Newfoundland and Labrador Provincial Court Judges’ Pension Plan

Report on the Actuarial Valuation as at December 31, 2025

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ECKLER

Table of Contents

Summary of Results

Going Concern Financial Position	December 31, 2025	December 31, 2022
Going concern value of assets	$26,492,000	$15,734,000
Going concern liability	15,894,700	12,069,300
Going concern excess / (unfunded liability)	$10,597,300	$3,664,700
Funded ratio	166.7%	130.4%

Solvency Financial Position and Hypothetical Wind-Up Financial Position	December 31, 2025	December 31, 2022
Solvency assets	$26,417,000	$15,659,000
Solvency liabilities	17,458,500	13,905,900
Solvency excess / (deficit)	$8,958,500	$1,753,100
Solvency ratio	151.3%	112.6%

Maximum Funding Valuation (MFV) Financial Position	December 31, 2025	December 31, 2022
MFV value of assets	$26,492,000	$15,734,000
MFV actuarial liability	14,448,500	11,509,600
MFV excess / (unfunded liability)	$12,043,500	$4,224,400
Funded ratio	183.4%	136.7%

Funding Requirements - Going Concern Basis	Year Following December 31, 2025	Year Following December 31, 2022
Total current service cost	$1,015,200	$715,100
Estimated judge contributions	(507,100)	(362,800)
Estimated Government's current service cost	$508,100	$352,300
Government current service cost as a percentage of judges' pensionable earnings	9.0%	8.7%
Government current service cost as a percentage of judges' required contributions	100.2%	97.1%

Funding Requirements - MFV	Year Following December 31, 2025	Year Following December 31, 2022
Total current service cost	$787,100	$648,000
Estimated judge contributions	(402,500)	(319,000)
Estimated Government's current service cost	$384,600	$329,000
Government current service cost as a percentage of judges' pensionable earnings	8.6%	9.3%
Government current service cost as a percentage of judges' required contributions	95.6%	103.1%
Minimum special payments	$0	$0
Estimated minimum Government contribution for following year	$0	$0
Estimated maximum eligible Government contribution for the following year	$0	$0

Section I Introduction and Purpose of Valuation

At the request of the Government of Newfoundland and Labrador (the "Government"), we have completed an actuarial valuation of the registered pension plan ("RPP") portion of the *Provincial Court Judges' Pension Plan Act* (the "Plan") as of December 31, 2025. The last actuarial valuation was performed as at December 31, 2022.

The *Provincial Court Judges' Pension Plan Act* consists of a registered pension plan under the Income Tax Act (Canada) (the "ITA") and a supplementary plan ("SERP"), which provides benefits in excess of what can be provided under the ITA. This report focuses only on the RPP. It does not include the liabilities in respect of the SERP.

The purposes of this actuarial valuation are as follows:

- to determine the financial position of the Plan on going concern, solvency, hypothetical wind-up, and maximum funding valuation bases;
- to establish the minimum and maximum contributions to the Plan until the next valuation; and
- to meet the statutory filing requirements under the Newfoundland and Labrador *Pension Benefits Act, 1997* (the "PBA") and the ITA.

For the purposes of the ITA and Regulations, the Plan is a "Designated Plan"; therefore, the deductibility of contributions to the Plan is limited based on a Maximum Funding Valuation as described in Section 8515 of the *Income Tax Regulations*.

The intended users of this report are the Government of Newfoundland and Labrador, the Newfoundland and Labrador Office of the Superintendent of Pensions and the Canada Revenue Agency. This report is not intended or necessarily suitable for purposes other than those listed above. Any party reviewing this report for other purposes should have their own actuary or other qualified professional assist in their review to ensure that the party understands the assumptions, results and uncertainties inherent in our estimates. This report and any opinions within may not be modified or otherwise provided, in whole or in part, to any other person or entity without the express written permission of Eckler Ltd (unless required by applicable legislation). Eckler takes no responsibility for the consequences of any other use of this report.

The next valuation of the Plan must be completed as at a date no later than December 31, 2028.

Reliance

We have relied on the asset information as provided in the financial statements prepared by the Treasury Board Secretariat. We have also relied on the Treasury Board Secretariat to provide all relevant data and to confirm the pertinent Plan terms.

Report Format

In this report, we have first provided the valuation results, along with our actuarial opinion of the recommended funding levels for use until the next valuation. The data, actuarial assumptions and methodology used in valuing both the assets and the liabilities of the Plan are provided by way of appendices for ease of reference.

Terms of Engagement

For the purposes of this actuarial valuation report, the significant terms of engagement with the Government of Newfoundland are:

- For the going concern, hypothetical wind-up and solvency valuations we have been directed to use the market value of assets adjusting for amounts in transit and amounts payable (if applicable);
- A margin for adverse deviations has been included in the economic assumptions; and
- Plausible adverse scenarios are being applied to the going concern valuation.

The terms of our engagement are in accordance with applicable pension regulations and accepted actuarial practice in Canada.

Section II Plan Changes and Subsequent Events

The pension plan for the Provincial Court Judges has been in effect since April 1, 2002 and was established for individuals who have been appointed as a judge under the *Provincial Court Act, 1991*.

The previous valuation was prepared as at December 31, 2022. There have been no amendments or changes to the Plan between the last actuarial valuation and this valuation effective December 31, 2025. A summary of the Plan provisions is contained in Appendix E, at the end of this report.

Actuarial Assumptions

There have been changes to the going concern assumptions since the last valuation. The going concern discount rate has changed from 5.95% per annum to 5.60% per annum. In addition, the underlying inflation assumption has been changed from 2.10% per annum to 2.00% per annum. Accordingly, the assumed future increase to the YMPE and DB limit have been decreased by 0.10%.

There have been no other changes to the going concern assumptions since the last valuation.

The change in the going concern discount rate has increased going concern liabilities by $656,700 and current service cost by $56,400. The change in the inflation assumption has decreased going concern liabilities by $38,800 and current service cost by $6,100. The net impact of all the assumption changes is an increase in going concern liabilities of $617,900 and in current service cost of $50,300.

The hypothetical wind-up and solvency assumptions have also been changed to reflect market conditions at the valuation date in accordance with the Canadian Institute of Actuaries' (CIA's) Standards of Practice and the CIA's guidance for assumptions for hypothetical wind-up and solvency valuations in effect on the valuation date.

The details of the actuarial assumptions used in the valuation and the rationale employed in setting these assumptions are provided in Appendix B.

Subsequent Events

Since December 31, 2025, and as of the date of this report, there has been considerable volatility in the global equity markets and macroeconomic uncertainty in connection with ongoing geopolitical risks. The impact on the market value of assets and underlying assumptions is not reflected in the valuation results and as such, the Plan's financial position shown in this report may be substantially different if those results were incorporated in our valuation. These effects will be revealed in future valuations.

On March 11, 2026, the CIA published a report on the 2024 Canadian Pensioner Mortality Research Project which contains an updated set of mortality tables that reflect the mortality experience of Canadian retirees and surviving spouses up to January 1, 2024. These new tables have not been adopted for this valuation. The new tables will be assessed for appropriateness for use in future valuations along with the mortality improvement scale released by the CIA in April 2024.

We are not aware of any other events that occurred between the valuation date and the date this report was completed that would have a material impact on the results of this valuation.

Section III Financial Position of the Plan

A. Going Concern Basis: Financial Position as at December 31, 2025

The following is the going concern valuation balance sheet as at December 31, 2025 based on:

- The actuarial value of assets (summarized in Appendix A);
- the going concern valuation assumptions (described in Appendix B);
- the membership data (summarized in Appendix C); and
- the Plan provisions (summarized in Appendix E),

with comparative figures from the valuation as at December 31, 2022.

Financial Position – Going Concern Basis

	December 31, 2025	December 31, 2022
Going concern assets		
Market value of assets	$26,492,000	$15,734,000
Going concern liabilities		
Active judges	$10,646,900	$7,965,300
Retirees and survivors	5,247,800	4,104,000
Total going concern liabilities	$15,894,700	$12,069,300
Going concern excess / (unfunded liability)	**$10,597,300**	**$3,664,700**
Going concern funding ratio	**166.7%**	**130.4%**

As shown above, on a going concern basis there is an excess of $10,597,300 as at December 31, 2025. This excess exceeds 25% of the liabilities therefore the Plan has an excess surplus of $6,623,600 ($10,597,300 – 25% x $15,894,700) on the going concern valuation basis.

Sensitivity Analysis

Below we show the impact on the going concern actuarial liability as at December 31, 2025 of a one percentage point drop in the discount rate assumption (i.e., from 5.60% per annum to 4.60% per annum). All other assumptions were unchanged.

Going Concern Sensitivity

	Impact 1% Drop
Total Going Concern Actuarial Liability	$18,035,800

The change in the actuarial liability would have the impact of increasing the liability by $2,141,100 or 13.5% as at December 31, 2025.

Reconciliation of Going Concern Financial Position

The reconciliation provides an independent cross-check of the calculations performed and determines the main reasons for the change in the going concern financial position that has occurred since the previous valuation date.

Although a complete analysis down to the final dollar can be made, such an analysis requires the processing of a considerable amount of detailed data relating to the Plan, the expense of which would not normally be justified unless there were special circumstances.

However, it is possible to make an approximate analysis along broader lines and under normal circumstances this type of analysis will produce meaningful results.

The table below summarizes the results of our reconciliation of change in financial position since the previous valuation.

Reconciliation of Going Concern Financial Position

Going concern excess / (unfunded liability) as at December 31, 2022	$3,664,700
Interest on unfunded liability at 5.95%	693,800
Contributions less than benefits accrued	(1,388,600)
Investment experience	7,804,200
Retirement experience	347,800
Mortality experience	281,800
Indexing more than expected	(31,500)
ITA maximum increases more than expected	(223,600)
Change in discount rate assumption	(656,700)
Change in YMPE/DB Limit increase assumption	38,800
Other gain and loss items	66,600
Going concern excess / (unfunded liability) as at December 31, 2025	**$10,597,300**

B. Solvency Basis: Financial Position as at December 31, 2025

The "solvency basis" is a hypothetical construct intended to portray the funded status of the Plan had it terminated or wound-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits are provided and all judges were paid their entitlements as an annuity, a deferred annuity, or as a commuted value.

The financial position of the Plan on a solvency basis as at December 31, 2025 and as at December 31, 2022 for comparison purposes is as follows:

Financial Position – Solvency Basis

	December 31, 2025	December 31, 2022
Solvency assets		
Market value of assets	$26,492,000	$15,734,000
Termination expense provision	(75,000)	(75,000)
Total solvency assets	$26,417,000	$15,659,000
Solvency liabilities		
Active judges	$12,088,000	$9,509,700
Retirees and survivors	5,370,500	4,396,200
Total solvency liabilities	$17,458,500	$13,905,900
Solvency excess / (deficiency)	**$8,958,500**	**$1,753,100**
Solvency ratio	**151.3%**	**112.6%**

Sensitivity Analysis

Below we show the impact on the solvency actuarial liability as at December 31, 2025 of a one percentage point drop in the discount rate assumption. All other assumptions were unchanged.

Solvency Sensitivity

	Impact 1% Drop
Total Solvency Actuarial Liability	$19,886,300

The change in the actuarial liability would have the impact of increasing the liability by $2,427,800 or 13.9% as at December 31, 2025.

Incremental Cost

The incremental cost is the present value, at the valuation date, of the expected aggregate change in the hypothetical wind-up or solvency liability between the valuation date and the next valuation date. It also reflects expected benefit payments between the valuation date and the next valuation date.

In our report, we have determined the incremental cost on a solvency basis. The incremental cost was determined as the sum of (a) and (b) minus (c):

a) the projected solvency liability at the next valuation date for those members at the current valuation date, allowing for expected decrements and change in membership status, service accrual, indexation of benefits and increase in earnings between the current valuation date and the next valuation date. No adjustment was made for new entrants between the two valuation dates. The resulting projected solvency liability was then discounted to the current valuation date;

b) the present value of the benefit payments expected to be paid between the current valuation date and the next valuation date, discounted to the current valuation date; and

c) the solvency liability as at the current valuation date.

For purposes of calculating the solvency incremental cost, the expected decrements, as well as the expected benefit payments between the current valuation date and the next valuation date, were determined using the going concern demographic assumptions. The projected solvency liability at the next valuation date was determined using the same methods and assumptions as disclosed in Appendix B of this report. In particular, we have assumed that the discount rates will remain the same throughout the projection period and the Standards of Practice for determining Pension Commuted Values in effect at the valuation date will remain unchanged, as will the current educational guidance on the estimation of annuity purchase costs.

The estimated incremental cost for the period December 31, 2025 to December 31, 2028 is $2,580,000.

The estimated incremental cost does not impact the funding requirements of the Plan under the PBA and is for information purposes only.

C. Hypothetical Wind-up Basis: Financial Position as at December 31, 2025

The hypothetical wind-up financial position of the Plan as at December 31, 2025 would be the same as the solvency financial position. Therefore, if the Plan were to wind-up as at December 31, 2025, there would be a wind-up excess of $8,958,500.

D. Maximum Funding Valuation for Designated Plans: Financial Position as at December 31, 2025

This is a Designated Plan for income tax purposes and Section 8515 of the *Income Tax Regulations* applies with respect to the eligibility of contributions to the pension plan. We are required to use assumptions appropriate for a "Maximum Funding Valuation" as prescribed by Section 8515 of the Regulations. These assumptions are summarized in Appendix B.

The valuation balance sheet shown below summarizes the liability figures and the corresponding asset values as at December 31, 2025 and as at December 31, 2022 for comparative purposes.

Financial Position – Maximum Funding Valuation Basis

	December 31, 2025	December 31, 2022
Assets		
Market value of assets, adjusted for in-transit amounts	$26,492,000	$15,734,000
Maximum Funding Valuation liabilities		
Active judges	$10,391,300	$8,173,800
Retirees and survivors	4,057,200	3,335,800
Total Maximum Funding Valuation liability	$14,448,500	$11,509,600
Maximum Funding Valuation excess / (deficiency)	**$12,043,500**	**$4,224,400**
Funded ratio	**183.4%**	**136.7%**

As shown above, on a Maximum Funding Valuation basis there is an excess of $12,043,500 as at December 31, 2025. This excess exceeds 25% of the liabilities therefore the Plan has an excess surplus of $8,431,400 ($12,043,500 – 25% x $14,448,500) on the maximum funding valuation basis.

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Section IV Funding Requirements

A. Going Concern Basis: Current Service Cost

The Plan's current service cost is the value of the benefits accruing to judges in the year following the valuation determined on a going concern basis. Note that actual contribution amounts are subject to the limits contained in the *Income Tax Regulations* and are limited by the results of the Maximum Funding Valuation.

The table below summarizes the results of the Plan's current service cost for the 12-month period from December 31, 2025 and the comparison with the required judge contributions over this period.

Current Service Cost

	% of Payroll	$
Estimated contributory payroll for 2026 service		5,634,000
Total value of benefits	18.0	1,015,200
Judge required contributions	9.0	(507,100)
Balance = Government required contributions	9.0	508,100
Balance as a % of judge contributions		100.2%

The total current service cost in respect of the year following the valuation date is $1,015,200, or 18.0% of contributory payroll. The Government current service cost has increased as a percentage of judge contributions from 97.1% to 100.2% following this valuation.

Current Service Cost Reconciliation

Government current service cost as a percentage of judge contributions as at December 31, 2022	97.1%
Changes in Plan demographics	(6.8%)
Change in discount rate assumption	11.1%
Change in YMPE/DB limit increase assumption	(1.2%)
Government current service cost as a percentage of judge contributions as at December 31, 2025	100.2%

Sensitivity Analysis

Below we show the impact on the current service cost as at December 31, 2025 of a one percentage point drop in the discount rate assumption. All other assumptions were unchanged.

Current Service Cost Sensitivity

	Impact 1% Drop
Total Current Service Cost	$1,204,700

The change in the discount rate would have the impact of increasing the current service cost by $189,500 or 18.7% as at December 31, 2025.

B. Maximum Funding Valuation Basis: Current Service Cost

The Maximum Funding Valuation current service cost is the value of the benefits accruing to judges in the year following the valuation determined on a Maximum Funding Valuation basis.

The Maximum Funding Valuation current service cost for the 12-month period following December 31, 2025 is as follows:

Current Service Cost

	% of Payroll	$
Estimated contributory payroll for 2026 service		4,472,500
Total value of benefits for service	17.6	787,100
Judge required contributions	9.0	(402,500)
Balance = Government required contributions	8.6	384,600
Balance as a % of judge contributions		95.6%

Government contributions are subject to the limits contained in the *Income Tax Regulations* and are limited by the results of the Maximum Funding Valuation. Employer contributions are not permitted to a Plan where an excess surplus exists. An excess surplus exists because the Maximum Funding Valuation excess is greater than 25% of the Maximum Funding Valuation liabilities. As at December 31, 2025, there is an excess surplus of $8,431,400 ($12,043,500 – 25% x $14,448,500). As a result, no Government contributions are permitted to the Plan until the excess surplus is extinguished.

C. Special Payments

Since the Plan has a going concern excess and a solvency excess, no special payments are required.

D. Eligible Contributions

Excess Surplus

Subsection 147.2(2) of the ITA prohibits employer contributions to a registered pension plan if the actuarial surplus exceeds a stated threshold. If an excess surplus exists, no employer contributions are required under applicable provincial legislation, and there is a hypothetical wind-up excess, employer contributions must be suspended, to the extent permitted under applicable provincial legislation, until the excess surplus is eliminated.

In addition, the ITA prohibits employer contributions to a designated plan if the surplus on a maximum funding basis exceeds a stated threshold. If an "excess surplus" exists on this basis, Government contributions must be suspended until the excess surplus is eliminated.

An *excess surplus* is defined by paragraph 147.2(2)(d) of the ITA as the amount by which a Plan's going concern or maximum funding excess exceeds 25% of the actuarial liabilities. Based on this formula, the Plan has an excess surplus of $6,623,600 on a going concern basis and an excess surplus of $8,431,400 on a maximum funding basis as at December 31, 2025.

Available Actuarial Surplus

Because the Plan has a going concern excess and solvency excess, available actuarial surplus (AAS) is equal to the lesser of:

1. the amount by which the value of assets determined on a going concern basis exceeds the sum of the Plan's going concern liabilities; and
2. the amount, that if deducted from the Plan's solvency assets, would reduce the solvency ratio to 110%.

Going Concern Basis	
a. Total assets	$26,492,000
b. Total liabilities	$15,894,700
c. Available surplus: maximum (a.-b.,0)	$10,597,300
Solvency Basis	
d. Assets in excess of a transfer ratio of 110%	$7,212,700
Available Actuarial Surplus at the valuation date: minimum (c., d.)	$7,212,700

Because the Plan has both a going concern and maximum funding excess surplus, and available actuarial surplus, no employer contributions should be made until the excess surplus has been eliminated and while the Plan continues to have available actuarial surplus (as defined above). The amount of available actuarial surplus that must be applied to reduce employer contributions in Year 2 and Year 3 is equal to the available actuarial surplus at December 31, 2025 reduced by prior use of the surplus.

Minimum Contributions

In the absence of the available actuarial surplus, the Government is required to make annual current service cost contributions equal to 8.6% of pensionable earnings for those accruing credited service (the employer share of the current service cost on a maximum funding basis).

Based on estimated 2026 pensionable earnings of $4,472,500 for those accruing credited service, and assuming pensionable earnings increase by 5.50% per annum in 2027 and 2028, the minimum annual required Government contributions for 2026 to 2028, assuming the maximum possible use of the available actuarial surplus would be as follows:

	2026	2027	2028
Current service cost in respect of benefits	$787,100	$830,500	$876,100
Less expected judges' contributions	($402,500)	($424,700)	($448,000)
Special payments:			
Unfunded actuarial liability	$0	$0	$0
Application of available actuarial surplus	(384,600)	(405,800)	(428,100)
Total required Government contributions	$0	$0	$0

Maximum Contributions

Due to the Plan's status as a designated plan, eligible contributions are limited to those based on the results of the maximum funding valuation. In the absence of the excess surplus on a maximum funding basis, the maximum contribution the Government could make is equal to the annual current service contributions equal to 8.6% of pensionable earnings per annum for those accruing credited service until the date of the next valuation.

Notwithstanding the above, under the ITA, the existence of an excess surplus of $8,431,400 on a maximum funding basis requires that the Government suspend all contributions to the Plan until such time that the excess surplus has been eliminated.

E. Timing of Contributions

Government contributions for current service and special payments, if required, must be made no less frequently than quarterly and must be made no later than 30 days following the end of the quarter for which the contributions are payable.

Section V Actuarial Opinion

The following represent our primary conclusions as a result of the actuarial valuation as at December 31, 2025:

1. As at December 31, 2025 the Plan has a going concern excess of $10,597,300.
2. The Plan has a solvency excess of $8,958,500 determined as at December 31, 2025.
3. The solvency ratio of the Plan is 151.3%.
4. If the Plan were to be wound up on the valuation date, the value of assets would exceed the actuarial liabilities by $8,958,500.
5. There is a going concern excess and a solvency excess, therefore, no special payments are required.
6. As at December 31, 2025, there is a Maximum Funding Valuation excess of $12,043,500.
7. The cost of benefits accruing in respect of the year following the valuation date is $1,015,200 on a going concern basis and $787,100 on a Maximum Funding Valuation basis. This can be expressed as 100.2% of member contributions on a going-concern basis and 95.6% of member contributions on a Maximum Funding Valuation basis.
8. Pursuant to the ITA, there is an excess surplus based on the going concern valuation in the amount of $6,623,600 as of the valuation date. The excess surplus based on the Maximum Funding Valuation is $8,431,400.
9. As there is an excess surplus, government contributions cannot be made until the excess surplus is extinguished. The excess surplus is not expected to be extinguished before the next valuation, therefore the maximum government contribution permitted until the next valuation is $0.
10. The adequacy and appropriateness of this funding level should be reviewed at the next actuarial valuation of this Plan, which should take place as at December 31, 2028 at the latest.
11. We are not aware of any events, other than those outlined in Section II, that occurred between the valuation date and the date this report was completed that would have a material impact on the results of this valuation.

12. In our opinion,

    a. the data on which the valuation is based are sufficient and reliable for the purposes of the valuation as described in Section I;

    b. the going concern, solvency and hypothetical wind-up assumptions described herein are appropriate for the purposes of the valuation;

    c. the Maximum Funding Valuation assumptions described herein are in accordance with Section 8515 of the *Income Tax Regulations*;

    d. the methods employed in the going concern, solvency and hypothetical wind-up valuations are appropriate for the purposes of the valuation; and

    e. the methods employed in the Maximum Funding Valuation are in accordance with Sections 8515 and 8516 of the *Income Tax Regulations*.

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

Nonetheless, emerging experience, differing from the assumptions, will result in gains or losses which will be revealed in future valuations.

This report has been prepared in accordance with applicable legislation.

Respectfully submitted,

Philip Churchill, FCIA, FSA

Colleen Glenn, FCIA, FSA, CERA

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Appendix A Plan Assets

The pension fund is held by CIBC Mellon Global Securities Services. We have relied upon financial statements of the Plan for 2023, 2024, and 2025 provided by the Treasury Board Secretariat.

The following is a summary of the market value of Plan assets by category as at December 31, 2025:

Plan Assets as at December 31, 2025

December 31, 2025	$	% actual	% target
Cash & cash equivalents	$264,900	1	0
Fixed income	7,682,700	29	30
Canadian equity	5,033,500	19	18
Global equity	10,861,700	41	42
Infrastructure	2,649,200	10	10
Total	**$26,492,000**	**100**	**100**

Reconciliation of Plan Assets

A summary of pension fund transactions for the period January 1, 2023 to December 31, 2025 is summarized below:

Reconciliation of Assets

Year Ending December 31	2023	2024	2025
Net Assets Available for Benefits January 1	**$15,734,000**	**$18,483,000**	**$22,708,000**
Plus:			
Judge Contributions	426,000	426,000	466,000
Government Contributions	0	0	0
Investment income	2,869,000	4,361,000	3,945,000
Less:			
Retirement benefits	431,000	439,000	471,000
Lump sum refunds	0	0	0
Administrative costs	115,000	123,000	156,000
Total	**$18,483,000**	**$22,708,000**	**$26,492,000**

Performance of Plan Assets

The rate of return on the pension fund's assets since the last valuation is shown below:

Annualized Rates of Return

Year Ending	Gross Rate of Return	Net of Expenses Return
December 31, 2023	18.30%	17.51%
December 31, 2024	23.68%	22.94%
December 31, 2025	17.43%	16.69%

The average rate of return since the last valuation was 19.81% per year, or 19.04% net of expenses.

Appendix B Actuarial Methods and Assumptions

A. Going Concern Valuation

Asset Valuation Method

For the purposes of the going concern valuation, the actuarial value of assets is the market value of assets, adjusted for payments in-transit, if any. This method was also used in the previous valuation.

Actuarial Cost Method

For the purposes of the going concern valuation, we have used the Projected Unit Credit actuarial cost method in the determination of current service contributions as well as the accrued liabilities.

In using the Projected Unit Credit method, as a first step, a calculation is made of the liability in respect of all benefits that have accrued to judges for service up to and including the valuation date based on projected earnings. This represents the "accrued liability".

As a separate process, the current service cost has been calculated. This represents the cost of providing the benefits that will accrue in respect of the 12-month period following the valuation date. This is compared with the amount of required judge contributions over that period. The difference represents the required additional contribution necessary in order for those benefits to be properly funded.

Under this funding method, the cost of a dollar per year of deferred pension commencing at retirement age increases with the age of a judge. Thus, the dollar cost rises steadily over an individual's working life. However, for the group as a whole, if the average age remains reasonably constant (which can occur through the retirement of older judges and the addition of new, younger judges), the recommended contribution rate will remain relatively stable. If the Plan membership's average age increases, on the other hand, the current service costs will also increase. Such increases would be revealed in future valuations.

Actuarial Assumptions

For the purposes of the going concern valuation, we select actuarial assumptions with a long-term focus. That is, we anticipate that the Plan will continue indefinitely into the future. Actuarial assumptions are selected giving consideration to historical trends, future expectations and Plan specific experience, where possible. The assumptions chosen are expected to produce a stable pattern of funding and meet the Plan sponsor's desire to minimize potential for significant shortfalls or deficits in the future.

The purpose of this part of our analysis is to determine an appropriate method and series of assumptions to make proper allowance of the Plan's future liabilities by way of payment of pensions and other benefits. In making these calculations, assumptions must be made:

1. as to the probability that a particular payment will be made at a certain time (for example, depending upon whether or not the individual concerned survives to that date); and
2. the expected amount of such payment.

In order to do this, the actuary must make a series of assumptions in connection with the many factors which will have a bearing upon the future financial operation of the pension plan. These include the following:

(a) future salary increases;

(b) future rates of mortality; and

(c) retirement experience.

Finally, the actuary must give consideration to the rate of return that will be earned on the assets of the pension fund in future years.

As part of our process of analysis, all of these factors have received consideration. Where applicable, we have taken into account the actual experience of this Plan. However, it should be noted that, from a statistical point of view, actual experience data developed from a single pension plan has limited validity unless the number of plan members is very large. Therefore, it becomes necessary to take into account statistics developed from many other pension plans.

Going Concern Discount Rate Assumption

The selection of the discount rate for this valuation was based on reasonable expectations for the relationships between key economic variables over the long term, as well as the expected impact of those economic variables on the investment performance of the pension fund given the fund's investment policy.

Based on the terms of engagement, a margin for adverse deviations has been included in the economic assumptions.

The going concern discount rate is determined based on expected long-term capital market returns, standard deviations and correlations for each major asset class in the Plan's target asset mix as shown in Appendix A. These long-term expectations are determined using a stochastic model which projects rates of inflation, bond yields and asset class returns for 5,000 paths over a long-term projections horizon. Based on the plan's target asset mix, and assuming annual rebalancing, the simulated going concern discount rate is determined as the annualized median return over the projection horizon.

The discount rate has decreased from 5.95% used in the previous valuation to 5.60% in this valuation.

Based on the methodology described above, the going concern discount rate assumption was developed as follows:

Going Concern Discount Rate

Discount Rate Components	
Simulated gross investment return	6.30%
Value added return from active management	0.20%
Provision for plan expenses	(0.65%)
Margin for adverse deviation	(0.25%)
Going concern discount rate assumption	**5.60%**

Inflation

The inflation assumption has a direct bearing on the assumption with respect to salary increases, increases in the YMPE and Defined Benefit Limit, and pensioner indexing. The inflation assumption has changed from 2.10% per annum to 2.00% per annum, to align with our overall economic outlook. This rate is within the Bank of Canada's 1% - 3% inflation-control target range.

YMPE and ITA Defined Benefit Limit Increase

We have assumed the Year's Maximum Pensionable Earnings (YMPE) would increase at a rate of 2.75% per annum from the current level of $74,600 in 2026.

We have assumed the ITA defined benefit limit would also increase at a rate of 2.75% per annum from the current level of $3,932.22 for 2026. In combination with a judge's pensionable service and their year of retirement, this limit determines the maximum pension that may be payable from a registered defined benefit pension plan under the ITA.

These assumptions have changed since the previous valuation, consistent with the decrease in the underlying inflation assumption.

Salary Increases

We have assumed salary increases of 2.50% effective January 1, 2026. This assumption reflects the expectation that salaries will increase in line with general wage inflation and is the same as used in the previous valuation.

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Post-retirement Indexation

We have assumed an annual post-retirement indexing rate of 0.90% per annum for the December 31, 2025 valuation. This reflects the Plan's indexing formula and is the same as used in the previous valuation.

Mortality

For this valuation, we have continued to use the CPM 2014 Public Sector Mortality Table (CPM2014Publ), and we have assumed mortality improvements in accordance with CPM Improvement Scale B (CPM-B). The CPM 2014 Public table represents mortality patterns of Canadians participating in, or retired from, defined benefit pension plans in the public sector. Adjustment factors of 0.750 for males and 0.926 for females were applied to the mortality table. The mortality assumption has not changed since the previous actuarial valuation. The CPM-2024 tables released in March 2026 will be assessed for appropriateness for use for this plan prior to the next full valuation of the Plan, and we expect an update to the base mortality assumption at that time.

Based on this mortality assumption, the life expectancy at age 65 in 2026 is 25.4 years for a male and 25.7 years for a female.

Retirement Age

It is assumed that all judges retire at the later of age 65 and one year after the valuation date. This assumption has not changed since the previous actuarial valuation.

Marital Status

We have assumed that at the earlier of retirement or death, 90% of judges will have an eligible spouse. Further, we have continued to assume that male spouses are 3 years older than female spouses.

The following table details the actuarial assumptions that have been used in the going concern valuation.

Going Concern Valuation Actuarial Assumptions

	December 31, 2025	December 31, 2022
Discount rate:	5.60% per annum	5.95% per annum
Salary increases:	2.50% per annum	2.50% per annum
Maximum pension and YMPE:	2026: $3,932.22 and $74,600 2027+: Increase at 2.75% per annum	2023: $3,506.67 and $66,600 2024+: Increase at 2.85% per annum
Mortality:	Male: 75.0% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B Female: 92.6% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B	Male: 75.0% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B Female: 92.6% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B
Post-retirement Indexing:	0.90% per annum	0.90% per annum
Retirement age:	Later of age 65 and one year after the valuation date	Later of age 65 and one year after the valuation date
Marital status:	At retirement or death: 90% (male spouse is 3 years older)	At retirement or death: 90% (male spouse is 3 years older)
Withdrawals:	None	None
Actuarial method:	Projected Unit Credit	Projected Unit Credit

B. Solvency Valuation

The PBA prescribes a solvency valuation. A solvency valuation permits the regulator to assess the solvency of the Plan should it terminate or wind-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits were provided and all judges were paid their entitlements. If solvency assets are not sufficient to fund solvency liabilities (i.e., the Plan has a solvency deficiency), then special payments are required in order to eliminate the deficiency, unless the Plan is subject to solvency relief or exempt from funding in accordance with the Newfoundland and Labrador *Pension Benefits Act Regulations*.

Benefits are assumed to be settled through an annuity purchase for 100% of active judges who are not retirement eligible as at the date of valuation, due to the tax implications involved with large lump sum transfers. Benefits are assumed to be settled through the purchase of annuities for judges who are eligible for retirement at the date of valuation and for all pensioners.

The solvency liabilities were calculated using an interest rate of 4.82% per annum and mortality at CPM-2014 (Combined) mortality table projected with Scale CPM-B. These assumptions represent the estimated basis for settlement of the Plan's obligations for active and retired lives by the purchase of insured annuities on the valuation date and are in accordance with the CIA guidance for assumptions for hypothetical wind-up and solvency valuations in effect on the valuation date.

Note that the solvency valuation does not make any assumptions about future pay increases or future terminations of employment, since all judges are assumed to terminate on the valuation date.

The actuarial assumptions for the solvency valuation are described in the following table:

Solvency Valuation Actuarial Assumptions

	December 31, 2025	December 31, 2022
Interest rates for benefits to be settled through annuity purchase:	4.82% per annum	4.77% per annum
Pre-retirement mortality:	None	None
Post-retirement mortality:	CPM-2014 Combined mortality, projected with Scale CPM-B	CPM-2014 Combined mortality, projected with Scale CPM-B
Maximum pension increase:	2.96% for 10 years; 2.96% thereafter	2.87% for 10 years; 2.87% thereafter
Post-retirement Indexing:	1.20% per annum	1.20% per annum
Retirement age:	Age 65 (i.e., age that maximizes the value of the pension)	Age 65 (i.e., age that maximizes the value of the pension)
Salary scale:	None	None
Married assumption:	90% married (male spouse is 3 years older)	90% married (male spouse is 3 years older)
Actuarial cost method:	Accrued Benefit/Termination Method	Accrued Benefit/Termination Method
Wind-up expenses	$75,000	$75,000

C. Hypothetical Wind-Up Valuation

The hypothetical wind-up valuation liability assumptions are the same as those used in the solvency valuation.

D. Maximum Funding Valuation

This is a Designated Plan for income tax purposes and Section 8515 of the *Income Tax Regulations* applies with respect to the eligibility of contributions to the pension plan for tax deductions. We are required to use assumptions appropriate for a "Maximum Funding Valuation" as prescribed by the Regulations.

The prescribed assumptions used in the Maximum Funding Valuation are as follows:

	December 31, 2025
Discount rate:	7.5% per annum
Indexing for active and deferred:	3% per annum (CPI equal to 4% less 1%), commencing one year after retirement
CPI for retirees:	4% per annum (indexing capped at 1.2% per annum)
Salary growth:	5.5% per annum
Maximum pension:	$3,932.22 in 2026 indexed at 5.5% per annum beginning in 2027
Pre-retirement mortality:	None
Post-retirement mortality:	80% of GAM83 Mortality (average of male and female tables for actives and deferred; gender-specific for retirees)
Termination:	None
Retirement:	Age 65
Judge’s age:	Actual
Spouse’s age:	Same as judge
Married assumption:	100%
Form of pension:	Joint & 66 2/3% survivor pension with a 5-year guarantee
Actuarial cost method:	Projected Unit Credit

Appendix C Membership Data

The membership data in respect of this Plan is maintained by the Treasury Board Secretariat

The data was reviewed by us as to accuracy and reasonableness and we are satisfied that the data are complete. In addition, we have performed various checks of reasonableness on dates of employment, plan membership and birth. We also compared lists of active judges with lists of retired judges to check for duplicates. In all cases, we found the data to be sufficient and reliable for the purposes of the valuation.

Appendix F contains confirmation by the Treasury Board Secretariat as to the accuracy and completeness of the data provided.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	December 31, 2025	December 31, 2022
Active Judges		
Number	21	17
Average age	58.3	59.5
Total pensionable earnings	$7,043,900	$4,744,500
Average pensionable earnings	$335,400	$279,100
Average years of pensionable service	9.6	10.5
Retirees and survivors		
Number	10	9
Average age	76.2	75.5
Total annual pension	$448,300	$355,800
Average annual pension	$44,800	$39,500

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Active Judges	Retirees and Survivors	Total
Total at December 31, 2022	**17**	**9**	**26**
New judges	6	0	6
Terminations	0	0	0
Retirements	(2)	2	0
Deaths	0	(1)	(1)
New survivors	0	0	0
Total at December 31, 2025	**21**	**10**	**31**

Appendix D Plausible Adverse Scenarios

A plausible adverse scenario is considered to be one that will occur in the short term (immediately to one year) with a likelihood of occurring between 1 in 10 and 1 in 20 based on the opinion of the actuary. The purpose of the following scenarios is to illustrate the impact on the Plan's financial position of the following adverse but plausible assumptions relative to the best estimate assumptions selected for the Plan's going concern valuation. The purpose of disclosing these results is to demonstrate the sensitivity of the funded status and annual current service cost between December 31, 2025 and December 31, 2028 to certain key risk factors affecting the Plan. The results of the scenarios selected are shown in the table below, with a description of each scenario following.

	Going Concern Results at December 31, 2025	Plausible Adverse Scenario Results at December 31, 2025		
		Interest rate risk*	Deterioration of Asset Values*	Longevity Risk
Going concern assets	26,492,000	26,964,400	23,260,000	26,492,000
Going concern liabilities	15,894,700	16,812,000	15,894,700	16,264,400
Going concern excess / (unfunded liability)	**10,597,300**	**10,152,400**	**7,365,300**	**10,227,600**
Current service cost	1,015,200	1,095,600	1,015,200	1,033,500
Change in going concern liabilities		917,300	-	369,700
% change in going concern liabilities		5.77%	-	2.33%
Change in current service cost		80,400	-	18,300
% change in current service cost		7.92%	-	1.80%
Discount rate	5.60%	5.15%	5.60%	5.60%
Life expectancy (in years) for a retiree age 65	25.5	25.5	25.5	26.4

* *Scenario shown represents the median of the worst 10% of stochastic simulations.*

Interest Rate Risk

This scenario illustrates the sensitivity of the funded status of the Plan and current service cost to an immediate change in the market interest rates underlying fixed income investments.

In order to assess the impact of a decrease in interest rates of a magnitude consistent with a 1 in 10 likelihood of occurring, we have used the same stochastic model that is used to determine the going concern discount rate (see Appendix B). The stochastic model is based on 5,000 simulations of projected financial variables, including long-term yields on fixed income investments and asset class returns. Our long-term best estimates for these variables, and the going concern discount rate are based on the median values of these 5,000 simulations.

To determine the sensitivity to interest rate risk, and the resulting impact on Plan assets and liabilities, we have:

- considered the hypothetical going concern discount rate over the 500 trials where fixed income yields are lowest at the one-year horizon,
- determined the decrease in median long-term fixed income yields over the 500 trials where fixed income yields are the lowest at the one-year horizon.

As such, under the interest rate risk scenario, the going concern discount rate is decreased by 45 basis points as of December 31, 2025.

With respect to the impact on fixed income assets, the scenario results in a decrease in long-term yields on fixed income investments of 0.84%.

Based on the estimated duration of the Plan assets, liabilities and current service cost, we have then determined the estimated change to the Plan’s funded status under the interest rate risk scenario.

Deterioration of Asset Values

This scenario illustrates the sensitivity of the funded status of the Plan to short-term shock which causes a reduction in the market value of assets, with no change to the liabilities of the Plan. This scenario is assumed not to impact the current expectation of the long-term rate of return, and consequently, the going concern discount rate.

In order to assess the impact of a decrease in asset values of a magnitude consistent with a 1 in 10 likelihood of occurring, we have used the same stochastic model that is used to determine the going concern discount rate (see Appendix B). The stochastic model is based on 5,000 simulations of projected financial returns, including long-term yields on fixed income investments and asset class returns.

To determine the sensitivity to a deterioration in asset values, based on the Plan’s target asset mix, we have determined the decrease in median investment returns over the 500 trials where investment returns are lowest at the one-year horizon.

As such, under deterioration of assets values scenario, the market value of assets is decreased by 12.2% as of December 31, 2025.

Longevity Risk

This scenario illustrates the sensitivity of the funded status of the Plan to pension plan members living longer than expected. The impact of this scenario was determined using a one-year age setback to the mortality table used for the going concern valuation as of December 31, 2025. This is a more conservative mortality assumption than currently employed.

Appendix E Summary of Plan Provisions

Introduction

The *Provincial Court Judges' Pension Plan* is sponsored by the Government of Newfoundland and Labrador. This valuation is based on the provisions of the RPP portion of the Plan, in effect on December 31, 2025. The following is a summary of the Plan's main provisions in effect on December 31, 2025. It is not intended as a complete description of the Plan.

Eligibility for Membership

A Provincial Court judge who has been appointed under the *Provincial Court Act, 1991* is eligible to join the Plan. All judges appointed prior to April 1, 2002 were provided the option to join the Plan on April 1, 2002 and were able to transfer their judge's service accrued under the *Public Service Pensions Act, 2019* after April 1, 1992 upon remitting the required contributions determined by the minister. All judges appointed on or after April 1, 2002 are required to join the Plan.

Contributions

Judges are required to contribute 9.0% of their annual salary to the RPP, up to the maximum allowed under the ITA. A judge's contributions to the RPP cease upon attainment of 20 years of pensionable service.

The Government contributes based on the recommendations of the Plan's actuary.

Normal Retirement Date

A judge is eligible to retire once they have reached age 65 and have at least 2 years of pensionable service (i.e., are vested) in the Plan.

Early Retirement Date

A judge is eligible to retire with a reduced allowance as early as age 55 if they have at least 5 years of pensionable service in the Plan. The allowance payable to a judge who retires early is reduced by:

- 6% for each year a judge's age at the commencement of the allowance is less than 65 (to a maximum reduction of 30% under this section); and
- 4.5% for each year a judge's age at the commencement of the allowance is less than 60.

Registered Allowance at Normal Retirement

The registered allowance payable to a judge at their retirement date is equal to the product of:

- 2.0%;
- annual salary at the time their service as a judge ceases; and
- number of years of pensionable service as a judge to a maximum of 20 years.

The above registered allowance is subject to any early retirement reductions applicable at the commencement date of the registered allowance.

Indexing

An allowance or survivor benefit being paid to a person who is age 65 or older shall be increased on October 1 of each year by 60% of the percentage increase in the Consumer Price Index (CPI) from two calendar years ago to the prior calendar year. The indexing is subject to a maximum of 1.2% and cannot be less than zero.

Maximum Pension

The total annual pension payable under the provisions of the Plan upon retirement, death or termination of employment cannot exceed the maximum pension as determined under the ITA.

Death Benefits Before Retirement

If a vested judge dies prior to commencing their allowance, the judge's surviving principal beneficiary is eligible to receive one of the following two benefits:

1. a survivor benefit equal to 60% of the judge's allowance,

   or

2. a lump sum payment equal to the greater of the following:
   a) the commuted value of the survivor benefit; or
   b) the commuted value of the judge's entitlement.

If a vested judge dies without a principal beneficiary entitled to a survivor benefit, the commuted value of the judge's entitlement will be paid to the judge's estate.

Death Benefits After Retirement

The normal form of payment for a judge without a principal beneficiary is a lifetime pension. The normal form of payment for a judge with a principal beneficiary is a joint and survivor 60% pension. If the surviving principal beneficiary dies after the judge, the survivor benefit will be paid to their surviving children while they are under the age of 18, or 25 if they are in school.

There is a guarantee that when payments cease, the difference between the judge's contributions with interest at the date the allowance commenced and the total of all benefit payments will be paid to the person whose benefits ceased or to that person's estate.

Termination Benefits

If a vested judge's employment terminated for reasons other than death or retirement, they are eligible to receive one of the two following benefits:

1) a commuted value transfer; or

2) a deferred allowance commencing in accordance with the retirement date provisions.

Appendix F Administrator Certification

On behalf of the Administrator of the *Provincial Court Judges' Pension Plan Act*, I hereby certify to the best of my knowledge and belief:

- The significant terms of engagement contained in Section I of this report are accurate and reflect the plan administrator's direction with respect to this valuation;
- The Summary of Plan Provisions contained in Appendix E of this actuarial report is a complete and accurate summary of the terms of the Plan which affect the funding requirements;
- The membership data provided to the actuary includes a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2025.
- The asset data provided or made available to the actuary is complete and accurate;
- All events subsequent to December 31, 2025 that may have an impact on the valuation have been communicated to the actuary.

July 16, 2026	
Date	Signature

Manager of Pension Investments

Title