Annual Statistics Report

Alberta Superintendent Of Pensions

July 1, 2006 – June 30, 2007

Finance

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MESSAGE FROM THE SUPERINTENDENT

I am pleased to present the annual statistical report on the status of 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 is divided into three sections:

- The first section provides a brief description and 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 information regarding the financial hardship access program.

The report combines commentary with graphical representations by way of tables and graphs. The report is completed as at June 30, 2007 and is based on data received from pension plans, that primarily correspond to a Dec 31, 2006 plan fiscal year end and tabulated by my office.

We 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 with our stakeholders throughout the year.

Sincerely,

Dennis Gartner
Alberta Superintendent of Pensions

Section 1 – Alberta Superintendent of Pensions

Roles and Responsibilities

Administering the EPPA

The office of the Alberta Superintendent of Pensions (the Superintendent's Office), a branch of Alberta Finance, is responsible for the administration and enforcement of the *Employment Pension Plans Act*, RSA 2000, Chapter E-8 (EPPA).

The Superintendent administers and enforces the EPPA, which came into force on January 1, 1987, and is the successor to the *Pension Benefits Act* of 1967. It is designed to safeguard benefits promised to employees under 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 the Superintendent's Office 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 (the "majority authority").
- Where the agreements apply, and Alberta is the major authority, the Superintendent's Office carries out the duties and responsibilities and administers the legislation of the other pension jurisdictions.

Plans for Connected Individuals

Plans for Connected Individuals (PCIs) are pension plans whose only members are connected persons for the purposes of the *Income Tax Act*, such as individuals who own at least 10 percent of the company, or do not deal at arm's length with the owner. They have been subject to reduced regulation for several years, and as of August 10, 2006, are no longer required to file with the Superintendent. **Therefore, PCI plans have been completely excluded from this report**.

Regulating Plans

Regulating Plans

As of June 30, 2007, the Superintendent's Office was responsible for the supervision of 772 pension plans.

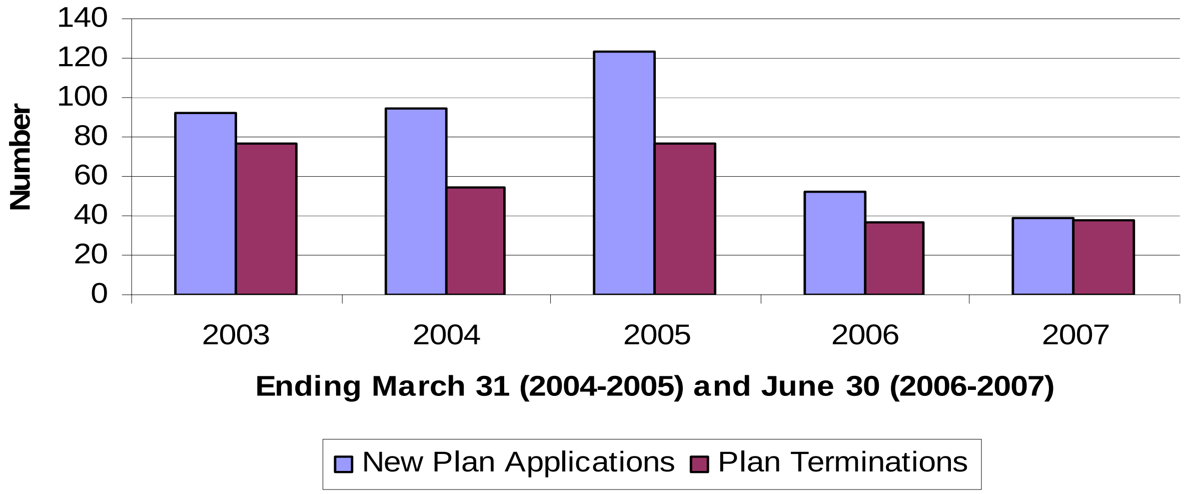
- A total of 679 of those plans had registered status under the Act.
  - 441 of these plans contained only defined contribution provisions;
  - 215 of these plans contained defined benefit provisions; and
  - 23 of these plans were Specified Multi-Employer Pension Plans[1].
- Of the remaining 68 plans:
  - 26 had been reviewed but required further documentation before they could be registered;
  - 58 were terminated but awaiting cancellation of the certificate of registration; and,
  - 9 were in a suspended or delayed windup status.

Graph 1 depicts the number of new plan applications in the year of July 1, 2006 to June 30, 2007 versus the number of plans that had their Certificate of Registration terminated within the same year. Additionally, a comparison of new plan applications compared with plan terminations is shown over the past five years.

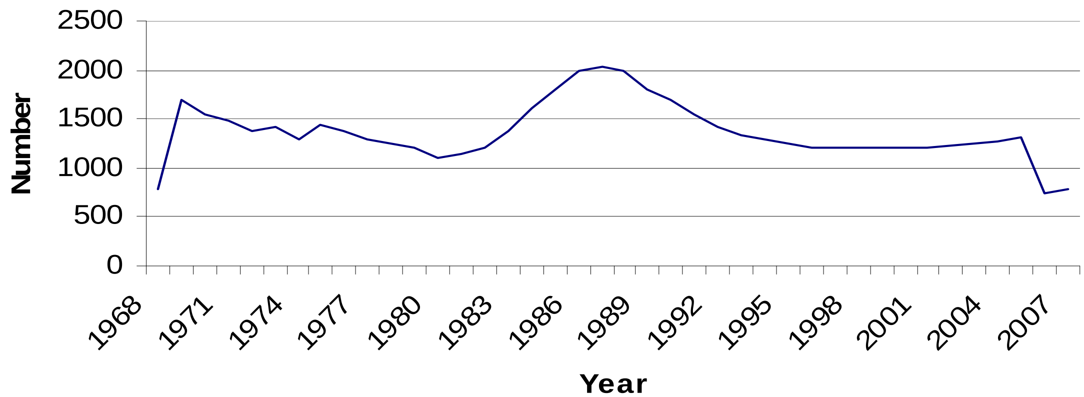
Graph 2 illustrates the number of plans supervised since the inception of the *Pension Benefits Act*, the predecessor to the EPPA, on January 1, 1967.

[1] Specified Multi Employer Pension Plans (SMEPPs) are negotiated contribution defined benefit plans to which multiple employers contribute. They are under joint employer-employee trusteeship.

Graph 1
Plan Terminations vs. New Plan Applications



Graph 2
Total Plans Supervised
March 31, 1967 - June 30, 2007



The drop-off of supervised plans exhibited in Graph Two is a result of excluding PCI plans.

Terminated Plans

The Superintendent's Office cancelled Certificates of Registration for 34 pension plans during the year under review; the terminated plans covered 1862 members.

Table 1 outlines why plans were discontinued and shows the membership distribution. Please note that some of the plans terminated in the year have effective dates of cancellation in years other than the July 1, 2006 – June 30, 2007 time period.

Table 1

Discontinued Pension Plans

	Number of Pension Plans	Number of Members Affected
Reasons for Discontinuance		
No Reason Given	13	33
Replaced by a New Plan	0	0
Merged into Another Plan	5	1022
Bankruptcy of the Plan Sponsor	0	0
No Members Left in Plan	6	8
Non-Approval by CCRA	0	0
Company Dissolved	1	1
Financial / Administrative Concerns	1	8
Replaced by Individual / Group RRSP's	3	124
Non-Compliance	0	0
Other	5	666
TOTAL	**34**	**1862**

Section 2 – Supervised Plans

Plan Funds

Contributions

Contributions to pension plans before the application of forfeiture credits and excess assets for the year was $1,643.4 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.

- Required employer contributions were about $1,045.7 million. Approximately $72.2 million in required employer current service contributions were offset by using existing excess assets and forfeiture credits. This represents about 6.9 percent of total required employer current service contributions.

  This compares with required employer contributions of about $940 million and contribution offsets of about $67.5 million for the previous fiscal year.

  Special payments in respect of solvency deficiencies were $373.3 million while special payments in respect of unfunded liabilities were $177.8 million. This compares with total special payments of about $363.5 million in the previous fiscal year.

- Required employee contributions were about $313.5 million with an additional $31.6 million in employee voluntary and optional ancillary contributions. This compares with required employee contributions of about $184.8 million and voluntary contributions of about $33 million for the previous fiscal year.

Table 2 outlines contributions made during the year.

Table 2

Contributions to Plans Supervised for the Year Ending June 30, 2007

Employee Contributions			
Required	$313,568,548		
Voluntary	$27,943,499		
Optional Ancillary	$11,064,777		
TOTAL	**$352,576,824**		**$352,576,824**
Employer Contributions			
Current Service	$1,045,740,211		
Contributions Credited to Contingency Reserve	$46,483,402		
Less Forfeitures Used		($4,805,314)	
Less Excess Assets Used		($67,434,006)	
NET CURRENT SERVICE	**$1,092,223,613**	**($72,239,321)**	**$1,019,984,292**
Unfunded Liabilities Payments	$177,880,445		
Solvency Deficiency Payments	$373,325,856		
NET OTHER PAYMENTS	**$551,206,301**		**$551,206,301**
TOTAL	**$1,643,429,914**	**($72,239,321)**	**$1,571,190,593**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Gross)			**$1,996,006,738**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Net)			**$1,923,767,417**

Plan Information

Active Members

A total of 705 active and pending pension plans covering 201,906 members were supervised by the Superintendent's Office as at June 30, 2007

- 450 pension plans with 100 active members or less (totaling 13,617 members) accounted for 63.8 percent of all registered pension plans and 6.7 percent of all active members.

Table 3 provides a full breakdown of plans by membership size.

Table 3

Active Membership of Active and Pending Plans for the Year Ended June 30, 2007

Membership Range	Number of Plans	Number of Members
0 – 10	172	635
11 – 50	208	5,828
51 – 100	105	7,254
101 – 200	68	9,314
201 – 300	38	9,419
301 – 400	14	5,067
401 – 500	13	5,814
501 – 600	7	3,871
601 – 1000	28	21,945
1001 – 1500	26	31,938
1501 – 2000	8	13,515
2001 – 3000	3	7,794
3001 – 4000	3	10,688
4001 – 5000	5	23,578
5000+	7	45,246
TOTALS	**705**	**201,906**

Jurisdictions

Of the active and pending plans, 83.3 percent of members were employed in Alberta and 4.8 percent of members were employed in British Columbia – the second largest province of employment. The remaining 10.9 percent were employed in the other provinces and territories. A small number of members were employed outside of Canada.

Note that these figures do not include the thousands of Albertans who are members of pension plans registered in other jurisdictions or in Alberta public sector plans that are not required to register under the EPPA.

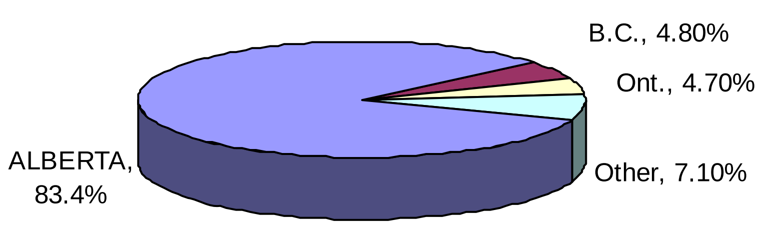
Table 4 lists the number of plans that had members, and the breakdown of membership, in each jurisdiction. There is some overlap, as some plans had members in several jurisdictions. Graph 3 is a province-by-province comparison of percentages of members.

Table 4

Active Membership by Jurisdiction for Active and Pending Plans as of June 30, 2007

Jurisdiction	Number of Plans	Number of Members	Percentage of Members
Alberta	705	168,554	83.4%
British Columbia	145	9,789	4.8%
Saskatchewan	112	5,174	2.6%
Manitoba	63	2,915	1.4%
Ontario	106	9,551	4.7%
Quebec	49	2,016	1.0%
Prince Edward Island	7	27	0.01%
New Brunswick	20	781	0.4%
Nova Scotia	38	890	0.4%
Newfoundland and Labrador	31	1,316	0.7%
Territories	29	270	0.13%
Outside Canada	27	856	0.4%
Total		**202,139**	**100.00%**

Graph 3
Percentage of Members by Jurisdiction



The discrepancies between Table 3 and Table 4 are due to the following:

- Some Annual Information Returns contained discrepancies in their membership grid-by-province relative to their closing membership numbers. The Superintendent's Office was unable to rectify all inconsistencies at the time of publication of this report.

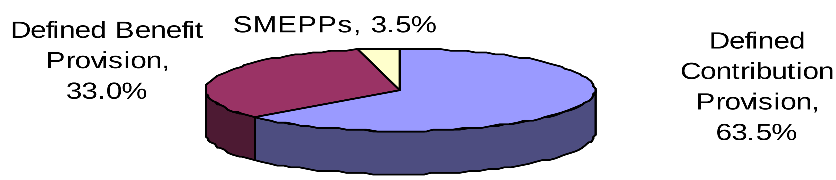
Benefit Type

Of the active and pending non-PSI plans, 63.5 percent were plans that contained **only** defined contribution provisions; however, these plans covered only 22.3 percent of active members. The majority of plans with only defined contribution provisions were plans for small employers. Plans containing a defined benefit provision (excluding SMEPPs) represented 33.0 percent of plans, covering 50.3 percent of members.

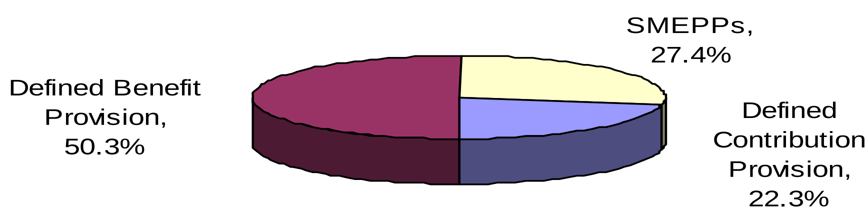
Specified Multi-Employer Pension Plans represented 3.5 percent of plans, but covered 27.4 percent of members.

Graphs 4 A/B provide the percentages of plans and active membership for benefit types.

Graph - 4A
Percentage of Plans by Plan Type
as of June 30, 2007



Graph - 4B
Percentage of Plans by Active Members
as of June 30, 2007



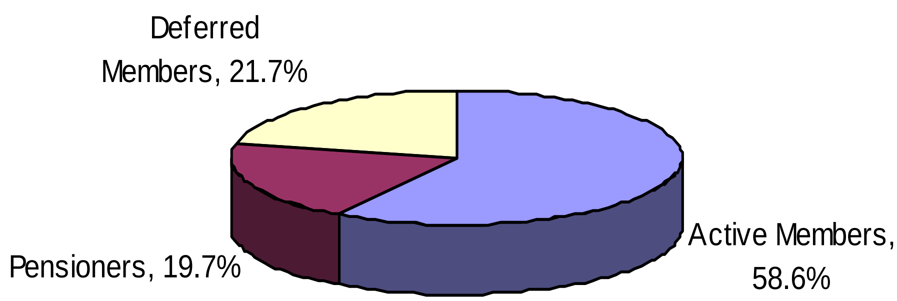
Former Members

As of June 30, 2007, there were 107,645 former members entitled to benefits under defined benefit provisions of actively registered pension plans. Of these, 64,589 were deferred vested members (members neither earning nor receiving pensions, but with entitlements remaining in the plan), including suspended members. There were also 51,154 receiving pension payments, including members receiving a disability pension.

With changes made to the Annual Information Return (AIR) in 2006, the number of former members in all plans – including defined contribution plans – is now being captured.

Graph 5 shows figures for membership distribution.

Graph 5
Distribution of Plan Membership as of June 30, 2007



Funding and Solvency

Assets

The market value of assets of active and pending pension plans registered in Alberta as of June 30, 2007 was about $25.3 billion.

- The market value of assets attributable to plans with only defined contribution provisions (excluding SMEPPs) was about $1.68 billion.

- The market value of assets attributable to pension plans with defined benefit provisions (excluding SMEPPs) was about $19.4 billion.

- The market value of assets attributable to SMEPPs was about $4.5 billion.

- The per-member market value of assets was approximately:

  - $29,732 for active members under a defined contribution provision;
  - $122,510 for members and former members under a defined benefit provision; and,
  - $41,709 for members and former members under a SMEPP.

- Average market value of assets per plan were approximately:

  - $3.2 million for defined contribution provisions;
  - $87.4 million for defined benefit provisions; and,
  - $195.6 million for SMEPPs.

- The difference in assets among the types of plans is explained by the few very large defined benefit plans and SMEPPs versus a large number of small defined-contribution plans.

Table 5 gives a breakdown of total assets and average assets by plan type.

Table 5

Plan Assets by Plan Type
for Active and Pending Plans as at June 30, 2007

Type of Plan	Plans	Number of Members		Total Assets (millions)		Average Assets Per Plan (thousands)		Average Assets Per Member[2]	
		Active	Total	Market	Utilized[1]	Market	Utilized	Market	Utilized
DC	460	44,974	49,105	$1,678	$1,678	$3,167	$3,648	$37,310	$34,172
DB	222	101,564	158,354	$19,402	$14,155	$87,400	$63,761	$191,041	$89,388
SMEPP	23	55,368	107,888	$4,501	$3,913	$195,652	$170,130	$41,709	$36,269
TOTAL	**705**	**201,906**	**315,347**	**$25,582**	**$19,746**	**$38,286**	**$28,009**	**$126,703**	**$62,616**

Note: 1. Utilized value of assets is based on the most recent cost certificate. It is the value employed by the actuary for valuing going concern liabilities and may be adjusted from market value using "smoothing" methods. The value of utilized assets for any particular plan will vary considerably, based on the year that the last cost certificate for the plan was filed with the Superintendent. Furthermore, the market value of assets is reported annually on the AIR while the utilized value is only reported on the cost certificate, and may be filed only on a triennial basis.

2. Based on total number of members (i.e. active members, deferred and suspended members, and pensioners).

The rest of this report's comments deal solely with plans having defined benefit provisions, referred to as defined benefit plans. In most cases, SMEPPs (which have defined benefit provisions) are shown separately. For the purposes of this report, 2 DC SMEPPs have been included in these tables. The market value of assets is used in this report as the liability values for these plans.

Liabilities

Going-Concern Basis

Going-concern liabilities for active and pending defined benefit pension plans averaged under $71.6 million per plan and $65,857 per member. Table 6 shows liabilities by plan type on a going-concern basis.

Table 6

Going-Concern Plan Liabilities by Plan Type for Active and Pending Plans as of June 30, 2007

Type of Plan	No. of Plans	Number of Members		Total Liability	Per Plan Average Total Liability	Average Total Liability Per Member (total membership)
		Active	Total	Ongoing	Ongoing	Ongoing
Defined Benefit Provision	222	101,564	158,354	$13,633,815,416	$61,413,583	$86,097
SMEPPs	23	55,368	107,888	$3,900,006,312	$169,565,492	$36,149
TOTAL	**245**	**155,491**	**261,900**	**$17,617,824,298**	**$71,566,619**	**$65,857**

Termination Basis

Termination (solvency) liabilities for active and pending defined benefit pension plans averaged over $79.6 million per plan and $73,316 per member. Table 7 shows liabilities by plan type on a termination basis.

Table 7

Plan Termination Liabilities by Plan Type for Active and Pending Plans as of June 30, 2007

Type of Plan	No. of Plans	Number of Members		Total Liability	Per Plan Average Total Liability	Average Total Liability Per Member (total membership)
		Active	Total	Termination	Termination	Termination
Defined Benefit Provision	222	101,564	158,354	$14,820,778,945	$66,760,266	$93,593
SMEPPs	23	55,368	107,888	$4,698,901,445	$204,300,063	$43,554
TOTAL	**245**	**155,491**	**261,900**	**$19,519,680,390**	**$79,672,165**	**$73,316**

Unfunded Liabilities and Solvency Deficiencies

An unfunded liability exists when liabilities are greater than assets calculated on a going-concern basis (i.e. assuming the plan continues in operation). Such deficits must be amortized in 15 years or less.

A solvency deficiency exists when assets would be insufficient to cover all liabilities if the plan were to terminate as of the valuation date. However, because a solvency deficiency is a calculation of an amount requiring an accelerated amortization (five years), it includes credit for the first five years of unfunded liability special payments. Therefore, it is not a pure representation of the wind-up position of the plan. The solvency ratio (see page 21) is a better representation of the wind-up position as it excludes credit for future special payments.

Total unfunded liabilities were $649.6 million while solvency deficiencies totaled $1,717 million.

- 92 registered pension plans with defined benefit provisions, covering 67,975 total members, had unfunded liabilities.

  118 plans, covering 89,360 total members had solvency deficiencies.

- A total of 62 plans with defined benefit provisions had both an unfunded liability and a solvency deficiency.

- 8 SMEPPs, covering 47,750 total members, had unfunded liabilities.

  16 SMEPPs, covering 70,796 total members, had solvency deficiencies.

- A total of 8 SMEPPs had both an unfunded liability and a solvency deficiency.

Table 8 outlines unfunded liabilities and solvency deficiencies.

Table 8

Unfunded Liabilities and Solvency Deficiencies by Plan Type for Active and Pending Plans as of June 30, 2007

UNFUNDED LIABILITIES

Type of Plan	No. of Plans	No. of Members	Total Unfunded Liability	Average Per Plan	Average Per Member
Defined Benefit Provision	92	67,795	$524,162,725	$5,697,421	$7,732
SMEPPs	8	47,750	$125,390,986	$15,673,873	$2,626
TOTAL	**100**	**115,545**	**$649,553,711**	**$6,495,537**	**$5,622**

SOLVENCY DEFICIENCIES

Type of Plan	No. of Plans	No. of Members	Total Solvency Deficiency	Average Per Plan	Average Per Member
Defined Benefit Provision	118	89,360	$1,056,427,045	$8,952,772	$11,822
SMEPPs	16	70,796	$661,354,913	$41,334,682	$9,342
TOTAL	**134**	**160,156**	**$1,717,781,958**	**$12,819,268**	**$10,726**

Assets In Excess of Liabilities

Going-Concern

- 119 plans with defined benefit provisions had plan assets in excess of their plan liabilities on a going-concern basis.
- 13 SMEPPs had plan assets in excess of their plan liabilities on a going-concern basis.

Solvency

- 89 plans with defined benefit provisions had plan assets in excess of their plan liabilities on a solvency basis.
- 5 SMEPPs, had plan assets in excess of their plan liabilities on a solvency basis.

Table 9 provides further information on plans with excess assets on either a going-concern or solvency basis.

Table 9

Assets in Excess of Liabilities by Plan Type for Active and Pension Plans as of June 30, 2007

Type of Plan	No. of Plans		Total Assets Exceeding Liabilities		Average Per Plan	
	Going Concern	Solvency	Going Concern	Solvency	Going Concern	Solvency
Defined Benefit Provision	119	89	$1,033,498,918	$996,310,825	$8,684,865	$11,194,504
SMEPPs	13	5	$148,885,783	$63,596,689	$11,452,753	$12,719,338
TOTAL	**132**	**94**	**$1,182,384,701**	**$1,059,907,514**	**$8,957,460**	**$11,275,612**

Funded and Solvency Ratios

Graph 6 demonstrates the funded and solvency ratios of pension plans with defined benefit provisions. Graph 7 highlights these ratios for SMEPPs.

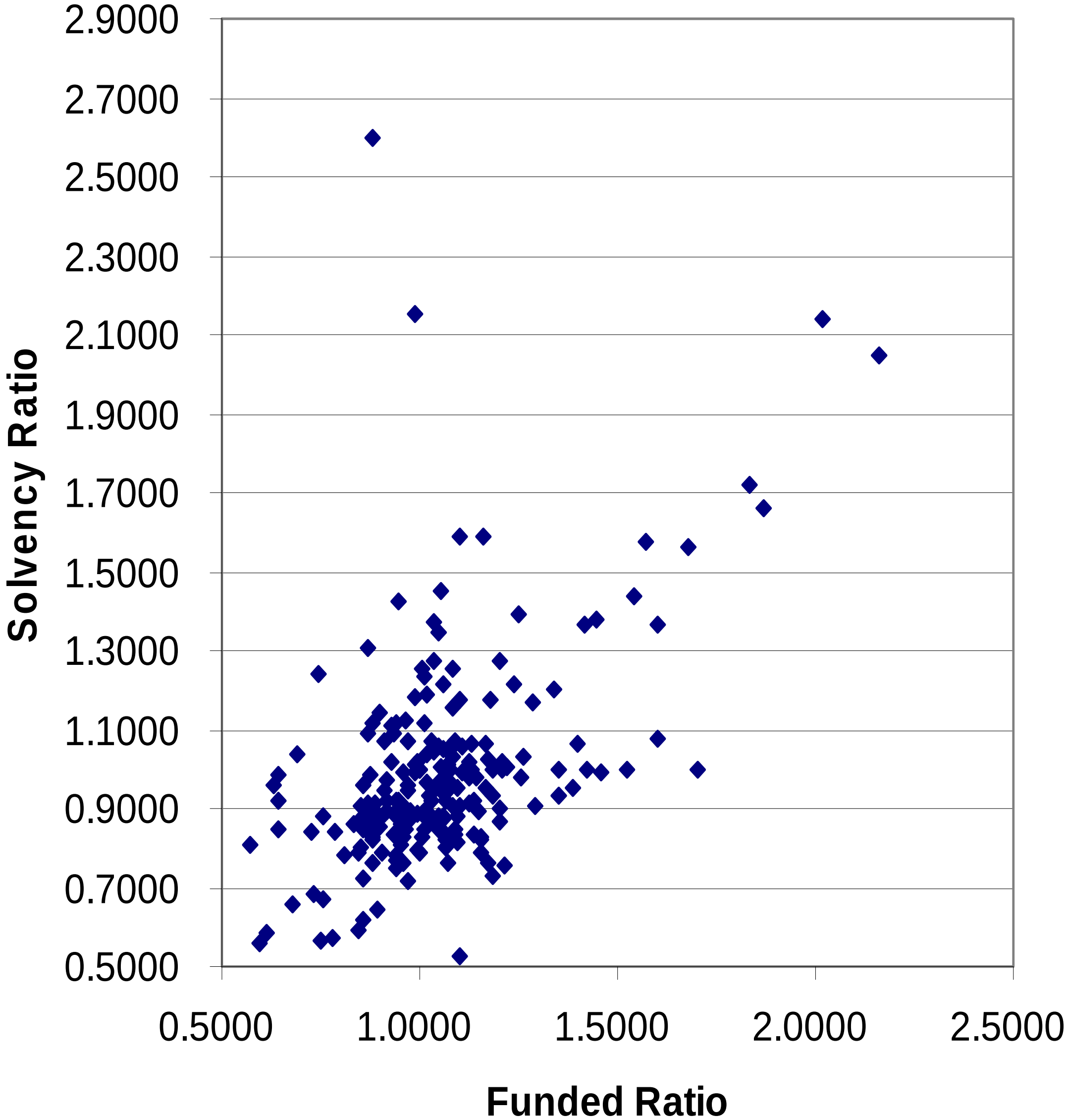
Funded Ratio

- Of the plans with defined benefits:
  - 54.3 percent had a funded ratio of 1.0 or better;
  - 32.5 percent had a funded ratio between 0.85 and 1.0; and,
  - 13.2 percent had a funded ratio of less than 0.85.
- Of the SMEPPs reported on:
  - 61.9 percent had a funded ratio of 1.0 or better;
  - 38.1 percent had a funded ratio between 0.85 and 1.0; and,
  - 0.0 percent had a funded ratio of less than 0.85.

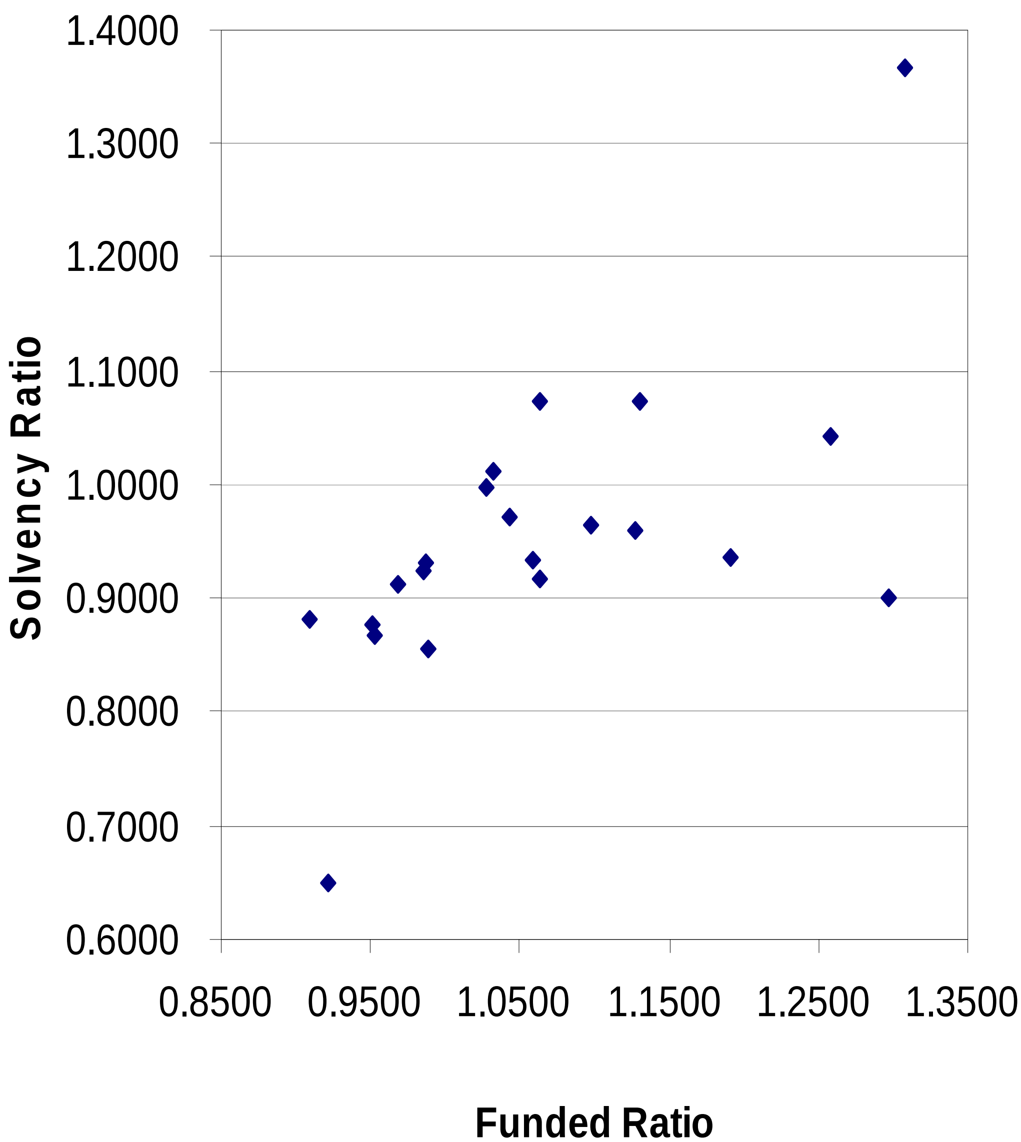
Solvency Ratio

- Of the plans with defined benefits reported on:
  - 37.3 percent had a solvency ratio of 1.0 or better;
  - 36.1 percent had a solvency ratio between 0.85 and 1.0; and,
  - 26.6 percent had a solvency ratio of less than 0.85.
- Of the SMEPPs reported on:
  - 28.6 percent had a solvency ratio of 1.0 or better;
  - 66.7 percent had a solvency ratio between 0.85 and 1.0; and,
  - 4.8 percent had a solvency ratio of less than 0.85.

Graph 6
Funded Ratio vs. Solvency Ratio of Plans with DB Provisions as of June 30, 2007



Graph 7
Funded Ratio vs. Solvency Ratio of SMEPP's
as of June 30, 2007



Actuarial Assumptions

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 74.2 percent, used market value; another 24.2 percent used an average/adjusted market value.

- The remaining 1.7 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 10 summarizes utilized values by plan type.

Table 10

Utilized Value of Assets for Active and Pending Plans as of June 30, 2007

	Defined Benefit Provision	SMEPP
Book	1	0
Adjusted Book	2	0
Market	170	10
Adjusted / Average Market	47	11
Blend of Book and Market	1	0
Other	0	0
Total	**221**	**21**

* Only plans that were registered under the EPPA are included in this table.

Mortality Tables and Withdrawal Rates

Defined Benefit Provisions

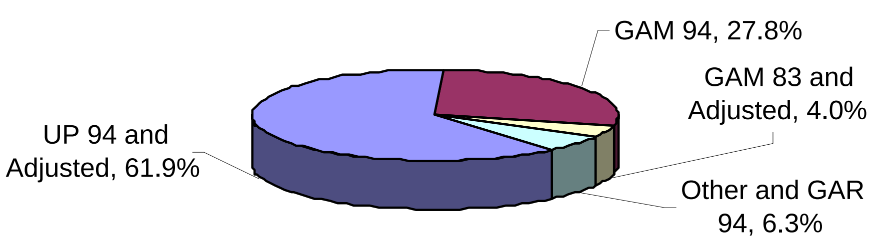
The 1994 Group Annuity Mortality (GAM) Table was used by 27.8 percent of pension plans with defined benefit provisions. Approximately 6.3 percent of the plans surveyed used either true sample mortality or other mortality tables.

SMEPPs

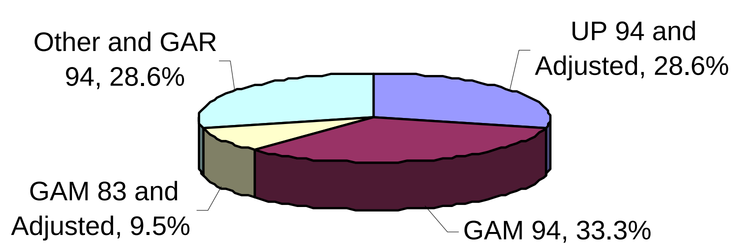
The 1994 Group Annuity Mortality (GAM) Table was used by 33.3 percent of SMEPPs.   Approximately 28.6 percent of the plans surveyed used either true sample mortality or other mortality tables.

Graphs 8 A and B summarize mortality tables used in defined benefit pension

Graph 8-A
Mortality Tables Used as of June 30, 2007 for Plans with DB Provisions

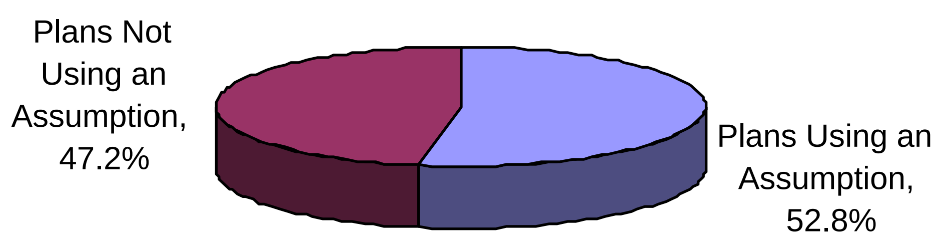


Graph 8-B
Mortality Tables Used as of June 30, 2007 for SMEPP's



The number of plans not using a withdrawal assumption was 47.2 percent. Graph 9 shows the withdrawal rate assumptions.

Graph 9
Plans using Withdrawal Assumptions
as of June 30, 2007



Interest Rates and Salary Assumptions

Interest Assumptions

- A long-term interest assumption of between 6.0 percent and 7.0 percent was used by 68.1 percent of plans as shown by Table 11. There were no plans using an interest rate assumption greater than 7.5 percent.

Table 11

Interest Assumptions Used for Plans as of June 30, 2007

Rate (%)	Defined Benefit Pension Plans	SMEPPs
7.75 or over	0	0
7.50	1	2
7.25	0	1
7.00	21	1
6.75	13	2
6.50	50	2
6.25	28	2
6.00	35	5
5.75	6	2
5.50	9	2
5.49 or less	13	2
TOTAL[1]	**176**	**21**

1= A total of 46 cost certificates were associated with individual pension plans (IPPs). The current interest rate assumption for these plans were not available at the time this report was produced.

Salary Assumptions

- ❖ A total of 174 pension plans with defined benefit provisions used a salary escalation assumption as shown in Table 12.
  - o The salary escalation assumption is the sum of the indicated inflation, productivity, and merit assumptions.

- ❖ This table demonstrates only those plans indicating a salary escalation assumption.

Table 12

Salary Escalation Assumptions Used for Plans as of June 30, 2007

Rate (%)	Defined Benefit Provisions
7.0 or over	0
6.50	0
6.00	0
5.50	1
5.25	0
5.00	1
4.75	0
4.50	0
4.25	0
4.00	2
3.75	0
3.50	7
3.49 or less	119
TOTAL[1]	**130**

Salary – Interest Differential Assumptions

- Table 13 demonstrates the amount by which the interest assumption exceeded the salary escalation assumption in defined benefit pension plans that used a salary escalation assumption.

Table 13

Percentage Difference between Interest and Salary Escalation Assumptions Used for Plans as of March 31, 2007

Rate (%)	No. of Plans
3.75 or more	61
3.50	34
3.25	13
3.00	15
2.75	0
2.50	2
2.25	0
2.00	1
1.75	0
1.50	1
1.00	2
0.50	1
0.00	0
-0.50	0
-1.00 or under	0
TOTAL	**130**

Hours Worked Assumptions

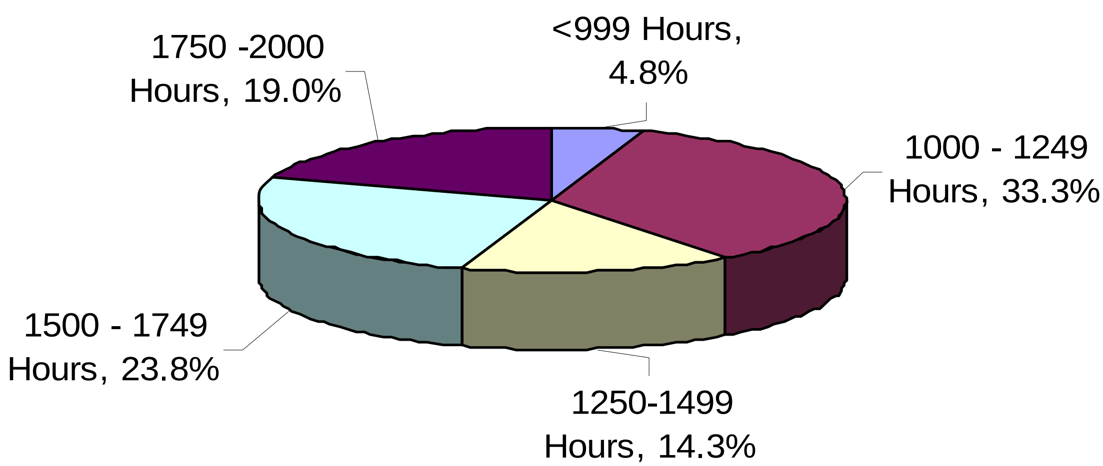
The final assumption surveyed was average hours worked by a member in a plan year, which applies only to SMEPPs with defined benefit provisions.

- Average assumed hours worked were 1412 per year per plan member.

Graph 10 shows a breakdown of the hours worked assumption used by plans and the number of active members assumed by the actuary in completing the valuation report.

**Note, 1 SMEPP has been excluded for the purposes of this report. There was only 20 respondants.*

Graph 10
Hours of Work Assumption per Member for SMEPP's as at June 30, 2007



Section 3 – Financial Hardship Access

Financial Hardship Unlocking

Effective May 14, 2003, individuals possessing Locked-In Retirement Accounts, Life Income Funds, and Locked-in Retirement Income Funds locked in under the EPPA were permitted to access some of the funds in the locked-in products in cases of financial hardship. In order to gain access to locked-in funds, individuals must apply to the Superintendent. Applicants must demonstrate that they qualify under at least one of eight potential situations of financial hardship.

The Superintendent's Office reviewed a total of 1160 applications during the fiscal year. The Superintendent's Office consented to the release of $7,452,028 for an average of $6,424 per application.

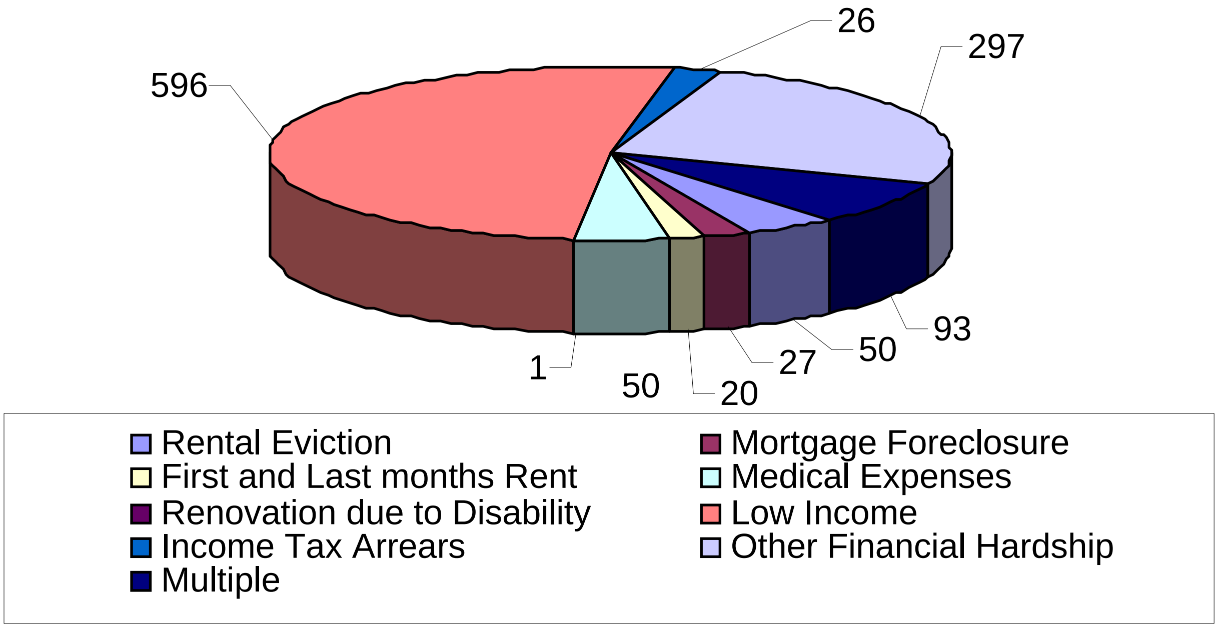
Table 14 illustrates the number of applications per reason of financial hardship, as well as the average amounts released per application. Graph 20 illustrates the applications received per reason.

Table 14

Funds Released from Locked-in Accounts under the Financial Hardship Program for the Period Ending June 30, 2007

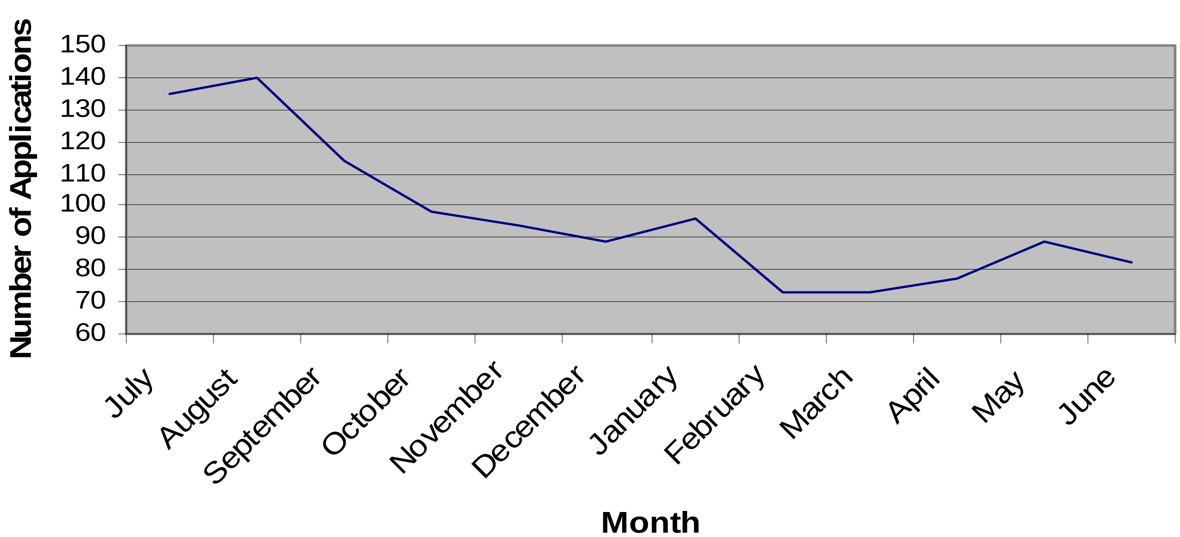
Reason of Financial Hardship	Number of Applications	Dollar Value of Funds Released	Average Release per Successful Application
Rental Eviction	50	$372,553	$8,870
Mortgage Foreclosure	27	$335,226	$14,575
First and Last Months' Rent	20	$32,770	$2,184
Medical Expenses	50	$284,915	$6,331
Renovation due to Disability	1	$6,227	$6,227
Low Income	596	$5,235,657	$10,772
Income Tax Arrears	26	$246,046	$12,949
Other Financial Hardship	297	$831,049	$6,925
Multiple Reasons on one Application Form	93	$107,585	$10,758
Total	**1160**	**$7,452,028**	**$6,424**

Graph 20
Applications under the Financial Hardship Program
July 1, 2006 - June 30, 2007



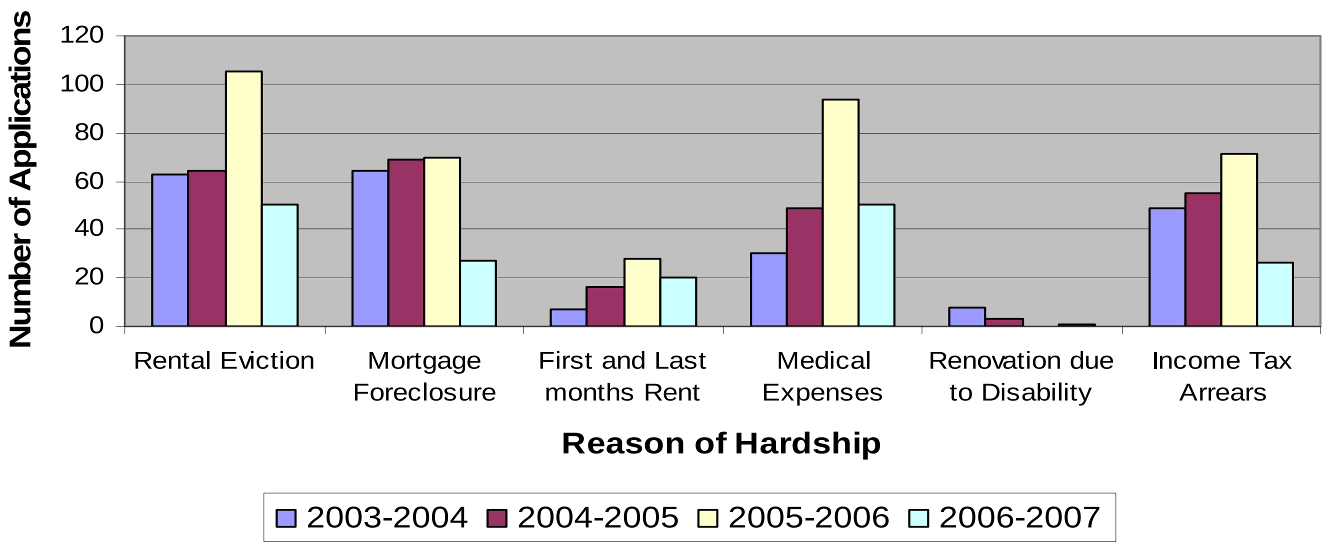
Graph 21 illustrates the number of financial hardship applications received per month over the period from July 2006 to June 2007.

Graph 21
Financial Hardship Applications received by Month



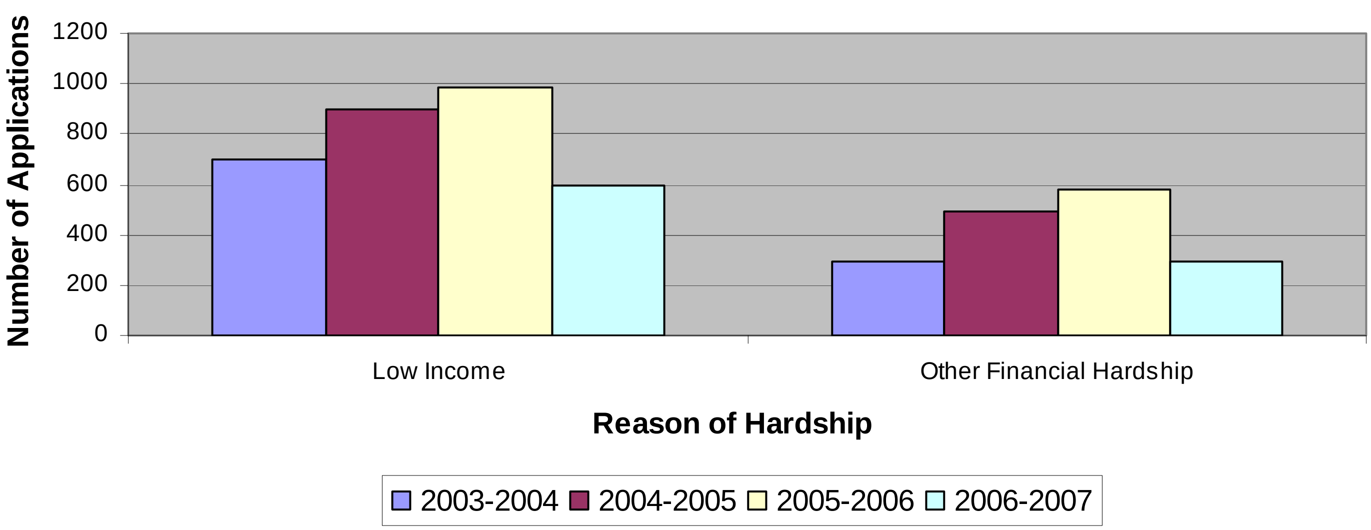
Graphs 22 A and B illustrate the number of financial hardship applications received per fiscal year since the inception of the program. Graphs 22 A and 13 B are separated because the volume of applications related to the reasons of Low Income and Other Financial Hardship are significantly larger than the other 6 reasons of hardship.

Graph 22-A
Application Volume History



(2005 – 2006 covers 15 months)

Graph 22-B
Application Volume History



(2005 – 2006 covers 15 months)