Alberta Superintendent of Financial Institutions
Annual Pensions Statistics Report

2003 – 2004

Alberta
FINANCE

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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 registered with the Alberta Superintendent of Financial Institutions (ASFI). The report also comments on emerging trends in the various areas covered and the financial hardship access program.

The report is divided into four sections:

- The first section provides for a brief description of programs and an overview of ASFI 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 fourth section provides information regarding the financial hardship access program.

The report combines commentary with graphic 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.

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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, Financial Institutions and Public Pension Policy. 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).

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, a pension plan that is subject to the legislation of more than one authority is supervised by the authority having jurisdiction over the greatest number of plan members.
- 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, 2004, ASFI was responsible for the supervision of 1,280 pension plans.

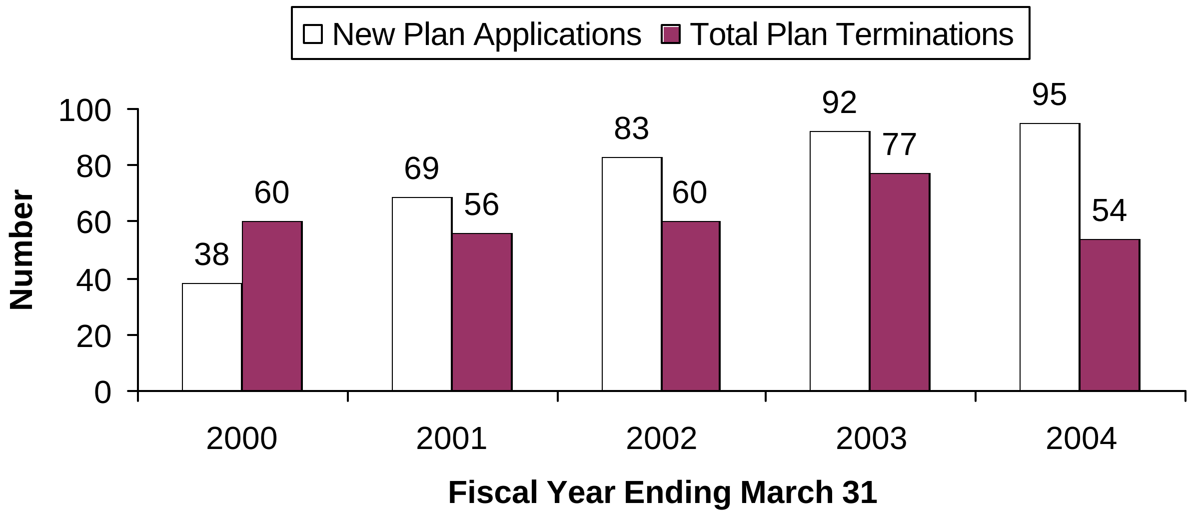
- A total of 1,103 of those plans had registered status under the Act.
- Of the remaining 177 plans:
  - Forty five (45) had been reviewed but required further documentation before they could be registered,
  - One hundred twenty seven (127) were terminated but awaiting cancellation of the certificate of registration, and
  - Five (5) were in a suspended or delayed windup status.
- There were 558 Plans for Specified Individuals (PSI's) registered as active, pending registration, or pending cancellation.
- Active and Pending Registration plans covered a total of 263,401 members entitled to benefits, of whom 175,843 were active members.

Table One and Table Two give an overview of office activity for the year ending March 31, 2004 compared with the previous year.

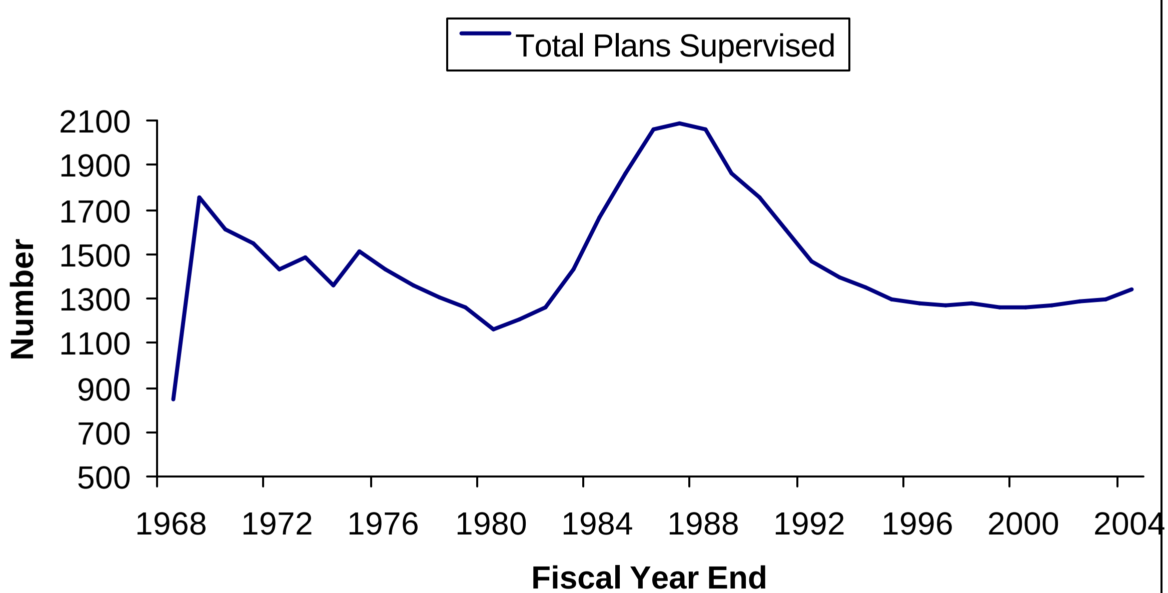
Graphs One depicts the number of new plan applications in the year of April 1, 2003 to March 31, 2004 as compared to the number of plans terminated within the same year. Additionally, a comparison of new plan applications as compared with plan terminations is shown over the past five years.

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, 2004



Registrations

A total of 95 new pension plans were submitted for registration in fiscal year 2003 - 04.

- ASFI issued 49 certificates of registration for new plans that were submitted for registration within the fiscal year covered by this report.

- ASFI also issued certificates of registration for 68 plans that had been submitted for registration in previous fiscal years.

- A total of 45 plans were still pending registration because they required additional documentation before being registered under the Act. Of these plans, 9 had been submitted for registration in previous years.

- In total, ASFI issued 117 certificates of registration during 2003 - 04.

Table One summarizes the activity related to plan registrations.

Other Activities

- Under the reciprocal agreement Alberta participates with the other provincial pension jurisdictions, 2 plans were transferred into Alberta. ASFI transferred 3 plans to other jurisdictions. Transfers of pension plans to and from other jurisdictions are identified in Table One.

- ASFI reviewed and accepted 668 Annual Information Returns and 187 Cost Certificates during the year.

- ASFI registered 1,068 pension plan amendments over the review period.

- ASFI issued 68 Notices of Filing.

Table One identifies the other activities performed by ASFI.

Terminated Plans

ASFI canceled certificates of registration for 54 pension plans during the year. The terminated plans covered 3,454 members. Plans for Specified Individuals (PSI) accounted for 48 percent (26 plans, covering 38 members) of the discontinued plans.

- 6 plans, covering 2,051 members, merged with other registered pension plans.
- 5 plans, covering 259 members discontinued because the company was dissolved, went bankrupt, or had difficulty financing the cost of the pension plan.
- 17 plans, covering 39 members were discontinued at the request of the plan sponsor with no further explanation given.
- 11 plans, covering 820 members were discontinued and replaced with registered retirement savings plans.
- 6 plans, covering 17 members were discontinued because the last member of the plan had died or terminated employment/membership.
- Non-compliance with the Act accounted for 1 plan being discontinued by ASFI.
- No plans were discontinued as a result of Canada Revenue Agency not approving the plan for registration.

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

Table One **Regulatory Activity**[1]		
	Year Ending March 31, 2003	Year Ending March 31, 2004
Plans Reviewed for Registration	92	95
Plans Approved for Registration	103	117
Plans Transferred to Alberta Supervision	1	2
Plans Transferred from Alberta Supervision	4	3
Total Plans To-Be-Cancelled[2]	103	129*
Plans Discontinued (Registration Cancelled)[2]	77	54
Annual Information Returns[3]	602	668
Cost Certificates[4]	154	187
Amendments to Registered Plans	846	1,068
Notices of Filing[5]	147	68

1 Totals reflect changes during the fiscal year covered by this report, unless indicated otherwise.
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.
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.
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.
5 Notices of Filing are in respect of amendments to insurance contracts and trust agreements.

* Two plans are in a delayed windup.

Table Two **Discontinued Pension Plans**			
	Totals at March 31, 2003	Totals at March 31, 2004	Total active members affected (2003 – 2004)
Reasons for Discontinuance			
No Reason Given	18	17	39
Replaced by a New Plan	1	1	44
Merged into Another Plan	5	6	2,051
Bankruptcy of the Plan Sponsor	2	0	0
No Members Left in Plan	8	6	17
Non-Approval by CCRA	2	0	0
Company Dissolved	4	5	259
Financial / Administrative Concerns	1	0	0
Replaced by Individual / Group RRSP's	22	11	820
Non-Compliance	0	1	1
Other	14	7	223
TOTAL	77	54	3,454

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*. Specified individuals are persons 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 $965.1 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.

- Approximately $118.1 million in required employer current service contributions were offset by using existing excess assets and forfeiture credits. This represents about 17.7 percent of total required employer current service contributions.

- Actual contributions to pension plans during the year under review totaled about $847 million.

- Required employee contributions were about $138.2 million with an additional $21 million in employee voluntary and optional ancillary contributions. This compares with required employee contributions of about $130.6 million and voluntary contributions of about $23.0 million for the previous fiscal year.

Table Three outlines contributions made during the year.

Table Three

Contributions to Plans Supervised
for the Year Ending March 31, 2004

Employee Contributions			
Required	$138,156,704		
Voluntary[1]	$ 21,045,018		
TOTAL	**$159,201,722**		**$159,201,722**
Employer Contributions			
Current Service	$667,532,432		
Less Forfeitures Used		($ 2,787,398)	
Less Excess Assets Used		($115,308,598)	
NET CURRENT SERVICE	**$667,532,432**	**($118,095,996)**	**$549,436,436**
Unfunded Liabilities Payments	$42,979,181		
Solvency Deficiency Payments	$95,430,904		
NET OTHER PAYMENTS	**$138,410,085**		**$138,410,085**
TOTAL	**$805,942,517**	**($118,095,996)**	**$687,846,521**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Gross)			**$965,144,239**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Net)			**$847,048,243**

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 approximately $1.6 million was refunded from pension plan funds during the 2003 - 04 fiscal year as follows:

- A total of $442 thousand went to employers on termination of their pension plans.
- A total of $1.14 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, 2004

	Number of Plans	To Employers	To Employees	Total
Ongoing	0	$0	$0	$0
Termination	18	$442,238.93	$1,142,505.74	$1,584,744.67
TOTAL	**18**	**$442,238.93**	**$1,142,505.74**	**$1,584,744.67**

Plan Information

Active Members

A total of 638 pension plans covering 175,019 active members were supervised by ASFI during the year.

- 431 pension plans with 100 active members or less (totaling 13,252 members) accounted for 67.6 percent of all registered non-PSI pension plans and 7.6 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, 2004

Membership Range	Number of Plans	Number of Members
0 – 10	111	617
11 – 50	219	5,658
51 – 100	101	6,977
101 – 200	68	9,562
201 – 300	25	6,133
301 – 400	19	6,659
401 – 500	10	4,367
501 – 600	11	6,044
601 – 1000	31	23,600
1001 – 1500	19	22,275
1501 – 2000	7	11,962
2001 – 3000	4	9,472
3001 – 4000	5	17,794
4001 – 5000	3	13,124
5000+	5	30,775
TOTALS	**638***	**175,019**

* This total differs significantly from the 2002 - 03 stats report, which included plans-to-be-cancelled as at March 31, 2003.

Jurisdictions

Under plans registered in Alberta, 83.7 percent of active members were employed in Alberta and 5.1 percent of active members were employed in British Columbia, comprising the second largest province of employment. The remaining 11.3 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.

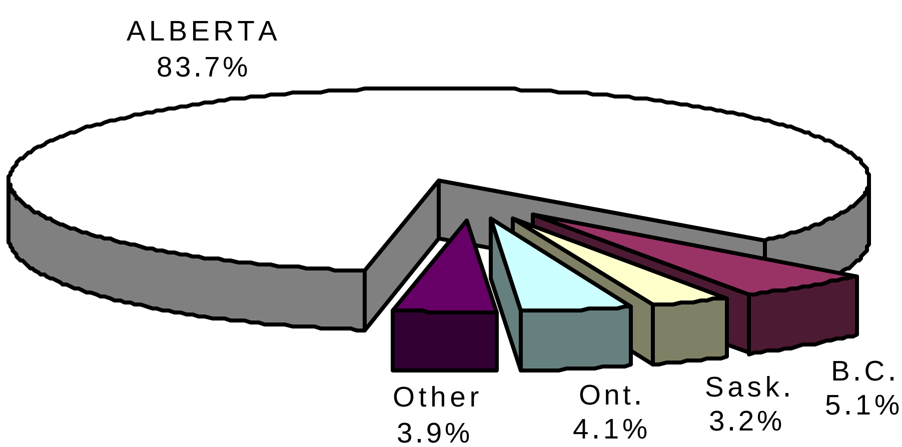
Table Six

Active Membership by Jurisdiction
for Non-PSI Plans Supervised as of March 31, 2004

Jurisdiction	Number of Plans	Number of Members	Percentage of Members
Alberta	636*	146,433	83.7%
British Columbia	132	8,872	5.1%
Saskatchewan	102	5,562	3.2%
Manitoba	68	2,756	1.6%
Ontario	97	7,185	4.1%
Quebec	41	1,867	1.1%
Prince Edward Island	7	11	0%
New Brunswick	16	255	0.1%
Nova Scotia	38	751	0.4%
Newfoundland and Labrador	29	673	0.4%
Territories	27	147	0.1%
Outside Canada	32	507	0.3%
Total		**175,019**	**100.0%**

* Two plans did not have Alberta members.

Graph Three
Percentage of Active Members by Jurisdiction



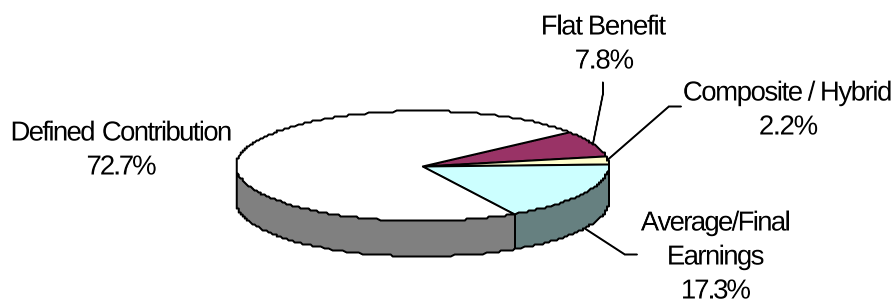
Benefit Type

Of the registered non-PSI plans, 72.7 percent were defined contribution pension plans; however, these plans covered only 40.7 percent of active members. An additional 2.2 percent of plans covering 6.7 percent of members were composite or hybrid defined benefit plans having a defined contribution component.

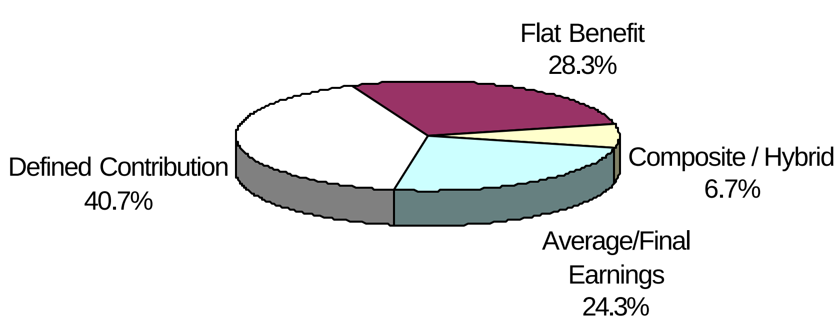
Flat benefit plans represented 7.8 percent of total registered pension plans, but they covered 28.3 percent of active members.

The majority of defined contribution plans were plans for small employers, thus explaining the large number of plans but relatively small membership. The flat benefit plans were primarily large multi-employer plans, thus explaining the large membership but relatively small number of plans. Graph Four provides the percentages of plans and active membership for benefit types.

Graph Four - A
Registered Pension Plan Benefit Type of of March 31, 2004
As a Percentage of Plans



Graph Four - B
Registered Pension Plan Benefit Types as of March 31, 2004
As a Percentage of Active Members

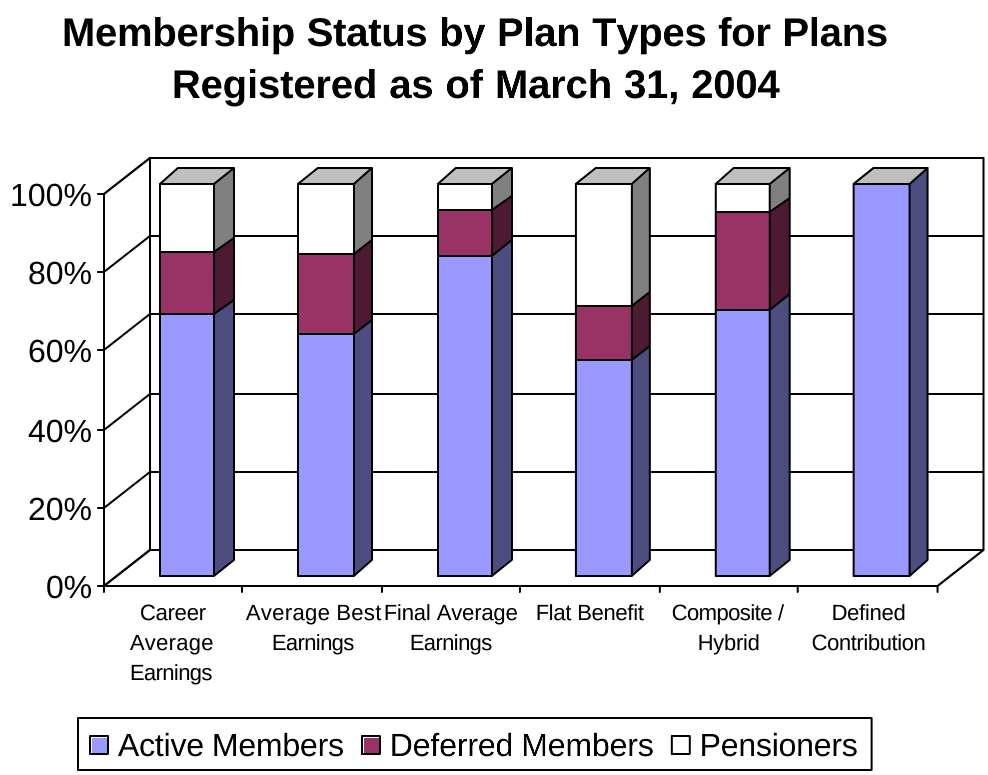


Former Members

As of March 31, 2004, there were 87,515 former members entitled to benefits under defined benefit provisions of actively registered pension plans (excluding PSI plans). Of these, 43,791 were deferred vested members, including disabled and suspended members. The other 43,724 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, 2004 was about $14.7 billion.

- The market value of assets attributable to pure defined contribution plans was about $1.1 billion.
- The market value of assets attributable to defined benefit plans was about $13.6 billion. This figure includes defined contribution pension plans that include a defined benefit component related to past service benefits.
- The per-member market value of assets was approximately $28,210 for defined contribution plans and $58,569 for members and former members of defined benefit plans.
- Average market value of assets per plan were $2.7 million for pure defined contribution plans and about $66.7 million for defined benefit plans.
- The difference in assets between the two types of plans is explained by the extremes of a few very large defined benefit plans versus a 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 and defined benefit pension plans for which no asset data was available.
- The tables do include those newly registered pension plans that have no assets and no liabilities.

In February 2004, a substantial data-entry project focusing on the statistical information collected by ASFI was completed. A number of data points – particularly those related to the type defined benefit pension plans registered with ASFI – were altered. Tables Seven, Eight, and Nine reflect the upgraded statistical information.

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

Table Seven

Plan Assets by Plan Type
for Non-PSI Plans Registered the Year Ended
March 31, 2004

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	23	5,288	7,967	$236,567,578	$241,032,262	$10,285,547	$10,479,664	$29,693	$30,254
Average Best	64	30,824	51,373	$5,074,620,827	$4,127,459,272	$79,290,950	$64,491,551	$98,780	$80,343
Final Average	14	3,620	4,286	$175,839,052	$176,374,918	$12,559,932	$12,598,208	$41,026	$41,151
Flat Benefit	49	48,550	88,441	$2,080,804,324	$2,094,393,461	$42,465,394	$42,742,724	$23,528	$23,681
Composite/Hybrid	14	11,555	16,808	$1,404,356,236	$1,448,499,685	$100,311,160	$103,464,263	$83,533	$86,179
DC Plans with DB past service	39	29,400	47,214	$4,568,457,310	$4,568,457,310	$117,139,931	$117,139,931	$96,761	$96,761
Sub Total	**203**	**129,237**	**216,089**	**$13,540,645,327**	**$12,656,216,980**	**$66,702,686**	**$62,345,896**	**$62,662**	**$58,569**
Money Purchase	419	40,588	40,588	$1,144,985,151	$1,144,985,151	$2,732,661	$2,732,661	$28,210	$28,210
TOTAL	**622**	**169,825**	**256,677**	**$14,685,630,478**	**$13,801,202,059**	**$23,610,338**	**$22,188,428**	**$57,214**	**$53,769**

Liabilities

Going Concern Basis

Going concern liabilities for registered defined benefit pension plans totaled over $58.5 million per plan and $55,001 per member.

- ❖ On average, all plans except flat benefit plans are 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, 2004

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	23	5,288	7,967	$214,695,273	$9,334,577	$26,948
Average Best	64	30,824	51,373	$3,610,839,184	$54,419,362	$70,287
Final Average	14	3,620	4,286	$171,117,413	$12,222,672	$39,925
Flat Benefit	49	48,550	88,441	$2,240,655,928	$45,727,672	$25,335
Composite / Hybrid	14	11,555	16,808	$1,409,450,444	$100,675,032	$83,856
DC Plans with DB past service	39	29,400	47,214	$4,238,420,846	$108,667,458	$89,770
TOTAL	**203**	**129,237**	**216,089**	**$11,885,179,088**	**$58,547,680**	**$55,001**

Termination Basis

Solvency liabilities for defined benefit pension plans totaled over $65 million per plan and $99,017 per member. A large solvency liability is associated with pension plans where current service benefits accrue on a defined contribution basis yet there exists defined benefits for past service. Corporations in the oil and gas industry primarily sponsor these types of plans.

- <u>The number of pension plans with termination liabilities are understated as plans that have a solvency greater than 1.0 are not required to indicate termination liabilities when filing cost certificates</u>.

- Comparing assets to liabilities, on average pension plans registered in Alberta are fully funded on a termination basis, although the margin of assets compared to liabilities is small. Individual plans may deviate significantly from the norm.

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, 2004*

Type of Plan	No. of Plans	Number of Members	Total Liabilities	Per Plan Average Liability	Average Liabilities Per Active Member
		Active	Termination	Termination	Termination
Career Average	17	4,986	$281,196,988	$16,540,999	$56,397
Average Best	44	12,951	$1,833,535,871	$41,671,270	$141,575
Final Average	8	1,795	$125,188,280	$15,648,535	$69,743
Flat Benefit	46	46,735	$2,942,022,728	$63,957,016	$62,951
Composite / Hybrid	7	5,319	$487,697,359	$69,671,051	$91,690
DC Plans with DB past service	21	22,957	$3,711,547,348	$176,740,354	$161,674
TOTAL	**143**	**94,743**	**$9,381,188,664**	**$65,602,718**	**$99,017**

* Data concerning solvency liabilities for all DB members was not available for this report

Unfunded Liability and Solvency Deficiency

There were 93 registered defined benefit plans, covering 65,216 active members that had unfunded liabilities as of March 31, 2004, while 83 plans, covering 58,182 active members had solvency deficiencies.

- ❖ Plan deficits totaled $1.1 billion. Unfunded liabilities accounted for $597 million while solvency deficiencies accounted for $524 million.

- ❖ Unfunded liabilities and particularly solvency deficiencies had increased for most plan types largely due to lower interest rates used in calculating solvency liabilities, as well as high investment returns being offset by a stronger Canadian dollar.

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

In February 2004, a substantial data-entry project focusing on the statistical information collected by ASFI was completed. A number of data points – particularly those related to the type defined benefit pension plans registered with ASFI – were altered. Table ten, and Table Eleven reflect the upgraded statistical information.

Table Ten

Unfunded Liabilities and Solvency Deficiencies by Plan Type for Non-PSI Plans Registered the Year Ended March 31, 2004

	UNFUNDED LIABILITIES					SOLVENCY DEFICIENCIES				
Type of Plan	**No. of Plans**	**No. of Active Members**	**Total Unfunded Liability**	**Average Per Plan**	**Average Per Active Member**	**No. of Plans**	**No. of Active Members**	**Total Solvency Deficiency**	**Average Per Plan**	**Average Per Active Member**
Career Average	9	325	$2,311,397	$256,822	$7,112	7	3,686	$19,398,100	$2,771,157	$5,263
Average Best	33	15,407	$117,545,197	$3,561,976	$7,629	22	7,046	$65,263,493	$2,966,522	$9,262
Final Average	6	2,534	$11,088,899	$1,848,150	$4,376	3	1,150	$10,835,400	$3,611,800	$9,422
Flat Benefit	30	34,471	$216,144,308	$7,204,810	$6,270	37	30,848	$97,434,209	$2,633,357	$3,159
Composite / Hybrid	4	4,414	$72,267,059	$18,066,765	$16,372	3	4,388	$90,515,541	$30,171,847	$20,628
DC plans with DB Past Service	11	8,065	$177,885,653	$16,171,423	$22,056	11	11,064	$241,300,553	$21,936,414	$21,810
TOTAL	**93**	**65,216**	**$597,242,513**	**$6,421,963**	**$9,158**	**83**	**58,182**	**$524,747,296**	**$6,322,257**	**$9,019**

Assets In Excess of Liabilities

As of March 31, 2004, 102 plans with defined benefit provisions 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 74,263 members of whom 38,446 were active members.

- The total assets exceeding liabilities among pension plans with defined benefit provisions was $851 million. The average amount for each active member and former plan member was $11,456.

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, 2004

Type of Plan	Number of Plans	Number of Members		Total Assets Exceeding Liabilities	Average per Plan	Average Per Total Member
		Active	Total			
Career Average	14	4,587	7,157	$28,648,386	$2,046,313	$4,003
Average Best	31	9,386	17,686	$622,925,123	$20,094,359	$35,221
Final Average	8	1,081	1,408	$16,346,404	$2,043,301	$11,610
Flat Benefit	19	12,824	26,095	$71,557,041	$3,766,160	$2,742
Composite / Hybrid	9	5,015	8,957	$111,316,300	$12,368,478	$12,428
DC plans with DB Past Service	21	5,553	12,960	$140,667,311	$6,698,443	$10,854
TOTAL	**102**	**38,446**	**74,263**	**$850,793,254**	**$8,341,110**	**$11,456**

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 167 non-PSI defined benefit plans selected in the report, data for the tables was collected from 161 plans. The remaining 6 plans were plans where a cost certificate had been received but had not yet been accepted.

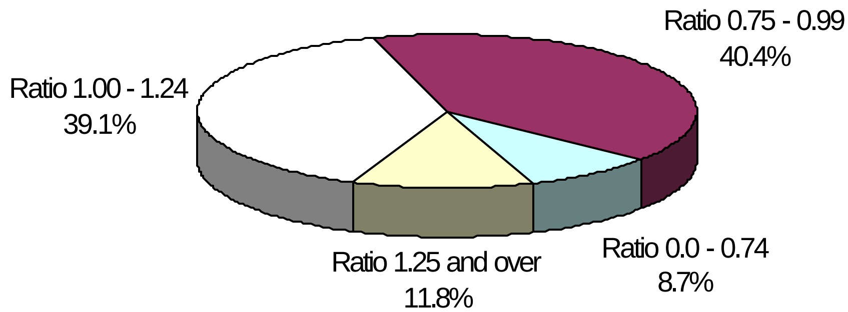
Funded Ratio

- ❖ Of the plans reported on:
    - o The percentage of plans with a funded ratio of 1.0 or better was 50.9 percent,
    - o The percentage of members in plans with a funded ratio of 1.0 or better was 42.6 percent,
    - o The percentage of plans with a funded ratio between 0.75 and 0.99 was 40.4 percent,
    - o The percentage of members in plans with a funded ratio between 0.75 and 0.99 was 51.1 percent.

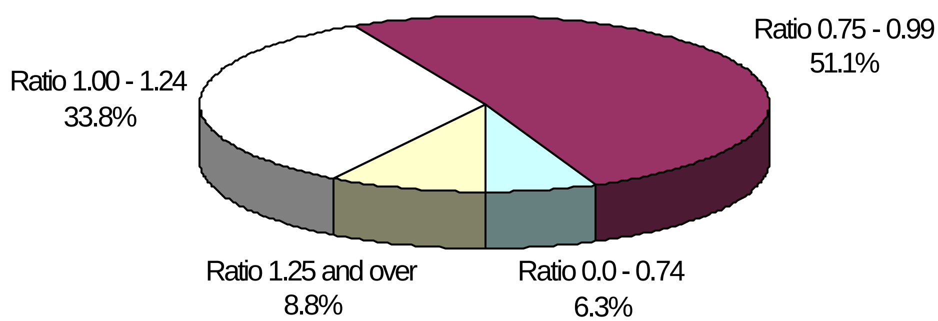
Solvency Ratio

- ❖ Of the plans reported on:
    - o The percentage of plans with a solvency ratio of 1.0 or better was 51.6 percent,
    - o The percentage of members in plans with a solvency ratio of 1.0 or better was 46.2 percent,
    - o The percentage of plans with a solvency ratio between 0.75 and 0.99 was 37.3 percent,
    - o The percentage of members in plans with a solvency ratio between 0.75 and 0.99 was 46.9 percent.
- ❖ These results are influenced by a small number of pension plans having a large number of members.
- ❖ Both the percentage of plans with solvency ratios of less than 1.0 and the percentage of members in plans with a solvency ratio of less than 1.0 have increased from last year's report.

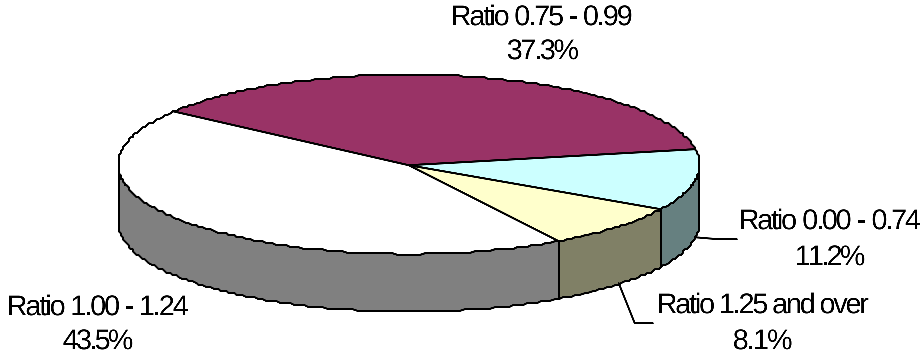
Graph Six - A
Funded Ratio for Plans Registered as of March 31, 2004
As a Percentage of Plans



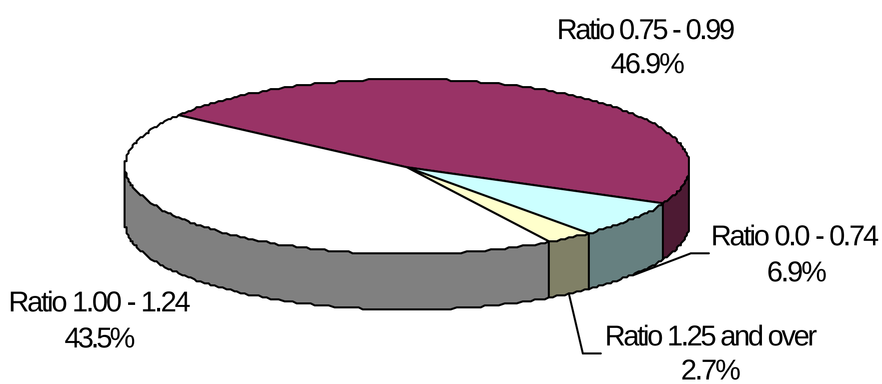
Graph Six - B
Funded Ratio for Plans Registered as at March 31, 2004
As a Percentage of Active Members Covered



Graph Seven - A
Solvency Ratio for Plans Registered as of March 31, 2004
As a Percentage of Plans



Graph Seven - B
Solvency Ratio of Plans Registered as of March 31, 2004
As a Percentage of Plans



SMEPP Solvency and Funding Ratios

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 20. This is a decrease of 1 registered SMEPP from a year ago.

- Of the 20 registered SMEPPs, 1 had filed a cost certificate that has not yet been accepted. Data was therefore collected from the remaining 19 SMEPPs

- Of the plans reported on:

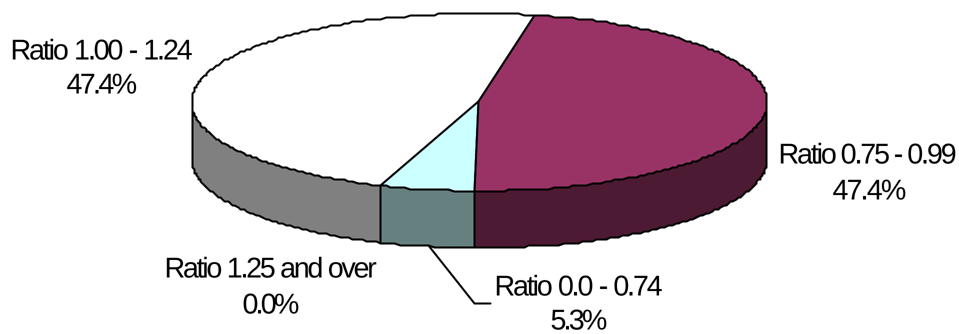
    - The percentage of SMEPPs with a funded ratio of 1.0 or better was 47.4 percent. These plans also covered 26.2 percent of active members.

    - The remaining 52.6 percent, covering 73.8 percent of active members, had funded ratios of between 0.70 and 0.99.

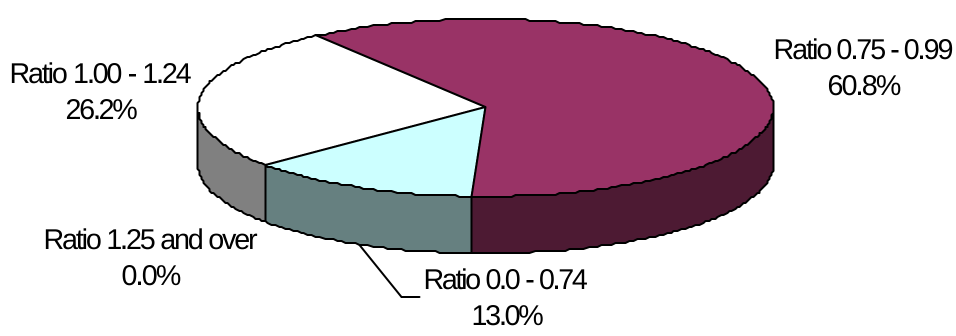
    - The percentage of SMEPPs with a solvency ratio of 1.0 or better was 42.1 percent. These plans covered 26.2 percent of active members.

    - The remaining 57.9 percent, covering 73.8 percent of active members, had solvency ratios of between 0.75 and 0.99.

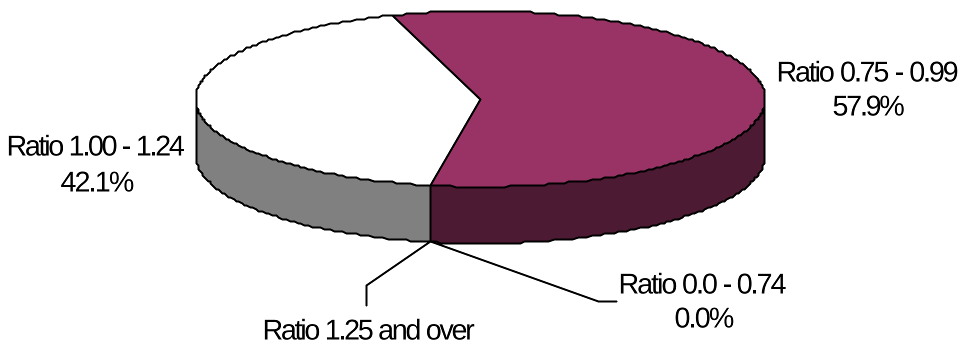
Graph Eight - A
Funded Ratio for SMEPPs Registered as of March 31, 2004
As a Percentage of Plans



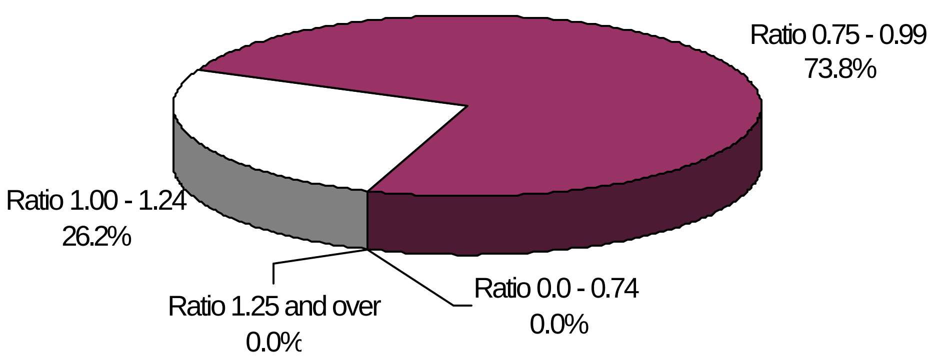
Graph Eight - B
Funded Ratio for SMEPPs Registered as of March 31, 2004
As a Percentage of Active Members Covered



Graph Nine - A
Solvency Ratio for SMEPPs Registered as of March 31, 2004
As a Percentage of Plan



Graph Nine - B
Solvency Ratio for SMEPPs Registered as of March 31, 2004
As a Percentage of Active Members



Actuarial Assumptions

Method of Valuing Liabilities

The accrued benefit (unit credit) method was the most common actuarial valuation methodology for determining ongoing liabilities. The percentage of defined benefit pension plans using this method is 94.6 percent.

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

Table Twelve

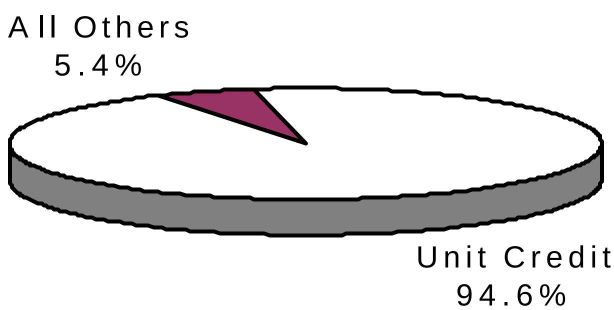
Method of Valuing Liabilities Used for Plans Registered as of March 31, 2004

By Plan Type

	Career Average	Average Best	Final Average	Flat Benefit	Composite / Hybrid	DC plans with DB Past Service	Total *
Unit Credit	23	61	13	46	13	35	**191**
Entry Age	0	0	0	3	0	0	**3**
Aggregate	0	0	0	0	0	0	**0**
Individual Level	0	0	0	0	0	0	**0**
Attained Age	0	0	0	0	0	0	**0**
Other	0	3	1	0	0	4	**8**
Total	**23**	**64**	**14**	**49**	**13**	**39**	**202**

* Total Plans with the last filed Cost Certificate having no value coded for Valuation Method: 1

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 61.5 percent used straight market value; another 30.8 percent used an average/adjusted market value.

- The remaining 7.7 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

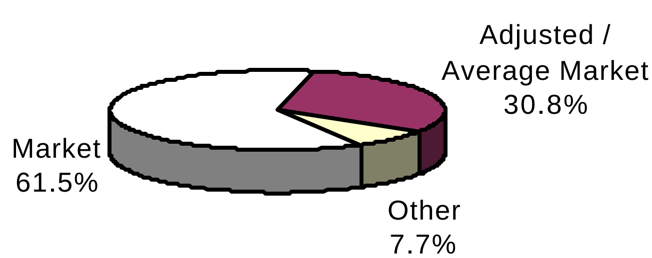
Utilized Value of Assets of Plans
Registered as of March 31, 2004

By Plan Type

	Career Average	Average Best	Final Average	Flat Benefit	Composite / Hybrid	DC plans with DB Past Service	Total *
Book	0	1	0	1	0	2	4
Adjusted Book	1	0	0	0	0	1	2
Market	13	38	10	30	7	24	122
Adjusted / Average Market	8	24	2	16	5	12	67
Blend of Book and Market	0	0	1	0	0	0	1
Other	1	1	1	2	1	0	6
Total	23	64	14	49	13	39	202

* Total Plans with the last filed Cost Certificate having no value coded for Valuation Method: 1

Utlized Value of Assets
As a Percentage of Plans



Mortality Tables and Withdrawal Rates

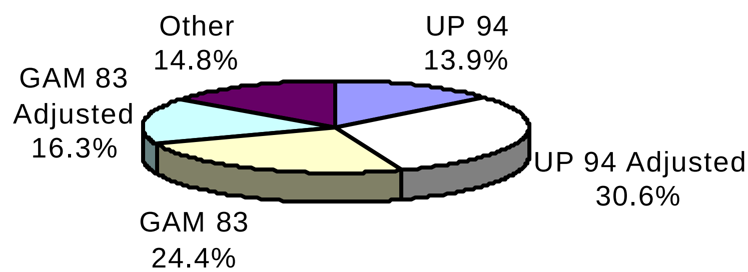
The 1983 Group Annuity Mortality Table or some variation of it was used by 40.7 percent of defined benefit pension plans.

The percentage of plans percent using UP 94 or an adjustment of it was 44.5 percent. The remaining 14.8 percent of the plans sur veyed used either true sample mortality or other mortality tables.

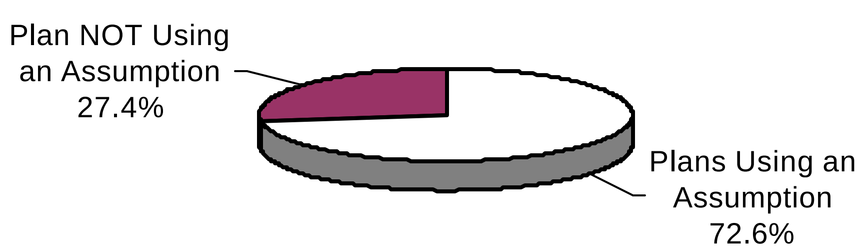
Graph Ten summarizes mortality tables used in defined benefit pension plans.

The number of plans using a withdrawal assumption was 72.6% percent. Graph Eleven shows the withdraw rate assumptions

Graph Ten
Mortality Tables Used as of March 31, 2004
As a Percentage of Plans



Graph Eleven
Plans with a Withdrawal Assumption as of March 31, 2004
As a Percentage of Plans



Interest Rates and Salary Assumptions

A breakdown of the long term or ultimate interest assumption used for the 202 defined benefit pension plans (including DC plans with DB past service) surveyed is shown in Table Fourteen.

Interest Assumptions

- A long-term interest assumption of between 7.5 and 6.0 was used by 95 percent of plans as shown by Table Fourteen. There were no plans using an interest rate assumption greater than 8.0 percent.

Table Fourteen

Interest Assumptions Used for Registered Plans as of March 31, 2004

Rate (%)	No. of Plans
8.0 or over	4
7.5	30
7.0	91
6.5	51
6.0	20
5.5	1
5.0	3
4.5	0
4.0	0
3.5	0
3.0 or less	2
TOTAL	**202**

Salary Assumptions

- Of the 203 plans surveyed (includes DC plans with DB past service), 95 plans used a salary assumption as shown in Table Fifteen.

- The percentage of plans used a salary assumption of between 8.0 and 4.0 percent was 67 percent.

Table Fifteen

Salary Assumptions Used for Registered Plans* as of March 31, 2004

Rate (%)	# of Plans
7.0 or over	1
6.5	0
6.0	2
5.5	8
5.0	20
4.5	19
4.0	25
3.5	7
3.0 or less	13
TOTAL	**95**

* Final Average Earnings, Average Best Earnings, and Hybrid / Composite Plans only

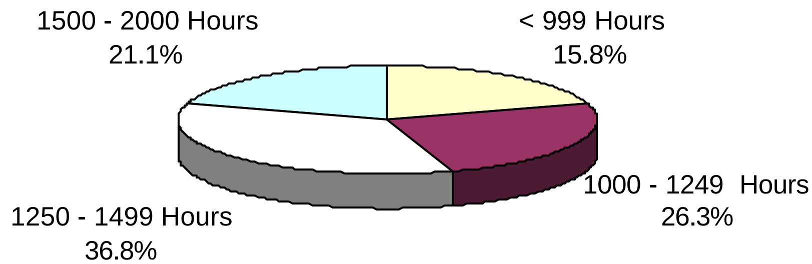
Hours Worked Assumptions

The final assumption surveyed was average hours worked by a member in a plan year, which only applies to SMEPP flat benefit plans.

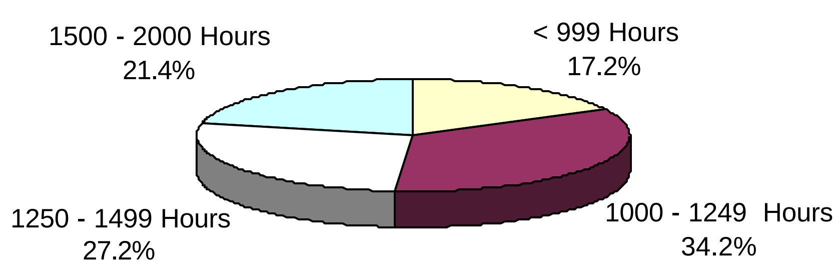
- ❖ 19 plans were required to use an hours worked assumptions
- ❖ Average assumed hours worked were 1,342 per year per plan member.

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, 2004
As a Percentage of Plans



Graph Twelve - B
Hours Worked Assumption for Flat Benefit SMEPPs
Registered as of March 31, 2004
As a Percentage of (Assumed) Active Members



Section 3 – Trends

Benefit Types

Pure defined contribution pension plans have increased in numbers over the past year, from 407 to 419. Membership in these plans has decreased this year, compared to last.

- ❖ The decrease in membership primarily involves the data entry project that was completed in February 2004. A number of plans featuring a significant number of members were originally classified as money purchase plans. These plans are now more correctly classified as DC plans with past service defined benefits.

Within the defined benefit plan category, Average Best Earnings pension plans represent the majority of defined benefit pension plans.

The number of composite plans, offering both defined contribution provisions as well as defined contribution provisions for current service benefits is quite small at 14 plans.

Actuarial Assumptions

- ❖ An overwhelming majority of defined benefit plans use the market value, (or some variation thereof), to determine the utilized value of plan assets. The use of a book value assumption correspondingly continues to decrease.
- ❖ The use of the accrued/unit credit method for valuing liabilities is nearly universal among defined benefit pension plans.
- ❖ The use of the GA 71 mortality table has completely disappeared, while use of both the GAM 83 and the GAM 83 Adjusted mortality table has declined. The 1994 Uninsured Pensioner Mortality Table (UP 94) (and the adjustments to that table) is becoming the most frequently employed mortality table.
- ❖ Plans have increased the use of withdrawal assumptions. As of March 31, 2003, nearly 60 percent of plan surveyed were using a withdrawal assumption, compared to 72 percent of plans as of March 31, 2004.
- ❖ The majority of pension plans surveyed use an interest assumption in the 6.5 to 7.0 percent range.
- ❖ The majority of pension plans surveyed use a salary assumption in the 4.0 to 5.0 percent range.

Section 4 – Financial Hardship Access

Alberta Financial Hardship Unlocking

Effective May 14, 2003, individuals with Alberta locked-in accounts were permitted to access some of the funds in those accounts in cases of financial hardship. In order access the funds, applicants are required to complete the appropriate application form. Applicants must demonstrate that they qualify under at least 1 of 8 potential situations of financial hardship.

Table Sixteen and Graph Thirteen summarize the total number of applications received per reason of financial hardship.

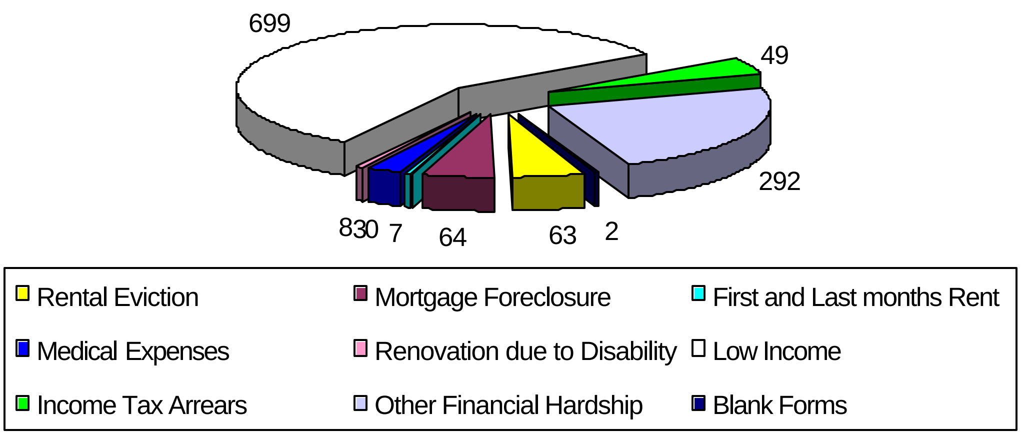
Table Sixteen

Financial Hardship Applications as of March 31, 2004

Reason of Financial Hardship	Number of Applications
Rental Eviction	63
Mortgage Foreclosure	64
First and Last Month Rent / Security Deposit	7
Medical Expenses	30
Renovations due to a Disability	8
Low Income	699
Income Tax Arrears	49
Other Reason of Financial Hardship	292
TOTAL	1,212*

* Two application forms did not indicate the reason of hardship

Graph Thirteen
Financial Hardship Applications



Applicants applied for a total of $14,025,459.33 and ASFI consented to the release of $11,987,079.56 for an average of $9,890.33 per application. Table Seventeen illustrates the number of applications per reason of financial hardship, as well as the average amounts released per application.

Table Seventeen

Funds Released from Locked-in Accounts under the Financial Hardship Program as of March 31, 2004

Reason of Financial Hardship	Number of Applications	Dollar Value of Funds Released	Average Value of Funds Released
Rental Eviction	63	$526,713.62	$8,360.53
Mortgage Foreclosure	64	$713,949.71	$11,155.46
First and Last Month's Rent	7	$13,288.32	$1,898.33
Medical Expenses	30	$146,085.78	$4,869.53
Renovation due to Disability	8	$50,010.71	$6,251.34
Low Income	699	$7,754,470.54	$11,093.66
Income Tax Arrears	49	$395,932.89	$8,080.26
Other Financial Hardship	292	$2,386,627.99	$8,173.38
TOTAL	**1,212**	**$11,987,079.56**	**$9,890.33**

Graph Fourteen illustrates the number of financial hardship applications received per month over the past fiscal year.