



## OSFI releases Estimated Solvency Ratio (ESR) for Federally Regulated Private Pension Plans

**OTTAWA – Thursday, October 22, 2009** – The Office of the Superintendent of Financial Institutions (OSFI) has released the results of its latest solvency testing of federally regulated defined benefit private pension plans.

As part of its regular monitoring activities, every six months OSFI estimates the ratio of plan assets to plan liabilities for the 400 defined benefit plans it regulates. OSFI follows up with individual pension plans where the results raise potential concerns. The latest results show that the average estimated solvency ratio of federally regulated defined benefit private pension plans at June 30, 2009 was 0.88, meaning the total value of assets of all federal plans was 12 per cent lower than liabilities, calculated on a solvency basis. This compares to an estimated solvency ratio of 0.85 in December 2008.

“These results show a very modest improvement overall from the December 2008 results,” says Judy Cameron, Managing Director of OSFI’s Private Pension Plan division. “The estimated solvency ratios are impacted by interest rates and investment performance, including equity and bond market movements. The June 2009 results demonstrate the importance of continued vigilance and attention to managing the risks associated with pension plans.”

The private pension plans subject to OSFI regulation currently represent seven per cent of all private pension plans in Canada, accounting for approximately 12 per cent of private pension assets.

Created in 1987 by an Act of Parliament, the Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator and supervisor of federally regulated deposit-taking institutions, insurance companies, and federally regulated private pension plans. OSFI’s mandate is to advance and administer a regulatory framework that contributes to public confidence in a strong, stable and competitive financial system.

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