Annual Statistics Report

Alberta Superintendent Of Pensions

July 1, 2011 – June 30, 2012

Alberta Treasury Board and Finance

Table of Contents

MESSAGE FROM THE SUPERINTENDENT OF PENSIONS

I am pleased to present the annual statistical report on the status of pension plans registered 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, 2012 and is based on data received from pension plans that primarily correspond to a December 31, 2011 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 30, 2012, is also included in this report.

We appreciate the cooperation and support of the pension industry. This report is part of our continual efforts to improve communication and provide useful information to the pension industry, as we strive to meet our mission to provide a fair and balanced regulatory environment that supports the development and maintenance of strong and stable pension plans, and protects individuals' pension rights. Comments about this report and suggestions for improvements are welcome.

Alberta Superintendent of Pensions
Alberta Treasury Board and Finance
Room 402, 9515 – 107 Street
Edmonton, AB T5K 2C3
Telephone: (780) 427-8322
Fax: (780) 422-4283
Employment.Pensions@gov.ab.ca

We look forward to continuing to work in partnership with our stakeholders throughout the next year.

Sincerely,

Original signed by

Mark Prefontaine
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 Treasury Board and 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 Specified 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. Plans for Specified Individuals (PSIs) are those plans which are considered 'designated plans' under the Income Tax Act (Canada).

Both PCI and PSI plans have been completely excluded from this report.

Regulating Plans

As of June 30, 2012, the Superintendent's Office was responsible for the supervision of 714 pension plans.

- A total of 645 of those plans had registered status under the Act.
  - 465 of these plans contained only defined contribution provisions;
  - 154 of these plans contained defined benefit provisions (68 of these also contained DC provisions); and
    - 26 of these plans were Specified Multi-Employer Pension Plans (SMEPPs). Of these, 22 contained DB only provisions, 3 contained DC only provisions, and 1 contained both DB & DC provisions
- Of the remaining 69 plans, all of which were still subject to the Act and Regulation:
  - 3 had been reviewed but required further documentation before they could be registered;
  - 61 were terminating but awaiting cancellation of the certificate of registration; and;
  - 5 were in suspended or delayed windup status.

Terminated Plans

The Superintendent's Office cancelled Certificates of Registration for 24 pension plans during the year under review. The terminated plans covered 547 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, 2011 - June 30, 2012 fiscal year.

Table 1 - Discontinued Pension Plans

Reason For Discontinuance	Number of Pension Plans	Total Number of Members Affected
Bankruptcy	0	0
Company Dissolved	1	31
Financial/Administrative Considerations	2	37
Merged With Another Plan	0	0
No Active Members Left in Plan	4	31
No Reason Given	4	17
Non-Approval by Canada Revenue Agency	0	0
Other	7	185
Replaced by Group RRSPs	6	246
Replaced by New Plan	0	0
Totals	**24**	**547**

Section 2 - Supervised Plans

Plan Funds

Contributions

Required Contributions to pension plans before the application of forfeiture credits and excess assets for the year was $2.71 billion.

- ❖ This 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 $1.40 billion. Approximately $9 million in required employer current service contributions were offset by using existing excess assets and forfeiture credits. This represents about 0.6% percent of total required employer current service contributions.

- ❖ Special payments in respect of solvency deficiencies were $516 million while special payments in respect of unfunded liabilities were $332 million for total special payments of $848 million.

- ❖ Required employee contributions were about $345 million with an additional $38 million in employee voluntary and optional ancillary contributions.

Table 2 outlines contributions made during the year.

Table 2 Contributions to Plans Supervised for the Year Ending June 30, 2012			
Employee Contributions			
	GROSS	**OFFSET**	**NET**
Required	$345,414,597		$345,414,597
Voluntary	$17,351,545		$17,351,545
Optional Ancillary	$20,179,669		$20,179,669
Total	**$382,945,811**		**$382,945,811**
Employer Contributions			
Current Service	$1,398,620,572		$1,398,620,572
Contributions Credited to Contingency Reserve	$79,325,794		$79,325,794
Less Forfeitures Used		$(5,900,577)	$(5,900,577)
Less Excess Assets Used		$(2,848,881)	$(2,848,881)
Sub-Total Current Service	**$1,477,946,366**	**$(8,749,458)**	**$1,469,196,908**
Unfunded Liabilities Payments	$332,263,075		$332,263,075
Solvency Deficiency Payments	$516,250,775		$516,250,775
Sub-Total Special Payments	**$848,513,850**		**$848,513,850**
Total	**$2,326,460,216**	**$(8,749,458)**	**$2,317,710,758**
Employee & Employer TOTAL	**$2,709,406,027**	**$(8,749,458)**	**$2,700,656,569**

Plan Information

Active Members

A total of 648 active and pending pension plans covering 236,074 active members were supervised by the Superintendent’s Office as at June 30, 2012.

- 416 pension plans with 100 active members or less (totaling 13,119 members) accounted for 64.2% of all registered pension plans and 5.6% 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, 2012**		
Membership Range	**Number of Plans**	**Number of Members**
0-10	99	550
11-50	227	6,092
51-100	90	6,477
101-200	81	11,490
201-300	30	7,392
301-400	20	6,721
401-500	8	3,567
501-600	9	5,062
601-1000	24	18,824
1001-1500	22	26,855
1501-2000	15	25,996
2001-3000	9	21,236
3001-4000	1	3,524
4001-5000	2	8,168
5000+	11	84,120
Totals	**648**	**236,074**

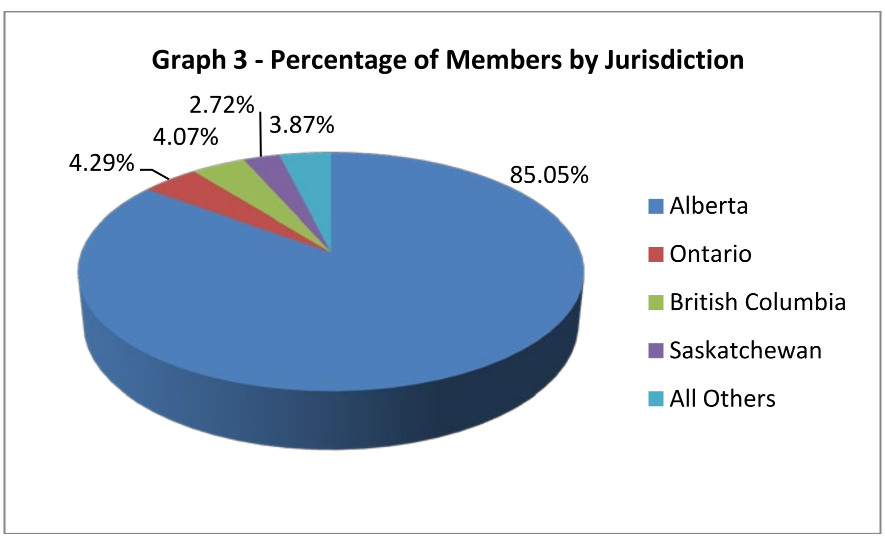
Jurisdictions

Of the active and pending plans, 85.05% of members were employed in Alberta and 4.29% of members were employed in Ontario – the second largest province of employment. The remaining 10.66% 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 the public sector plans that are not required to register under the EPPA.

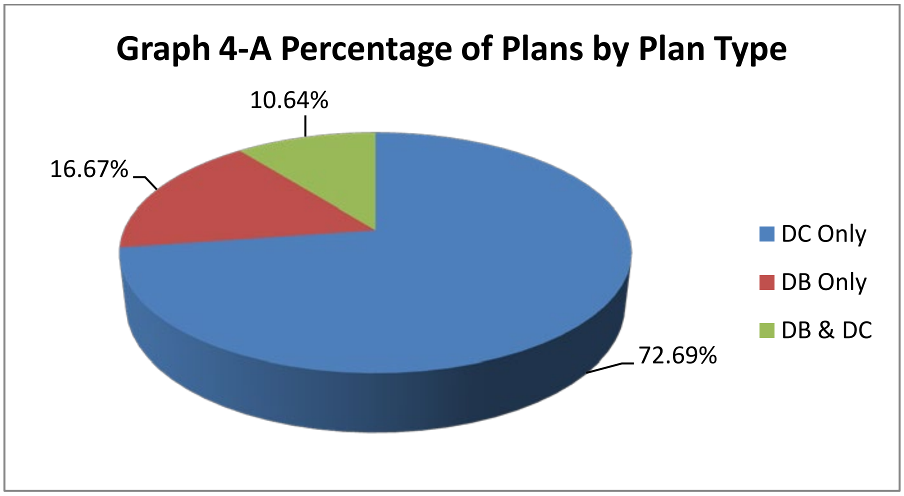
Table 4 lists the number of plans that had members, and the breakdown of membership, in each jurisdiction. There is some overlap, as some plans had members in several jurisdictions. Graph 3 is a province-by-province comparison of percentages of members.

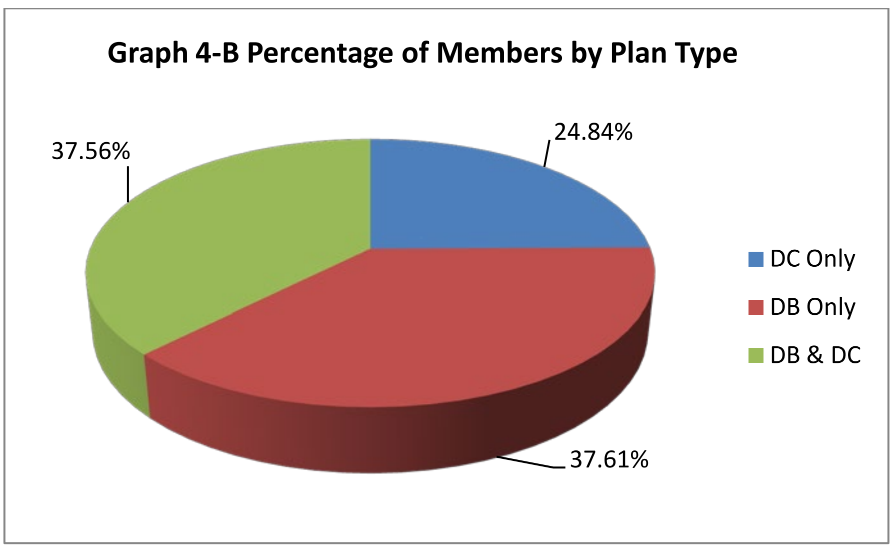
Table 4 **Active Membership by Jurisdiction** **for Active and Pending Plans as of June 30, 2012**			
Jurisdiction	**Number of Plans**	**Number of Members**	**Percentage of Members**
Alberta	648	200,768	85.05%
Ontario	101	10,126	4.29%
British Columbia	135	9,613	4.07%
Saskatchewan	103	6,431	2.72%
Manitoba	66	2,619	1.11%
Quebec	45	1,795	0.76%
Newfoundland	32	1,387	0.59%
New Brunswick	21	1,371	0.58%
Nova Scotia	37	1,230	0.52%
Outside Canada	20	343	0.15%
Northwest Territories	17	216	0.09%
Yukon Territory	10	143	0.06%
Prince Edward Island	5	29	0.01%
Nunavut	1	3	0.00%
Total		**236,074**	100.00%



Benefit Type

Of the 648 active and pending plans, 72.69% were plans that contained **only** defined contribution provisions; however, these plans covered only 24.84% of active members. The majority of plans with only defined contribution provisions were plans for small employers. Plans containing only defined benefit provisions represented 16.67% of plans, covering 37.61% of members. Plans containing both defined benefit and defined contribution provisions made up 10.64% of plans, but covered 37.56% of members.

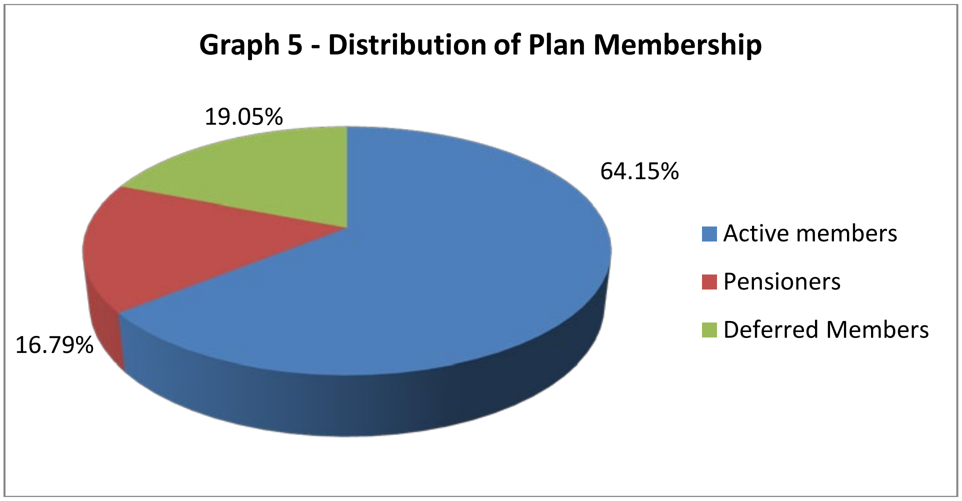




Former Members

As of June 30, 2012, there were 131,903 former members entitled to benefits under actively registered pension plans. Of these, 70,105 were deferred vested members (members neither earning nor receiving pensions, but with entitlements remaining in the plan), including suspended members. There were also 61,798 receiving pension payments (including survivor benefits), including members receiving a disability pension.

Graph 5 shows the distribution of membership for the current year.



Funding and Solvency

Assets

The market value of assets of active and pending pension plans registered in Alberta as of June 30, 2012 was about $30.03 billion.

- ❖ The market value of assets attributable to plans with only defined contribution provisions (excluding SMEPPs) was about $1.97 billion.
- ❖ The market value of assets attributable to pension plans with defined benefit provisions (excluding SMEPPs) was about $21.42 billion.
- ❖ The market value of assets attributable to SMEPPs was about $6.64 billion.
- ❖ The per-member market value of assets was approximately:
    - $36,381 for members and former members under a defined contribution provision;
    - $101,714 for members and former members under a defined benefit provision; and,
    - $44,713 for members and former members under a SMEPP.
- ❖ Average market value of assets per plan were approximately:
    - $4.21 million for defined contribution provisions;
    - $139.08 million for defined benefit provisions; and,
    - $255.33 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.
- ❖ Where appropriate, this report has separated the 26 SMEPP plans from the remainder of the plans registered with our office.

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, 2012

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[1]	Market	Utilized[1]
DB	154	108,306	167,391	$21,419	$17,026	$139,081	$10,558	$127,955	$101,714
DC Only	468	53,723	54,181	$1,971	$1,971	$4,212	$4,212	$36,381	$36,381
SMEPP	26	74,045	146,405	$6,638	$6,546	$255,326	$251,775	$45,343	$44,713
	648	236,074	367,977	$30,028	$25,543	$46,340	$39,419	$81,603	$69,415

Note:

1. Utilized value of assets is based on the most recent cost certificate. It is the value employed by the actuary for comparing to 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. For plans with both DB and DC provisions, the utilized value may only take into account the assets related to the DB section of the plan.

2. Based on total number of members (i.e. active, 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 the balance of this report the 3 DC SMEPPs have been excluded from these tables.

Liabilities

Going-Concern Basis

Going-concern liabilities for active and pending defined benefit pension plans averaged about $149.8 million per plan and $85,831 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, 2012

Type of Plan	Plans	Number of Members		Total Liability	Per Plan Average Total Liability	Average Total Liability Per Member
		Active	Total	Ongoing	Ongoing	Ongoing
DB	154	108,306	167,391	$20,102,208,634	$130,533,822	$120,091
SMEPP	23	69,137	141,497	$6,410,034,623	$278,697,158	$45,302
Total	**177**	**177,443**	**308,888**	**$26,512,243,257**	**$149,786,685**	**$85,831**

Termination Basis

Termination (solvency) liabilities for active and pending defined benefit pension plans averaged about $186.4 million per plan and $106,792 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, 2012

Type of Plan	Plans	Number of Members		Total Liability	Per Plan Average Total Liability	Average Total Liability Per Member
		Active	Total	Solvency	Solvency	Solvency
DB	154	108,306	167,391	$24,644,412,313	$160,028,651	$147,227
SMEPP	23	69,137	141,497	$8,342,384,822	$362,712,384	$58,958
Total	**177**	**177,443**	**308,888**	**$32,986,797,135**	**$186,366,086**	**$106,792**

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 23) is a better representation of the wind-up position as it excludes credit for future special payments.

Total unfunded liabilities were $3.21 billion while solvency deficiencies totaled $8.57 billion.

- 104 registered pension plans with defined benefit provisions (excluding SMEPPs), covering 116,389 total members, had unfunded liabilities.
- 128 plans with defined benefit provisions, covering 146,714 total members, had solvency deficiencies.
- A total of 91 plans with defined benefit provisions had *both* an unfunded liability and a solvency deficiency.
- 10 SMEPPs, covering 68,791 total members, had unfunded liabilities.
- 20 SMEPPs, covering 120,729 total members, had solvency deficiencies.
- A total of 10 SMEPPs had *both* an unfunded liability and a solvency deficiency.

Table 8 outlines unfunded liabilities and solvency deficiencies.

Table 8

Unfunded Liabilities and Solvency Deficiency by Plan Type for Active and Pending Plans as of June 30, 2012

Unfunded Liabilities					
Type of Plan	**Number of Plans**	**Total Members**	**Total Unfunded Liability**	**Average Per Plan**	**Average Per Member**
DB	104	116,389	($2,766,610,417)	($26,602,023)	($23,770)
SMEPP	10	68,791	($441,465,654)	($44,146,565)	($6,417)
Total	**114**	**185,180**	**($3,208,076,071)**	**($28,141,018)**	**($17,324)**

Solvency Deficiencies					
Type of Plan	**Number of Plans**	**Total Members**	**Total Solvency Deficiency**	**Average Per Plan**	**Average Per Member**
DB	128	146,714	($6,535,750,856)	($51,060,554)	($44,548)
SMEPP	20	120,729	($2,031,108,901)	($101,555,445)	($16,824)
Total	**150**	**267,443**	**($8,566,859,757)**	**($57,884,188)**	**($32,032)**

Assets In Excess of Liabilities

Going-Concern

- 50 plans with defined benefit provisions (excluding SMEPPs), covering a total of 51,002 members, had plan assets in excess of their plan liabilities on a going-concern basis.

- 13 SMEPPs, covering a total of 72,706 members, had plan assets in excess of their plan liabilities on a going-concern basis.

Solvency

- 26 plans with defined benefit provisions (excluding SMEPPs), covering a total of 20,677 members, had plan assets in excess of their plan liabilities on a solvency basis.

- 3 SMEPPs, covering a total of 20,768 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 Pending Plans as of June 30, 2012

Going Concern				
Type of Plan	Number of Plans	Total Members	Total Assets Exceeding Liabilities	Average Per Plan
DB	50	51,002	$701,717,622	$14,034,352
SMEPP	13	72,706	$214,130,333	$16,471,564
Total	**63**	**123,708**	**$915,847,955**	**$14,537,269**
Solvency				
Type of Plan	Number of Plans	Total Members	Total Assets Exceeding Liabilities	Average Per Plan
DB	26	20,677	$303,923,285	$11,689,357
SMEPP	3	20,768	$26,701,300	$8,900,433
Total	**29**	**41,445**	**$330,624,585**	**$11,400,848**

Going Concern 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.

Going Concern Funded Ratio

- ❖ Of the plans with defined benefits:
  - 31.8% had a funded ratio of 1.0 or better;
  - 46.8% had a funded ratio between 0.85 and 1.0; and,
  - 21.4% had a funded ratio of less than 0.85.
- ❖ Of the SMEPPs reported on:
  - 56.5% had a funded ratio of 1.0 or better;
  - 34.8% had a funded ratio between 0.85 and 1.0; and,
  - 8.7% had a funded ratio of less than 0.85.

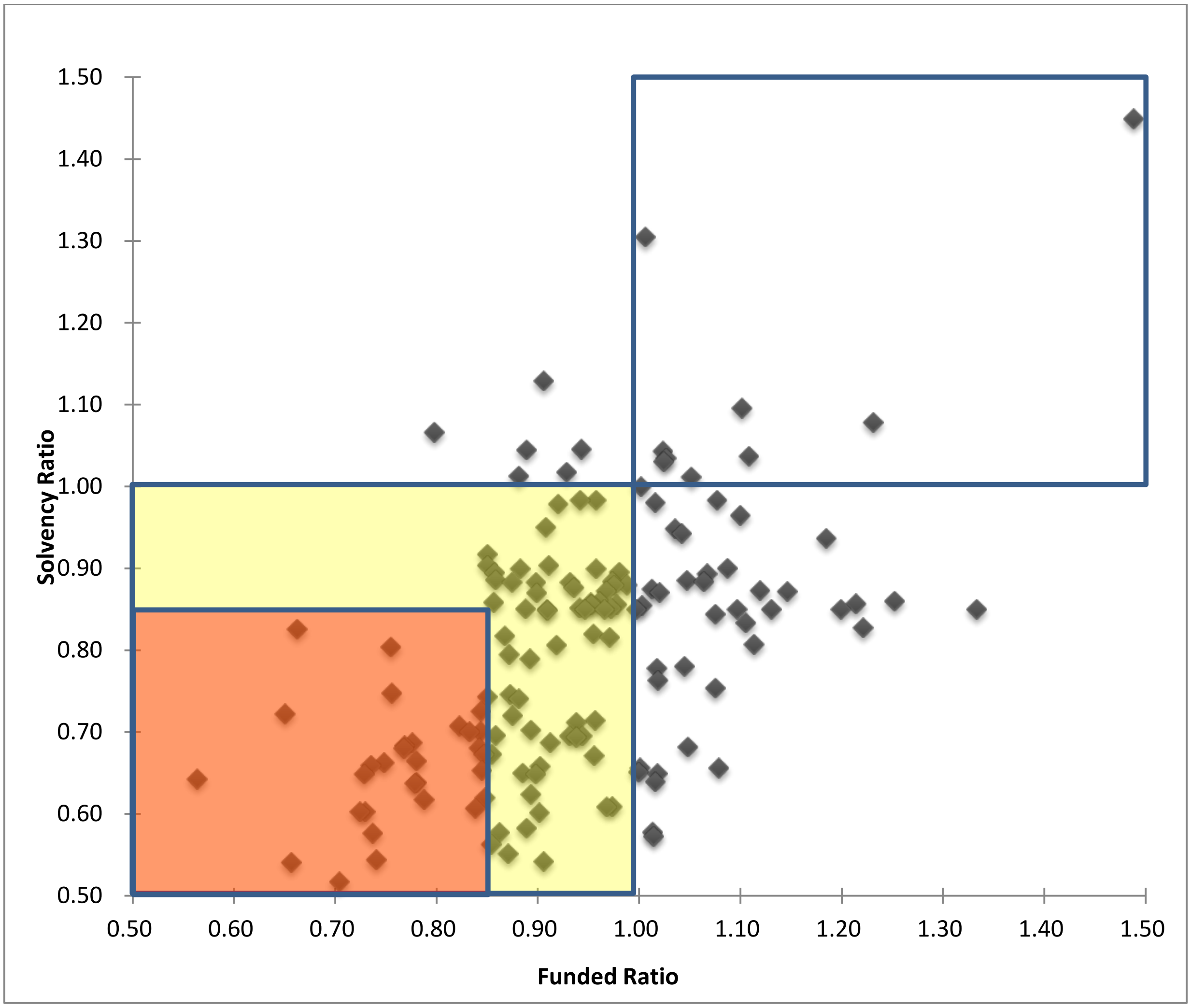
Solvency Funded Ratio

- ❖ Of the plans with defined benefits reported on:
  - 12.3% had a solvency ratio of 1.0 or better;
  - 35.1% had a solvency ratio between 0.85 and 1.0; and,
  - 52.6% had a solvency ratio of less than 0.85.
- ❖ Of the SMEPPs reported on:
  - 13.0% had a solvency ratio of 1.0 or better;
  - 21.7% had a solvency ratio between 0.85 and 1.0; and,
  - 65.2% had a solvency ratio of less than 0.85.

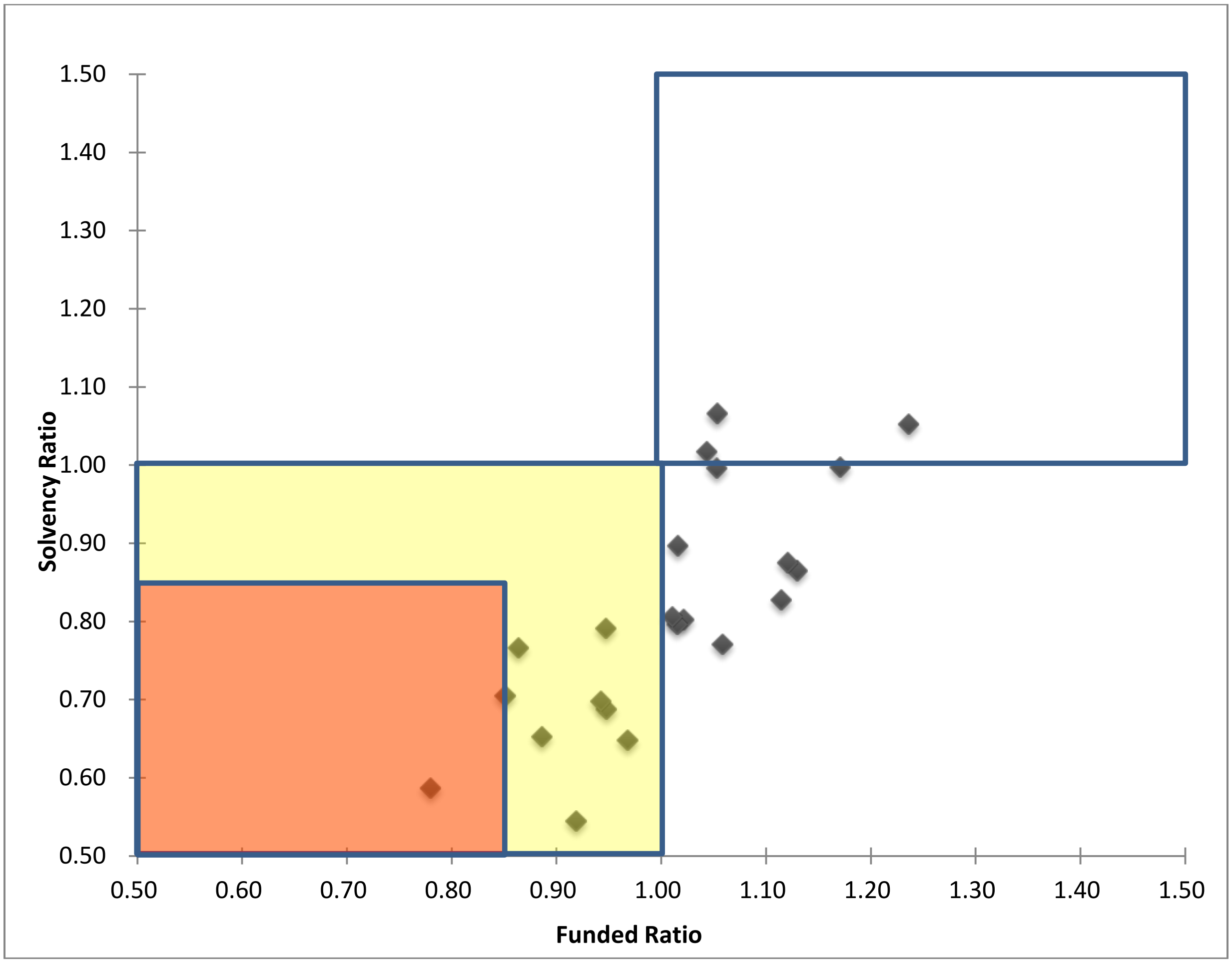
A total of 10 plans with defined benefits are exempt from making solvency payments because they were classified as a publicly funded plan.

A total of 13 SMEPPs and 37 DB plans are exempt from making solvency payments because they applied for, and were granted, the exemption in return for strengthened going concern funding. 3 SMEPP and 10 DB plans were granted extensions to the solvency amortization period.

Graph 6 – Funded Ratio vs. Solvency Ratio for Plans with Defined Benefit Provisions (three outliers fall outside 1.50/1.50)



Graph 7 – Funded Ratio vs. Solvency Ratio for SMEPPs



Actuarial Assumptions

Utilized 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, 70.8%, used Market; another 28.0% used an average/adjusted market value.

- The remaining 1.2% 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, 2012

	Defined Benefit	SMEPP
Adjusted/Average Market (includes smoothing)	43	13
Market	109	10
Average/Blend of Book and Market	1	0
Other	1	0
Total	**154**	**23**

Mortality Tables and Withdrawal Rates

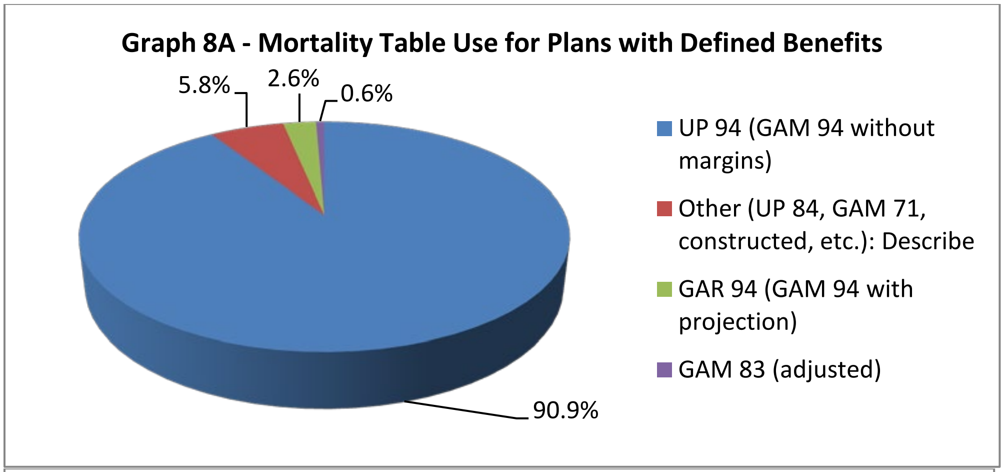
Defined Benefit Provisions

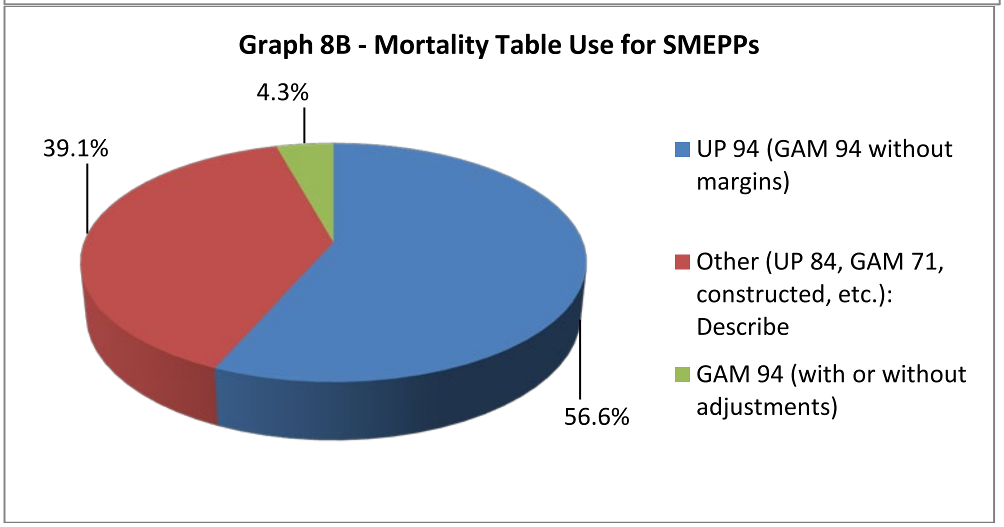
The UP 94 (GAM 94 without margins) was used by 90.9% of pension plans with defined benefit provisions. Another 2.6% used the GAR 94 (GAM 94 without projection) table and 0.6% of pension plans used the GAM 83 (adjusted). The remaining 5.8% of the plans surveyed used either true sample mortality or some other mortality table.

SMEPPs

The UP 94 (GAM 94 without margins) was used by 56.6% of SMEPPs and the GAM 94 by 4.3% of SMEPPs. Approximately 39.2% of the plans surveyed used Other (UP 84, GAM 71, etc).

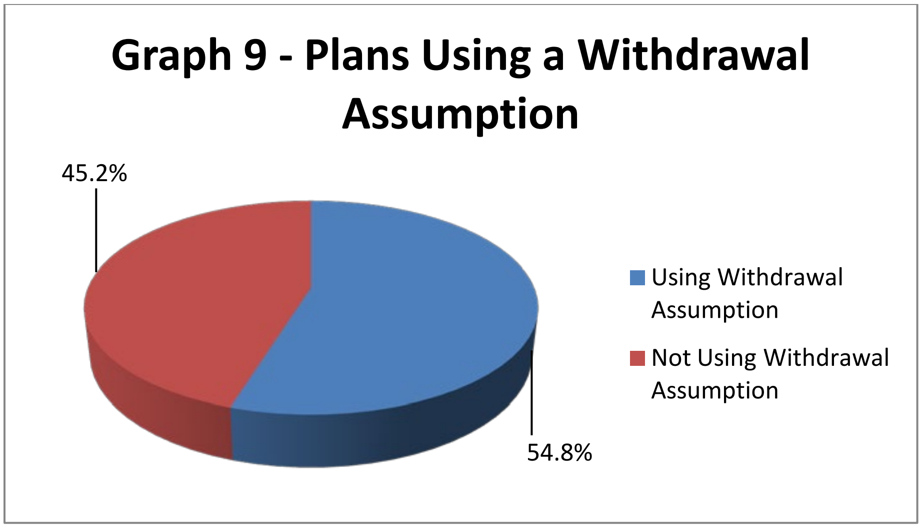
Graphs 8 A and B summarize mortality tables used in defined benefit pension plans.





Withdrawal Assumption

- The percentage of plans using a withdrawal assumption was 54.8%. Graph 9 shows the withdrawal rate assumptions.



Interest Rates and Salary Assumptions

Interest Assumptions

- A long-term interest assumption of 6.50 percent or less was used by 98.3% 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, 2012	
Rate (%)	**Defined Benefit Pension Plans**	**SMEPP**
7.26 - 7.50	0	1
7.01-7.25	0	0
6.76-7.00	1	0
6.51-6.75	0	0
6.26-6.50	23	4
6.01-6.25	17	2
5.76-6.00	33	5
5.51-5.75	17	2
5.25-5.50	36	4
Less than 5.25	27	5
Total	**154**	**23**

Salary Assumptions

- ❖ A total of 117 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 Escalation Assumptions Used for Plans as of June 30, 2012

Rate (%)	Defined Benefit Provisions
Greater than 7.00	0
6.76 – 7.00	0
6.51 – 6.75	0
6.26 – 6.50	1
6.01 – 6.25	2
5.76 – 6.00	0
5.51 – 5.75	0
5.26 – 5.50	2
5.01 – 5.25	3
4.76 – 5.00	6
4.51 – 4.75	2
4.26 – 4.50	9
4.01 – 4.25	6
3.76 – 4.00	24
3.50 – 3.75	7
Less than 3.5	53
Total	**115**

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

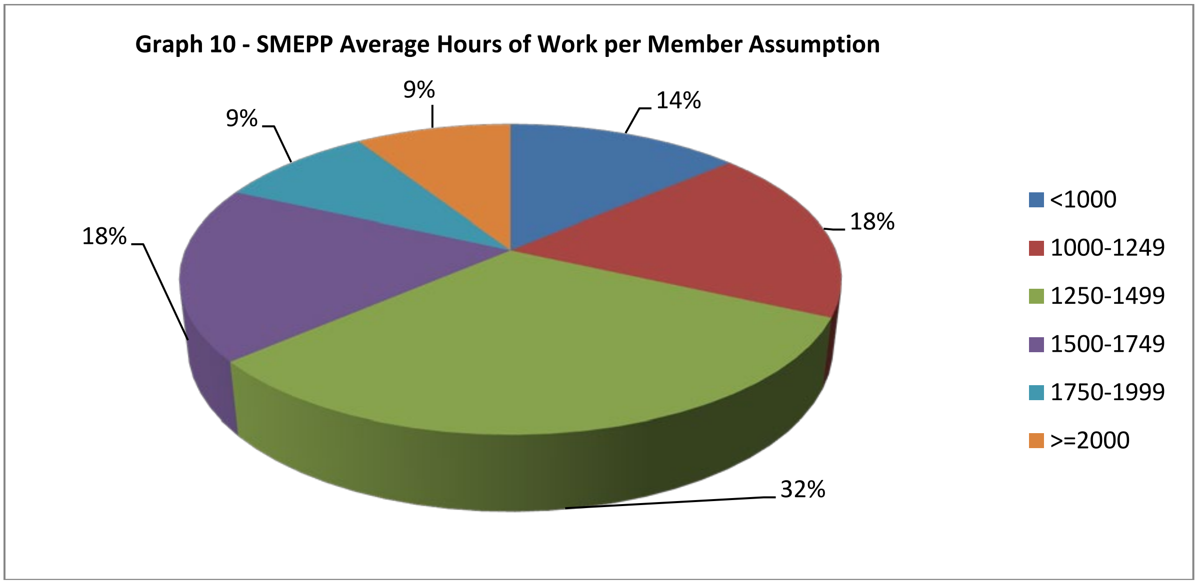
Percentage Difference between Interest and Salary Escalation Assumptions Used for Plans as of June 30, 2012

Rate (%)	Number of Plans
3.76 or Over	0
3.51 – 3.75	1
3.26 – 3.50	7
3.01 – 3.25	2
2.76 – 3.00	2
2.51 – 2.75	4
2.26 – 2.50	16
2.01 – 2.25	17
1.76 – 2.00	19
1.51 – 1.75	8
1.26 – 1.50	12
1.01 – 1.25	6
0.76 – 1.00	8
0.51 – 0.75	2
0.26 – 0.50	2
0.01 – 0.25	3
-0.24 – 0.00	1
-0.5 – -0.25	2
Less than -0.5	3
Total	**115**

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.



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 2,245 applications during the fiscal year. The Superintendent's Office consented to the release of $22,632,200 for an average of $15,241 per successful 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.

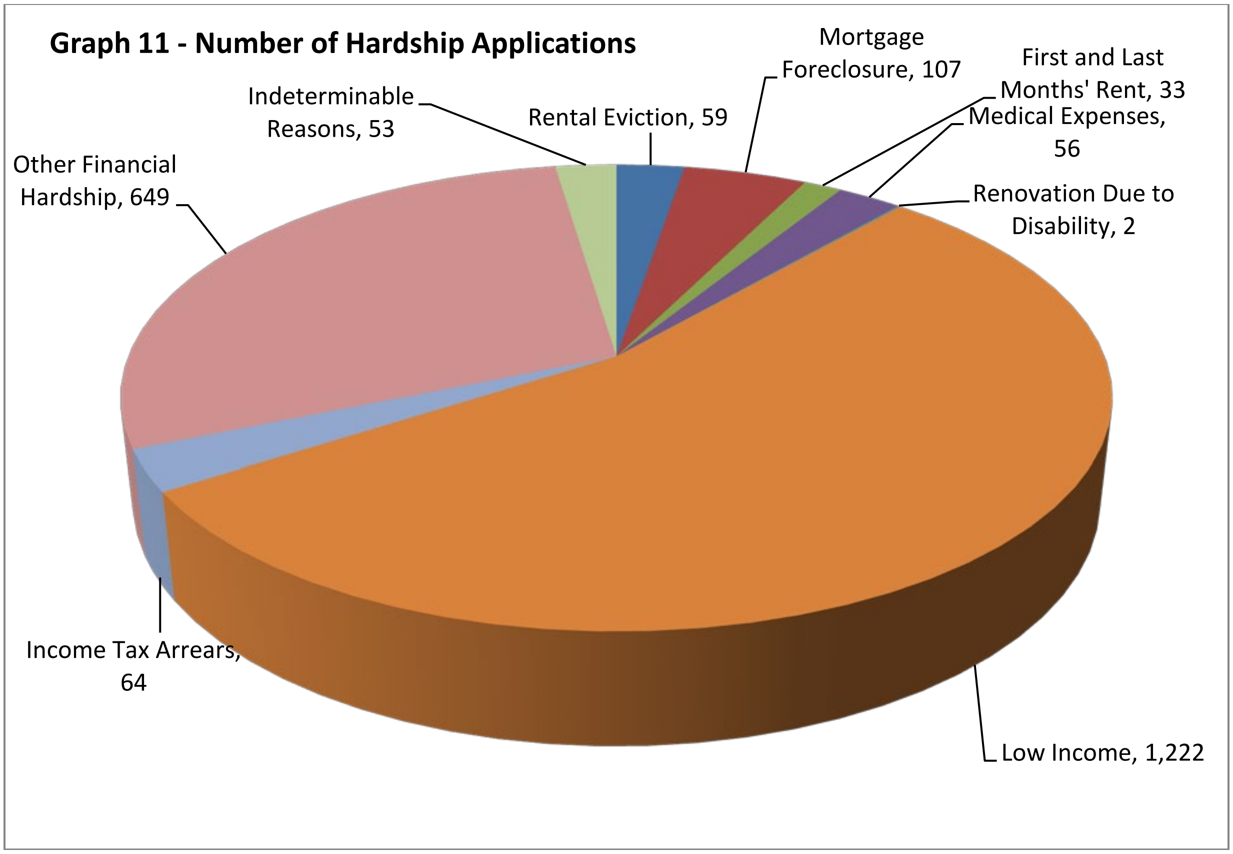
The most common reason for a denial is that the application:

- 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, 2011 and June 30, 2012

Reason of Financial Hardship	Number of Applications	No. of Successful Applications	Dollar Value of Funds Released	Average Release per Successful Application
Rental Eviction	59	45	$480,492	$10,678
Mortgage Foreclosure	107	93	$1,992,533	$21,425
First and Last Months' Rent	33	25	$152,048	$6,082
Medical Expenses	56	41	$509,008	$12,415
Renovation due to Disability	2	1	$29,000	$29,000
Low Income	1,222	1,045	$15,101,040	$14,451
Income Tax Arrears	64	36	$802,493	$22,291
Other Financial Hardship	649	172	$3,151,843	$18,235
Multiple Reasons / Indeterminable Reasons	53	27	$413,743	$15,324
Total	**2,245**	**1,485**	**$22,632,200**	**$15,241**



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