

Alberta Superintendent of Financial Institutions
Annual Statistics Report

2002 – 2003

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Message from the Superintendent

I am pleased to present the annual statistical report on the status of registered pension plans in Alberta. The report is designed to give the reader information on various features of the private pension system, including regulatory activity, the types of plans being registered, and the funding of those plans. The report also comments on emerging trends in the various areas covered.

The report is divided into three sections:

- The first section provides for a brief description of ASFI programs and an overview of activity over the past year.
- The second section examines plan membership and the types of plans registered under the *Employment Pension Plans Act*. Funding, solvency, and actuarial assumptions used in defined benefit pension plans are also covered.
- The third section provides observations and comments on emerging trends.

The report combines commentary with graphical representations by way of tables and graphs. The report is based on March 31, 2003 data received from employers and tabulated by ASFI.

We enjoy working with and appreciate the cooperation and support of the pension industry. This report is part of our effort to make communication a two-way street, providing useful information for the industry. Comments about this report and suggestions for improvements are welcome and can be sent to:

Alberta Superintendent of Financial Institutions
Alberta Finance
Room 402, 9515 – 107 Street
Edmonton, AB T5K 2C3
Telephone: (780) 427-8322
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We look forward to working together in partnership on private pension plan issues throughout the year.

Sincerely,

Dennis Gartner,
Alberta Superintendent of Financial Institutions

Section 1 – Alberta Superintendent of Financial Institutions

Roles and Responsibilities

Administering the EPPA

The office of the Alberta Superintendent of Financial Institutions (ASFI), a branch of Alberta Finance, is responsible for the areas of Pensions, Insurance, and Financial Institutions. The Superintendent of Financial Institutions holds the position of Superintendent of Pensions for the purposes of the *Employment Pension Plans Act*, RSA 2000, Chapter E-8 (EPPA).

As it concerns private employer pension plans, the Superintendent administers and enforces the EPPA. The EPPA came into force on January 1, 1987 and is designed to safeguard benefits promised to employees under those private sector pension plans.

Every Alberta pension plan must be registered, with the exception of certain plans exempted by section 68(1) of the *Employment Pension Plans Regulation*. The registration of a pension plan allows ASFI to ensure that each plan continues to comply with the terms and conditions of the EPPA.

- ❖ Registered pension plans are monitored to ensure they are administered correctly and that plan funds are sufficient to cover earned benefits.
- ❖ Pension plans that do not meet the requirements of the EPPA may be refused registration.
- ❖ A Certificate of Registration may be cancelled if a plan does not comply with the requirements of the EPPA. A Certificate of Registration is cancelled when a plan terminates and all assets of that plan have been paid out.

Reciprocal Agreements

The Alberta Government is party to two reciprocal agreements, one with the Government of Canada and one with all provinces having similar pension legislation to Alberta's EPPA. These agreements are authorized by section 6 of the EPPA.

- ❖ Both agreements provide for the reciprocal registration, examination, and inspection of pension plans.
- ❖ Under the agreements, the authority having jurisdiction over the greatest number of plan members supervises a pension plan that is subject to the legislation of more than one authority.
- ❖ Where the agreements apply, ASFI carries out the duties and responsibilities and administers the legislation of the other pension jurisdictions.

Regulating Plans

Regulating Plans

As of March 31, 2003, ASFI was responsible for the supervision of 1,240 pension plans.

- ❖ A total of 1,054 of those plans had registered status under the Act.
- ❖ Of the remaining 186 plans:
 - Seventy nine (79) plans had been reviewed but required further documentation before they could be registered,
 - One hundred three (104) plans were terminated but awaiting cancellation of the certificate of registration, and
 - Three (3) plans were in a suspended or delayed windup status.
- ❖ There were 507 Plans for Specified Individuals (PSI's) registered as either active, pending registration, or pending cancellation.
- ❖ Active and Pending Registration plans (including PSI plans) covered a total of 272,578 members entitled to benefits, of whom 178,692 were active members.

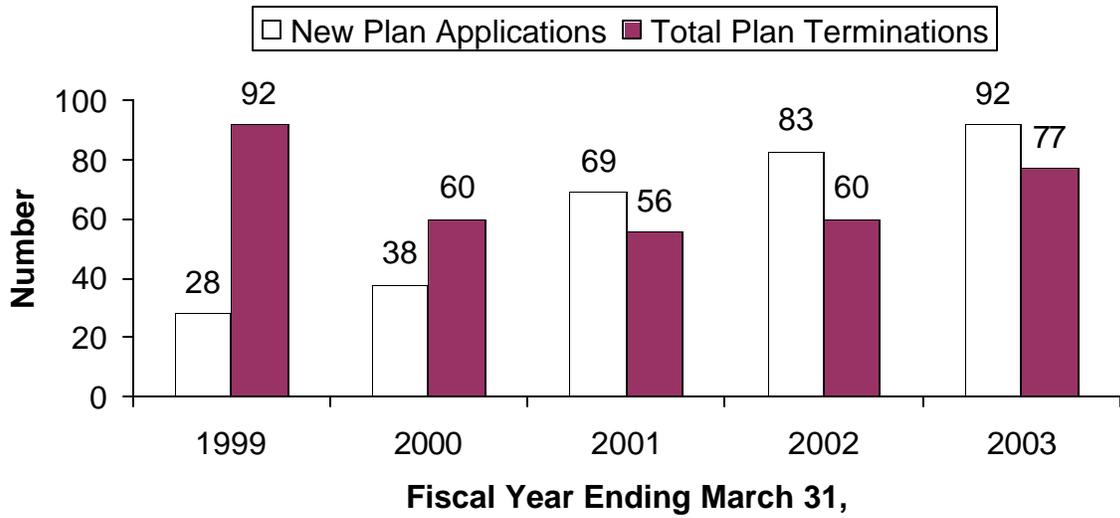
Table One and Table Two give an overview of office activity for the year ending March 31, 2003 compared with the previous year.

Graphs One depicts the number of new plan applications in the year of April 1, 2002 to March 31, 2003 versus the number of plans terminated within the same year.

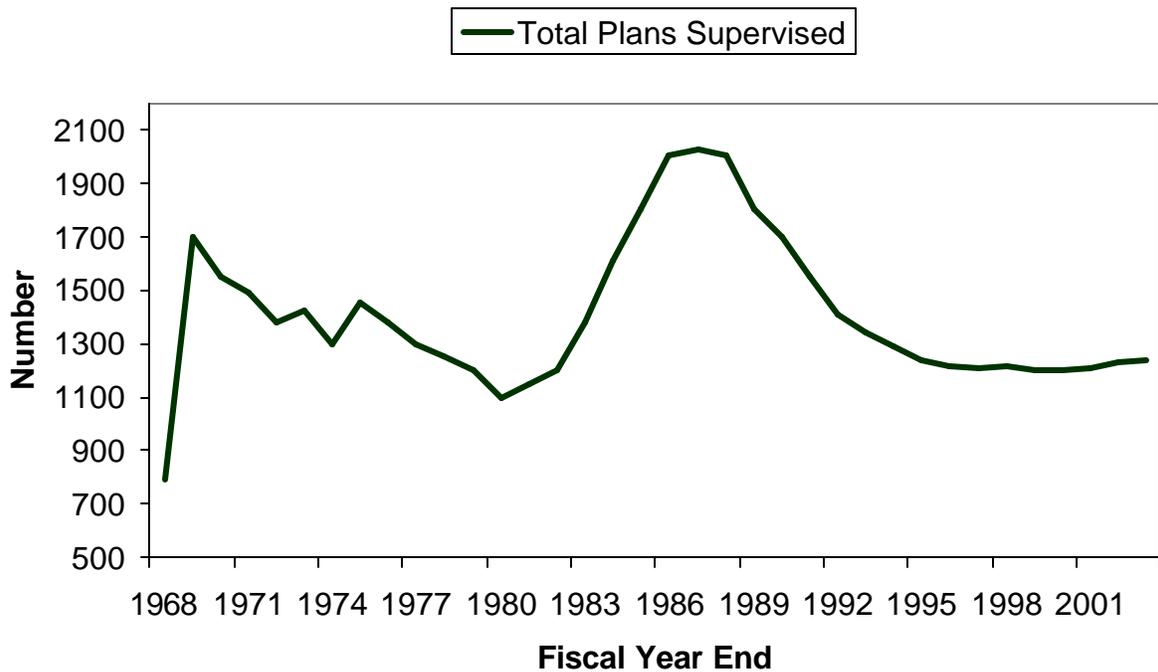
Additionally, a comparison of new plan applications compared to plan terminations is shown over the past five years.

Graph Two illustrates the number of plans supervised since the inception of the *Pension Benefits Act*, the predecessor to the EPPA on January 1, 1967.

Graph One
New Plan Applications and Total Plan Terminations



Graph Two
Total Plans Supervised During the Period
January 1, 1967 to March 31, 2003



Registrations

A total of 92 new pension plans were submitted for registration in fiscal year 2002 - 03.

- ❖ ASFI issued 31 certificates of registration for new plans.
- ❖ A total of 79 plans were still pending registration because they required additional documentation before being registered under the Act, of which 25 of these plans were submitted for registration in previous years.
- ❖ ASFI also issued certificates of registration for 72 plans that had been submitted for registration in previous fiscal years.
- ❖ In total, ASFI issued 103 certificates of registration during 2002 - 03.

Table One summarizes the activity related to plan registrations.

Other Activities

- ❖ Under the reciprocal agreement Alberta participates with the other provincial pension jurisdictions, 1 plan was transferred into Alberta. ASFI transferred 4 plans to other jurisdictions.
- ❖ ASFI reviewed and accepted 602 Annual Information Returns and 154 Cost Certificates during the year.
- ❖ ASFI registered 846 pension plan amendments and 147 Notices of Filing over the review period.

Table One identifies the other activities performed by ASFI.

Terminated Plans

ASFI canceled certificates of registration for 77 pension plans during the year under review. The terminated plans covered 2,739 members. Plans for Specified Individuals (PSI) accounted for 49 percent (38 plans, covering 58 members) of these plans.

- ❖ 5 plans, covering 710 members were merged with other registered pension plans.
- ❖ 7 plans, covering 459 members were discontinued because the company was dissolved, went bankrupt, or had difficulty financing the cost of the pension plan.
- ❖ 18 plans, covering 42 members were discontinued at the request of the plan sponsor with no further explanation given.
- ❖ 22 plans, covering 1,128 members were discontinued and replaced with registered retirement plans.
- ❖ 8 plans, covering 10 members were discontinued because the last member of the plan had died or terminated employment/membership.
- ❖ No plans were discontinued by ASFI due to non-compliance with the EPPA.
- ❖ 2 plans were discontinued because Canada Customs and Revenue Agency had not approved the plan.

Table Two outlines why plan were discontinued and shows the membership distribution.

Table One
Regulatory Activity

	Year Ending ¹ March 31, 2003
Plans Reviewed for Registration	92
Plans Approved for Registration	103
Plans Transferred to Alberta Supervision	1
Plans Transferred from Alberta Supervision	4
Total Plans To-Be-Cancelled ²	103
Plans Discontinued (Registration Cancelled) ²	77
Annual Information Returns ³	602
Cost Certificates ⁴	154
Amendments to Registered Plans	846
Notices of Filing ⁵	147
<p>1 Totals reflect changes during the fiscal year covered by this report, unless indicated otherwise.</p> <p>2 Plans To Be Cancelled refers to all pension plans that are currently terminating / winding up but have not disbursed all assets. Plans Discontinued refers to all plans that had their certificates of registration cancelled.</p> <p>3 An Annual Information Return is submitted in respect of every pension plan (except for Plans for Specified Individuals) and provides data regarding contributions to the plan, plan membership, terminations, and retirement.</p> <p>4 A Cost Certificate is submitted for each pension plan containing defined benefit provisions on at least a triennial basis, or when plan changes affecting the funding or solvency of the plan occur. The Cost Certificate provides provided under the plan data regarding the liabilities and assets of the plan and describes the contributions required to fund the benefits.</p> <p>5 Notices of Filing are in respect of amendments to insurance contracts and trust agreements.</p>	

Table Two
Discontinued Pension Plans

	Total at March 31, 2003	Total Active Members Affected During 2002 – 2003
Reasons for Discontinuance		
No Reason Given	18	42
Replaced by a New Plan	1	186
Merged into Another Plan	5	710
Bankruptcy of the Plan Sponsor	2	100
No Members Left in Plan	8	10
Non-Approval by CCRA	2	2
Company Dissolved	4	349
Financial / Administrative Concerns	1	10
Replaced by Individual / Group RRSP's	22	1128
Non-Compliance	0	0
Other	14	202
TOTAL	77	2739

Section 2 – Supervised Plans

Plans for Specified Individuals

Plans for Specified Individuals (PSI's) are pension plans whose only members are specified individuals for the purposes of the *Income Tax Act* such as individuals who earn a salary greater than 2.5 times the Years Maximum Pensionable Earnings or own at least 10 percent of the company. The reporting requirements for PSIs are minimized; for this reason PSI plans have been excluded from this report, except where indicated.

Plan Funds

Contributions

Required contributions to pension plans for the year were \$864.6 million.

- ❖ The amount includes employee required contributions, employee voluntary contributions, employee optional ancillary contributions, employer current service contributions, and employer special payments to amortize solvency deficiencies and/or unfunded liabilities.
- ❖ Using existing excess assets and forfeiture credits offset approximately \$164.3 million in required employer current service contributions. This represents about 28 percent of total required employer current service contributions.
- ❖ Actual contributions to pension plans during the year under review totaled about \$700.3 million.
- ❖ Required employee contributions were about \$130.6 million with an additional \$23 million in employee voluntary and optional ancillary contributions.

Table Three outlines contributions made during the year.

Table Three

Contributions to Plans Supervised for the Year Ending March 31, 2003

Employee Contributions			
Required	\$130,609,197		
Voluntary ¹	\$22,998,960		
TOTAL	\$153,608,157		\$153,608,157
Employer Contributions			
Current Service	\$586,377,216		
Forfeitures Used		(\$2,595,994)	
Excess Assets Used		(\$161,699,166)	
NET CURRENT SERVICE	\$586,377,216	(\$164,295,160)	\$422,082,056
Unfunded Liabilities Payments	\$98,505,416		
Solvency Deficiency Payments	\$26,155,932		
NET OTHER PAYMENTS	\$124,661,348		\$124,661,348
TOTAL	\$711,038,564	(\$164,295,160)	\$546,743,404
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Gross)			\$864,646,721
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Net)			\$700,351,561
1. Voluntary contributions refers to additional voluntary contributions (AVC's) as well as optional ancillary contributions (OAC's)			

Use of Excess / Surplus Assets

A total of \$10 million was refunded from pension plan funds during the 2002 - 03 fiscal year as follows:

- ❖ A total of \$75,366 was refunded to employers on termination of their pension plans.
- ❖ A total of \$9.9 million was provided to plan members in the form of additional benefits or as a lump sum payment on termination of their pension plans.

Table Four outlines refunds during the year. Refunds are only issued to plan sponsors upon receiving written consent from the Superintendent, as required by section 83(1)(c) of the EPPA.

Table Four				
Use of Excess Asset/Surplus Assets for the Year Ending March 31, 2003				
	Number of Plans	To Employers	To Employees	Total
Ongoing	0	0	0	0
Termination	20	\$75,366	\$9,907,889	\$9,983,255
TOTAL	20	\$75,366	\$9,907,889	\$9,983,255

Plan Information

Active Members

A total of 733 non-PSI pension plans covering 177,887 active members were supervised by ASFI during the year.

- ❖ 502 pension plans with 100 active members or less (totaling 15,053 members) accounted for 68 percent of all registered non-PSI pension plans and 8.5 percent of all active members.

Table Five provides a full breakdown of plans by membership size.

Table Five		
Active Membership of Non-PSI Plans Supervised for the Year Ended March 31, 2003		
Membership Range	Number of Plans	Number of Members
0 – 10	135	691
11 – 50	258	6,752
51 – 100	109	7,610
101 – 200	82	11,478
201 – 300	34	8,503
301 – 400	18	6,384
401 – 500	14	6,125
501 – 600	13	7,213
601 – 1000	31	24,238
1001 – 1500	14	16,965
1501 – 2000	7	12,130
2001 – 3000	5	12,734
3001 – 4000	6	20,490
4001 – 5000	3	12,598
5000+	4	23,976
TOTALS	733	177,887

Jurisdictions

Under plans registered in Alberta, 83.1 percent of active members were employed in Alberta and 5.5 percent of active members were employed in British Columbia, comprising the second largest province of employment. The remaining 11.5 percent were employed in the various other provinces and territories. A small number of active members were employed outside of Canada.

Table Six lists the number of plans that had active members in each jurisdiction.

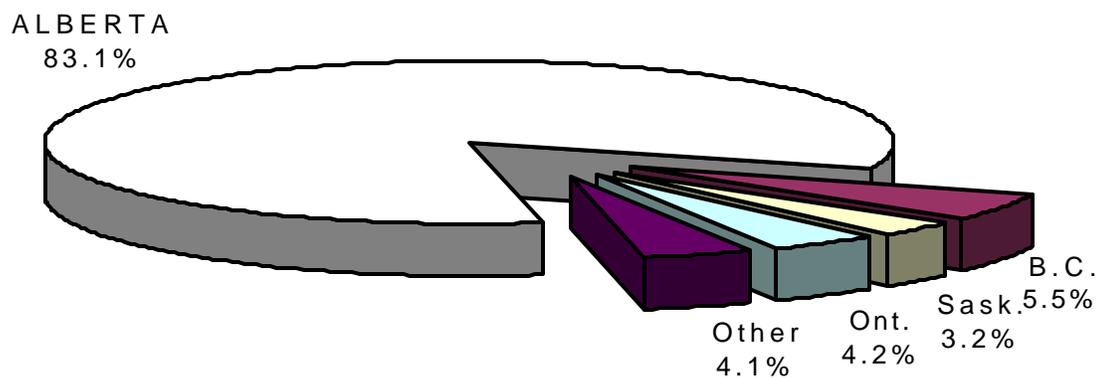
- ❖ There is some overlap, as some plans had members in several jurisdictions.
- ❖ The table also shows the breakdown of membership by jurisdiction.

Graph Three is a province-by-province comparison of percentages of active members.

Table Six			
Active Membership by Jurisdiction for Non-PSI Plans Supervised as of March 31, 2003			
Jurisdiction	Number of Plans	Number of Members	Percentage of Members
Alberta	724*	147,738	83.1%
British Columbia	155	9,795	5.5%
Saskatchewan	124	5,628	3.2%
Manitoba	70	3,060	1.7%
Ontario	102	7,419	4.2%
Quebec	43	1,793	1.0%
Prince Edward Island	7	7	0.0%
New Brunswick	20	198	0.1%
Nova Scotia	40	627	0.4%
Newfoundland and Labrador	38	690	0.4%
Territories	20	151	0.1%
Outside Canada	42	781	0.4%
Total		177,877	100%

* 9 plans had no Alberta members

Graph Three
Percentage of Active Members by Jurisdiction



Benefit Type

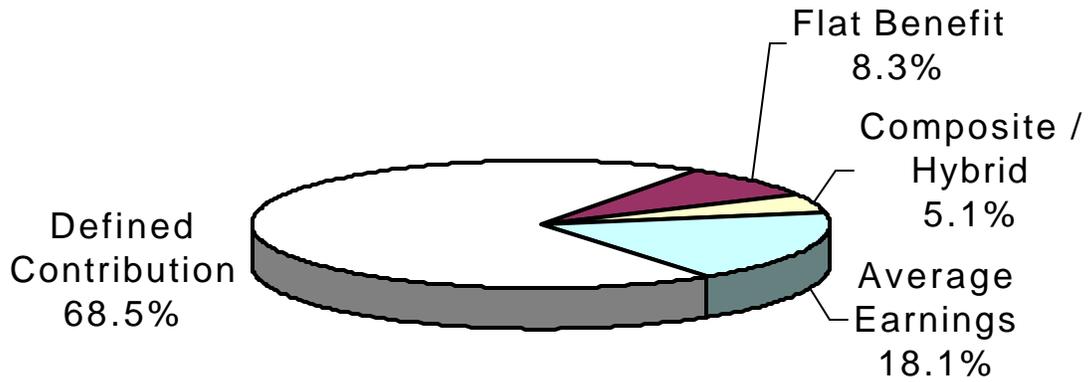
Of the registered non-PSI plans, 68.1 percent were defined contribution pension plans; however, these plans covered only 32.9 percent of active members. An additional 5.1 percent of plans covering 14.0 percent of members were composite or hybrid defined benefit plans having a defined contribution component.

Flat benefit plans represented 8.3 percent of total registered pension plans, but they covered 29.9 percent of active members.

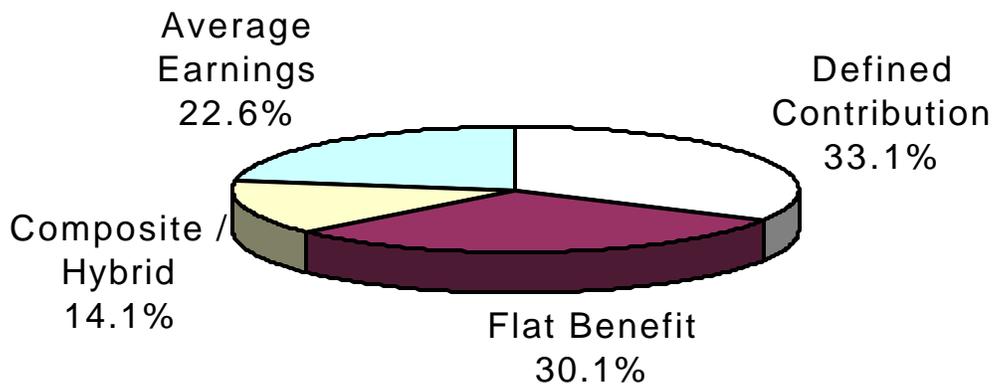
- ❖ The two extremes represented by the pure defined contribution plans and flat benefit plans result from the fact that the majority of defined contribution plans were plans for small employers. The flat benefit plans were primarily large multi-employer plans.
- ❖ Within the defined benefit group (excluding Flat Benefit), the benefit type for the majority of active members was based on a percentage of career average earnings.

Graph Four provides the percentages of plans and active membership for benefit types.

Graph Four - A
Registered Pension Plan Benefit Type as of March 31, 2003
As a Percentage of Plans



Graph Four - B
Registered Pension Plan Benefit Type as of March 31, 2003
As a percentage of active members

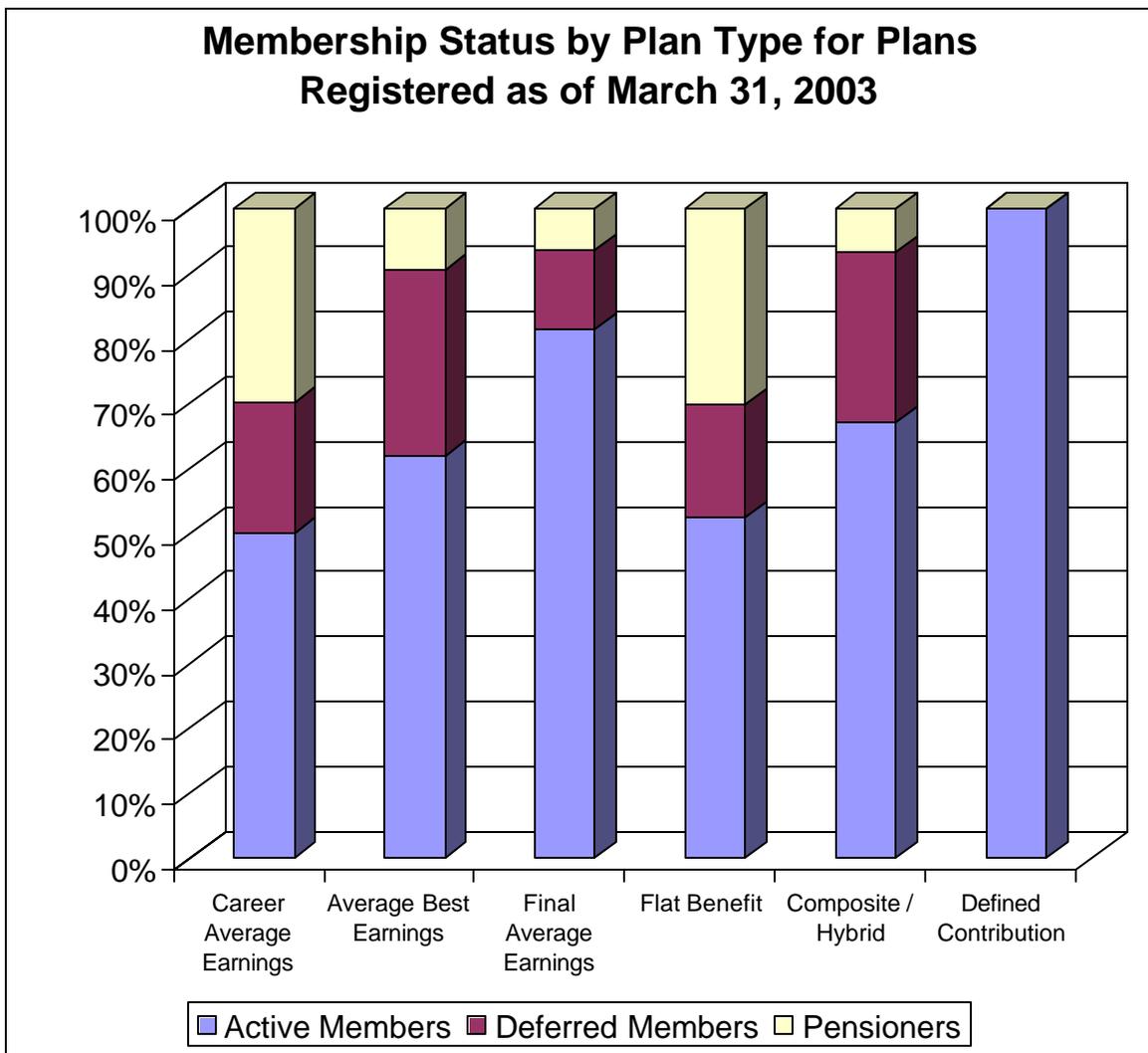


Former Members

As of March 31, 2003, there were 91,704 former members were entitled to benefits under defined benefit provisions of actively registered pension plans (excluding PSI plans). Of these, 44,838 were deferred vested members, including disabled and suspended members. The other 46,236 were receiving pension payments.

Pure defined contribution pension plans have only active and deferred vested members (i.e. no pensioners) but are required to report only the active membership numbers to ASFI. Therefore, no figures are available for the number of former members entitled to benefits under defined contribution pension plans.

Graph Five shows figures for membership status (meaning the number of active members, deferred members, and pensioners) by plan type.



Funding and Solvency

Assets

The market value of assets of non-PSI pension plans registered in Alberta as of March 31, 2003 was about \$15.7 billion.

- ❖ The market value of assets attributable to defined contribution plans was \$2.8 billion.
- ❖ The market value of assets attributable to defined benefit plans was about \$12.9 billion.
- ❖ The per-member market value of assets was approximately \$53,835 for defined contribution plans and \$68,205 for members and former members of defined benefit plans.
- ❖ Average market value of assets per plan were \$6.8 million for defined contribution plans and about \$66.8 million for defined benefit plans.
- ❖ The difference in assets is explained between the two types of plans is explained by the extremes of a few very large defined benefit plans versus the large number of small defined contribution plans.

Table Seven gives a breakdown of total assets and average assets by plan type

- ❖ This table and Table Eight, exclude pending defined contribution plans for which no asset data was available.
- ❖ The tables do include newly registered pension plans that have no assets and no liabilities.

The rest of this report's comments deal solely with plans having defined benefit provisions, referred to as defined benefit plans.

Table Seven
Plan Assets by Plan Type
for Non-PSI Plans Registered the Year Ended
March 31, 2003

Type of Plan	Plans	Number of Members		Total Assets		Average Assets Per Plan		Average Assets Per Total Member	
		Active	Total	Market	Utilized	Market	Utilized	Market	Utilized
Career Average	26	14,329	28,468	\$2,601,093,950	\$2,567,226,438	\$100,042,075	\$98,739,478	\$91,369	\$90,179
Average Best	62	17,077	28,226	\$2,447,879,527	\$2,545,750,306	\$39,481,928	\$41,060,489	\$86,724	\$90,192
Final Average	20	4,601	5,556	\$276,364,158	\$289,747,605	\$13,818,208	\$14,487,380	\$49,742	\$52,150
Flat Benefit	53	49,831	94,977	\$3,212,750,733	\$3,077,251,454	\$60,617,938	\$58,061,348	\$33,827	\$32,400
Composite/Hybrid	33	23,347	32,787	\$4,421,890,540	\$4,361,485,488	\$133,996,683	\$132,166,227	\$134,867	\$133,025
Sub Total	194	109,185	190,014	\$12,959,978,908	\$12,841,461,291	\$66,804,015	\$66,193,099	\$68,205	\$67,582
Money Purchase	407	51,785	51,785	\$2,787,856,945	\$2,787,856,945	\$6,849,771	\$6,849,771	\$53,835	\$53,835
TOTAL	601	160,970	241,799	\$15,747,835,853	\$15,629,318,236	\$26,202,722	\$26,005,521	\$65,128	\$64,638

Liabilities

Going Concern Basis

Going concern liabilities for registered defined benefit pension plans totaled over \$61.0 million per plan and \$62,292 per member.

- ❖ On average, all plans fully funded on an ongoing basis. Individual plans may deviate significantly from the norm.

Table Eight shows liabilities by plan type on an ongoing basis.

Table Eight						
Ongoing Plan Liabilities by Plan Type for Plans Registered the Year Ended March 31, 2003						
Type of Plan	No. of Plans	Number of Members		Total Liabilities	Per Plan Average Liability	Average Liabilities Per Total Member
		Active	Total	Ongoing	Ongoing	Ongoing
Career Average	26	14,329	28,468	\$2,558,677,314	\$98,410,666	\$89,879
Average Best	62	17,077	28,226	\$2,323,557,651	\$37,476,736	\$82,320
Final Average	20	4,601	5,556	\$257,562,581	\$12,878,129	\$46,358
Flat Benefit	53	49,831	94,977	\$2,962,117,009	\$55,889,000	\$31,188
Composite / Hybrid	33	23,347	32,787	\$3,734,386,661	\$113,163,232	\$113,898
TOTAL	194	109,185	190,014	\$11,836,301,216	\$61,011,862	\$62,292

Termination Basis

Termination (solvency) liabilities for registered defined benefit pension plans totaled over \$65 million per plan and \$66,777 per member.

- ❖ Note that the number of pension plans containing information on the termination liabilities are understated as plans that have a solvency greater than 1.0 are not required to indicate the termination liabilities when filing cost certificates.

Table Nine shows liabilities by plan type on a termination basis.

Table Nine						
Termination Plan Liabilities by Plan Type for Plans Registered the Year Ended March 31, 2003						
Type of Plan	No. of Plans	Number of Members		Total Liabilities	Per Plan Average Liability	Average Liabilities Per Total Member
		Active	Total	Termination	Termination	Termination
Career Average	20	9,784	19,438	\$1,271,265,331	\$63,563,267	\$65,401
Average Best	37	8,909	14,725	\$1,480,903,146	\$40,024,409	\$100,571
Final Average	7	1,154	1,393	\$165,413,176	\$23,630,454	\$118,746
Flat Benefit	41	35,504	67,669	\$2,016,804,470	\$49,190,353	\$29,804
Composite / Hybrid	23	15,920	22,357	\$3,451,583,773	\$150,068,860	\$154,385
TOTAL	128	71,271	125,582	\$8,385,969,896	\$65,515,390	\$66,777

Unfunded Liability and Solvency Deficiency

There were 50 registered defined benefit plans, covering 37,432 active members that had unfunded liabilities as of March 31, 2003, while 56 plans, covering 39,743 active members that had solvency deficiencies.

- ❖ There two types of deficits totaled \$503,486,090 million. Unfunded liabilities accounted for \$379 million while solvency deficiencies accounted for \$124 million.
- ❖ The unfunded liabilities and solvency deficiencies are reported from cost certificates filed with the Superintendent.

Valuation reports and cost certificates are completed on a triennial basis; consequently, the values reported may not reflect current reality.

It is anticipated that the values in Table Nine are understated when consideration is given to recent downturns in market returns as well as lower bond yields in valuing plan liabilities.

The financial impact of these assumptions will be revealed in future valuation reports / cost certificates filed with the Superintendent.

Table Ten outlines unfunded liabilities and solvency deficiencies for each defined benefit plan type.

Table Ten

Unfunded Liabilities and Solvency Deficiencies by Plan Type for Non-PSI Plans Registered the Year Ended March 31, 2003

Type of Plan	UNFUNDED LIABILITIES					SOLVENCY DEFICIENCIES				
	No. of Plans	No. of Members	Total Unfunded Liability	Average Per Plan	Average Per Member	No. of Plans	No. of Members	Total Solvency Deficiency	Average Per Plan	Average Per Member
Career Average	8	9,438	\$184,869,223	\$23,108,653	\$19,588	7	8,799	\$59,171,846	\$8,453,121	\$6,725
Average Best	13	2,258	\$16,681,860	\$1,283,220	\$7,388	8	3,343	\$8,974,623	\$1,121,828	\$2,685
Final Average	5	2,017	\$8,214,680	\$1,642,936	\$4,073	3	883	\$3,516,100	\$1,172,033	\$3,982
Flat Benefit	17	19,046	\$147,795,861	\$8,693,874	\$7,760	29	22,746	\$38,473,931	\$1,326,687	\$1,691
Composite / Hybrid	7	4,673	\$21,922,944	\$3,131,849	\$4,691	9	3,972	\$13,865,022	\$1,540,558	\$3,491
TOTAL	50	37,432	\$379,484,568	\$7,589,691	\$10,138	56	39,743	\$124,001,522	\$2,214,313	\$3,120

Assets In Excess of Liabilities

As of March 31, 2003, 133 defined benefit plans, or 64.5 percent of all defined benefit plans, had plan assets in excess of their plan liabilities on either a going-concern and/or a solvency basis.

- ❖ Plans with assets exceeding liabilities covered a total of 118,015 members of whom 68,798 were active members.
- ❖ The total assets exceeding liabilities among defined benefit pension plans were \$1.3 billion. The average amount for each active member and former plan member was \$11,233.

Table Eleven provides further information on plans with excess/surplus assets.

Table Eleven						
Assets in Excess of Liabilities by Plan Type for Plans Registered the Year Ended March 31, 2003						
Type of Plan	No. of Plans	Number of Members		Total Assets Exceeding Liabilities	Average Per Plan	Average Per Total Plan Member
		Active	Total			
Career Average	17	4,890	8,742	\$139,618,347	\$8,212,844	\$15,971
Average Best	48	14,547	23,791	\$238,874,515	\$4,976,552	\$10,041
Final Average	14	2,563	3,135	\$40,484,304	\$2,891,736	\$12,914
Flat Benefit	32	29,455	56,337	\$262,045,721	\$8,188,929	\$4,651
Composite / Hybrid	22	17,343	26,010	\$644,643,769	\$29,301,990	\$24,784
TOTAL	133	68,798	118,015	\$1,325,666,656	\$9,967,418	\$11,233

Funding and Solvency Ratios

Graphs Six and Seven show funding and solvency ratios of defined benefit plans by both plan type and membership.

- ❖ Of the 194 non-PSI defined benefit plans selected in the report, data for the tables was collected from 181 plans. The remaining 13 plans were plans for which a cost certificate had been received but not yet accepted.

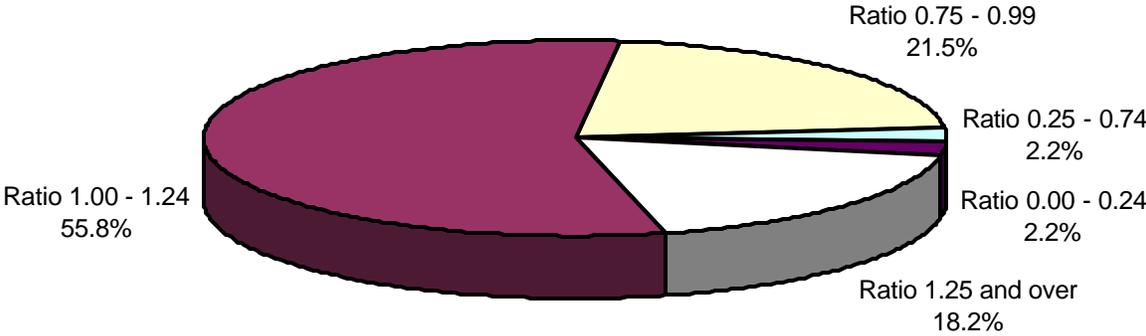
Funded Ratio

- ❖ Of the plans reported on:
 - The percentage of plans with a funded ratio of 1.0 or better was 74.0 percent,
 - The percentage of members in plans with a funded ratio of 1.0 or better was 48.3 percent,
 - The percentage of plans with a funded ratio between 0.75 and 0.99 was 21.5 percent,
 - The percentage of members in plans with a funded ratio between 0.75 and 0.99 was 45.9 percent.
- ❖ These results are influenced by a small number of pension plans having a large number of members.

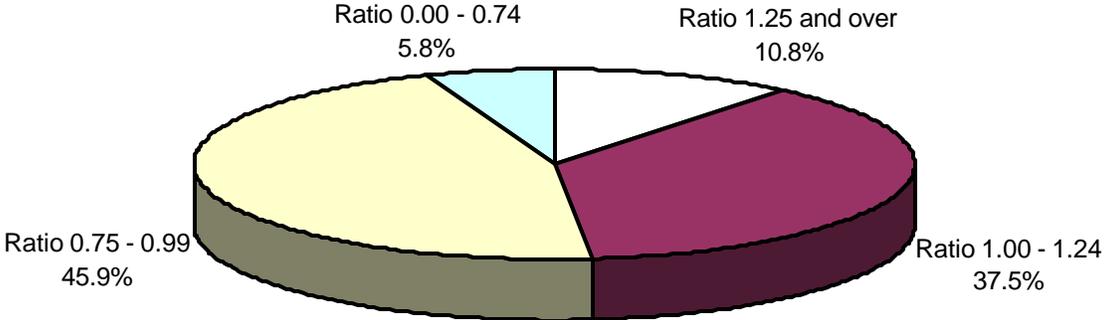
Solvency Ratio

- ❖ Of the plans reported on:
 - The percentage of plans with a solvency ratio of 1.0 or better was 70.7 percent,
 - The percentage of members in plans with a solvency ratio of 1.0 or better was 22.7 percent,
 - The percentage of plans with a solvency ratio between 0.75 and 0.99 was 22.1 percent,
 - The percentage of members in plans with a solvency ratio between 0.75 and 0.99 was 68.9 percent.
- ❖ These results are influenced by a small number of pension plans having a large number of members.

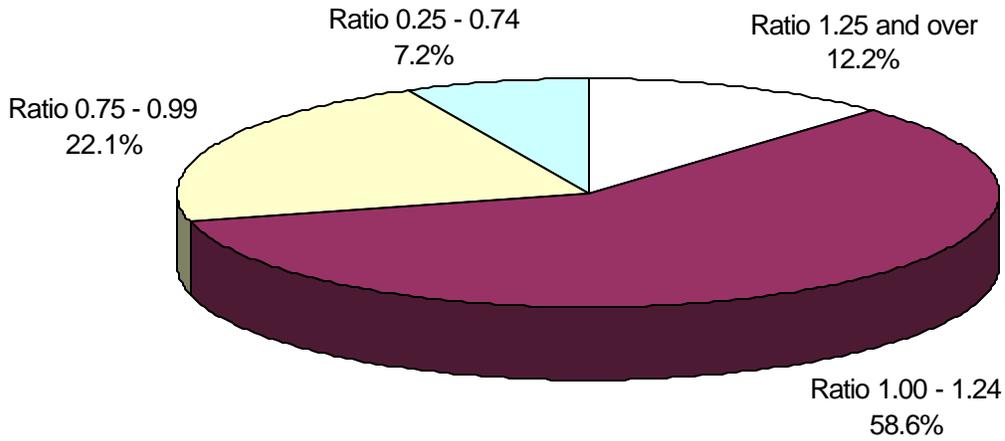
Graph Six - A
Funded Ratio for Plans Registered as of March 31, 2003
As a Percentage of Plans



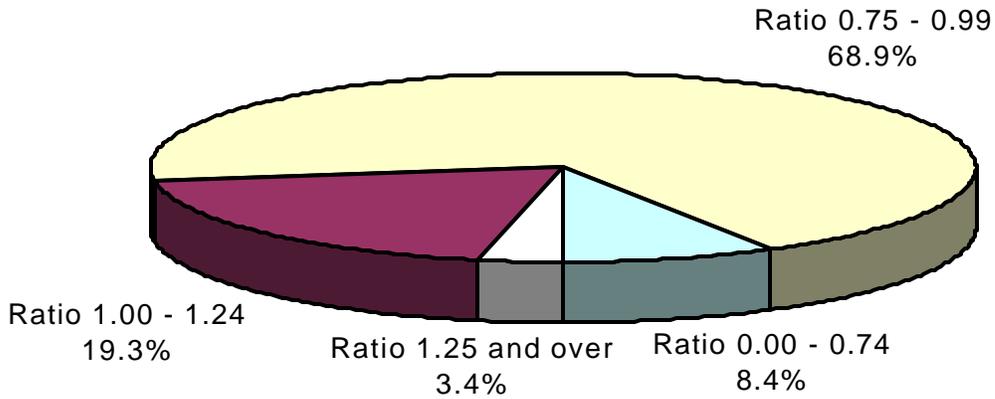
Graph Six - B
Funded Ratio for Plans Registered as at March 31, 2003
As a Percentage of Active Members Covered



Graph Seven - A
Solvency Ratio for Plans Registered as of March 31, 2003
As a Percentage of Plans



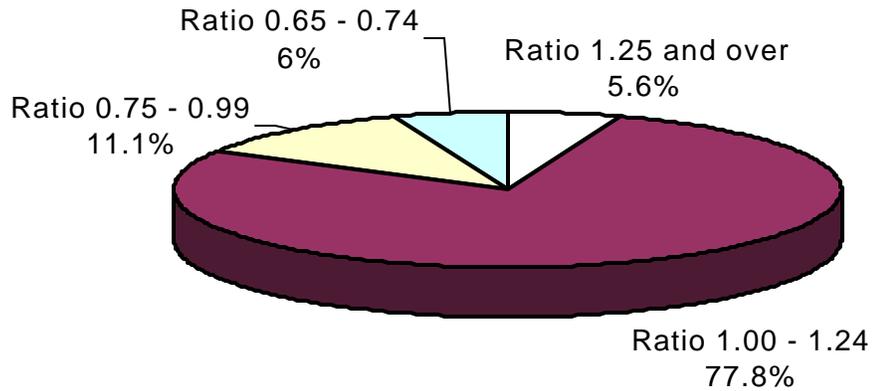
Graph Seven - B
Solvency Ratio for Plans Registered as of March 31, 2003
As a Percentage of Active Members Covered



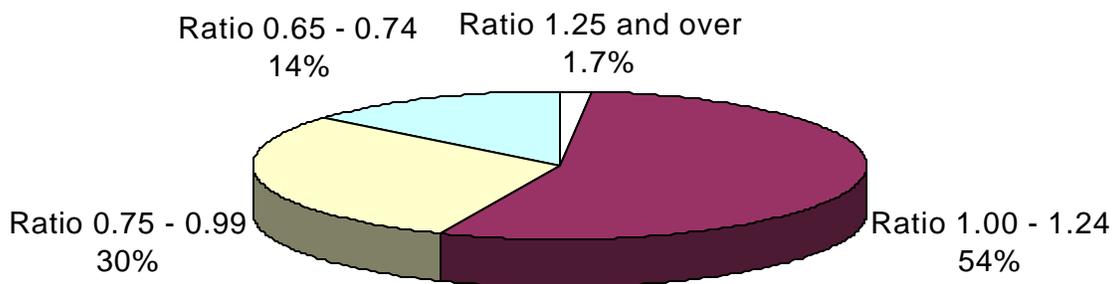
Graphs Eight and Nine relate specifically to funding and solvency ratios for multi-employer pension plans

- ❖ The number of registered specified multi-employer (defined benefit) pension plans (SMEPP) totaled 21.
- ❖ Of the 21 registered SMEPPs, 3 had filed cost certificates that have not yet been accepted. Data was therefore collected from the remaining 18 SMEPPs.
- ❖ Of the plans reported on:
 - The percentage of SMEPPs with a funded ratio of 1.0 or better was 83.3 percent. These plans also covered 56.5 percent of active members.
 - The remaining 16.7 percent, covering 43.5 percent of active members, had funded ratios of between 0.65 and 0.99.
 - The percentage of SMEPPs with a solvency ratio of 1.0 or better was 77.8 percent. These plans covered 56.5 percent of active members.
 - The remaining 22.2 percent, covering 43.5 percent of active members, had solvency ratios of between 0.75 and 0.99.

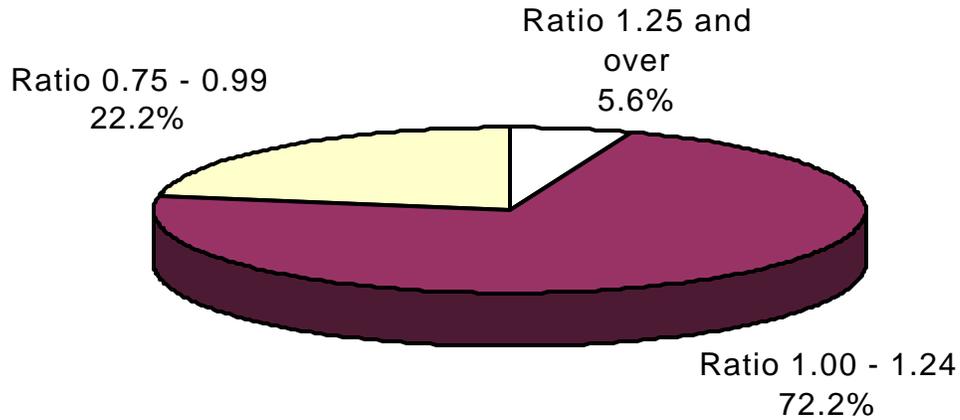
Graph 8 - A
Funded Ratio for SMEPPs Registered as of March 31, 2003
As a Percentage of Plans



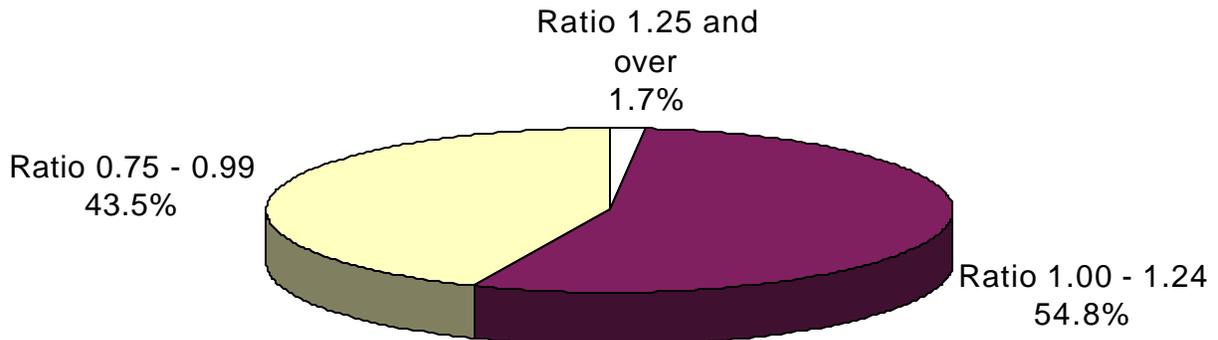
Graph 8 - B
Funded Ratio for SMEPPs Registered as of March 31, 2003
As a Percentage of Active Members Covered



Graph 9 - A
Solvency Ratio for SMEPPs Registered as of March 31, 2003
As a Percentage of Plans



Graph 9 - B
Solvency Ratio for SMEPPs Registered as of March 31, 2003
As a Percentage of Active Plan Members



Actuarial Assumptions

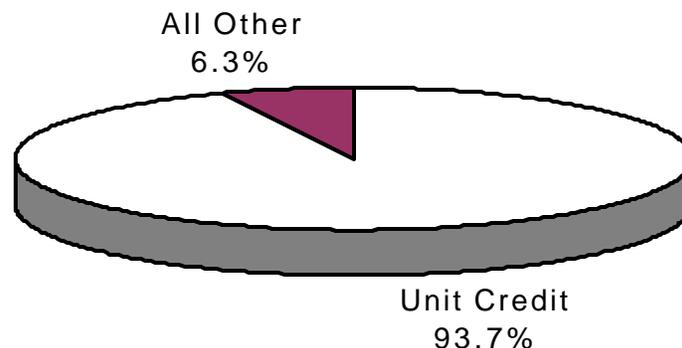
Method of Valuing Liabilities

The accrued benefit (unit credit) method was the most common actuarial valuation method for determining ongoing liabilities. The percentage of defined benefit pension plans using this method is 93.7 percent.

Table Twelve provides a breakdown of valuation methods used on both a plan type basis and as a percentage of plans.

Table Twelve						
Method of Valuing Liabilities Used for Plans Registered as of March 31, 2003						
By Plan Type						
	Career Average	Average Best	Final Average	Flat Benefit	Composite / Hybrid	Total
Unit Credit	26	58	16	48	30	178
Entry Age	0	0	0	3	0	3
Aggregate	0	0	0	0	0	0
Individual Level	0	0	0	0	0	0
Attained Age	0	1	0	1	0	2
Other	0	3	3	0	1	7
Total	26	62	19	52	31	190*
* Total Plans with the last filed Cost Certificate having no value coded for Valuation Methods: 4						

Liability Valuation Methods As a Percentage of Plans



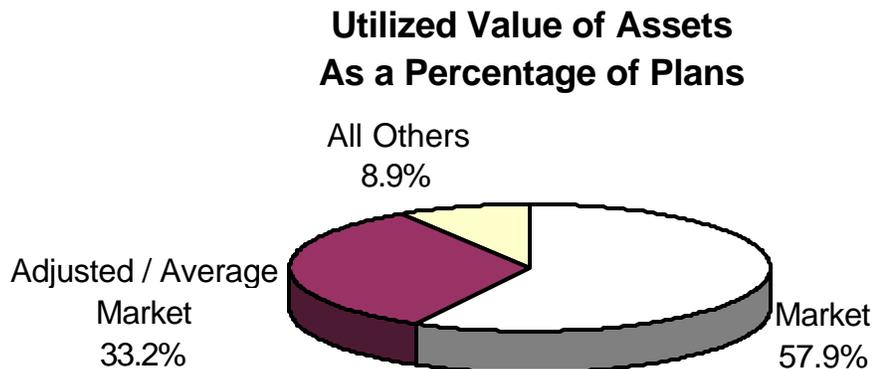
Value of Assets

Market Value of plan assets was the most popular method for determining the actuarial value of the assets of a pension plan.

- ❖ The majority of plans, or 57.9 percent used straight market value; another 33.2 percent used an average/adjusted market value.
- ❖ The remaining 8.9 percent of plans used book value or adjusted book, a blend of book and market value, or used other methods for valuing the actuarial value of assets of the pension plan.

Table Thirteen summarizes utilized values by plan type and as a percentage of plans.

Table Thirteen						
Utilized Value of Assets for Plans Registered as of March 31, 2003						
By Plan Type						
	Career Average	Average Best	Final Average	Flat Benefit	Composite / Hybrid	Total
Book	0	1	0	1	1	3
Adjusted Book	1	0	0	0	0	1
Market	14	40	12	23	21	110
Adjusted / Average Market	10	19	3	22	9	63
Blend of Book / Market	0	1	1	1	0	3
Other	1	1	3	5	0	10
Total	26	62	19	52	31	190*
* Total Plans with the last filed Cost Certificate having no value coded for Valuation Methods: 4						



Mortality Tables and Withdrawal Rates

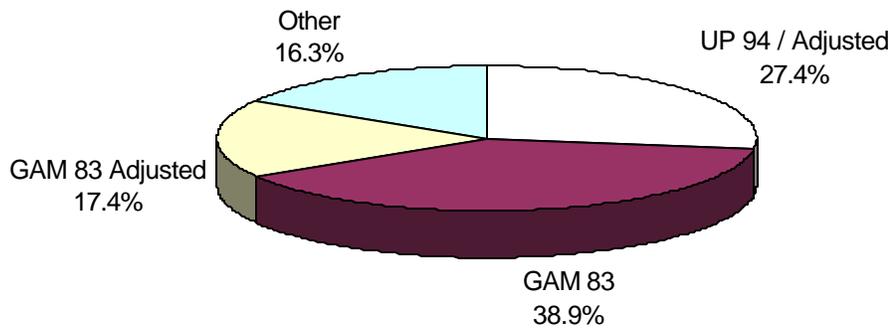
The 1983 Group Annuity Mortality Table or some variation of it was used by 56.3 percent of defined benefit pension plans.

The percentage of plans percent using UP 94 or an adjustment of it was 27.4 percent, while the remaining 16.3 percent of the plans surveyed used either true sample mortality or used other mortality tables.

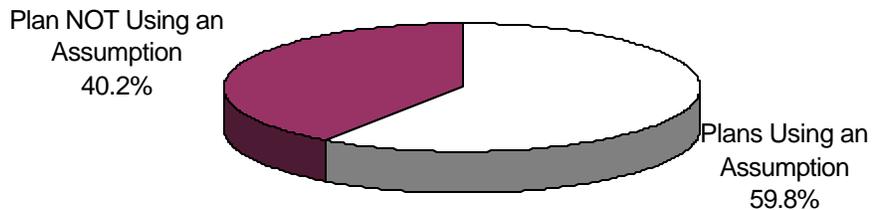
Graph Ten summarizes mortality tables used in defined benefit pension plans.

The number of plans using a withdrawal assumption was 59.8 percent. Graph Eleven shows the withdrawal rate assumptions

Graph Ten
Mortality Tables Used as of March 31, 2003
As a Percentage of Plans



Graph Eleven
Plans Using a Withdrawal Assumption as of March 31, 2003
As a Percentage of Plans



Interest Rates and Salary Assumptions

A breakdown of the long term or ultimate interest assumption used for the 194 defined benefit pension plans surveyed is shown in Table Fourteen.

Interest Assumptions

- ❖ A long-term interest assumption of between 7.5 and 6.0 was used by 91.7 percent of plans as shown by Table Fourteen. There were no plans using an interest rate assumption greater than 8.5 percent.

Table Fourteen	
Interest Assumptions Used for Registered Plans as of March 31, 2003	
Rate (%)	No. of Plans
8.0 or over	7
7.5	46
7.0	86
6.5	31
6.0	15
5.5	0
5.0	3
4.5	0
4.0	0
3.5	0
3.0 of less	6
TOTAL	194

Salary Assumptions

- ❖ Of the 194 plans surveyed, 113 required a salary assumption as shown in Table Fifteen.
- ❖ The percentage of plans used a salary assumption of between 6.5 and 5.0 percent was 75.2 percent.

Table Fifteen	
Salary Assumptions Used for Registered Plans* as of March 31, 2003	
Rate (%)	No. of Plans
7.0 or over	3
6.5	13
6.0	27
5.5	21
5.0	24
4.5	6
4.0	5
3.5	1
3.0 or less	14
TOTAL	113

* Final Average & Average Best Earnings Provisions Only

Salary – Interest Differential Assumptions

- ❖ In 7 plans, the interest assumption exceeds the salary assumption by 1.0 percent or less as shown in Table Sixteen.
- ❖ 106 plans had a differential between interest rate and salary escalation assumptions of between 1.50 and 2.00 percent (or over).

Table Sixteen	
Percentage Difference between Interest and Salary Assumptions Used for Registered Plans* as of March 31, 2003	
Rate (%)	No. of Plans
2.00 or over	96
1.50	10
1.00	4
0.75	0
0.50	3
0.00	0
-0.50	0
-1.00	0
-1.50 or under	0
TOTAL	113

* Final Average & Average Best Earnings Provisions Only

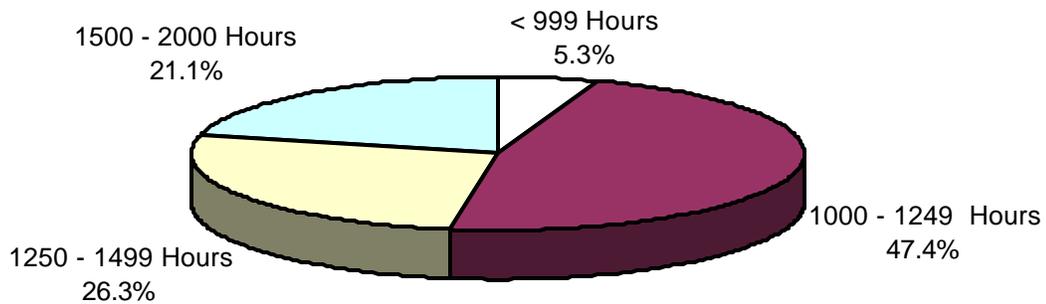
Hours Worked Assumptions

The final assumption surveyed was average hours worked by a member in a plan year. Only SMEPP flat benefit plans use this assumption

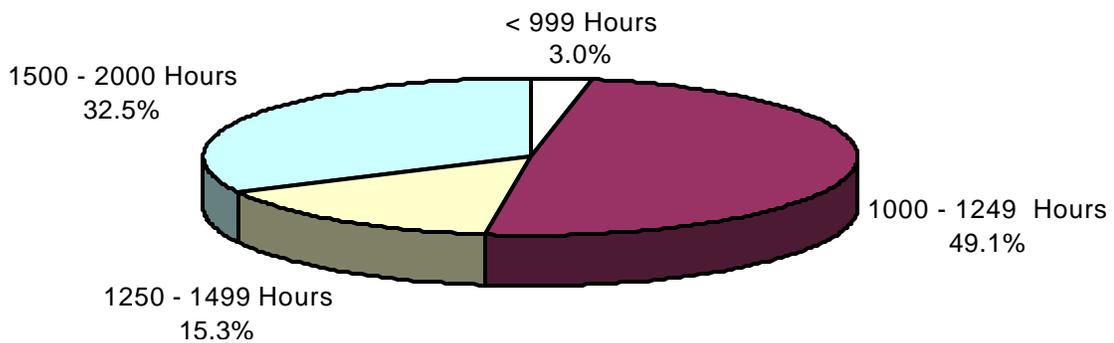
- ❖ 19 plans were required to use an hours worked assumptions.
- ❖ Average assumed hours worked were 1,134 per year per plan member.

Graph Twelve shows a breakdown of the hours worked assumption used by plans and the (assumed) active members.

Graph Twelve - A
Hours Worked Assumption for Flat Benefit SMEPPs
Registered as of March 31, 2003
As a Percentage of Plans



Graph Twelve - B
Hours Worked Assumption for Flat Benefit SMEPPs
Registered as of March 31, 2003
As a Percentage of (Assumed) Active Members



Section 3 – Trends

Recognized trends within the annual statistics report are not available due to the four-year hiatus since the last publication of the statistics report. The below describes the general tendency in the reported values from the last complete statistics report in 1998 – 1999.

Supervised Plans

The number of pension plans supervised has increased to 1,240 (up from 1,200 supervised plans in 1998 – 99). In addition, new plan registrations have continued to outpace plan terminations. Many new plans registered are Plans for Specified Individuals (PSIs), which have been excluded from the statistics report.

The predominant type of plan is defined contribution, with the number of defined contribution plans being twice the number of defined benefit plans. Overall active membership in defined contribution plans is one half the active membership in defined benefit plans.

Defined contribution plans, whereby the member makes the investment decision with respect to the investment of the employer and employee contribution (where applicable) has increased.

Within the defined benefit plan category:

- ❖ Average Best Earning plans represent the majority of plans supervised, excluding PSI plans that are typically Career Average Earning plans.
- ❖ Flat Benefit plans cover the majority of members of plans supervised.

Actuarial Assumptions

- ❖ The number of plans using a market value of assets, or an adjusted market value of assets, has continued to increase since the last statistics report, while plans using book value correspondingly continue to decline.
- ❖ The vast majority of defined benefit plans continue to use the unit credit method for valuing liabilities.
- ❖ The use of the GA 71 mortality table has completely disappeared, while the use of the GAM 83 mortality table has declined. The GAM 83 (adjusted) mortality table is the most commonly used. The 1994 Uninsured Pensioner Mortality Table (UP 94) and variations of that table have been used more frequently in recent years.
- ❖ Plans have increased the use of withdrawal assumptions. As of March 31, 1999, just over 25 percent of plan surveyed were using a withdrawal assumption, compared to 59.8 percent of plans in 2003 that did have a withdrawal assumption.
- ❖ The majority of pension plans surveyed use an interest assumption in the 7.5 percent to 6.5 percent category. This has decreased since 1998 – 99, when the majority of plans used an interest assumption between 8.0 percent and 7.0 percent.

It is anticipated that this downward trend in the interest rate assumption will continue as plans file newer actuarial valuations and cost certificates.

- ❖ A majority of plans have an interest/salary assumption differential between 1.5 and 2.0 (and over). In 1998 – 99, the interest/salary assumption differential was in the 2.0 to 3.0 (and over) range.