.48%	4.40%
U.S. Equities	0.00%	12.50%	2.70%	3.40%
International Equities	0.00%	12.50%	2.70%	4.80%
Total	**100.00%**	**100.00%**	**100.00%**	**2.00%**
Investment Expenses	**0.20%**	**0.45%**	**0.25%**	

Table A.3 – Discount Rate Development

Expected Long-Term Real Return	2.00%
Assumed Inflation Rate	2.25%
Expected Long-Term Nominal Return	**4.25%**
Additional Return Due to Active Management & Rebalancing	0.20%
Investment Expenses	(0.25%)
Expected Long-Term Net Return (Unrounded)	**4.20%**
Expected Long-Term Net Return (Rounded)	**4.25%**

We have utilized a discount rate of 4.25% per annum, net of expected investment expenses, for the current valuation.

Expenses

We have reviewed the non-investment related expenses paid by the program over the past 10 years and expressed these as a percentage of net benefits paid to disabled claimants.

Program Admin expenses relate to fees directly tied to the administration of the disability claims, such as adjudication and claims payment fees, rehabilitation fees and medical appeal hearing costs.

Administrative expenses relate to the administration of the trust and include audit, legal and actuarial fees, trustee expenses, staff salaries and other overhead expenses.

Table A.4 – Expenses By Year

Year	Program Admin Expenses	Administrative Expenses	Net Benefit Payments	Expenses as % of Net Benefit Payments
2014	1,226,992	803,870	13,364,965	15.20%
2015	1,152,050	725,606	13,336,557	14.08%
2016	1,425,760	764,629	14,415,063	15.20%
2017	1,277,589	692,124	14,916,894	13.20%
2018	1,288,291	826,549	15,716,678	13.46%
2019	1,257,776	839,542	17,381,246	12.07%
2020	1,300,026	779,803	19,039,678	10.92%
2021	1,318,563	750,275	20,755,854	9.97%
2022	1,368,331	752,023	22,306,832	9.51%
2023	1,534,556	788,765	24,118,472	9.63%

The overall trend over the past ten years has been that expenses as a percentage of net benefits paid has been decreasing. While there was a slight increase in 2023, the expense ratio is expected to continue to decline. We are utilizing a load to liabilities of 8.5% to account for the non-investment expenses for the current valuation. This is a change from the last valuation when an expense load of 8.0% was utilized.

Ad Hoc Indexation

Other than the cost of potential ad hoc indexing which will be illustrated separately, we have assumed no cost-of-living adjustment in the calculation of reported actuarial liabilities.

Benefit Amount

The Plan has implemented a 2.6% cost of living adjustment, effective January 1, 2025, for claims that were beyond their change in definition. This 2.6% increase was not reflected in the census data received from Manulife. As such, we have increased the net benefit payable by 2.6% for all claims with a change in definition date of December 31, 2024, or earlier.

Claims Termination Rates

In determining the termination rates to be employed in this valuation, we conducted a detailed analysis of the termination experience of claims of the NSPS LTD Plan over the period January 1, 2015 through September 30, 2024.

Based on our analysis, we employed adjustments to the published disability experience of the 2009-2015 Canadian Institute of Actuaries (CIA) study of Disability Termination experience of 16 Canadian disability insurers. The 2009-2015 Canadian Institute of Actuaries Group Long-Term Disability Table (the "19GLTD Table") provides termination rates based on sex, age at disability, and time on claim. The 19GLTD Table includes termination rates for only 9 ages at disability (i.e., 22, 27, 32, 37, 42, 47, 52, 57 and 62); we have assumed that these rates would be applied for each claimant in the corresponding quinquennial age brackets; therefore, the termination rates for ages 30-34 are based on the 19GLTD Table's rates for age 32, etc. The rates in the 19GLTD Table include both rates for true termination of claims (due to return to work, claimants no longer meeting the definition of disability, etc.) and closure of claims due to mortality.

The following charts and tables illustrate the actual to expected termination (from all causes).

Chart A.1 – Male Actual vs. Expected Termination Experience by Plan Year (2015–2024)

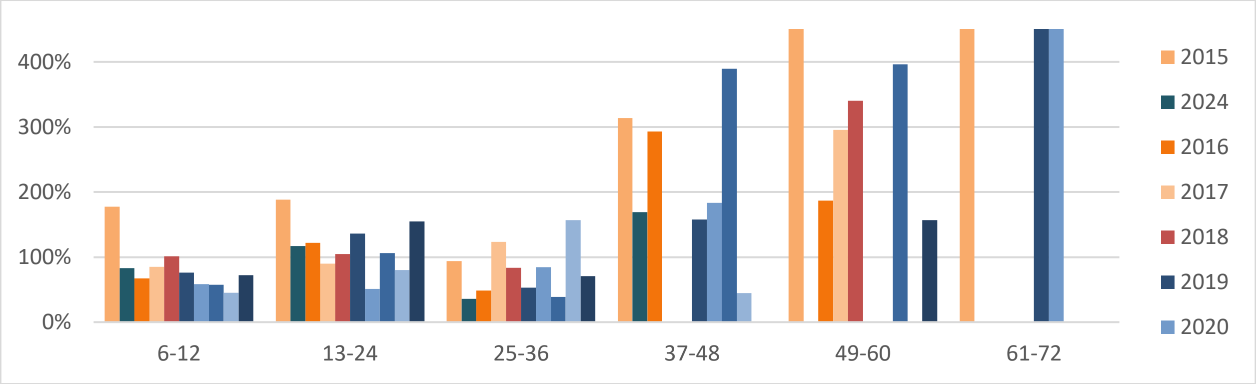
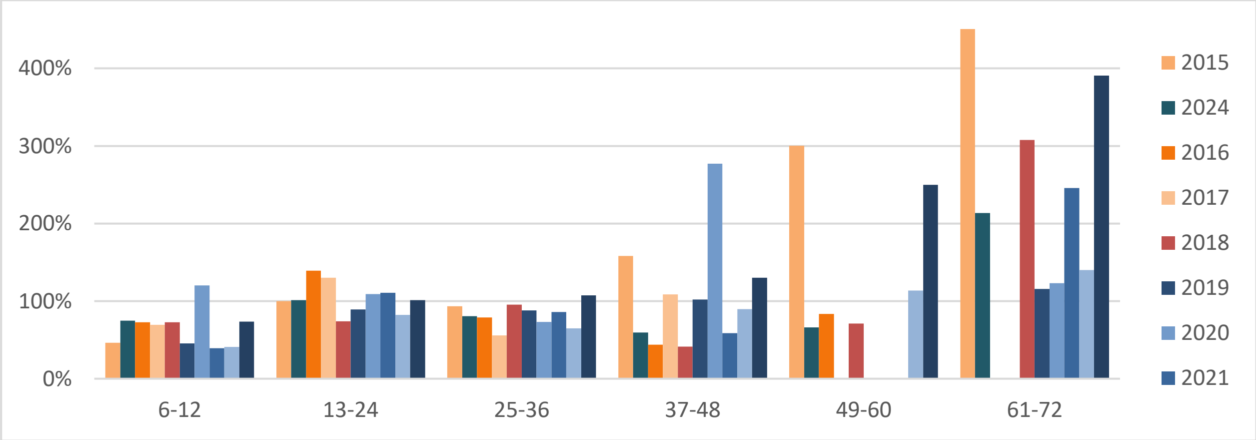


Chart A.2 – Female Actual vs. Expected Termination Experience by Plan Year (2015–2024)



To develop our termination adjustments, we looked at termination experience over both 5-year and 10-year periods. Where there is insufficient credibility in the data, a credibility factor is applied to the actual experience. Where the data is fully uncredible, no adjustments were made to the 19GLTD table.

Table A.5 – Actual vs. Expected Terminations 5-Year Analysis (2020–2024)

	Male			Female		
Disability Duration	**Actual**	**Expected**	**A / E**	**Actual**	**Expected**	**A / E**
6 – 12	52	84	62%	107	155	69%
13 – 24	73	73	100%	157	157	100%
25 – 36	35	47	74%	81	97	83%
37 – 48	12	9	142%	18	16	115%
49 – 60	4	4	100%	7	8	93%
61 – 72	2	2	82%	10	4	233%

Table A.6 – Actual vs. Expected Terminations 10-Year Analysis (2015–2024)

	Male			Female		
Disability Duration	**Actual**	**Expected**	**A / E**	**Actual**	**Expected**	**A / E**
4 – 12	108	142	76%	185	281	66%
13 – 24	124	116	107%	277	271	102%
25 – 36	54	71	77%	143	173	83%
37 – 48	19	13	149%	30	29	105%
49 – 60	9	6	154%	11	13	83%
61 – 72	5	4	143%	16	7	217%

We applied the following adjustments to the termination rates of the 19GLTD Table for a six-month elimination period as described below.

Table A.7 – Disability Termination Table Adjustment (% of 19GLTD Table Rates)

	December 31, 2024 (A)		December 31, 2022 (B)	
Disability Duration	**Male**	**Female**	**Male**	**Female**
4 – 12	60%	70%	60%	50%
13 – 24	100%	100%	75%	85%
25 – 36	75%	80%	100%	105%
37 – 48	120%	110%	130%	110%
49 – 60	100%	90%	100%	100%
61 +	100%	100%	100%	100%

Claims Termination Age

We have updated the termination age assumptions from the previous valuation. Adjustments have been made due to the recent removal of the termination of benefits when claimants reach 35 years of service. The termination age assumption is set out in the table below.

Table A.8 –Termination Age Assumptions

Cohort	2024 Assumption (A)	2022 Assumption (B)
Pre-May 2002	Age 65	Age 63 unless over 63 at valuation date, in which case age 65
May 2002 to Dec 2008	Age 60	Age 60
Post 2008	Age 65 or, if the claimant is over age 63 when benefits commence, 2 years of benefits	Age 63 or 2 years of benefits

CPP Disability Approval Rates

We have conducted a CPP approval study from January 1, 2008 to September 30, 2024.

For this valuation, we have changed the basis for the CPP approval assumption from a proportion of claims with CPP by duration to the probability a disabled individual is approved for CPP for a given duration of disability.

Table A.9 – December 31, 2022 CPP Approval Assumption

Disability Duration	Cumulative Likelihood of CPP Approval
4 – 12	0%
13 – 24	20%
25 – 36	50%
37 – 48	75%
49+	90%

The rates outlined in the two right-most columns represent the likelihood that someone on disability will become approved for CPP disability benefits in the future if they have not already qualified for those benefits.

Table A.10 – Probability of Future CPP Approval

Disability Duration	To Age 55 Actual 4 Year Average	55–60 Actual 4 Year Average	60 and Over Actual 4 Year Average	To Age 55 Assumption	55 and Over Assumption
6 – 12	27.7%	44.7%	21.3%	30%	45%
13 – 24	37.8%	43.2%	22.5%	40%	45%
25 – 36	38.4%	32.8%	5.7%	40%	45%
37 – 48	38.9%	41.7%	N/A	45%	45%
49 – 60	35.8%	N/A	N/A	45%	45%
60+	N/A	N/A	N/A	0%	0%

Run-Off Factors (IBNR)

To establish the reserve for incurred but not reported (IBNR) claims we estimate the value of unreported incurred claims by applying a factor to the expected claims for the year.

We have established a factor of 46.79% which is calculated as 20/52*12+1=5.61541 months which is then divided by 12. The 20/52 term above represents the elimination period of 20 weeks. We further add one month to account for the delay in claims commencing following the completion of the elimination period.

The table below shows the actual run-off experience of the program over the past three years.

Table A.11 – Core LTD Claims Timing

	2022	2023	2024	Total
Reported Before Year-End	172	182	117	471
Reported After Year-End	68	26	TBD	94
Total Disabilities	**240**	**208**	**TBD**	**565**
Delayed Reporting Factor	**28%**	**13%**	**TBD**	**17%**

Due to a lack of experience available currently, we are unable to fully evaluate the delayed reporting factor at this valuation. As such, we have maintained the run-off assumption at 5.61541 months.

Appendix B – Census Data

Disability Data

We were provided membership data as at January 15, 2025 from Manulife.

Manulife is the Plan's disability claims paying agent. Manulife provided a database of in-force claims which includes both benefit and offset amounts as of December 31, 2024.

The data is produced by their internal systems and has not been audited prior to the valuation. As such, we have performed tests to verify reasonableness and internal consistency and are satisfied that the data is sufficient and reliable for the purposes of this valuation.

These tests include:

- A reconciliation of each claimant from one valuation to the next to ensure that all claimants are accounted for;
- A check for consistency of birth dates, disability dates, and genders from one valuation to the next; and
- A check to ensure that the change in disability benefits since the last valuation were appropriate.

No changes were made to the data as a result of these tests.

Manulife has also provided a list of actual claim payments, by claimant, for calendar years 2020 to 2024. This data was used to calculate the actual cost of claims by disability year and to calculate a projected expected cost of new claims.

Other Data Adjustments

The Plan implemented a 2.6% cost-of-living adjustment, effective January 1, 2025, for claims that were beyond their change in definition. This cost-of-living adjustment was not yet reflected in the data that we received. As such, we increased the net benefit payable by January 1, 2025 cost-of-living adjustment for all claims with a change in definition date of December 31, 2024, or earlier.

Number of Active LTD Claims

At December 31, 2024, there were 675 active LTD claims, a decrease of 13 from the 688 claims reported in the December 31, 2022 valuation. Claims data at the current and previous valuation dates are summarized in the table below:

Table B.1 – Active Claims Data Summary

	December 31, 2024	December 31, 2022
Number of Active Claims	675	688
Average Attained Age	55.3	54.4
Average Age Disabled	49.0	48.1
Average Net Benefit (Monthly)	$ 3,153.73	$ 2,899.35
Average Duration of Claim	6.3 years	6.2 years

Table B.2 – Average Gross Monthly Benefit for Disabled Members at December 31, 2024

	Male		Female		Total	
Current Age	# Members	Average Gross	# Members	Average Gross	# Members	Average Gross
20 - 24	0	$ 0	1	$ 2,966	1	$ 2,966
25 - 29	2	$ 2,233	0	$ 0	2	$ 2,233
30 - 34	3	$ 2,923	3	$ 2,863	6	$ 2,893
35 - 39	4	$ 3,270	16	$ 3,902	20	$ 3,776
40 - 44	16	$ 3,815	45	$ 3,830	61	$ 3,826
45 - 49	21	$ 3,878	55	$ 4,128	76	$ 4,059
50 - 54	29	$ 4,387	87	$ 3,823	116	$ 3,964
55 - 59	54	$ 4,216	120	$ 3,901	174	$ 3,999
60 - 65	66	$ 3,961	120	$ 3,958	186	$ 3,959
65+	21	$ 3,762	12	$ 3,647	33	$ 3,720
Total	**216**	**$ 4,001**	**459**	**$ 3,906**	**675**	**$ 3,936**

For the purposes of the table above and for the purposes of liability calculations, members with a gender indicated as “X” or an undefined gender are assumed to be Female.

Appendix C – Plan Assets

The asset information below is based on the audited financial statements of the Plan for 2023 and 2024, provided by the Plan's external auditor, Grant Thornton.

We have performed tests of the sufficiency and reliability of the asset data, all of which produced satisfactory results. This includes a check of the cash flow against the expected cash flow from the previous valuation report.

We deem this information to be sufficient and reliable for the purposes of this valuation.

Reconciliation of Plan Assets

The following table shows the progress of the fund as of December 31, 2024 in the two years since the previous valuation. This data is reported to us by the Plan's external auditor.

Table C.1 – Reconciliation of Plan Assets

	2024	2023
Net Assets at Beginning of Period	**$ 154,619,000**	**$ 151,069,000**
Income		
Contributions	$ 19,350,000	$ 17,239,000
EI Rebate	2,636,000	2,299,000
Investments	9,995,000	10,865,000
Total Income	**$ 31,981,000**	**$ 30,403,000**
Expenditure		
Net Benefits Paid	$ 24,742,000	$ 24,118,000
Program Administration	1,514,000	1,535,000
Administrative Expenses	827,000	789,000
Investment Expense	411,000	411,000
Total Expenditure	**$ 27,494,000**	**$ 26,853,000**
Net Assets at End of Period	**$ 159,106,000**	**$ 154,619,000**

Asset Allocation

The assets of the Plan are invested in accordance with the Plan's Statement of Investment Policies & Procedures ("SIP&P").

The Plan invests assets in two portfolios:

1. A liability-hedging portfolio that is invested 100% in fixed income assets, and
2. A balanced portfolio, which includes an allocation to equities.

Table C.2 – Target Asset Allocation of Plan Assets

	Liability Hedging	Balanced	Combined
Proportion of Assets	**71.6%**	**28.4%**	**100.0%**
Portfolio Allocations			
Cash & Short-Term	10.0%	5.0%	8.6%
Fixed Income	90.0%	40.0%	75.8%
Canadian Equities	0.0%	30.0%	8.5%
U.S. Equities	0.0%	12.5%	3.6%
International Equities	0.0%	12.5%	3.6%
Total	**100.0%**	**100.0%**	**100.0%**

Appendix D – Plan Provisions

The following is a summary of the provisions of the Plan.

Eligibility and Level of Benefit

In order to qualify for LTD benefits, an employee must first be disabled to the extent of being unable to perform the regular duties of his occupation for 100 consecutive workdays. Following completion of this elimination period an employee will be eligible to receive LTD benefits in accordance with the applicable Plan terms.

Before May 1, 2002:

- An employee will be eligible to receive LTD benefits for up to 30 months as long as they continue to be unable to perform their own occupation. Thereafter, an employee continues to be eligible for LTD benefits, but not beyond age 65, provided they are unable to perform the duties of any occupation for which the employee is or may become suited through education, training, experience or rehabilitation, which occupation pays not less than 80% of the current rate of the position, class and step they held immediately prior to disability.
- The bi-weekly LTD benefit is 70% of the employee's salary at time of disability, to a maximum of $2,000.

On or after May 1, 2002 and prior to January 1, 2009:

- An employee will be eligible to receive LTD benefits for up to 24 months as long as they continue to be unable to perform their own occupation. Thereafter, an employee continues to be eligible for LTD benefits until age 60 provided they are unable to perform the duties of any occupation for which the employee is or may become suited through education, training, experience or rehabilitation, which occupation pays not less than 75% of the current rate of the position, class and step they held immediately prior to disability.
- The bi-weekly LTD benefit is 65% of the employee's salary at time of disability, to a maximum of $3,000.

On or after January 1, 2009:

- If the claimant’s elimination period ends before or on the day they turn 63 years, the benefit will cease at age 65.
- If the claimant’s elimination period ends after they turn 63 years, the benefit will cease 2 years after the end of the elimination period.
- An employee will be eligible to receive LTD benefits for up to 24 months as long as they continue to be unable to perform their own occupation. Thereafter, an employee continues to be eligible for LTD benefits provided they are unable to perform the duties of any occupation for which the employee is or may become suited through education, training, experience or rehabilitation, which occupation pays not less than 75% of the

current rate of the position, class and step they held immediately prior to disability.

- The bi-weekly LTD benefit is 65% of the employee's salary at time of disability, to a maximum of $4,375, for the first three years of benefits, and thereafter 70% of the employee’s salary at the time of disability, to a maximum of $4,711.54.

Benefit Offsets

The benefits are reduced by:

(1) the amount of disability benefit entitlement, excluding children's benefits, under the Canada Pension Plan at the date of disability;

(2) the amount of benefits payable from any other group disability plan or pension plan, sponsored by the Employer;

(3) 50% of the amount of income received from rehabilitative employment;

(4) the amount of Workers' Compensation payments, except permanent partial disability awards;

(5) the amount of benefits payable from any disability plan sponsored by any employer, since inception of this Plan;

(6) the amount of benefits payable as a result of a disability which occurred at work and is deemed to be less than 65 percent compensable by the Workers' Compensation Board;

(7) the amount of income received by an employee from self-employment as set out in guidelines made pursuant to this Plan;

(8) the amount of earnings recovered through a legally enforceable cause of action against some other person or corporation.

Termination of Benefits

Benefits terminate on the earliest of:

(1) the date the employee returns to work;

(2) the date the employee ceases to qualify for LTD benefits, as defined under the Plan;

(3) death;

(4) attainment of:

    (a) age 65 for claims incurred before May 1, 2002,

    (b) the attaining of age 60 for claims incurred after April 30, 2002 but before January 1, 2009, and

    (c) the attaining of age 65 for claims incurred after December 31, 2008 and whose elimination period ends before or on the day the employee turns 63

    (d) 2 years of payment for claims incurred after December 31, 2008 and whose elimination period ends after the employee turns 63.

(5) upon the effective date of the employee's early retirement under the PSSP.

Termination of Employee's Coverage

Termination of coverage for employees at work takes effect on the earliest of:

(1) The date the employee occupies a position that is not eligible for coverage in accordance with the terms of the Plan;

(2) The date of the employee's termination or retirement from service.

Rehabilitation

The Plan makes provision for rehabilitation employment opportunities where deemed appropriate. For employees who qualify for rehabilitation employment, their LTD benefit will be reduced by 50% of their rehabilitation income for employees disabled prior to January 1, 2009 or disabled after December 31, 2008 and have been in receipt of benefit payments for less than 5 years, or reduced by 35% for employees disabled after December 31, 2008 who have been in receipt of benefit payments for more than 5 years. There is a further stipulation that where the total of LTD and any rehabilitation income exceeds the current rate of pay for the position and class held by the employee immediately prior to his date of disability, the LTD benefit shall be reduced in order that such total not exceed 100% of such rate of pay.