

## **Research Project # 1: Mapping Coverage and Funding of Occupational Pension Plans**

### **Research Paper: Defined Benefit Occupational Pension Plans, Members and Funding 2000 – 2005**

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#### **Executive Summary**

This report presents statistical evidence of defined benefit occupational pension plan funding levels, membership, assets and funding assumptions in Ontario for the period 2000 to 2005.

The report examines the number of filings of defined benefit plans registered with the Financial Services Commission of Ontario based on Actuarial Information Summaries. It examines filings, membership and assets by funded ratio calculated on going concern and solvency valuation bases. It presents the changes in funded ratio over the period, and examines shifts in key assumptions in actuarial valuations over the period.

The main findings of the report are:

- Overall, defined benefit pension plans' funded status deteriorated between 2000 and 2003, and improved slightly by 2005, on both a going concern and solvency funding basis. It is likely that funded ratios have improved between 2005 and 2007.
- On a going concern funding basis:
  - By 2005, 93% of plans were more than 80% funded and 75.8% of plans were 90% or better funded on a going concern basis;
  - 95% of members were in plans 80% funded or better in 2005 and 87.8% of members were in plans funded 90% or better in 2005; and
  - 98% of assets were within plans 80% funded or better in 2005.
- On a solvency funding basis:
  - 72% of plans were funded 80% or better in 2005 and 45% of plans were funded 90% or better;
  - 81.8% of members were in plans 80% funded or better in 2005 and 71% of members in plans funded 90% or better; and
  - 89% of assets were in plans funded 80% or better in 2005.

- Overall, there has been significant number of plans showing a decrease in their funded status, particularly on a solvency basis. However membership and assets in those plans does not reflect as dramatic a change.
- Assumptions as a whole have reflected the funding environment. Going concern interest rate assumptions continue to be higher than prescribed solvency interest rates, but have reduced over the period. On the whole, mortality table assumptions have been “updated” to reflect more recent mortality tables.