



Financial
Services
Commission

A Statistical Perspective On Pension Plans Registered In Saskatchewan

Pensions Division

Saskatchewan

Table of Contents

	Page
Introduction	1
Statistical Highlights.....	2
Funding Defined Benefit Plans	7
Contact Information	19

Introduction

The statistics reported in the Statistical Trends section were derived from Annual Information Returns filed with the Pensions Division in 2004 and 2005 for plan year ends from January 1, 2004 to December 31, 2004, inclusive.

The Funding Defined Benefits Plans section is based on the most recently filed actuarial valuation for each defined benefit plan registered with the Pensions Division. As actuarial valuations are required to be filed every third year, some of the valuation statistics date as far back as January 1, 2002.

This report focuses on the plans registered with the Pensions Division. It should be noted, however, that a substantial number of Saskatchewan members participate in plans that are not regulated by the Division. Many plans are registered with another provincial pension authority or the federal government. Several plans are not supervised by any pension authority.

At the beginning of 2005, 201,499 Saskatchewan workers participated in 1,281 employer-sponsored pension plans:

Saskatchewan Worker Participation in Pension Plans		
Jurisdiction of Registration	# of Plans	# of Members
Saskatchewan Pensions Division	401	139,793
Another provincial pension authority	697	25,294
Federal government	173	20,763
Not supervised by pension authority	10	15,649
Total	1,281	201,499

About 49% of paid workers in Saskatchewan participate in a registered pension plan. Nationally, the comparable rate is 39%. Saskatchewan has a higher than average proportion of its paid workers in the public sector where coverage is close to universal. The coverage rate in the private sector is in the range of 25% to 30%. About 64% of the 201,499 plan members work for a public sector employer.

In Canada, about 18% of plan members participate in a defined contribution or money purchase plan. In Saskatchewan, about 44% of members belong to such plans.

Statistical Highlights

Table 1- Statistics on the Activities of the Pensions Division

Fiscal Year	New Plans Registered	Plan Terminations Reviewed	Annual Information Returns Reviewed	Plan Amendments Registered
1994/95	12	32	382	370
1995/96	19	29	397	370
1996/97	28	27	362	153
1997/98	42	29	366	215
1998/99	29	20	407	235
1999/00	12	15	410	190
2000/01	14	24	399	201
2001/02	17	19	362	281
2002/03	11	18	399	226
2003/04	22	19	366	151
2004/05	22	14	388	123
2005/06	35	22	366	250

Division Activity

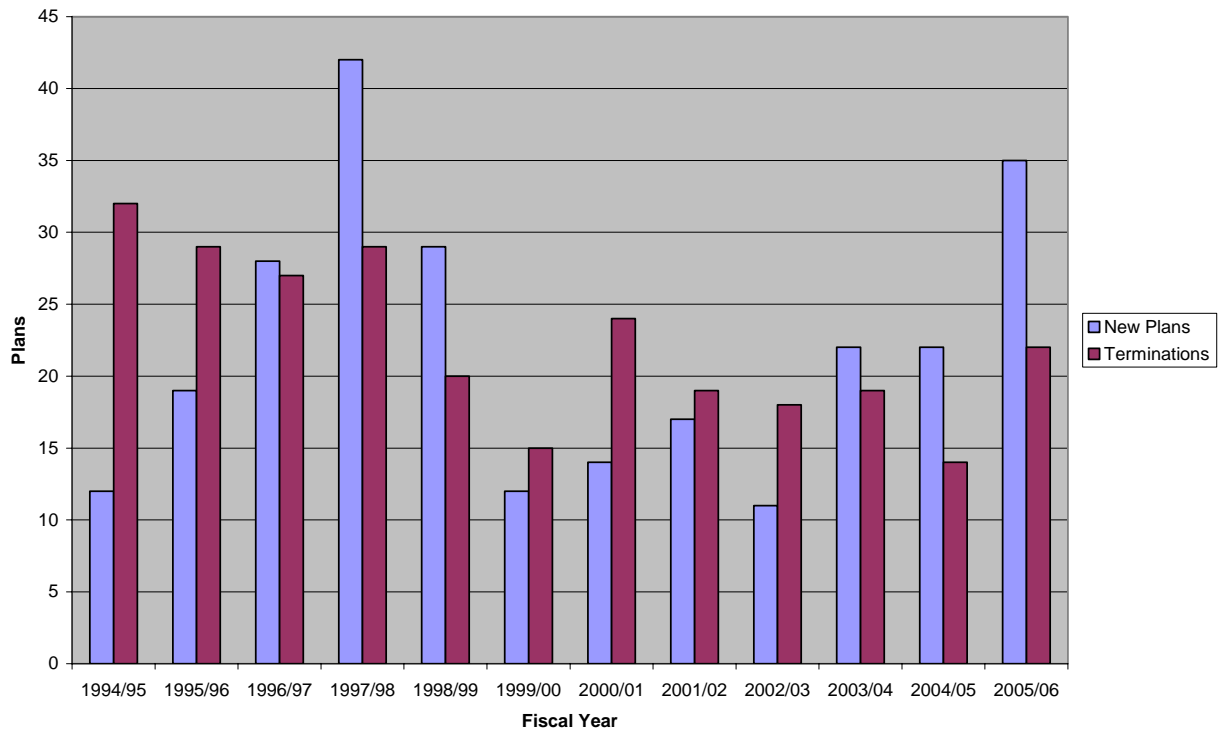


Table 2

# of Active Members by Size of Pension Plan for the Period January 1, 2004 to December 31, 2004			
Member Ranges	# of Members	# of Plans	Average Members Per Plan
1 - 10	375	127	3
11 - 15	339	26	13
16 - 20	433	24	18
21 - 50	2,341	70	33
51 - 100	3,024	44	69
101 - 200	3,062	21	146
201 - 300	4,759	19	250
301 - 400	2,020	6	337
401 - 500	2,307	5	461
501 - 600	2,682	5	536
601 - 1000	8,987	12	749
1001 - 2000	9,504	7	1,358
2001 - 3000	2,007	1	2,007
3001 - 4000	3,972	1	3,972
4001 - 5000	4,246	1	4,246
5001 - 10000	0	0	0
10001 and over	99,562	5	19,912
Totals	149,620	374	400
Previous Year	148,987	378	394

The table is based on annual information returns filed for plan years ending in 2004 and includes plans registered in Saskatchewan with some members employed in other provinces, but excludes 12 plans with no active members.

Membership is concentrated in a few plans. The three largest plans accounted for 52% of the total number of members and five plans held 66% of all members. Twenty-seven plans (7% of the total number of plans) had 86% of the total number of members.

Table 3

Contributions to Supervised Plans for Period January 1, 2004 to December 31, 2004	
MEMBER CONTRIBUTIONS	
Required member contributions	\$ 280,325,399
Additional voluntary contributions	<u>10,877,761</u>
Total member contributions	<u>\$ 291,203,160</u>
EMPLOYER CONTRIBUTIONS	
Required employer contributions	\$ 370,018,646
Less termination/death forfeitures used	(475,410)
Less surplus assets used	<u>(27,558,010)</u>
Net current service contributions	<u>\$ 341,985,226</u>
Unfunded liability special payments	\$ 54,803,767
Solvency deficiency special payments	38,387,814
Pre-1993 special payments	<u>112,369</u>
Total special payments	<u>\$ 93,303,950</u>
Total employer contributions	<u>\$ 435,289,176</u>
TOTAL CONTRIBUTIONS	<u>\$ 726,492,336</u>
PREVIOUS YEAR	<u>\$ 595,733,279</u>

The table is based on annual information returns filed for plan years ending in 2004 and includes plans registered in Saskatchewan with some members employed in other provinces.

Fewer plans are using surplus assets. Twenty-six plans reported using surplus assets totalling \$27,558,010 in 2004 compared to 29 plans which reported the use of surplus assets totalling \$28,650,795 in 2003.

Special payments to amortize unfunded liabilities and solvency deficiencies have increased substantially since the last report. In 2004, special payments totalling \$93,303,950 were reported compared to special payments of \$24,914,589 reported in 2003.

Table 4

# of Active Members and Market Value by Pension Plan Type for Period January 1 to December 31, 2004			
Plan Type	# of Plans	# of Members	Market Value
Final Average	17	20,469	2,901,898,028
Average Best	15	46,605	5,517,040,291
Career Average	11	2,242	148,533,241
Flat Benefit	21	6,914	466,737,472
Composite	0	0	0
Hybrid	4	748	49,150,452
Designated Plan	82	138	37,114,531
Subtotal	150	77,116	\$9,120,474,015
Defined Contribution	224	72,504	7,395,426,864
Total	374	149,620	\$16,515,900,879

The table is based on annual information returns filed for plan years ending in 2004 and includes plans registered in Saskatchewan with some members employed in other provinces, but excludes 12 plans with no active members.

Defined benefit plans were, on average, bigger than defined contribution plans. 60% of the pension plans were defined contribution, but those plans contained 52% of the total plan members and 44% of the total assets.

Table 5

# of Active Members by Market Value of Pension Plan for the Period January 1, 2004 to December 31, 2004				
Market Value Range	# of Members	# of Plans	Total Market Value	Average Market Value
Under \$100,000	354	27	\$1,239,242	\$45,898
Under \$500,000	1,493	135	\$37,278,573	\$276,138
Under \$1 million	1,715	54	\$38,000,485	\$703,713
Under \$5 million	4,980	72	\$151,505,072	\$2,104,237
Under \$10 million	3,057	21	\$158,075,228	\$7,527,392
Under \$100 million	19,703	46	\$1,343,488,275	\$29,206,267
Under \$500 million	9,885	11	\$2,235,912,268	\$203,264,752
Under \$ 1 billion	8,871	3	\$2,218,661,898	\$739,553,966
\$ 1 billion and over	99,562	5	\$10,331,739,838	\$2,066,347,968
Total	149,620	374	\$16,515,900,879	\$44,160,163

As at December 31, 2004, five plans had assets exceeding \$1 billion. Those five plans represented about 1% of plans registered with the Pensions Division and held 67% of plan members and 63% of the total market value of all plans.

Funding Defined Benefit Plans

You will note that the membership data on the next page does not reconcile to that reported in the Statistical Highlights section. The data in this section is from current actuarial valuations filed with the Division. The Statistical Highlights section uses data obtained by the Annual Information Returns covering the period January 1, 2004 to December 31, 2004.

Highlights of the statistics on the funding of defined benefit plans include:

- The plans are relatively immature. Active members outnumber other beneficiaries by more than a 2 to 1 margin. (Table 6) The ratio of liabilities for active members to the liabilities for non-active members is 1.6 to 1.
- The funding of plans has deteriorated slightly since our last report, largely due to negative investment experience in 2001 and 2002 and a drop in long-term interest rates. The actuarial value of plan assets was \$8.5 billion compared with the actuarial value of plan liabilities of \$8.3 billion, meaning the system as a whole has a surplus of about \$179 million. (Tables 7 and 8) In our last report, the system was in surplus by about \$200 million.
- On a going concern basis, 124 plans had an unfunded liability compared to 53 plans with a surplus. Total unfunded liabilities of plans have grown from \$280 million to \$292 million, while total surplus assets of plans have fallen from \$499 million to \$470 million. Eleven plans accounted for 89 percent of the \$292 million in unfunded liabilities. (Tables 9 and 10)
- As well, the membership profile of plans with an unfunded liability has improved since our previous report. Previously, plans with an unfunded liability had 639 members and former members per plan, while plans with surplus had 934 beneficiaries per plan. Currently, plans with an unfunded liability have 497 members and former members, while plans with surplus assets have 1,028 beneficiaries per plan.
- Many of the designated plans carry an unfunded liability. (Table 9) By “a designated plan”, we mean a plan that meets the criteria of section 8515 of the *Income Tax Regulations* (Canada). Such plans are generally for connected persons and senior executives. They often are established with significant past service liabilities and no assets. Designated plans now account for 61% of defined benefit plans registered with the Pensions Division.
- Designated plans must be funded in accordance with the rules prescribed under the *Income Tax Regulations* (Canada). Consequently, we have not included these plans in Tables 11 through Table 20. This is a change from our previous reports.

- The funded ratio of a plan is determined by dividing its actuarial assets by its accrued actuarial liabilities, where the actuarial valuation is based on the assumption that the plan is a going concern. A plan with a funded ratio of less than 1.00 has an unfunded liability. In our previous report, 46 percent of plan beneficiaries belonged to plans that had a funded ratio of 1.00 or more. Currently 52 percent of plan beneficiaries participate in plans with a funded ratio of 1.00 or more. We have excluded Designated Plans from Table 11 in this report.
- The solvency ratio of a plan also is calculated by dividing its assets by its liabilities, except that the values are determined as if the plan had terminated. Having insufficient assets on plan termination may result in a reduction of benefits; therefore, the solvency ratio is an important measure of risk. Forty-three percent of the plans meet this test of solvency compared to 57 percent in our previous report. In terms of membership, 74 percent of plan beneficiaries participate in a plan with a solvency ratio greater than 1.00. In our previous report, 81 percent of beneficiaries belonged to a plan having a solvency ratio greater than 1.00. We have excluded Designated Plans from Table 12 in this report.
- The actuarial method most frequently used by actuaries for determining the value of liabilities on a going concern basis is the unit credit method. The method was used in 80% of the valuations. We have excluded Designated Plans from Table 13 in this report.
- Assets were most frequently valued on a market value basis, with actuaries using market value or adjusted market value over 99 percent of the time. Pure market value was used 59% of the time. We have excluded Designated Plans from Table 14 in this report.
- The use of market value as a valuation basis has resulted in the market value of assets being about \$12 million higher than the actuarial value of assets. This is a change from the previous report where the use of a valuation basis other than market value resulted in the actuarial value of assets exceeding the market value of assets by about 31 percent. We have excluded Designated Plans from Table 15 in this report.
- The current report shows that 32 percent of plans are now using GAM 94, as the basis for the assumption with respect to mortality. In the previous report, 66 percent of plans used the 1983 Group Annuity Mortality Table. We have excluded Designated Plans from Table 16 in this report.
- The long-term interest rate assumed by actuaries fell within a relatively tight range. Actuaries used between 6.50% and 7.0% in valuing about 70 percent of the plans. There are no valuations using an interest assumption above 7.0%. We have excluded Designated Plans from Table 17 in this report.

- Of the 34 plans that required a salary projection, 26 used a rate less than 5.0% per annum. Last report, 20 of 34 plans were valued with a salary assumption within this range. We have excluded Designated Plans from Table 18 in this report.
- Last report, 16 of 34 plans had a salary/interest spread of more than 2%. This report, 18 of 34 plans had a spread that exceeded 2%. We have excluded Designated Plans from Tables 19 and 20 in this report.

Table 6

Membership of Defined Benefit Plans						
Plan Type	# of Plans	Active Members	Inactive Members	Deferred Members	Pensioners	Total Beneficiaries
Final Average	17	20,648	1,432	2,825	8,238	33,143
Average Best	18	49,103	1,925	3,843	12,007	66,878
Career Average	11	1,843	0	420	476	2,739
Flat Benefit	19	6,058	113	4,359	2,202	12,732
Designated Plan	108	172	0	1	17	190
Hybrid	4	460	81	52	119	712
Totals	177	78,284	3,551	11,500	23,059	116,394

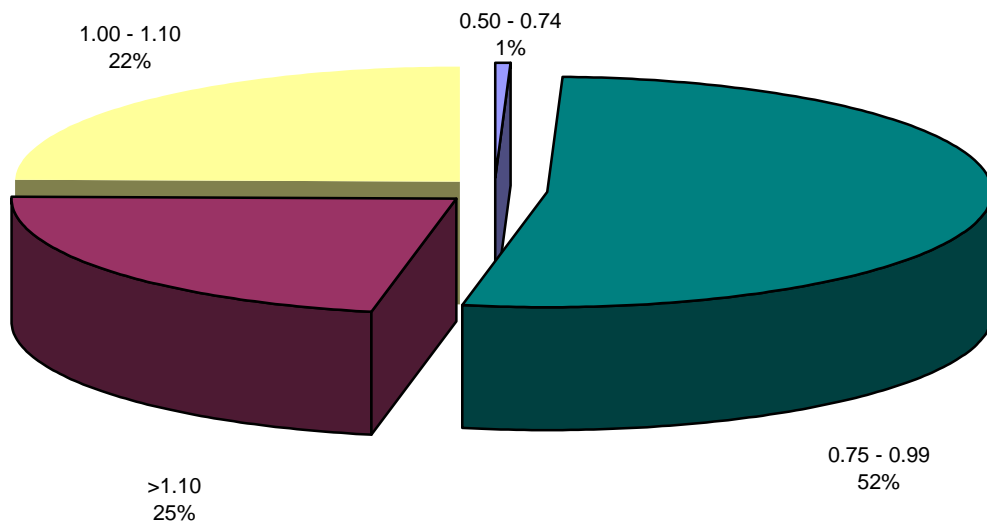
The registration of Designated Pension Plans has risen significantly. These plans now account for 61% of defined benefit plans registered with the Pensions Division.

Type of Plan	# of Plans	Active Members	Total Ben.	Ongoing Liabilities	Average Per Plan	Average Per Active Member	Average Per Ben.
Final Average	17	20,648	33,143	\$2,563,764,410	\$150,809,671	\$124,165	\$77,355
Average Best	18	49,103	66,878	\$5,099,945,213	\$283,330,290	\$103,862	\$76,257
Career Average	11	1,843	2,739	\$115,778,324	\$10,525,302	\$62,821	\$42,270
Flat Benefit	19	6,058	12,732	\$478,913,353	\$25,205,966	\$79,055	\$37,615
Designated Plan	108	172	190	\$48,863,025	\$452,435	\$284,087	\$257,174
Hybrid	4	460	712	\$16,117,132	\$4,029,283	\$35,037	\$22,636
Total	177	78,284	116,394	\$8,323,381,457	\$47,024,754	\$106,323	\$71,510

Type of Plan	# of Plans	Active Members	Total Ben.	Plan Assets	Average Per Plan	Average Per Active Member	Average Per Ben.
Final Average	17	20,648	33,143	\$2,613,312,559	\$153,724,268	\$126,565	\$78,850
Average Best	18	49,103	66,878	\$5,264,661,114	\$292,481,173	\$107,217	\$78,720
Career Average	11	1,843	2,739	\$111,165,074	\$10,105,916	\$60,317	\$40,586
Flat Benefit	19	6,058	12,732	\$456,046,146	\$24,002,429	\$75,280	\$35,819
Designated Plan	108	172	190	\$40,096,519	\$371,264	\$233,119	\$211,034
Hybrid	4	460	712	\$16,657,404	\$4,164,351	\$36,212	\$23,395
Total	177	78,284	116,394	\$8,501,938,816	\$48,033,553	\$108,604	\$73,044

Table 11

Funded Ratio (Assets/Liabilities)		
Funded Ratio	# of Plans	# of Beneficiaries
0.50 – 0.74	6	657
0.75 - 0.99	27	61,072
1.00 - 1.10	24	25,779
>1.10	12	28,696
Total	69	116,204

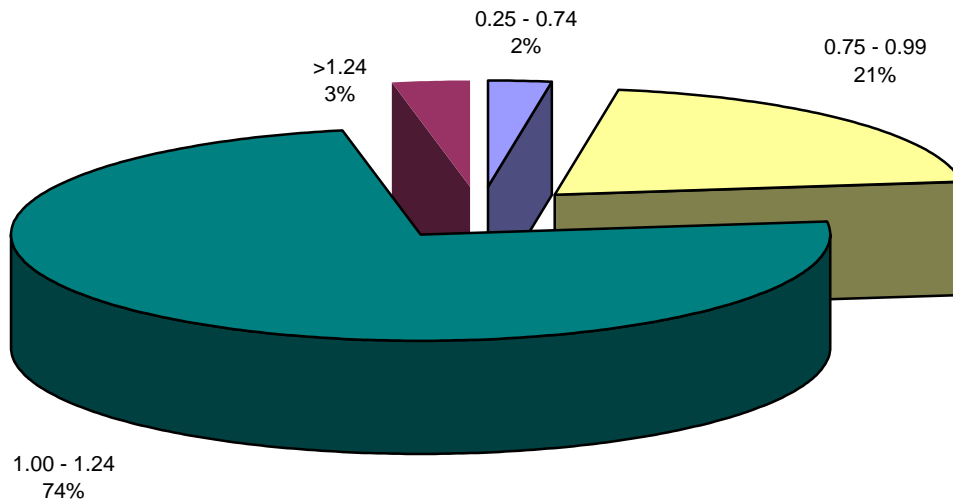


Funded Ratio as a Percentage of Beneficiaries

Note: Excludes Designated Plans

Table 12

Solvency Ratio (Assets/Liabilities)		
Solvency Ratio	# of Plans	# of Beneficiaries
0.25 – 0.74	9	2,779
0.75 – 0.99	30	24,117
1.00 – 1.24	24	85,639
>1.24	6	3,669
Total	69	116,204



Solvency Ratio as a Percentage of Beneficiaries

Note: Excludes Designated Plans

Table 13						
Method of Valuing Liabilities						
Plan Type	Final Average	Average Best	Career Average	Flat Benefit	Hybrid	Total
Method						
Projected Unit Credit	15	10	5	5	3	38
Unit Credit			6	10	1	17
Attained Age	2	6		2		10
Aggregate Cost						0
Entry Age		2		2		4
Total	2	18	11	19	4	69

Table 14						
Method of Valuing Assets						
Plan Type	Final Average	Average Best	Career Average	Flat Benefit	Hybrid	Total
Method						
Book						0
Adjusted Book		1				1
Market	8	8	9	13	3	41
Adjusted Market	9	9	2	6	1	27
Blend of Book/Market						0
Total	17	18	11	19	4	69

Note: Excludes Designated Plans

Table 15

Comparison of Market Value to Actuarial Value of Assets			
Plan Type	# of Plans	Market Value	Actuarial Value
Final Average	17	\$2,604,383,003	\$2,613,312,559
Average Best	18	\$5,285,721,524	\$5,264,661,114
Career Average	11	\$111,973,089	\$111,165,074
Flat Benefit	19	\$454,551,211	\$456,046,146
Hybrid	4	\$16,953,404	\$16,657,404
Total	69	\$8,473,582,231	\$8,461,842,297

Table 16

Mortality Table Used	
Table Used	# of Plans
GAM 94 Static	12
GAM 94 UP	30
GAM 94 Adjusted	10
GAM 94 GAR	3
GAM 83	9
GAM 83 Adjusted	5
Total	69

Note: Excludes Designated Plans

Table 17 Interest Assumption Used	
Rate	# of Plans
5.25	1
5.50	2
5.75	3
6.00	14
6.25	5
6.50	22
6.75	4
7.00	18
Total	69

Table 18 Salary Assumption Used (Final Average and Average Best Plans)	
Rate	# of Plans
2.50	1
3.00	1
3.25	2
3.50	6
3.75	2
4.00	3
4.10	1
4.25	1
4.50	8
4.75	1
5.00	5
5.25	1
5.39	1
5.50	1
Total	34

Table 19

Spread Between Interest and Salary Assumptions (Final Average and Average Best Plans)	
Difference	# of Plans
0.50	1
1.00	2
1.25	1
1.50	2
1.61	1
1.75	1
1.90	1
2.00	7
2.25	1
2.50	6
2.75	2
3.00	3
3.25	1
3.50	3
3.75	1
4.00	1
Total	34

Table 20

Differential	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.25	2.00	1.90	1.75	1.61	1.50	1.25	1.00	0.50
Interest Rate																
5.25										1	1					1
6.00			1			1			1				1		1	
6.25							1	1								
6.50					3	1	1		3				1	1	1	
6.75				1												
7.00	1	1	2				4		3			1				
Total	1	1	3	1	3	2	6	1	7	1	1	1	2	1	2	1

Excludes Designated Plans

For additional information please contact:

Pensions Division
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
REGINA SK S4P 4H2

Tel: (306) 787-7650

Fax: (306) 787-9006

Web site: www.sfsc.gov.sk.ca

Prepared: August 2006