Alberta Superintendent of Financial Institutions
Annual Pensions Statistics Report

2004 – 2005

Alberta
FINANCE

Table of Contents

Message from the Superintendent

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

The report is divided into three sections:

- The first section provides for a brief description of ASFI programs and an overview of activity over the past year.

- The second section examines plan membership and the types of plans registered under the *Employment Pension Plans Act*. Funding, solvency, and actuarial assumptions used in defined benefit pension plans are covered and the funding and solvency status of those pension plans is summarize

- 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 based on March 31, 2005 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, and Financial Institutions. The Superintendent of Financial Institutions holds the position of Superintendent of Pensions for the purposes of the *Employment Pension Plans Act*, RSA 2000, Chapter E-8 (EPPA).

The Superintendent administers and enforces the EPPA, which came into force on January 1, 1987. 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 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, 2005, ASFI was responsible for the supervision of 1,309 pension plans.

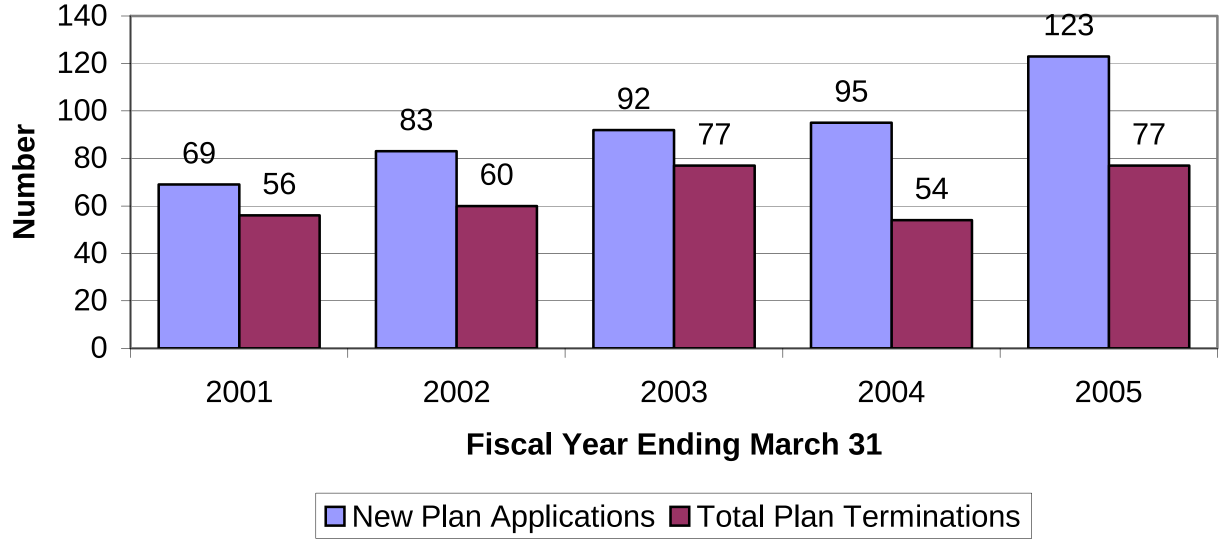
- A total of 1,167 of those plans had registered status under the Act.
    - 603 of these plans contained only defined contribution provisions
    - 542 of these plans contained defined benefit provisions
    - 22 of these plans were Specified Multi Employer Pension Plans[1]
- Of the remaining 142 plans:
    - 49 had been reviewed but required further documentation before they could be registered,
    - 86 were terminated but awaiting cancellation of the certificate of registration, and
    - 7 were in a suspended or delayed windup status.

Graph 1 depicts the number of new plan applications in the year of April 1, 2004 to March 31, 2005 versus the number of plans that had their certificates 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.

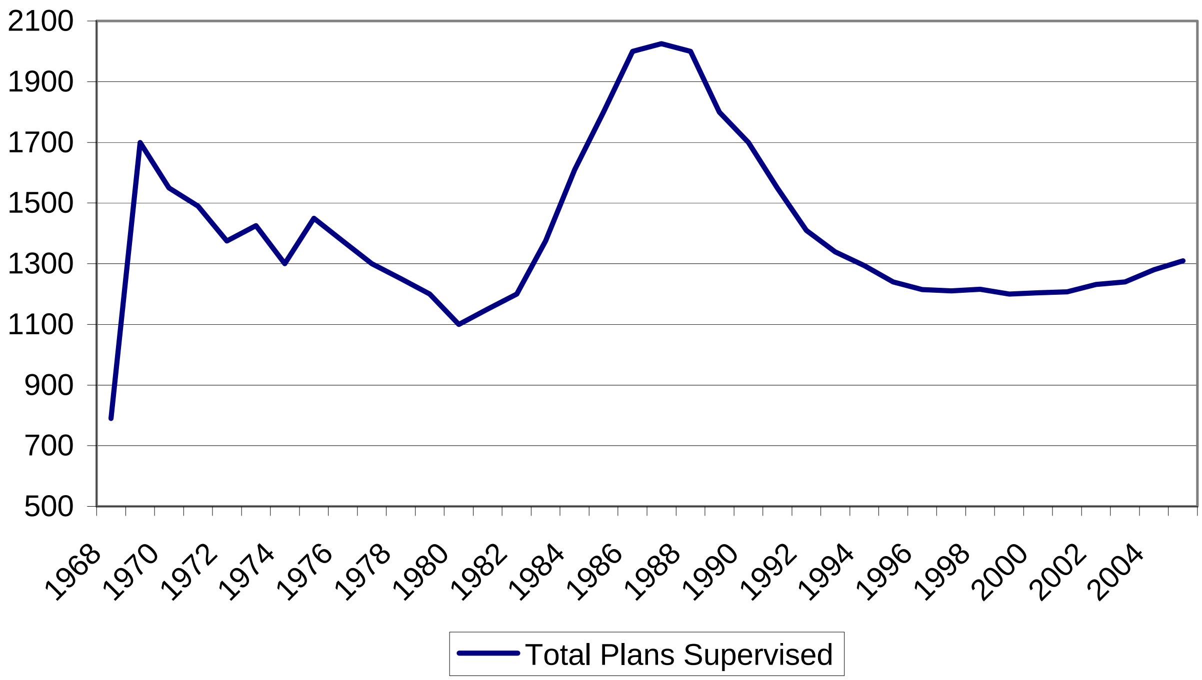
Graph 2 illustrates the number of plans supervised since the inception of the *Pension Benefits Act*, the predecessor to the EPPA, on January 1, 1967.

[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
New Plan Applications and Total Plan Terminations



Graph 2
Total Plans Supervised During the Period
January 1, 1967 to March 31, 2005



Terminated Plans

ASFI canceled the certificates of registration for 77 pension plans during the year under review. The terminated plans covered 4,256 members. Plans for Specified Individuals (PSI) accounted for 53.2 percent (41 plans, covering 55 members) of the discontinued plans.

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 2004 – 2005 fiscal year.

Table 1
Discontinued Pension Plans

	Number of Pension Plans	Number of Members Affected
Reasons for Discontinuance		
No Reason Given	20	82
Replaced by a New Plan	2	607
Merged into Another Plan	7	2,011
Bankruptcy of the Plan Sponsor	1	11
No Members Left in Plan	10	12
Non-Approval by CCRA	0	0
Company Dissolved	5	214
Financial / Administrative Concerns	2	4
Replaced by Individual / Group RRSP's	11	1,013
Non-Compliance	2	3
Other	17	299
TOTAL	77	4,256

Section 2 – Supervised Plans

Plans for Specified Individuals

Plans for Specified Individuals (PSI's) are pension plans whose only members are specified individuals for the purposes of the *Income Tax Act* such as individuals who earn a salary greater than 2.5 times the Year's 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

Contributions to pension plans for the year were $1,174.9 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 $722.6 million. Approximately $62.5 million in required employer current service contributions were offset by using existing excess assets and forfeiture credits. This represents about 8.6 percent of total required employer current service contributions.

  This compares with required employer contributions of about $667.5 million and contribution offsets of about $118 million for the previous fiscal year.

  Special payments in respect of solvency deficiencies were $215.4 million while special payments in respect of unfunded liabilities were $77.3 million. This compares with total special payments of about $138.4 million in the previous fiscal year.

- Required employee contributions were about $141 million with an additional $18.5 million in employee voluntary and optional ancillary contributions. This compares with required employee contributions of about $138.2 million and voluntary contributions of about $21 million for the previous fiscal year.

Table 2 outlines contributions made during the year.

Table 2

Contributions[1] to Plans Supervised for the Year Ending March 31, 2005

Employee Contributions			
Required	$141,089,159		
Voluntary[2]	$18,485,992		
TOTAL	**$159,575,151**		**$159,575,151**
Employer Contributions			
Current Service	$722,621,574		
Less Forfeitures Used		($3,423,117)	
Less Excess Assets Used		($59,045,314)	
NET CURRENT SERVICE	**$722,621,574**	**($62,468,431)**	**$660,153,143**
Unfunded Liabilities Payments	$77,318,415		
Solvency Deficiency Payments	$215,363,228		
NET OTHER PAYMENTS	**$292,681,643**		**$292,681,643**
TOTAL	**$1,015,303,217**	**($62,468,431)**	**$952,834,786**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Gross)			**$1,174,878,368**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Net)			**$1,112,409,937**

1. Contribution information is gathered from Annual Information Returns filed with the Superintendent and only reflects the most recently filed AIR information. In some cases, the most recent AIR refers to a previous fiscal year because an AIR for the applicable fiscal year had not been filed as of the cut-off date of this report.

2. Voluntary contributions refers to additional voluntary contributions (AVC's) as well as optional ancillary contributions (OAC's)

Plan Information

Active Members

A total of 644 active and pending pension plans covering 180,488 active members were supervised by ASFI during the year.

- 432 pension plans with 100 active members or less (totaling 13,370 members) accounted for 67.1 percent of all registered non-PSI pension plans and 7.4 percent of all active members.

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

Table 3

Active Membership of Plans Supervised for the Year Ended March 31, 2005

Membership Range	Number of Plans	Number of Members
0 – 10	110	583
11 – 50	222	5,981
51 – 100	100	6,806
101 – 200	70	9,495
201 – 300	27	6,436
301 – 400	19	6,722
401 – 500	6	2,725
501 – 600	19	10,477
601 – 1000	26	20,732
1001 – 1500	23	27,186
1501 – 2000	4	7,146
2001 – 3000	5	12,902
3001 – 4000	5	18,660
4001 – 5000	2	8,493
5000+	6	36,144
TOTALS	**644**	**180,488**

Jurisdictions

Of the active plans and those plans with pending registration, 83.9 percent of active members were employed in Alberta and 4.8 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.

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

Table 4 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 3 is a province-by-province comparison of percentages of active members.

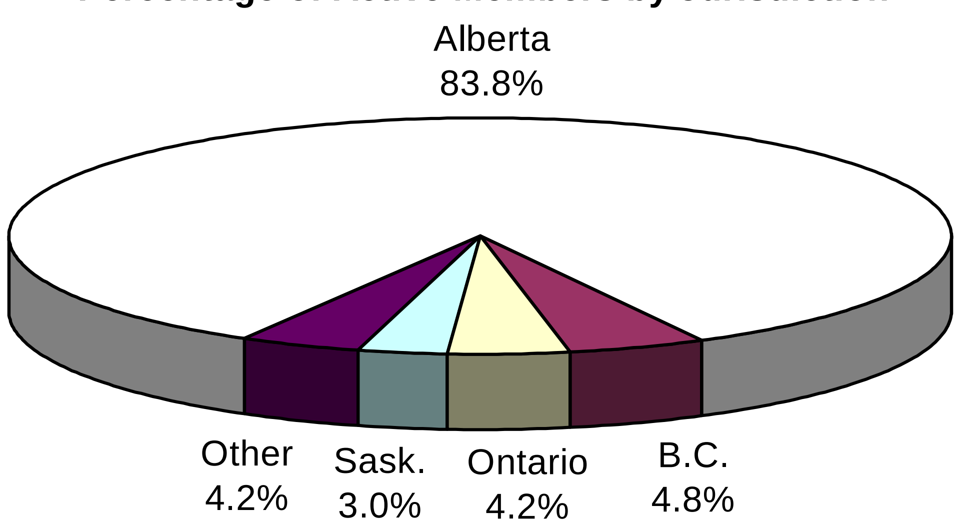
Table 4

Active Membership by Jurisdiction
for Non-PSI Plans Supervised as of March 31, 2005

Jurisdiction	Number of Plans	Number of Members	Percentage of Members
Alberta*	640	151,418	83.9%
British Columbia	133	8,642	4.8%
Saskatchewan	102	5,346	3.0%
Manitoba	67	2,727	1.5%
Ontario	98	7,539	4.2%
Quebec	42	2,096	1.2%
Prince Edward Island	6	18	0.0%
New Brunswick	16	278	0.2%
Nova Scotia	36	736	0.4%
Newfoundland and Labrador	33	1,064	0.6%
Territories	20	157	0.1%
Outside Canada	25	467	0.3%
Total		180,488	100.0%

* 4 Plans did not have any Alberta members. This may be a temporary status or they may be pending transfer to another jurisdiction.

Graph 3
Percentage of Active Members by Jurisdiction



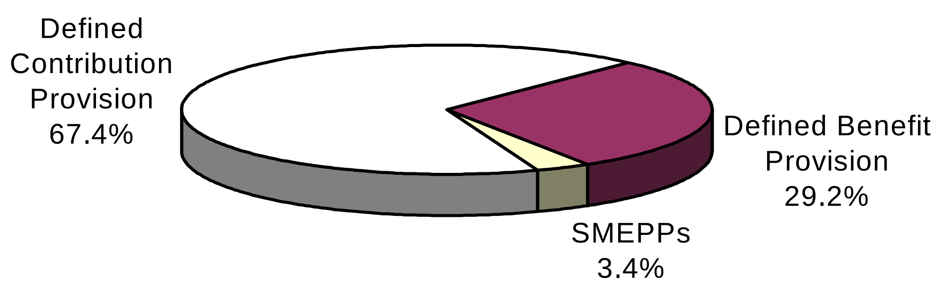
Benefit Type

Of the active and pending non-PSI plans, 67.4% percent were plans that contained **only** defined contribution provisions; however, these plans covered only 31.1 percent of active members. Plans containing a defined benefit provision (excluding SMEPPs) represented 29.2 percent of plans, covering 43.5 percent of members.

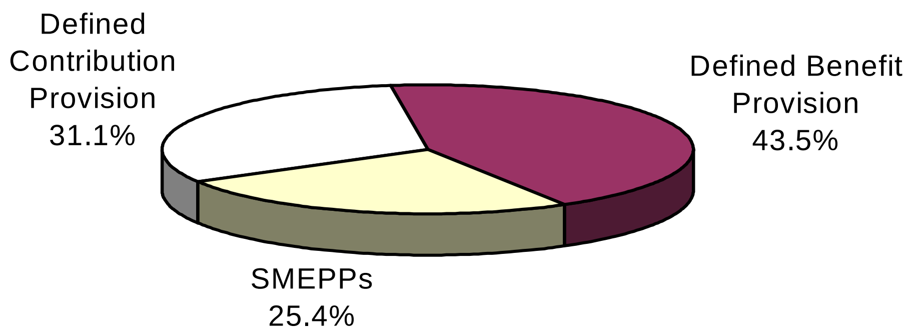
Specified Multi-Employer Pension Plans represented 3.4 percent of plans but covered 25.4 percent of members.

The majority of plans with only defined contribution provisions were plans for small employers, thus explaining the large number of plans but relatively small membership. Graphs 4 A and B provides the percentages of plans and active membership for benefit types.

Graph 4 - A
Registered Pension Plan Benefit Type as of March 31, 2005
As a Percentage of Plans



Graph 4 - B
Registered Pension Plan Benefit Type as of March 31, 2005
As a Percentage of Active Members



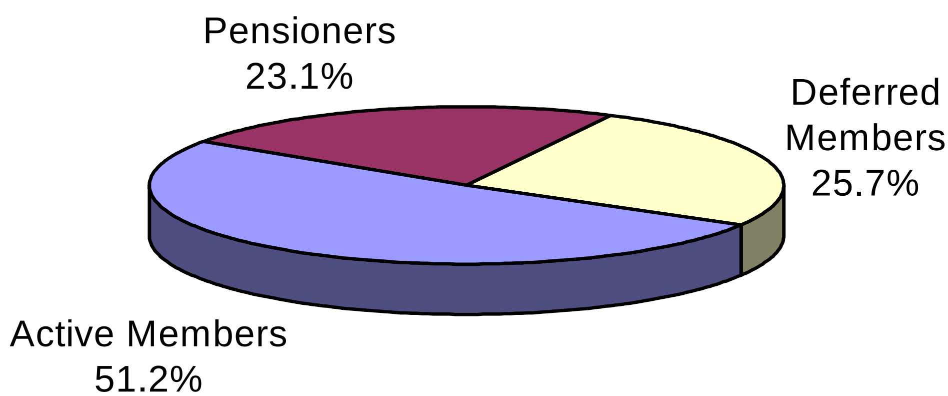
Former Members

As of March 31, 2005, there were 89,846 former members entitled to benefits under defined benefit provisions of actively registered pension plans. Of these, 42,521 were deferred vested members (members neither earning nor receiving pensions but with entitlements remaining in the plan), including disabled and suspended members. The other 47,325 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 5 shows figures for membership status (meaning the number of active members, deferred members, and pensioners) by plan type.

Graph 5
Distribution of Membership in Plans with Defined Benefit Provisions



Funding and Solvency

Assets

The market value of assets of pension plans registered in Alberta as of March 31, 2005 was about $16.72 billion.

- The market value of assets attributable to plans with only defined contribution provisions (excluding SMEPPs) was about $1.10 billion.

- The market value of assets attributable to pension plans with defined benefit provisions (excluding SMEPPs) was about $13.26 billion.

- The market value of assets attributable to SMEPPs was about $2.36 billion.

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

  - $26,287 for active members under a defined contribution provision,
  - $93,631 for members and former members under a defined benefit provision, and
  - $27,117 for members and former members under a SMEPP.

- Average market value of assets per plan were approximately:
  - $2.7 million for defined contribution provisions;
  - $72.1 million for defined benefit provisions; and
  - $107.2 million for SMEPPs.

- The difference in assets among the types of plans is explained by the extremes of a 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

- This table and Table 6 **exclude** pending defined contribution and defined benefit pension plans for which no asset data was available.

- The tables **include** those newly registered pension plans that have no assets and no liabilities.

<u>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.</u>

Table 5

Plan Assets by Plan Type for Non-PSI Plans Registered the Year Ended March 31, 2005

Type of Plan	Plans	Number of Members		Total Assets		Average Assets Per Plan		Average Assets Per Member[2]	
		Active	Total	Market	Utilized[1]	Market	Utilized	Market	Utilized
Defined Contribution Provision	409	41,701	41,701	$1,096,199,328	$1,096,199,328	$2,680,194	$2,680,194	$26,287	$26,287
Defined Benefit Provision	184	92,950	141,643	$13,262,125,567	$10,397,491,471	$72,076,769	$56,508,106	$93,631	$73,406
SMEPPs	22	45,837	86,958	$2,358,049,113	$2,267,801,309	$107,184,051	$103,081,878	$27,117	$26,079
TOTAL	**615**	**180,488**	**270,302**	**$16,716,374,008**	**$13,761,492,108**	**$27,181,096**	**$22,376,410**	**$61,843**	**$50,912**

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.

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

Liabilities

Going Concern Basis

Going concern liabilities for registered pension plans with defined benefit provisions totaled over $61.3 million per plan and $55,202 per member. Table 6 shows liabilities by plan type on an ongoing basis.

Table 6

Ongoing Plan Liabilities by Plan Type for Plans Registered the Year Ended March 31, 2005

Type of Plan	No. of Plans	Number of Members		Total Liabilities	Per Plan Average Liability	Average Liabilities Per Member (total membership)
		Active	Total	Ongoing	Ongoing	Ongoing
Defined Benefit Provision	184	92,950	141,643	$10,422,132,007	$56,642,022	$73,580
SMEPPs	22	45,837	86,958	$2,197,169,624	$99,871,347	$25,267
TOTAL	**206**	**138,787**	**228,601**	**$12,619,301,631**	**$61,258,746**	**$55,202**

Termination Basis

Termination (solvency) liabilities for registered defined benefit pension plans totaled over $11.5 million per plan and $55,911 per member. Table 7 shows liabilities by plan type on a termination basis.

- The termination liability reported is based only on those plans reporting solvency information on the cost certificate accompanying the valuation report. Plans with a solvency ratio greater than 1.0 are not required to indicate termination liabilities when filing cost certificates.

Table 7

Termination Plan Liabilities by Plan Type for Plans Registered the Year Ended March 31, 2005

Type of Plan	No. of Plans	Number of Members		Total Liabilities	Per Plan Average Liability	Average Liabilities Per Member (total membership)
		Active	Total	Termination	Termination	Termination
Defined Benefit Provision	148	77,467	119,431	$9,424,044,477	$63,675,976	$78,908
SMEPPs	20	45,837	86,958	$2,115,306,297	$105,765,315	$24,326
TOTAL	**168**	**123,304**	**206,389**	**$11,539,350,774**	**$68,686,612**	**$55,911**

Unfunded Liabilities and Solvency Deficiencies

An unfunded liability exists when liabilities are greater than assets 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 (5 years), it includes credit for the first 5 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.

Unfunded liabilities were $903 million while solvency deficiencies totaled $663 million.

- 112 registered pension plans with defined benefit provisions (or 60.9% of all defined benefit provision plans), covering 57,010 active members, had unfunded liabilities.

  84 plans (or 56.8% of all defined benefit provision plans that reported the solvency position), covering 49,559 active members, had solvency deficiencies.

- A total of 64 defined plans with defined benefit provisions had both an unfunded liability and a solvency deficiency.

- 9 SMEPPs (or 45% of all SMEPPs with defined benefit provisions), covering 19,606 active members, had unfunded liabilities.

  12 SMEPPs (or 60% of all SMEPPs), covering 27,499 active members, had solvency deficiencies.

- A total of 9 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 Plans Registered the Year Ended March 31, 2005

	UNFUNDED LIABILITIES				
Type of Plan	**No. of Plans**	**No. of Members**	**Total Unfunded Liability**	**Average Per Plan**	**Average Per Member**
Defined Benefit Provision	112	57,010	($769,554,464)	(6,871,022.00)	($13,498.59)
SMEPPs	9	19,606	($133,383,186)	(14,820,354.00)	($6,803.18)
TOTAL	**121**	**76,616**	**($902,937,650)**	**(7,462,294.63)**	**($11,785.24)**

	SOLVENCY DEFICIENCIES				
Type of Plan	**No. of Plans**	**No. of Members**	**Total Solvency Deficiency**	**Average Per Plan**	**Average Per Member**
Defined Benefit Provision	84	49,559	($569,657,476)	(6,781,636.62)	($11,494.53)
SMEPPs	12	27,499	($93,385,242)	(7,782,103.50)	($3,395.95)
TOTAL	**96**	**77,058**	**($663,042,718)**	**(6,906,694.98)**	**($8,604.46)**

Assets In Excess of Liabilities

Going Concern

- 73 plans with defined benefit provisions (or 39.7% of defined benefit provision plans), covering a total of 52,742 members, had plan assets in excess of their plan liabilities on a going concern basis.

- 11 SMEPPs (or 55% of SMEPPs), covering a total of 46,771 members, had plan assets in excess of their plan liabilities on a going-concern basis.

Solvency

- 57 plans with defined benefit provisions (or 38.5% of defined benefit provision plans that reported their solvency position), covering a total of 31,378 members, had plan assets in excess of their plan liabilities on a solvency basis.

- 6 SMEPPs (or 30% of SMEPPs), covering a total of 28,758 members, had plan assets in excess of their plan liabilities on a going-concern 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 Plans Registered the Year Ended March 31, 2005

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	73	57	$750,628,928	$172,922,408	$10,282,588	$3,033,726
SMEPPs	11	6	$78,146,808	$56,919,414	$7,104,255	$9,486,569
TOTAL	**84**	**63**	**$828,775,736**	**$229,841,822**	**$9,866,378**	**$3,648,283**

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

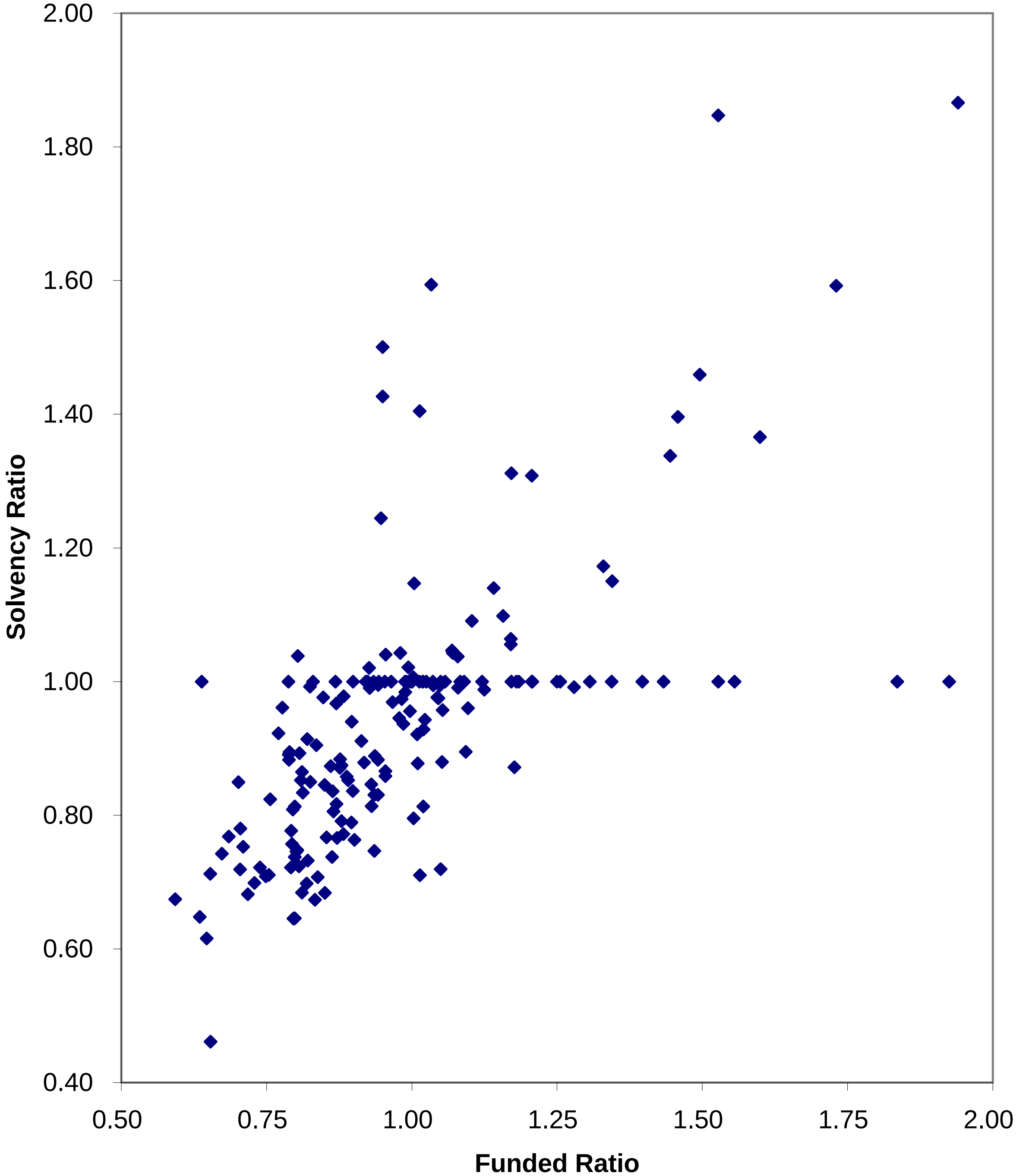
- Of the plans with defined benefits:
  - 41.8 percent had a funded ratio of 1.0 or better,
  - 29.1 percent had a funded ratio between 0.86 and 1.0,
  - 29.1 percent had a funded ratio of 0.85 or less.
- Of the SMEPPs:
  - 55 percent had a funded ratio of 1.0 or better,
  - 40 percent had a funded ratio between 0.86 and 1.0,
  - 5 percent had a funded ratio of 0.85 or less.

Solvency Ratio

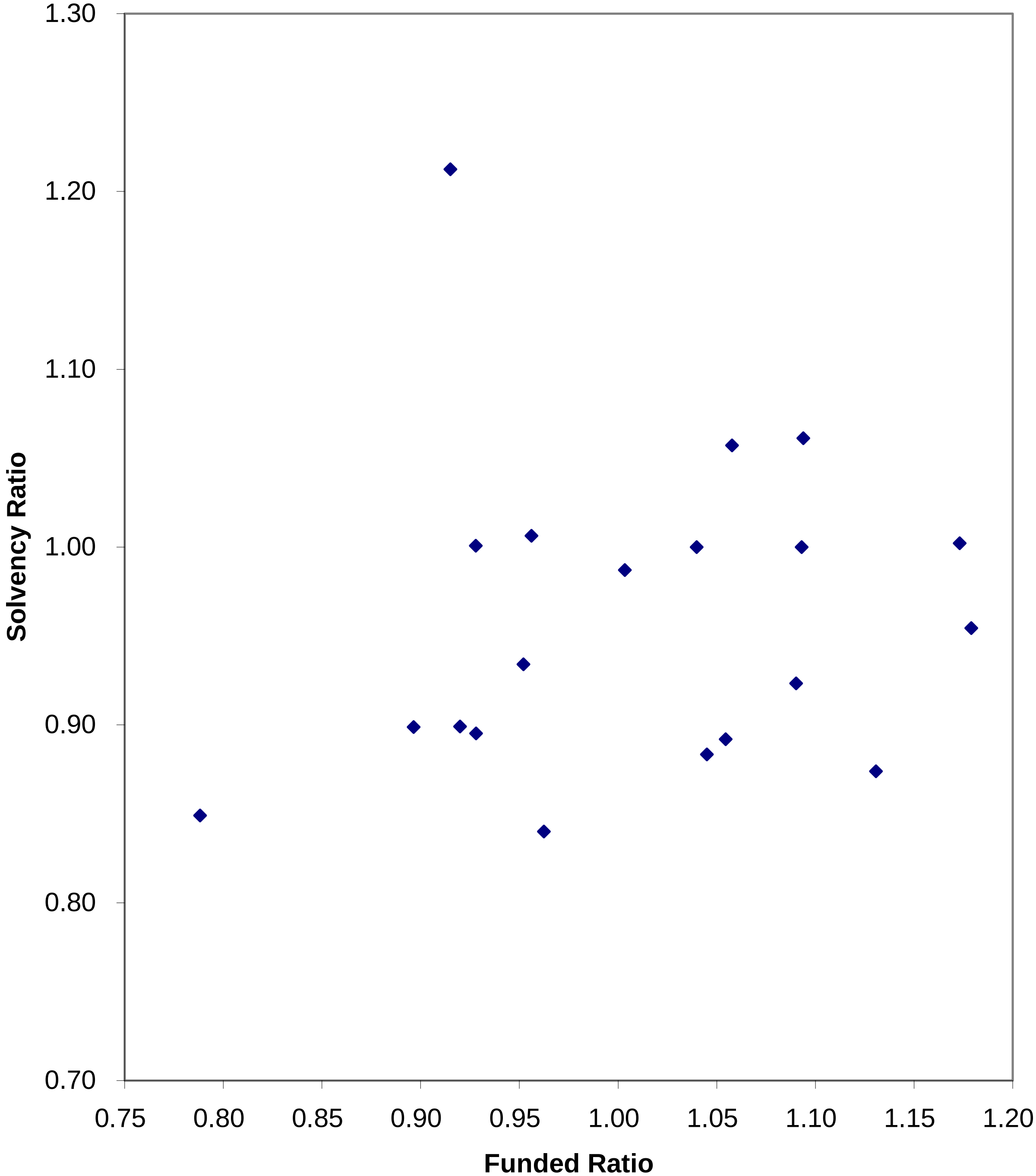
- Of the plans with defined benefits reported on:
  - 42.9 percent had a solvency ratio of 1.0 or better,
  - 25.9 percent had a solvency ratio between 0.86 and 1.0,
  - 31.2 percent had a solvency ratio of 0.85 or less.
- Of the SMEPPs reported on:
  - 40 percent had a solvency ratio of 1.0 or better,
  - 50 percent had a solvency ratio between 0.86 and 1.0,
  - 10 percent had a solvency ratio of 0.85 or less,

Note: Plans that did not report a solvency ratio because the actuary was able to opine that they were fully solvent are assumed to have a ratio of 1.0, although most would have a solvency ratio above 1.0.

Graph 6
Funded Ratio vs. Solvency Ratio of Defined Benefit Provision Pension Plans as at March 31, 2005



Graph 7
Funded Ratio vs. Solvency Ratio of SMEPPs as at March 31, 2005



Actuarial Assumptions

Value of Assets

Market value of plan assets was the most popular method for determining the actuarial value of the assets of an active pension plan.

- ❖ The majority of plans, or 65.4 percent, used straight market value; another 31.7 percent used an average/adjusted market value.

- ❖ The remaining 2.9 percent of plans used book value or adjusted book, a blend of book and market value, or used other methods for valuing the actuarial value of assets of the pension plan.

Table 10 summarizes utilized values by plan type.

Table 10

Utilized Value of Assets for Plans Registered as of March 31, 2005

	Defined Benefit Provision	SMEPP
Book	1	0
Adjusted Book	1	0
Market	125	9
Adjusted / Average Market	54	11
Blend of Book and Market	1	0
Other	3	0
Total	**185**	**20**

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

Mortality Tables and Withdrawal Rates

Defined Benefit Provisions

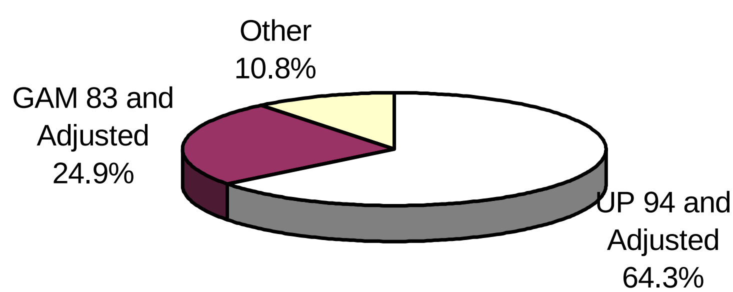
The 1983 Group Annuity Mortality (GAM) Table or some variation of it was used by 24.9 percent of pension plans with defined benefit provisions. The percentage of plans using the UP 94 table or an adjustment of it was 64.3 percent. The remaining 10.8 percent of the plans surveyed used either true sample mortality or other mortality tables.

SMEPPs

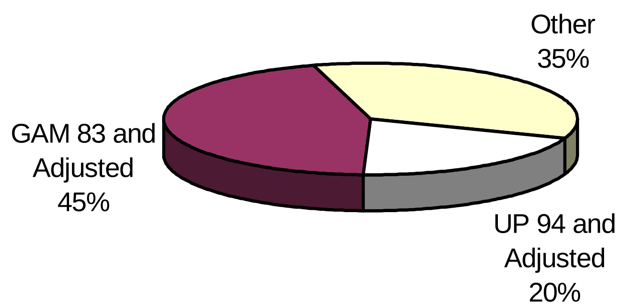
The 1983 Group Annuity Mortality (GAM) Table or some variation of it was used by 45 percent of SMEPPs. The percentage of plans using the UP 94 table or an adjustment of it was 20 percent. The remaining 35 percent of the plans surveyed used either true sample mortality or other mortality tables.

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

Graph 8 - A
Mortality Tables Used as of March 31, 2005
As a Percentage of Plans with DB provisions

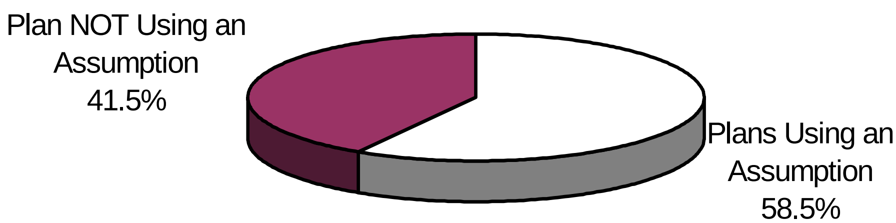


Graph 8 - B
Mortality Tables Used as of March 31, 2005
As a Percentage of SMEPPs



The number of plans using a withdrawal assumption was 58.5 percent. Graph 9 shows the withdrawal rate assumptions.

Graph 9
Plans with a Withdrawal Assumption as of March 31, 2005
As a Percentage of Plans



Interest Rates and Salary Assumptions

Interest Assumptions

- A long-term interest assumption of between 7.0 and 6.0 was used by 88.3 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 March 31, 2005

Rate (%)	Defined Benefit Pension Plans	SMEPPs
7.75 or over	0	0
7.50	13	2
7.25	1	0
7.0	72	3
6.75	20	1
6.50	43	4
6.25	13	4
6.00	16	5
5.75	2	1
5.50	0	0
5.25 or less	5	0
TOTAL	**185**	**20**

Salary Assumptions

- A total of 139 pension plans with defined benefit provisions used a salary escalation assumption as shown in Table 12.
    - 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 Escalations Assumptions Used for Registered Plans as of March 31, 2005

Rate (%)	Defined Benefit Provisions
7.0 or over	2
6.5	0
6.00	3
5.50	17
5.25	1
5.00	15
4.75	3
4.50	28
4.25	3
4.00	26
3.75	5
3.50	21
3.0 or less	12
TOTAL	**136**

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 Registered Plans as of March 31, 2005

Rate (%)	No. of Plans
3.75 or more	7
3.5	15
3.25	4
3.00	12
2.75	6
2.50	34
2.25	5
2.0	27
1.75	6
1.50	10
1.00	6
0.50	0
0.00	2
-0.50	0
-1.00 or under	2
TOTAL	136

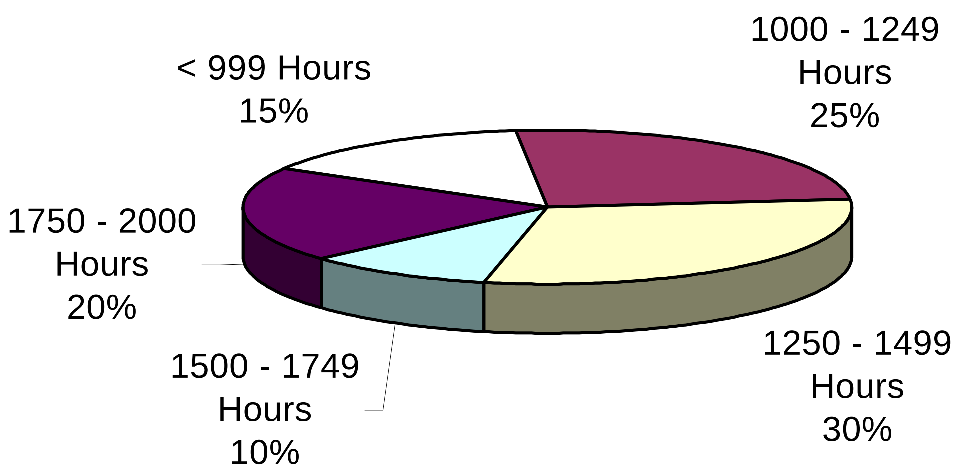
Hours Worked Assumptions

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

- ❖ The average (mean) assumed hours worked were 1,350 per year per plan member.

Graph 10 shows a breakdown of the hours worked assumption used by plans and the (assumed) active members.

Graph 10
Hours Worked Assumption in SMEPPs
As of March 31, 2005



Section 3 – Financial Hardship Access

Financial Hardship Unlocking

Effective May 14, 2003, individuals with 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 and demonstrate that they qualify under at least 1 of 8 potential situations of financial hardship.

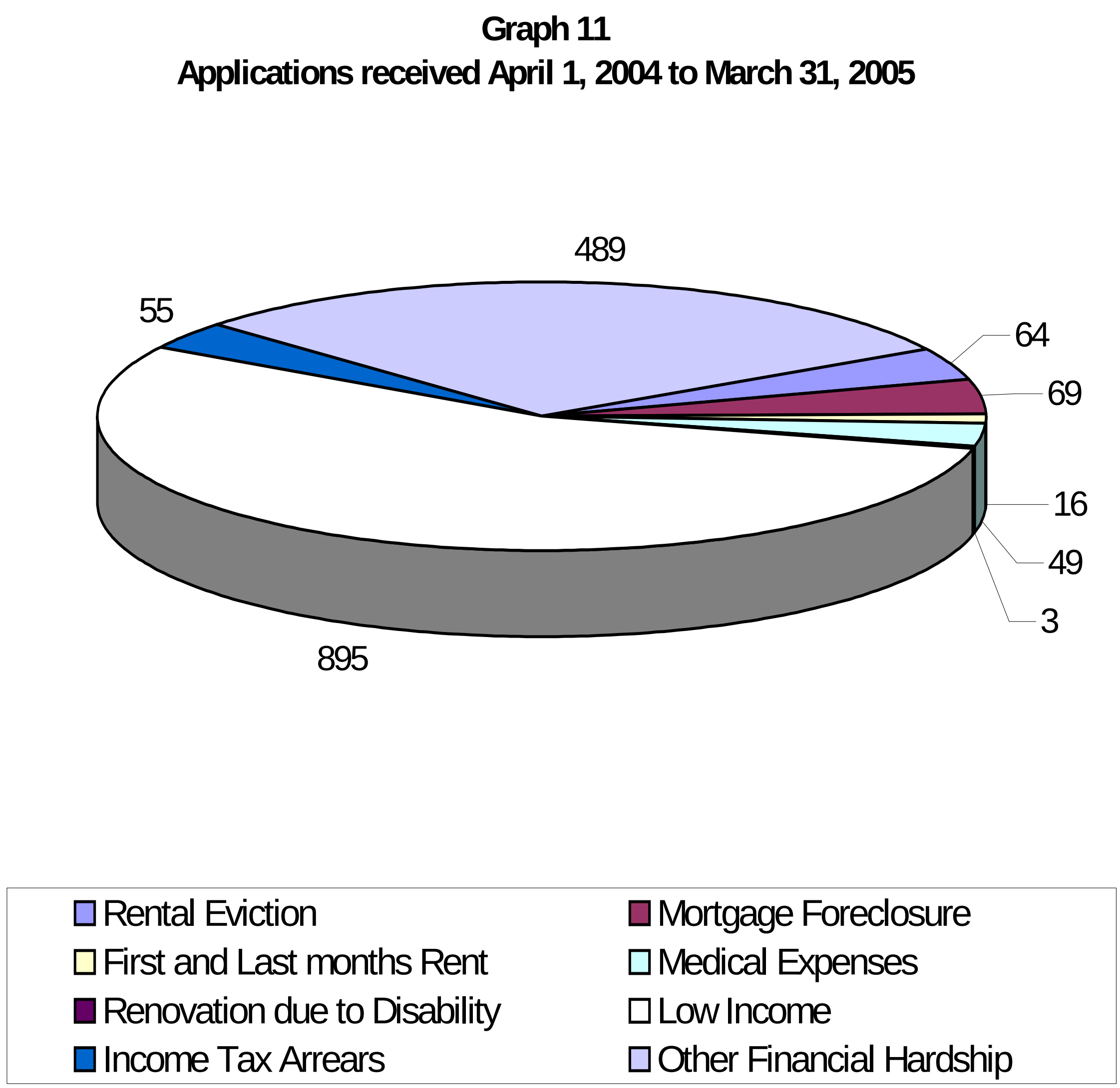
ASFI reviewed 1,640 applications during the fiscal year. Applicants applied for a total of $18,692,115 and ASFI consented to the release of $11,663,051 for an average of $7,112 per application. Table 14 illustrates the number of applications per reason of financial hardship, as well as the average amounts released per application.

Table 14

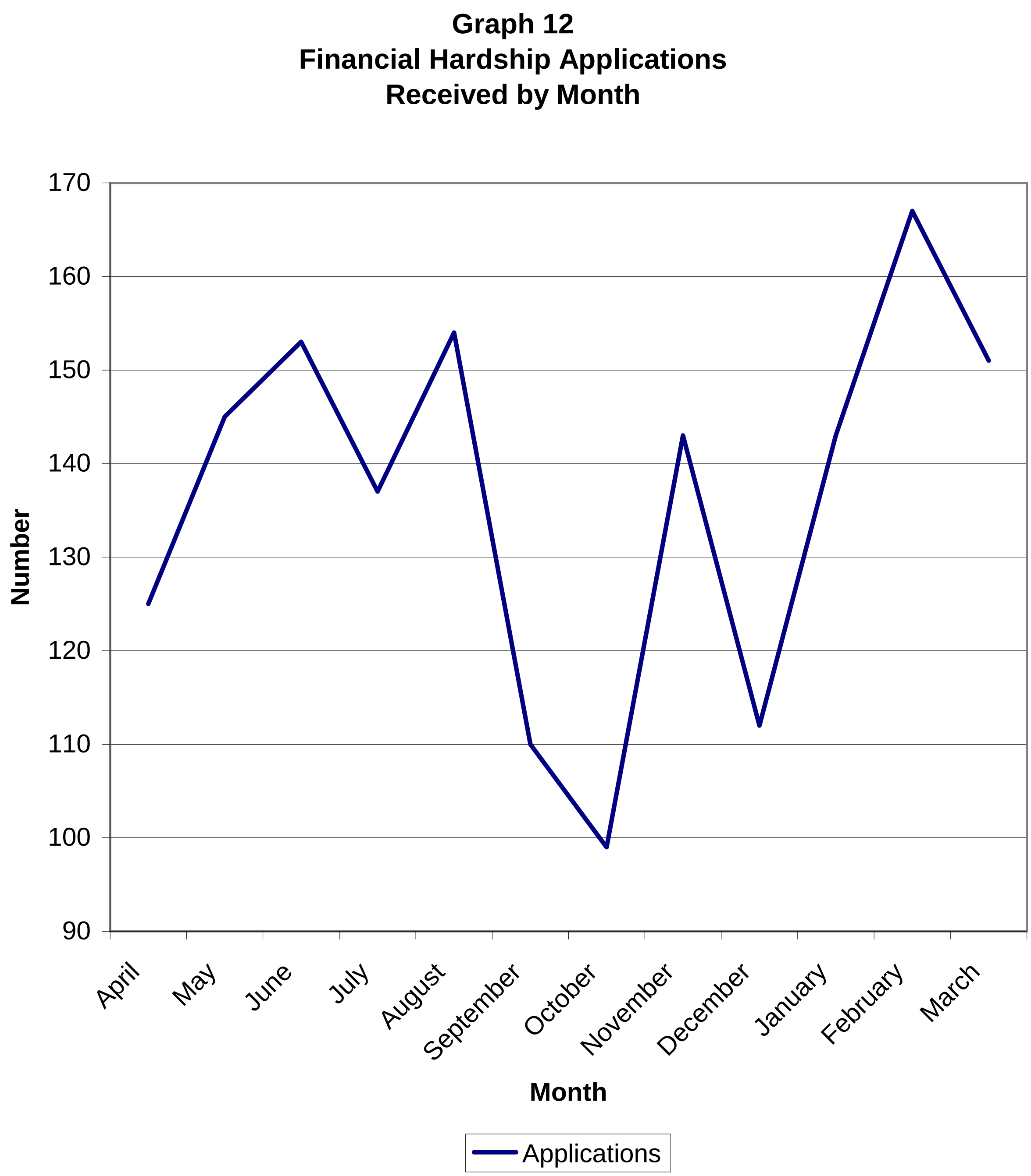
Funds Released from Locked-in Accounts under the Financial Hardship Program as of March 31, 2005

Reason of Financial Hardship	Number of Applications	Dollar Value of Funds Released	Average Release per Successful Application
Rental Eviction	64	$332,116.42	$5,189.32
Mortgage Foreclosure	69	$623,735.68	$9,039.65
First and Last Months' Rent	16	$27,236.00	$1,702.25
Medical Expenses	49	$248,157.78	$5,064.44
Renovation due to Disability	3	$9,650.00	$3,216.67
Low Income	895	$7,336,982.55	$8,197.75
Income Tax Arrears	55	$555,614.58	$10,102.08
Other Financial Hardship	489	$2,529,557.83	$5,172.92
Total	**1,640**	**$11,663,051**	**$7,112**

Graph Eleven illustrates the applications received per reason during the fiscal year.

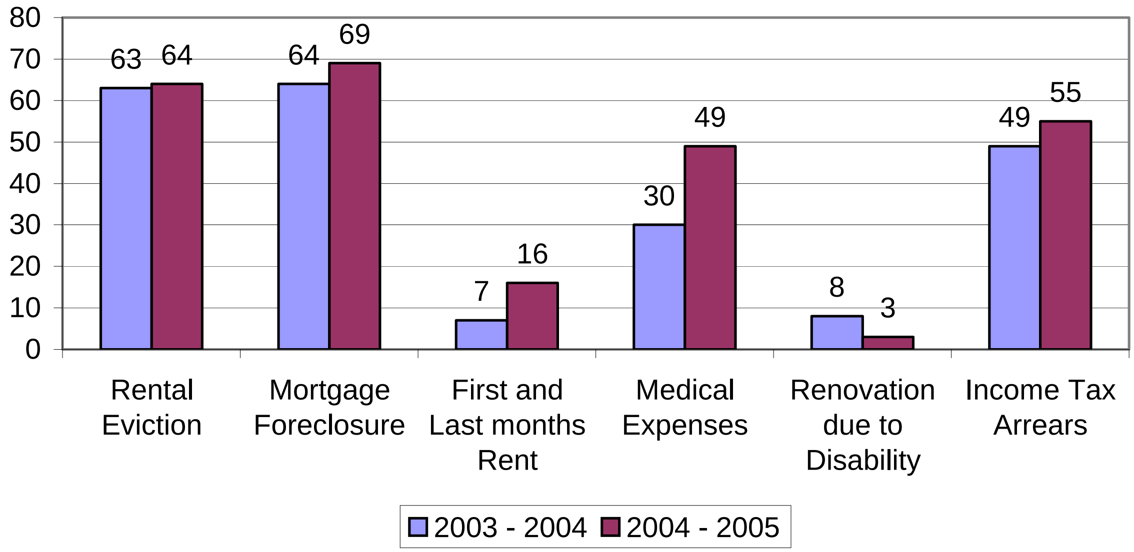


Graph 12 Illustrates the number of financial hardship applications received per month over the past year.



Graphs 13 A and B illustrate the number of financial hardship applications received per fiscal year since the inception of the program. Graphs 13 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 13 - A
Application Volume History



Graph 13 - B
Application Volume History