

March 31, 2026

COR/2026/00767-001

Chuck Bruce
CEO Provident 10
chuckbruce@provident10.com

RE: Market Adjustment Pensions Update and Implementation

Dear Mr. Bruce:

Thank you for your correspondence regarding the inclusion of Market Adjustments (MAs) in Pensionable Earnings. It was received in my office and distributed to members of the Joint Sponsor Body (JSB) on March 17, 2026.

The JSB has had the opportunity to review the materials provided concerning Provident10's recommendation to adopt a single calculation approach. We concur with the recommendation and on March 24, 2026, a motion to approve an amendment to the PSPP Plan Text to include Labour Market Adjustments (LMAs) in pensionable earnings, implemented using the Single Highest Average Earnings (HAE) Approach was unanimously approved by the JSB.

Treasury Board Secretariat has received approval of the updated Market Adjustment Policy to include market adjustments in pensionable earnings and this policy will come into effect on April 1, the commencement of the 2026/27 fiscal year. This revised policy applies to core government and its entities.

The plan text changes, specifically Section 6.3, have been drafted and are attached for your review and comment. Subject to Provident 10's feedback, the changes will be presented to the JSB for final approval.

Implementation and communication of the changes are underway here in government and Treasury Board Secretariat has been collaboratively working with Newfoundland and Labrador Health Services (NLHS) to assist with its adoption of the policy change and employer implementation. TBS and NLHS remain available to meet with Provident10 officials to confirm the employer payroll systems are modified to deduct and submit the MA pension earnings to Provident10 using the single calculation approach. Deductions will commence effective April 1, 2026.

Thank you for your assistance with this matter and we look forward to hearing from you.

Sincerely,



John McGrath

Chair, Joint Sponsor Body Public Service Pension Plan and Secretary of the Treasury Board

cc. Jerry Earle, Vice Chair, Joint Sponsor Body Public Service Pension Plan
Members of the Joint Sponsor Body

Attachment

Proposed Draft Amendments – PSPP Plan Text and Funding Policy

These draft amendments are intended to ensure that MAs are formally recognized as pensionable earnings and that the Single Highest Average Earnings (HAE) calculation method remains the permanent approach under the Plan.

1. Amendments to the Public Service Pension Plan (Plan Text)

A. Amend Section 1.22 – Highest Average Earnings (HAE)

Add the following subsection:

"Where a Member receives a Market Adjustment (MA) during any portion of the period used to determine Highest Average Earnings, such MA shall be included as part of Pensionable Earnings for the purpose of calculating the Member's Highest Average Earnings for all Pensionable Service, whether such service was accrued before or after the effective date of April 1, 2026.

B. Add New Defined Term – Market Adjustment (MA)

Insert the following definition after Section 1.25:

"Market Adjustment (MA) means any temporary or permanent earnings supplement, premium, or adjustment paid to a Member for reasons related to market competitiveness, retention, recruitment, or labour supply conditions, as identified by the Employer and reported to the Administrator."

C. Amend Section 1.32 – Pensionable Earnings

Add the following paragraph to the end of Section 1.32:

"Pensionable Earnings shall include any Market Adjustment (MA) amounts paid by an Employer, whether temporary or permanent in nature, and regardless of whether such amounts were excluded from pensionable earnings in Employer payroll practice prior to the effective date of April 1, 2026.

D. Add Application Clause – Section 1.32A

Add a new section:

"The inclusion of Market Adjustments (MAs) in Pensionable Earnings shall apply prospectively from the effective date of April 1, 2026. No adjustments to historical Pensionable Earnings are required; however, MAs received during the Member's Highest Average Earnings period shall be fully included in the determination of the Member's Highest Average Earnings, regardless of when Pensionable Service was accrued."

2. Amendments to the Funding Policy

A. Add to Section 1 – Interpretation

Insert the following definition:

"Market Adjustment (MA) has the meaning assigned in the Pension Plan and is recognized as pensionable earnings under the Plan for purposes of calculating Highest Average Earnings (HAE). The inclusion of MAs in Pensionable Earnings shall not constitute a Pension Plan Eligibility and/or Benefits Adjustment for Funding Policy purposes."

B. Add New Subsection to Section 2 – General Principles

Add the following clause:

"The recognition of Market Adjustments (MAs) in Pensionable Earnings is an earnings-reporting matter and shall not be considered a Pension Plan Eligibility and/or Benefits Adjustment. Accordingly, the inclusion of MAs shall not trigger corrective action under Sections 5, 6, or 7 of this Funding Policy."

C. Clarification to Section 5 – Adjustments Below Minimum Funding Target

Add the following:

"For certainty, changes to Pensionable Earnings resulting from Market Adjustments (MAs) shall not be considered Pension Plan Eligibility and/or Benefits Adjustments and shall not require the preparation of a Present Value of Adjustments calculation."

D. Clarification to Section 7 – Surplus Allocation Provisions

Add the following:

"The inclusion of Market Adjustments (MAs) in Pensionable Earnings shall not be treated as an adjustment requiring or permitting the use of Available Surplus under this Section."

Drafted March 27, 2026