Annual Statistics Report

Alberta Superintendent Of Pensions

July 1, 2007 – June 30, 2008

Alberta
Finance and Enterprise

Table of Contents

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 primarily completed as at June 30, 2008 and is based on data received from pension plans that primarily correspond to a Dec 31, 2007 plan fiscal year end and tabulated by my office. Valuation data for certain Specified Multi-Employer Pension Plans, which was filed with my office by September 2008, is also included in this report.

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.

Alberta Superintendent of Pensions
Alberta Finance and Enterprise
Room 402, 9515 – 107 Street
Edmonton, AB T5K 2C3
Telephone: (780) 427-8322
Fax: (780) 422-4283

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. As of August 10, 2006, PCI plans no longer required to file with the Superintendent.

Therefore, PCI plans have been completely excluded from this report.

Regulating Plans

As of June 30, 2008, the Superintendent's Office was responsible for the supervision of 797 pension plans.

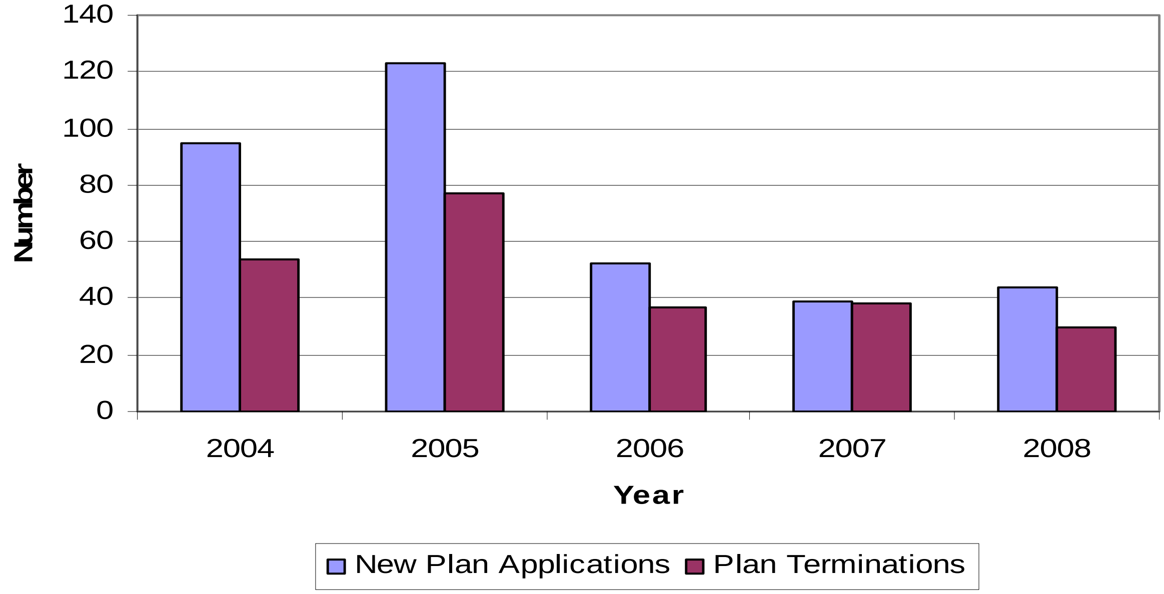
- A total of 693 of those plans had registered status under the Act.
  - 451 of these plans contained only defined contribution provisions;
  - 218 of these plans contained defined benefit provisions; and
  - 24 of these plans were Specified Multi-Employer Pension Plans[1].
- Of the remaining 104 plans, all of which are still subject to the Act and Regulation:
  - 12 had been reviewed but required further documentation before they could be registered;
  - 85 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 July 1, 2007 to June 30, 2008 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.

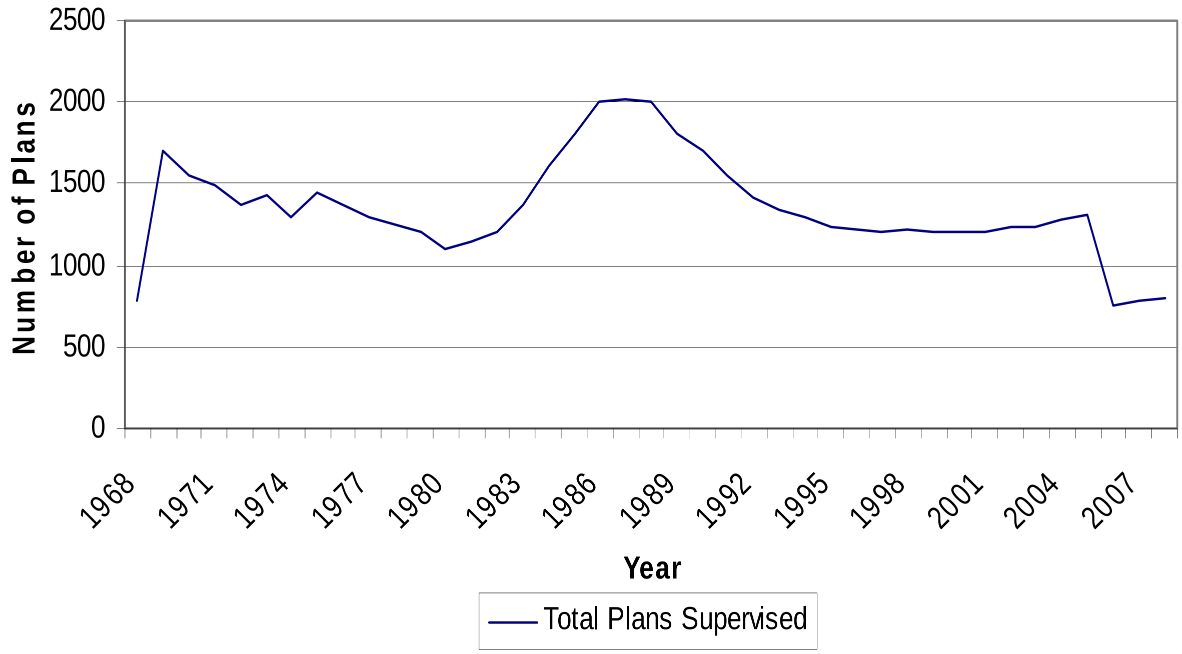
Graph 2 illustrates the number of plans supervised since the inception of the *Pension Benefits Act*, the predecessor to the EPPA, on January 1, 1967.

[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 Applications vs. Plan Terminations



Graph 2 - Total Plans Supervised
March 31, 1967 - June 30, 2008



The drop-off of supervised plans exhibited in Graph Two is a result of excluding PCI plans in 2006.

Terminated Plans

The Superintendent's Office cancelled Certificates of Registration for 30 pension plans during the year under review. The terminated plans covered 582 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, 2007 – June 30, 2008 fiscal year.

Table 1

Discontinued Pension Plans

	Number of Pension Plans	Number of Members Affected
Reasons for Discontinuance		
No Reason Given	12	19
Replaced by a New Plan	1	31
Merged into Another Plan	4	128
Bankruptcy of the Plan Sponsor	1	114
No Members Left in Plan	4	4
Non-Approval by CRA	0	0
Company Dissolved	0	0
Financial / Administrative Concerns	1	3
Replaced by Individual / Group RRSP's	2	132
Non-Compliance	0	0
Other	5	151
TOTAL	**30**	**582**

Section 2 – Supervised Plans

Plan Funds

Contributions

Contributions to pension plans before the application of forfeiture credits and excess assets for the year was $1,804 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 $1,127 million. Approximately $98 million in required employer current service contributions were offset by using existing excess assets and forfeiture credits. This represents about 8.7 percent of total required employer current service contributions.

  This compares with required employer contributions of about $1,092 million and contribution offsets of about $72 million for the previous fiscal year.

  Special payments in respect of solvency deficiencies were $304 million while special payments in respect of unfunded liabilities were $118 million for total special payments of $422 million.

  This compares with total special payments of about $551 million in the previous fiscal year.

- Required employee contributions were about $222 million with an additional $33 million in employee voluntary and optional ancillary contributions. This compares with required employee contributions of about $314 million and voluntary contributions of about $39 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, 2008

Employee Contributions			
Required	$221,762,312		
Voluntary	$20,338,718		
Optional Ancillary	$12,939,570		
TOTAL	**$255,040,600**		**$255,040,600**
Employer Contributions			
Current Service	$1,075,401,773		
Contributions Credited to Contingency Reserve	$51,419,112		
Less Forfeitures Used		($5,900,221)	
Less Excess Assets Used		($92,139,536)	
NET CURRENT SERVICE	**$1,126,820,885**	**($98,039,757)**	**$1,028,781,127**
Unfunded Liabilities Payments	$118,081,312		
Solvency Deficiency Payments	$303,574,161		
NET OTHER PAYMENTS	**$421,655,473**		**$421,655,473**
TOTAL	**$1,548,476,358**	**($98,039,757)**	**$1,450,436,601**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Gross)			**$1,803,516,958**
EMPLOYEE AND EMPLOYER CONTRIBUTIONS (Net)			**$1,705,477,201**

Plan Information

Active Members

A total of 705 active and pending pension plans covering 215,134 active members were supervised by the Superintendent's Office as at June 30, 2008.

- 485 pension plans with 100 active members or less (totaling 14,059 members) accounted for 68.8 percent of all registered pension plans and 6.5 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, 2008

Membership Range	Number of Plans	Number of Members
0 – 10	157	655
11 – 50	224	6,151
51 – 100	104	7,253
101 – 200	68	9,514
201 – 300	34	8,283
301 – 400	19	6,661
401 – 500	10	4,503
501 – 600	7	3,850
601 – 1000	27	21,118
1001 – 1500	24	29,554
1501 – 2000	12	20,172
2001 – 3000	5	13,179
3001 – 4000	1	3,690
4001 – 5000	4	18,573
5000+	9	61,978
TOTALS	**705**	**215,134**

Jurisdictions

Of the active and pending plans, 84.4 percent of members were employed in Alberta and 4.6 percent of members were employed in British Columbia – the second largest province of employment. The remaining 11 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.

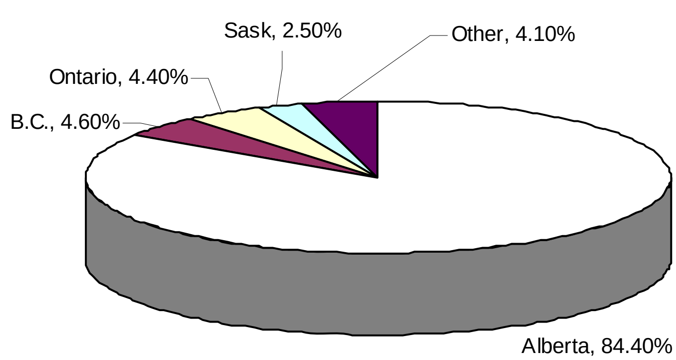
Table 4 lists the number of plans that had members, and the breakdown of membership, in each jurisdiction. There is some overlap, as some plans had members in several jurisdictions. Graph 3 is a province-by-province comparison of percentages of members.

Table 4

Active Membership by Jurisdiction for Active and Pending Plans as of June 30, 2008

Jurisdiction	Number of Plans	Number of Members	Percentage of Members
Alberta	696	181,653	84.4%
British Columbia	142	9,868	4.6%
Saskatchewan	111	5,360	2.5%
Manitoba	69	2,877	1.3%
Ontario	104	9,550	4.4%
Quebec	50	1,944	0.9%
Prince Edward Island	5	30	0.0%
New Brunswick	20	827	0.4%
Nova Scotia	37	959	0.4%
Newfoundland and Labrador	27	1,296	0.6%
Territories	19	275	0.1%
Outside Canada	26	495	0.2%
Total		**215,134**	**100.0%**

Graph 3
Percentage of Members by Jurisdiction



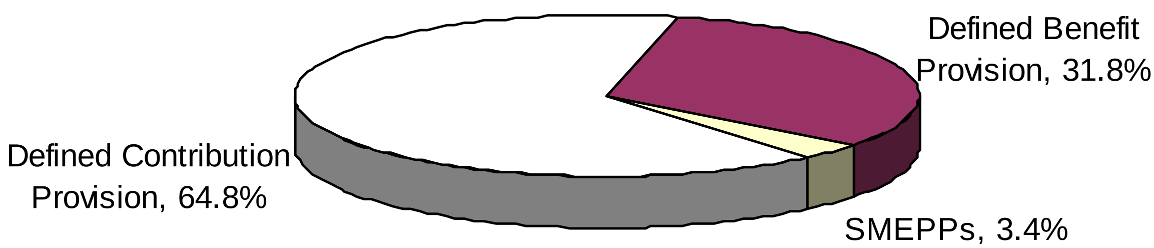
Benefit Type

Of the active and pending non-PSI plans, 64.8 percent were plans that contained **only** defined contribution provisions; however, these plans covered only 22.6 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 31.8 percent of plans, covering 47.5 percent of members.

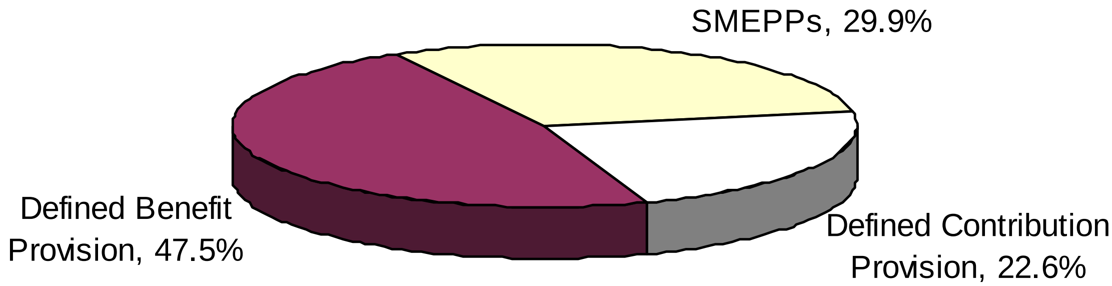
Specified Multi-Employer Pension Plans represented 3.4 percent of plans, but covered 29.9 percent of members.

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

Graph 4-A
Percentage of Plans by Plan Type



Graph 4-B
Percentage of Plans by Active Members



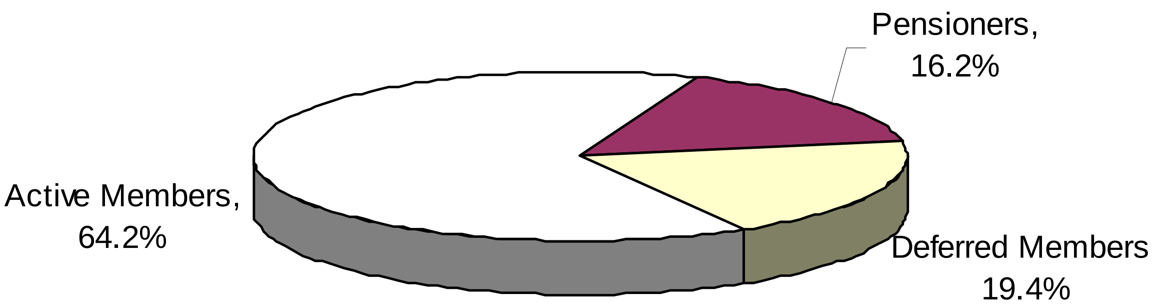
Former Members

As of June 30, 2006, there were 119,931 former members entitled to benefits under defined benefit provisions of actively registered pension plans. Of these, 65,129 were deferred vested members (members neither earning nor receiving pensions, but with entitlements remaining in the plan), including suspended members. There were also 54,802 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 the distribution of membership for the current year.

Graph 5
Distribution of Plan Membership
as at June 30, 2008



Funding and Solvency

Assets

The market value of assets of active and pending pension plans registered in Alberta as of June 30, 2008 was about $25.96 billion.

- The market value of assets attributable to plans with only defined contribution provisions (excluding SMEPPs) was about $1.5 billion.
- The market value of assets attributable to pension plans with defined benefit provisions (excluding SMEPPs) was about $19.5 billion.
- The market value of assets attributable to SMEPPs was about $4.9 billion.
- The per-member market value of assets was approximately:
    - $28,800 for members and former members under a defined contribution provision;
    - $120,628 for members and former members under a defined benefit provision; and,
    - $40,869 for members and former members under a SMEPP.
- Average market value of assets per plan were approximately:
    - $3.3 million for defined contribution provisions;
    - $87.1 million for defined benefit provisions; and,
    - $204.9 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, 2008

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	457	48,683	52,928	$1,525	$1,525	$3,338	$3,338	$28,821	$28,821
DB	224	102,174	161,805	$19,518	$14,643	$87,135	$65,372	$120,628	$90,500
SMEPP	24	64,277	120,332	$4,918	$4,760	$204,909	$198,327	$40,869	$39,556
	705	**215,134**	**335,065**	**$25,961**	**$20,929**	**$36,825**	**$29,686**	**$77,482**	**$62,462**

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 that have defined benefit provisions, which are referred to herein as defined benefit plans. In most cases, SMEPPs (which have defined benefit provisions) are shown separately. For the purposes of this report, and where appropriate, 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 over $75.3 million per plan and $66,859 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, 2008

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	224	102,174	157,475	$14,069,921,728	$62,812,151	$89,347
SMEPPs	24	64,277	122,004	$4,615,686,223	$192,320,259	$37,832
TOTAL	**248**	**166,451**	**279,479**	**$18,685,607,951**	**$75,345,193**	**$66,859**

Termination Basis

Termination (solvency) liabilities for active and pending defined benefit pension plans averaged over $84.6 million per plan and $75,085 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, 2008

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	224	102,174	157,475	$15,518,606,440	$69,279,493	$98,546
SMEPPs	24	64,277	122,004	$5,466,061,805	$227,752,575	$44,802
TOTAL	**248**	**166,451**	**279,479**	**$20,984,668,245**	**$84,615,598**	**$75,085**

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 $559.2 million while solvency deficiencies totaled $2,049.6 million.

- 102 registered pension plans with defined benefit provisions, covering 61,619 total members, had unfunded liabilities.

  123 plans, covering 116,632 total members, had solvency deficiencies.

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

- 2 SMEPPs, covering 17,983 total members, had unfunded liabilities.

  15 SMEPPs, covering 79,652 total members, had solvency deficiencies.

- A total of 2 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, 2008

UNFUNDED LIABILITIES

Type of Plan	No. of Plans	Total Members	Total Unfunded Liability	Average Per Plan	Average Per Member
Defined Benefit Provision	102	61,619	($475,704,626)	($4,663,771)	($7,720)
SMEPPs	2	17,983	($83,497,200)	($41,748,600)	($4,643)
TOTAL	**104**	**79,602**	**($559,201,826)**	**($5,376,941)**	**($7,025)**

SOLVENCY DEFICIENCIES

Type of Plan	No. of Plans	Total Members	Total Solvency Deficiency	Average Per Plan	Average Per Member
Defined Benefit Provision	123	116,632	($1,367,961,811)	($11,121,641)	($11,729)
SMEPPs	15	79,652	($681,614,988)	($45,440,999)	($8,557)
TOTAL	**138**	**196,284**	**($2,049,576,799)**	**($14,852,006)**	**($10,442)**

Assets In Excess of Liabilities

Going-Concern

- 118 plans with defined benefit provisions, covering a total of 95,853 members, had plan assets in excess of their plan liabilities on a going-concern basis.

- 20 SMEPPs, covering a total of 100,693 members, had plan assets in excess of their plan liabilities on a going-concern basis.

Solvency

- 92 plans with defined benefit provisions, covering a total of 39,982 members, had plan assets in excess of their plan liabilities on a solvency basis.

- 7 SMEPPs, covering a total of 39,024 members, 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, 2008

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	118	92	$1,049,208,168	$996,221,837	$8,891,595	$10,828,498
SMEPPs	20	7	$227,669,533	$86,528,486	$11,383,477	$12,361,212
TOTAL	**138**	**99**	**$1,276,877,701**	**$1,082,750,323**	**$9,252,737**	**$10,936,872**

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:
  - 54.5 percent had a funded ratio of 1.0 or better;
  - 30.8 percent had a funded ratio between 0.85 and 1.0; and,
  - 14.7 percent had a funded ratio of less than 0.85.
- Of the SMEPPs reported on:
  - 90.9 percent had a funded ratio of 1.0 or better;
  - 9.1 percent had a funded ratio between 0.85 and 1.0; and,
  - 0 percent had a funded ratio of less than 0.85.

Solvency Ratio

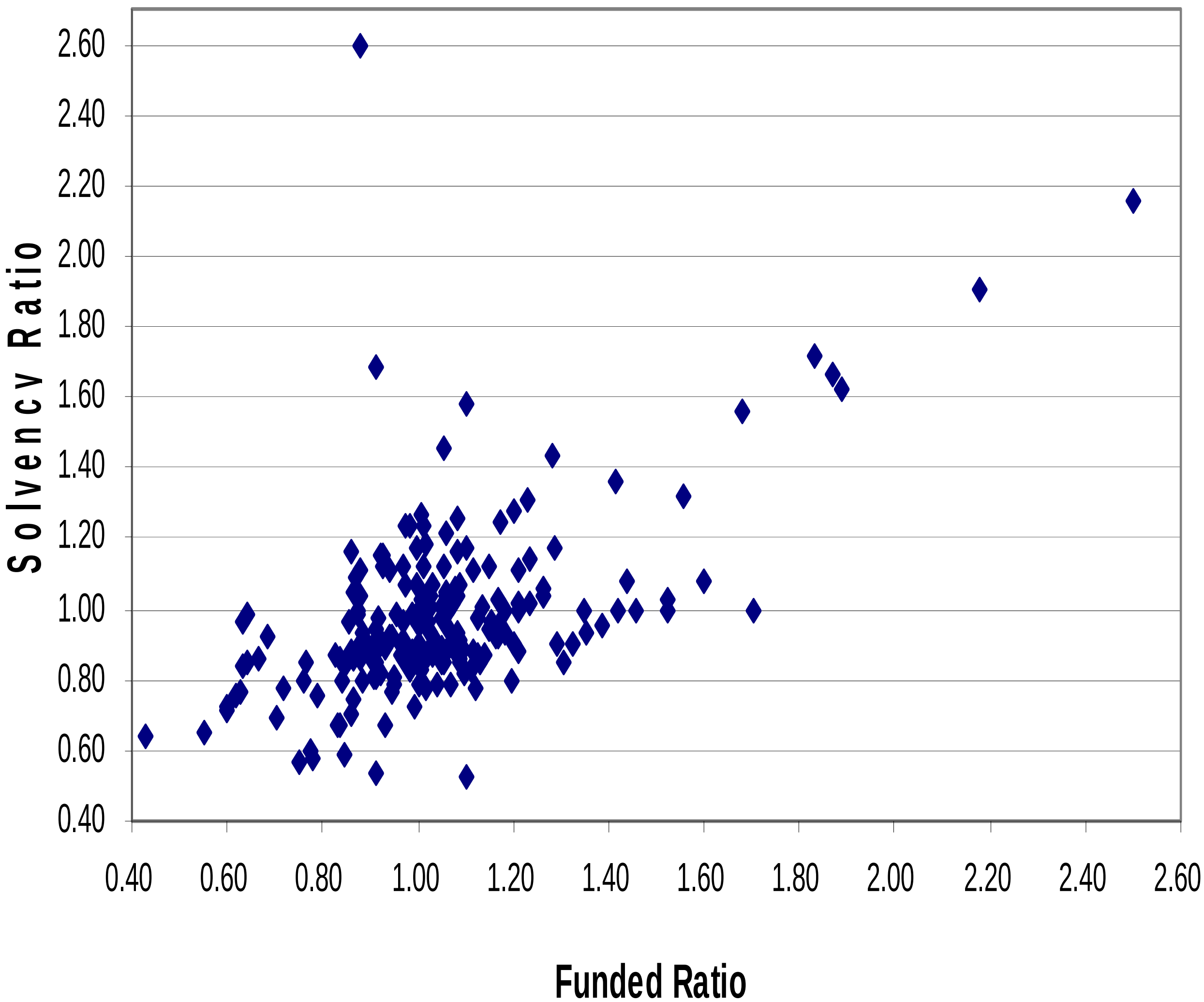
- Of the plans with defined benefits reported on:
  - 36.2 percent had a solvency ratio of 1.0 or better;
  - 39.7 percent had a solvency ratio between 0.85 and 1.0; and,
  - 24.1 percent had a solvency ratio of less than 0.85.
- Of the SMEPPs reported on:
  - 31.8 percent had a solvency ratio of 1.0 or better;
  - 45.5 percent had a solvency ratio between 0.85 and 1.0; and,
  - 22.7 percent had a solvency ratio of less than 0.85.

A significant portion of the non-SMEPP plans with ratios below 0.85 are attributed to newly created individual pension plans (IPPs).

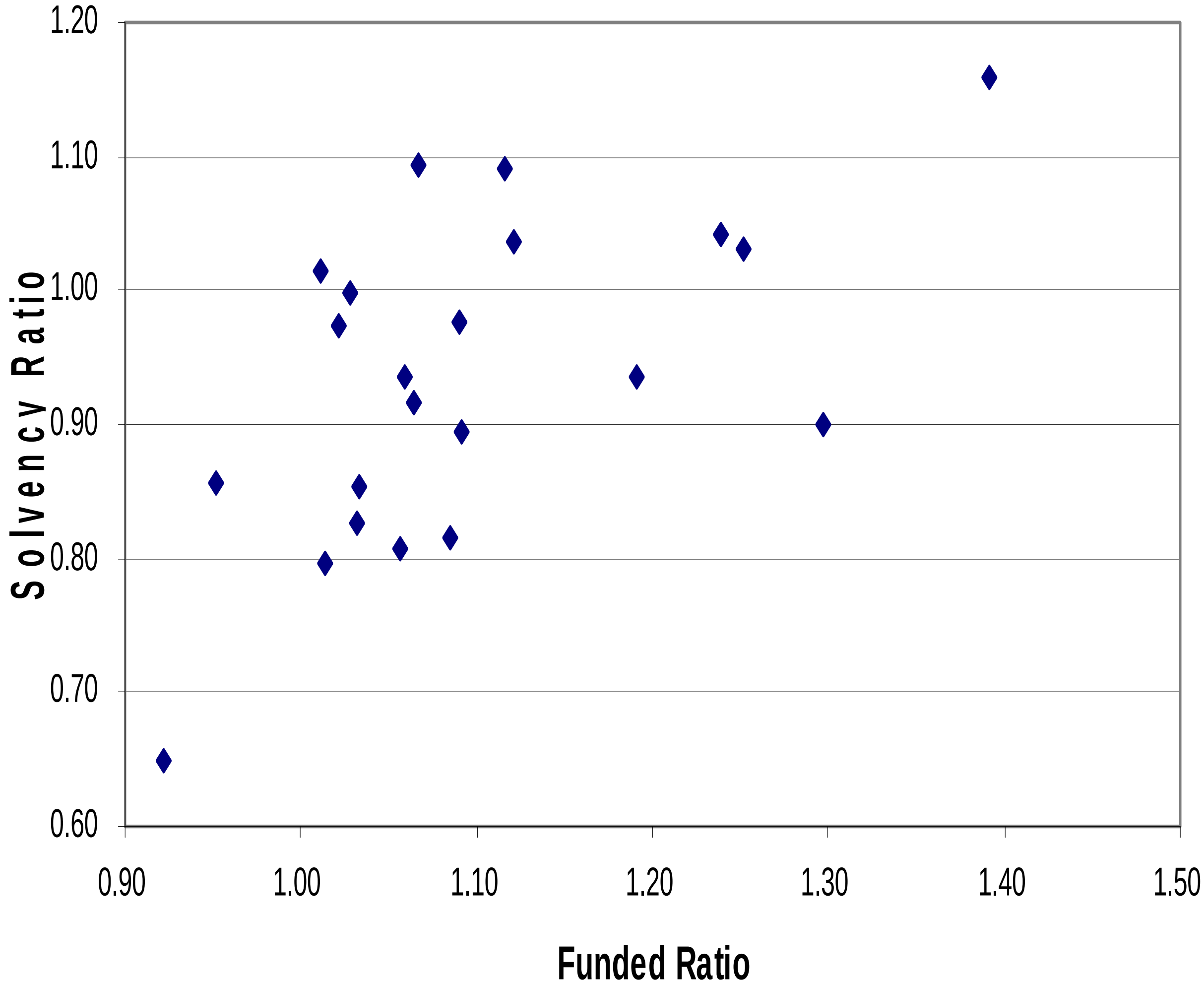
A total of 9 plans with defined benefits are exempt from making solvency payments because they were classified as a publically funded plan.

A total of 7 SMEPPs are exempt from making solvency payments because they applied for, and were granted, the exemption in return for strengthened going concern funding.

Graph 6
Funded Ratio vs. Solvency Ratio
Plans with Defined Benefit Provisions



Graph 7
Funded Ratio vs. Solvency Ratio
Specified Multi Employer Pension Plans



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 78 percent, used market value; another 21.1 percent used an average/adjusted market value.

- The remaining 0.8 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, 2008

	Defined Benefit Provision	SMEPP
Book	1	0
Adjusted Book	0	0
Market	179	13
Adjusted / Average Market	43	9
Blend of Book and Market	1	0
Other	0	0
Total	**224**	**22**

Mortality Tables and Withdrawal Rates

Defined Benefit Provisions

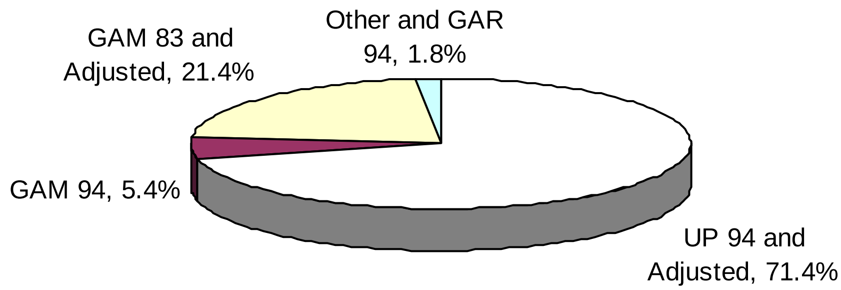
The Uninsured Pensioner 1994 Mortality (UP 94) Table (with or without adjustment) was used by 71.4 percent of pension plans with defined benefit provisions. Another 81.3 percent of pension plans used the Group Annuity Mortality 1983 (GAM 83) Mortality (with adjustments). Another 7.1 percent of the plans surveyed used either true sample mortality or some other mortality table.

SMEPPs

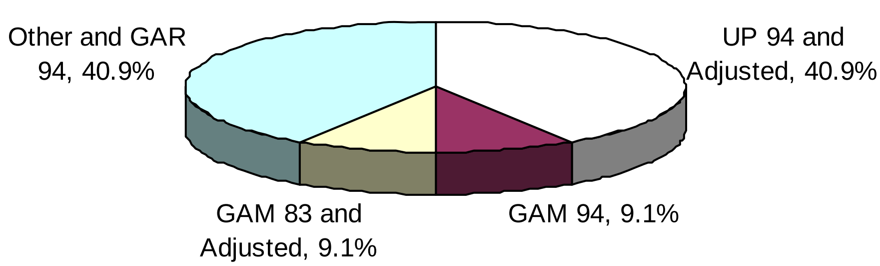
The UP 94 Mortality Table (with or without adjustment) was used by 40.9 percent of SMEPPs. Approximately 40.9 percent of the plans surveyed used either true sample mortality or some other mortality table such as the RP 2000 Blue Collar Mortality Table.

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

Graph 8-A
Mortality Table Use for Plans with Defined Benefits

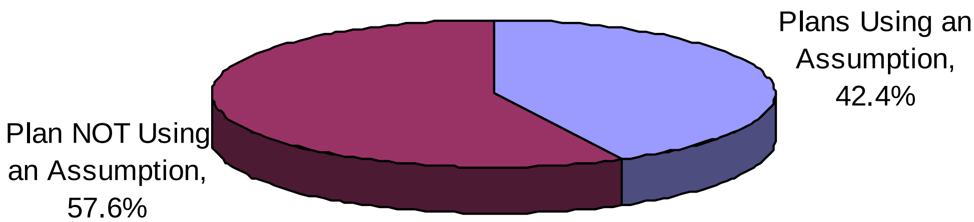


Graph 8-B
Mortality Table Use for SMEPPs



The number of plans not using a withdrawal assumption was 57.6 percent. Graph 9 shows the withdrawal rate assumptions.

Graph 9
Plans Using a Withdrawal Assumption



Interest Rates and Salary Assumptions

Interest Assumptions

- A long-term interest assumption of between 7.00 percent and 5.51 percent was used by 86.7 percent of plans as shown by Table 11. There were no plans using an interest rate assumption greater than 7.50 percent.

Table 11

Interest Assumptions Used for Plans as of June 30, 2008

Rate (%)	Defined Benefit Pension Plans[1]	SMEPPs
Over 7.50	0	0
7.26 – 7.50	2	0
7.01 – 7.25	0	1
6.76 – 7.00	12	2
6.51 – 6.75	12	2
6.26 – 6.50	47	1
6.01 – 6.25	35	5
5.76 – 6.00	32	4
5.51 – 5.75	12	1
5.25 – 5.50	3	3
Less than 5.25	13	3
TOTAL	**168**	**22**

1= A total of 55 cost certificates were associated with individual pension plans (IPPs). These plans have been excluded for the purposes of this table.

Salary Assumptions

- ❖ A total of 125 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, 2008

Rate (%)	Defined Benefit Provisions
7.0 or over	1
6.50	0
6.00	5
5.50	6
5.25	2
5.00	10
4.75	1
4.50	20
4.25	5
4.00	44
3.75	9
3.50	16
Less than 3.5	6
TOTAL	**125**

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 June 30, 2008

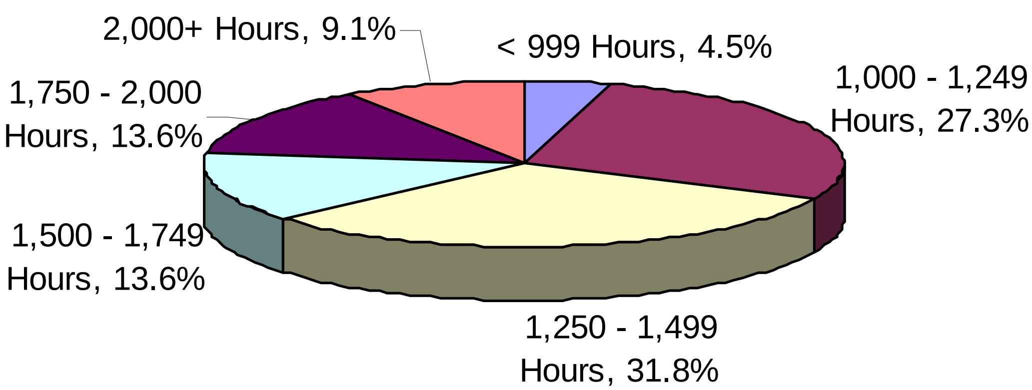
Rate (%)	No. of Plans
3.75 or more	0
3.50	3
3.25	3
3.00	5
2.75	8
2.50	28
2.25	15
2.00	24
1.75	5
1.50	10
1.00	9
0.50	7
0.00	5
-0.50	2
Less than -0.50	1
TOTAL	**125**

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.

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.

Graph 10
SMEPP Average Hours of Work
Per Member Assumption



Section 3 – Financial Hardship Access

Financial Hardship Unlocking

Effective May 14, 2003, individuals possessing Locked-In Retirement Accounts and Life 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 1,013 applications during the fiscal year. Applicants applied for a total of $13,775,726 and the Superintendent's Office consented to the release of $8,723,083 for an average of $11,693 per application.

Table 14 illustrates the number of applications per reason of financial hardship, as well as the average amounts released per application. Graph 11 illustrates the applications received per reason.

The most common reason for a denial is that the application:

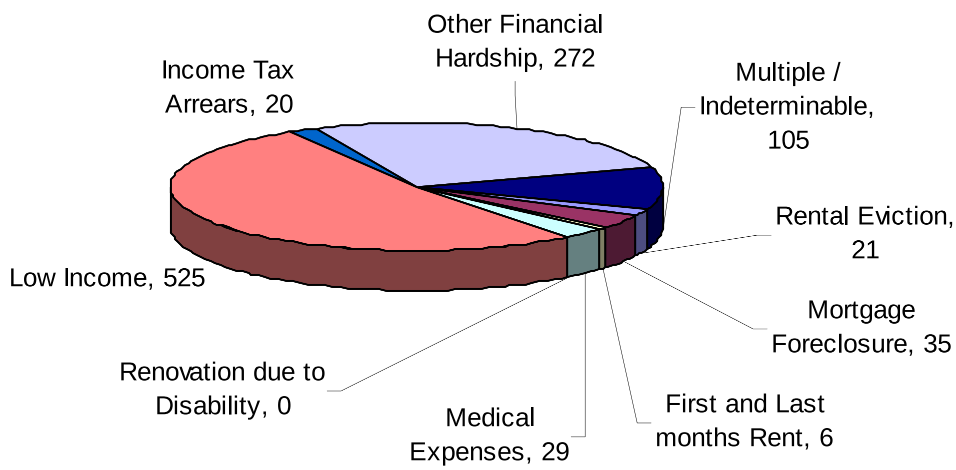
- did not meet the criteria of the program,
- was incomplete and additional information was not provided, or
- was out of scope, meaning our office did not have jurisdiction of the account.

Table 14

Funds Released from Locked-in Accounts under the Financial Hardship Program Between July 1, 2007 and June 30, 2008

Reason of Financial Hardship	Number of Applications	No. of Successful Applications	Dollar Value of Funds Released	Average Release per Successful Application
Rental Eviction	21	15	$146,646.06	$9,776.40
Mortgage Foreclosure	35	34	$555,463.44	$16,337.16
First and Last Months' Rent	6	5	$17,608.00	$3,521.60
Medical Expenses	29	27	$181,458.58	$6,720.69
Renovation due to Disability	0	0	$0.00	$0.00
Low Income	525	483	$6,069,444.68	$12,566.14
Income Tax Arrears	20	17	$259,081.66	$15,240.10
Other Financial Hardship	272	154	$1,396,189.02	$9,066.16
Multiple Reasons / Indeterminable Reasons	105	11	$97,191.77	$8,835.62
Total	**1,013**	**746**	**$8,723,083.21**	**$11,693.14**

Graph 11
Number of Hardship Applications



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

Graph 12
Hardship Applications Received by Month