



Report on Pension Plans

Registered in British Columbia

NOVEMBER 2024



CLASSIFIED: PUBLIC

Contents

1. Glossary	1
2. Overview	2
3. DC Pension Plans	4
Membership	4
Contributions	4
4. DB Pension Plans	5
Membership	5
Contributions	6
Funded Status	8
5. TB Pension Plans	10
Membership	10
Contributions	11
Funded Status	11
6. DB and TB Pension Plans	14
Investments	14
Non-Investment Expenses	15
Windup Expense Assumptions	16
7. Resources	17

1. Glossary

BC Financial Services Authority ("BCFSA")

Defined benefit ("DB")

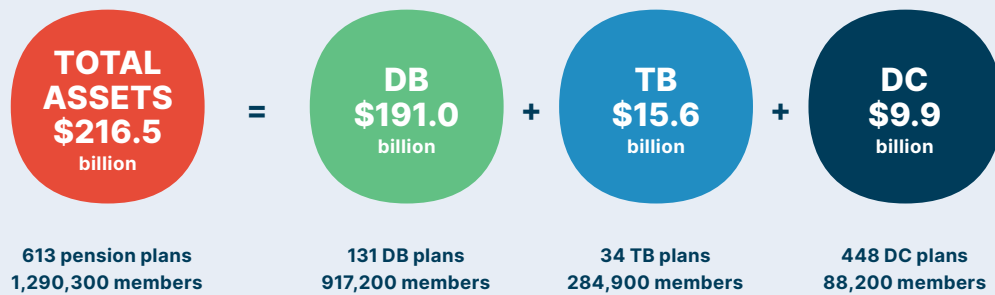
Defined contribution ("DC")

Target benefit ("TB")

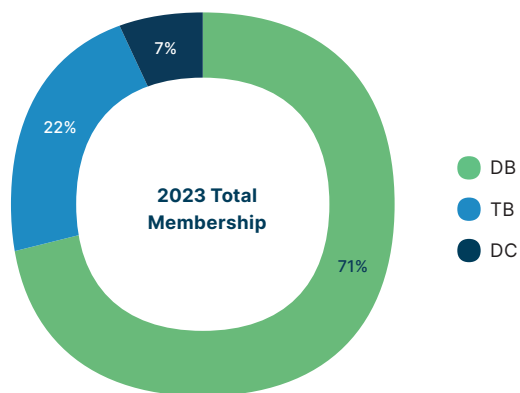


2. Overview

Registered Pension Plans in British Columbia as of December 31, 2023 Assets and Membership



The total number of pension plans continued to decline, primarily due to mergers and windups, but plan membership grew by three per cent in 2023. Membership in B.C.-registered pension plans rose from 1,250,900 to 1,290,300 in the year. In turn, aggregate contributions rose 10 per cent in 2023.

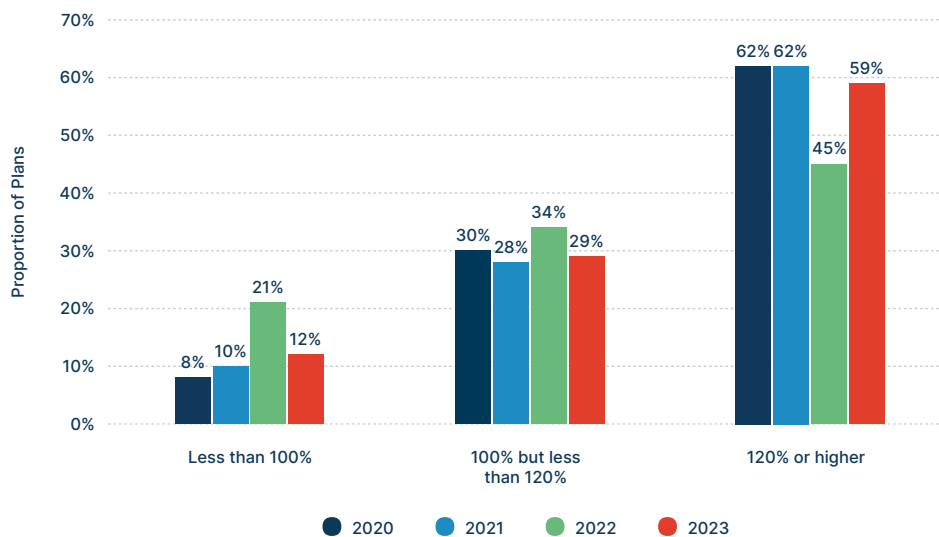




Excluding DC and smaller plans, which do not report cash flows, 350,180 pensioners and beneficiaries received a pension from a B.C. plan in 2023, with the average annual payment of \$20,800.

As of December 31, 2023, 12 per cent of plans were underfunded, which is an improvement from 21 per cent in 2022. Conversely, 59 per cent were over 120 per cent funded. Of those, 15 DB and TB plans increased benefits in the year, 20 per cent of DB plans reported using surplus to reduce the amount contributed to the plan, and many others saved the surplus to protect against future adverse experience.

DB and TB Plans Distribution by Going Concern Funded Ratio



3. DC Pension Plans

MEMBERSHIP

The number of members in DC plans in B.C. fell slightly during the year, with a 2.0 per cent decline.

Multi-employer plans hold almost 20 per cent of those members. In addition to the 88,200 members in DC plans, there are 25,500 DC members in plans that have both DB and DC provisions, who are counted in the DB section below.

DC Plan Membership on December 31, 2023		
Membership	Number of Plans	Members
Fewer than 100	312	9,400
100-499	107	22,500
500-999	15	11,300
1,000 or more	14	45,000
Total	448	88,200

CONTRIBUTIONS

Despite having fewer members, DC plans received nine per cent more contributions year over year.

Contributions to DC Plans (\$Millions)					
Contribution Category	2019	2020	2021	2022	2023
Employer	\$337.3	\$331.4	\$326.5	\$356.9	\$389.7
Member Required	\$157.8	\$154.7	\$152.1	\$167.3	\$184.8
Member Voluntary	\$33.5	\$33.3	\$33.2	\$37.8	\$39.6
Total	\$528.6	\$519.4	\$511.8	\$562.0	\$614.1

Employers paid 64 per cent of those contributions, as in the past four years.

4. DB Pension Plans

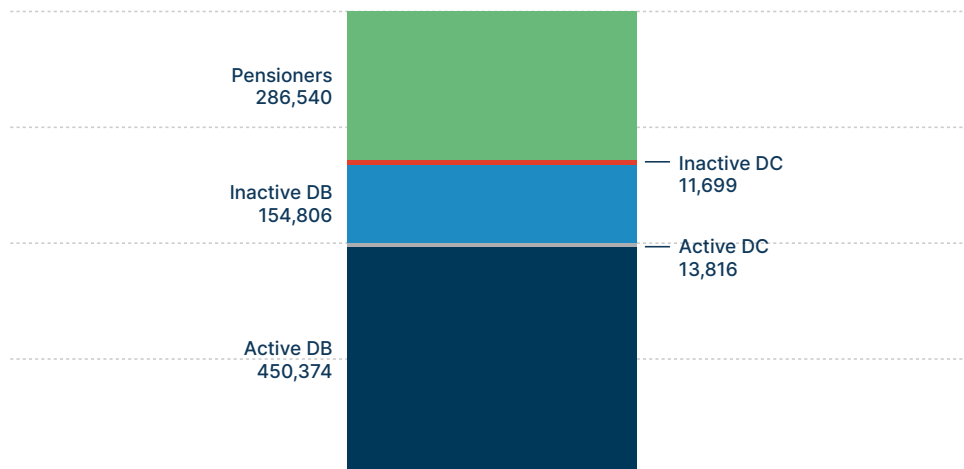
MEMBERSHIP

DB plan membership continued to trend upward with a 3.5 per cent increase year over year. Most members are in a multi-employer plan, with just 10 per cent in a single-employer plan.

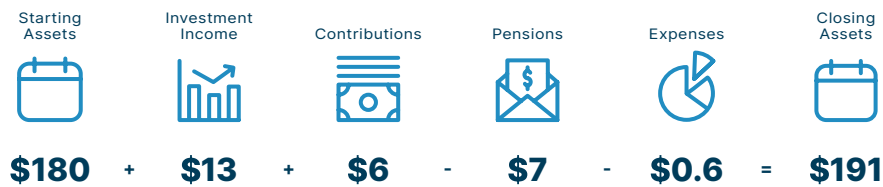
DB Plan Membership on December 31, 2023

Number of Members	Number of Plans	Total Membership	Members in Multi-employer Plans
Fewer than 1,000	101	17,600	200
1,000-4,999	18	44,400	4,100
5,000-9,999	5	38,300	16,200
10,000 or more	7	816,900	800,700
Total	131	917,200	821,200

Members of DB and DB/DC Plans



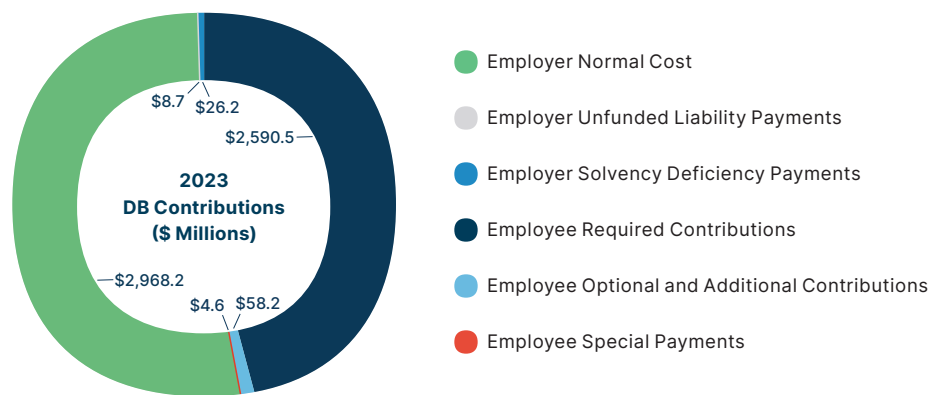
Cash Flows (\$Billions)



Unlike 2022, which saw negative investment returns, investment returns were positive in 2023, and as a result, the closing assets saw a 6.1 per cent improvement year over year.

CONTRIBUTIONS

Total contributions to DB plans rose to \$5.7 billion (compared to \$5.1 billion in 2022) as membership, and benefits in some plans, increased.

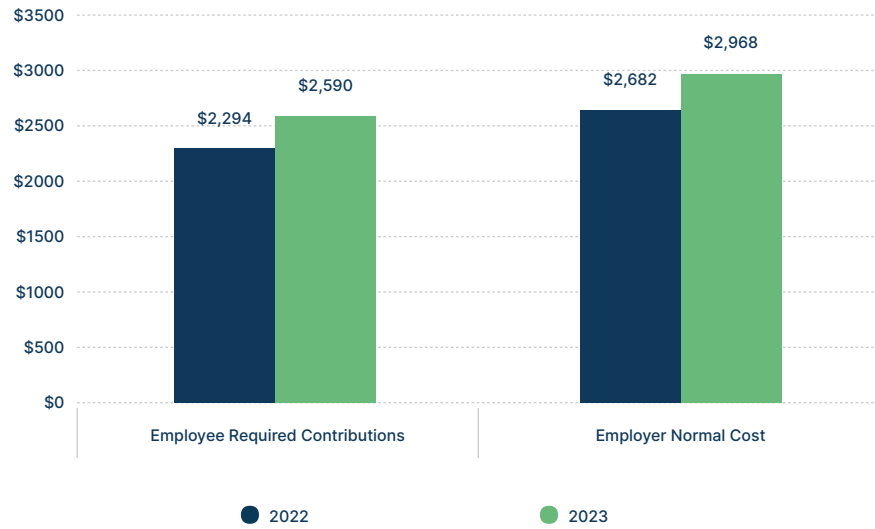


More than 20 per cent of DB plans reported using actuarial excess assets to offset required employer contributions:

- 26 plans used surplus towards DB provision funding requirements; and
- Two plans with both DB and DC provisions reported using surplus to meet DC funding requirements.

Despite some plans using surplus to fund benefits earned in the year, required contributions to DB plans rose by 11.7 per cent in 2023.

DB Contributions (\$Millions)

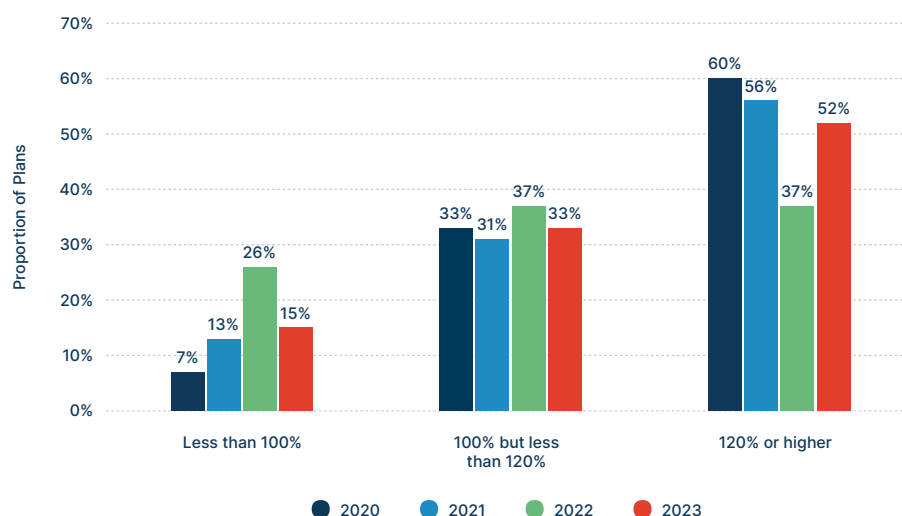


FUNDED STATUS

The following analysis is based on the projected¹ aggregate funding position of benefit formula plans at the end of 2023. It excludes the four largest pension plans, individual pension plans and designated pension plans.

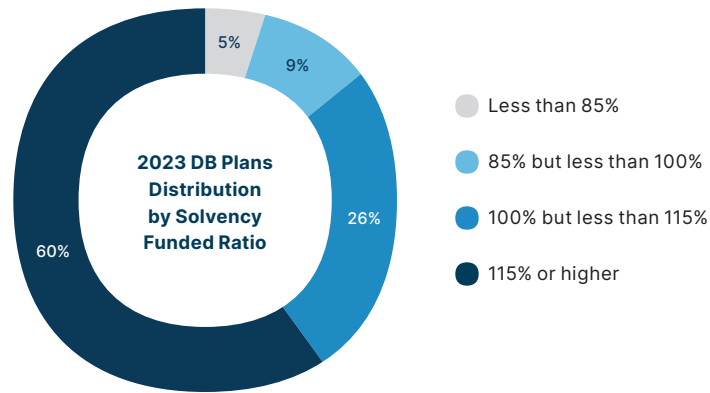
In 2023, 85 per cent of DB plans were fully funded on a going concern basis, compared with 74 per cent of plans in the prior year and 93 per cent of plans in 2020.

DB Plans Distribution by Going Concern Funded Ratio

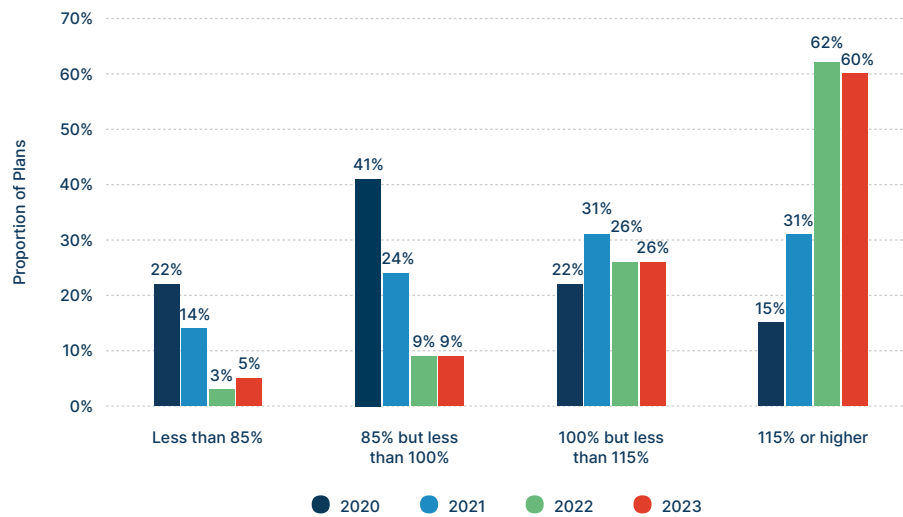


¹ BCFSAs projects asset values from most recent AIR filings and liabilities from the most recently filed actuarial valuation report with an updated discount rate; BCFSAs used the actual funding position if a valuation report at the indicated date was filed.

The discount rates used to determine liabilities on a solvency basis bottomed in 2020, with recent increases leading to lower solvency liabilities and improved funded status for defined benefit plans.



DB Plans Distribution by Solvency Funded Ratio

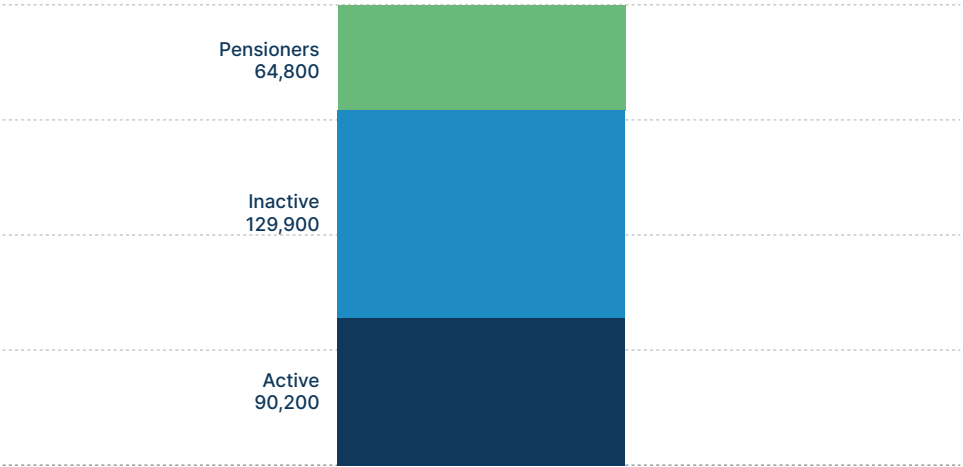


In 2023, 86 per cent of DB plans were fully funded on a solvency basis, up from 37 per cent of plans in 2020.

5. TB Pension Plans

MEMBERSHIP

TB Membership



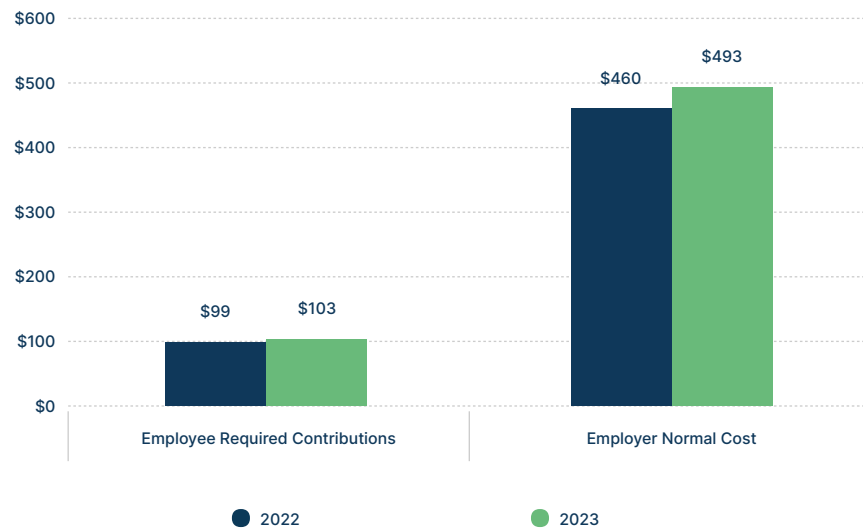
Membership in TB plans grew in 2023, seeing total members increase to 284,900 from 274,700 in 2022. The number of TB plans decreased from 36 to 34, due to a plan merger, and one plan wind-up.

TB Plan Membership on December 31, 2023		
Membership	Number of Plans	Members
Fewer than 1,000	5	3,200
1,000-4,999	17	39,600
5,000-9,999	4	26,200
10,000 or more	8	215,900
Total	34	284,900

CONTRIBUTIONS

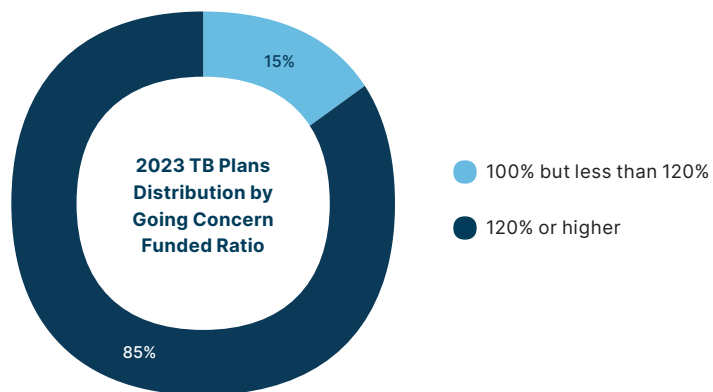
In 2023, required contributions to TB plans increased 6.6 per cent.

TB Contributions (\$Millions)



FUNDED STATUS

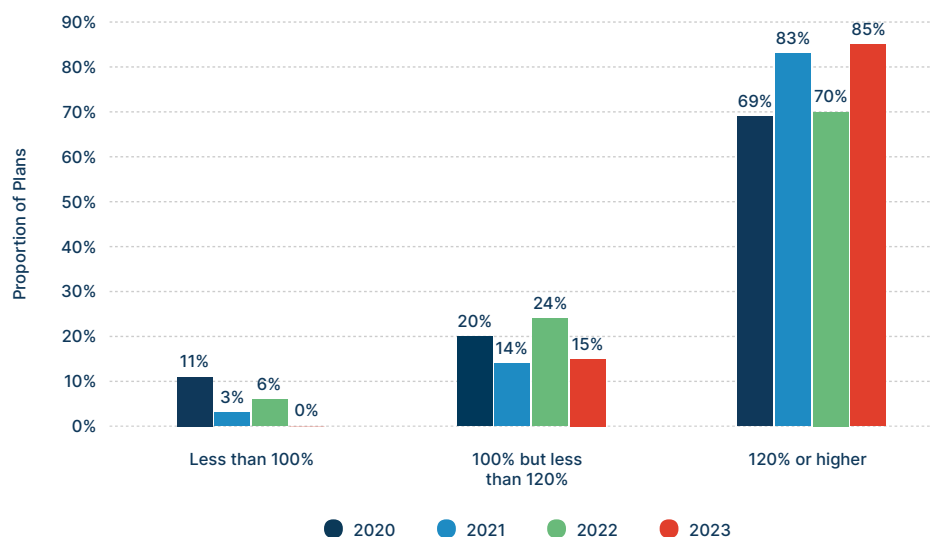
All target benefit plans were fully funded on a going concern basis by the end of 2023, based on projections² by BCFSa.



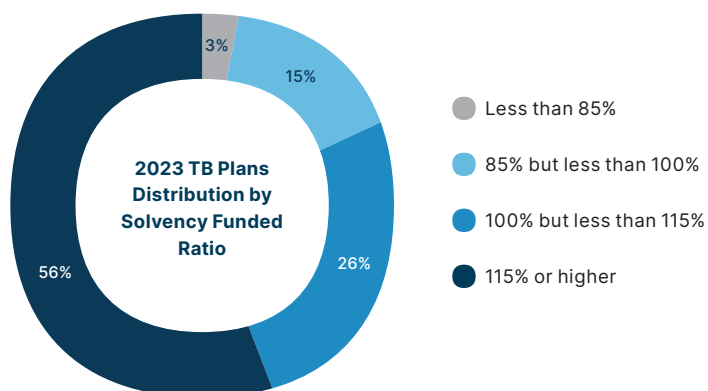
This is a marked improvement from 2020 when 11 per cent of TB plans were not fully funded on a going concern basis.

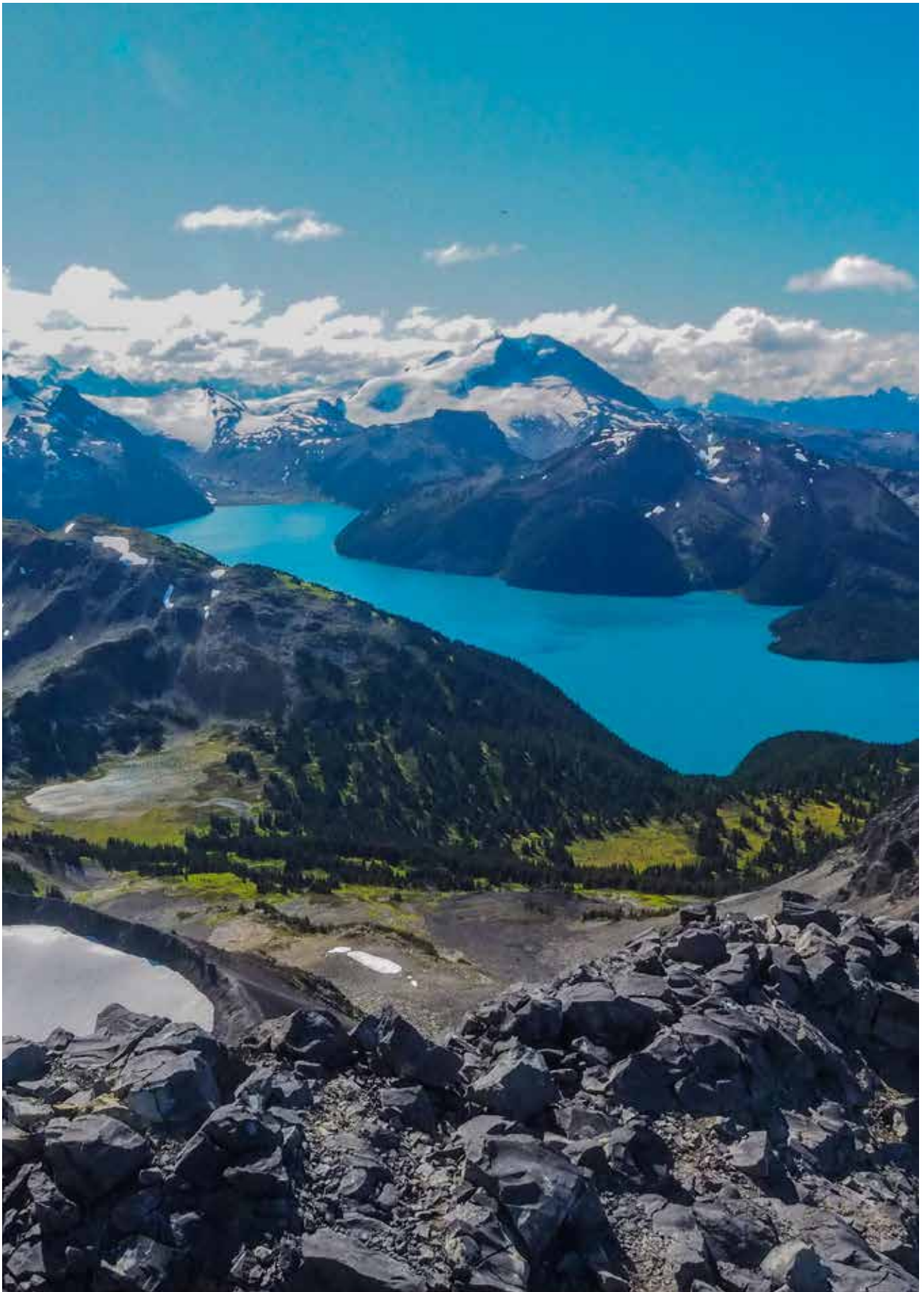
² BCFSa projects projected asset values from most recent AIR filing and liabilities from the most recently filed actuarial valuation report with an updated discount rate; BCFSa used the actual funding position if a valuation report at the indicated date was filed.

TB Plans Distribution by Going Concern Funded Ratio



Only 18 per cent of TB plans were less than fully funded on a solvency basis on December 31, 2023.



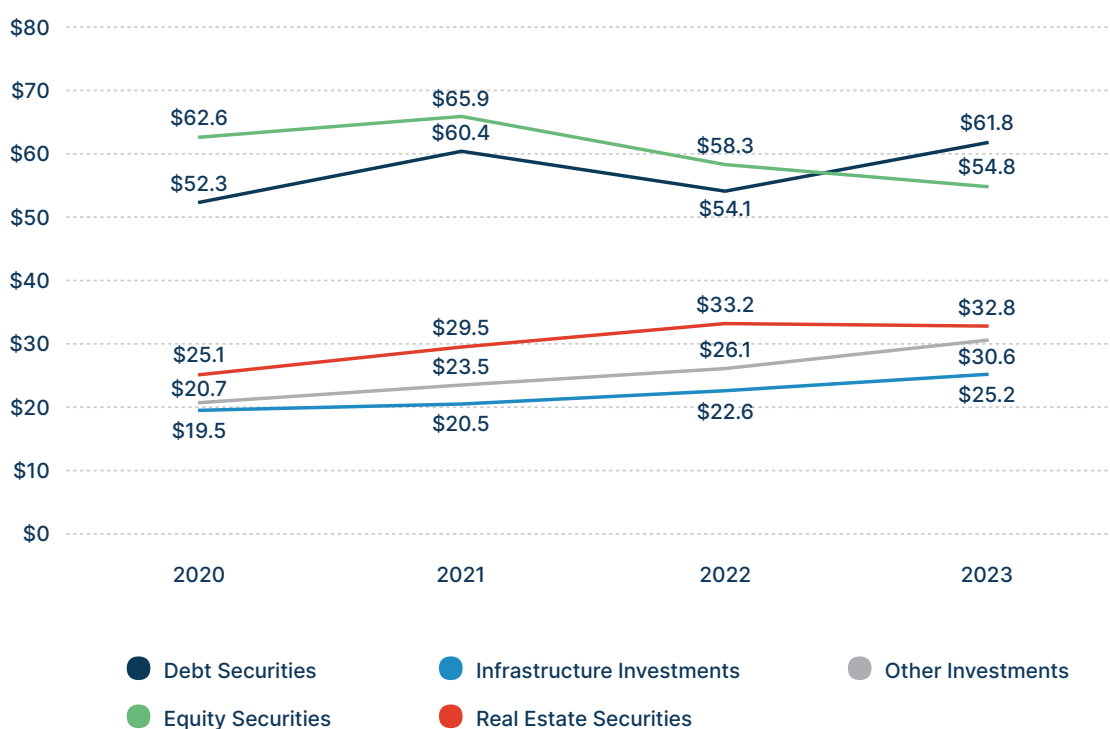


6. DB and TB Pension Plans

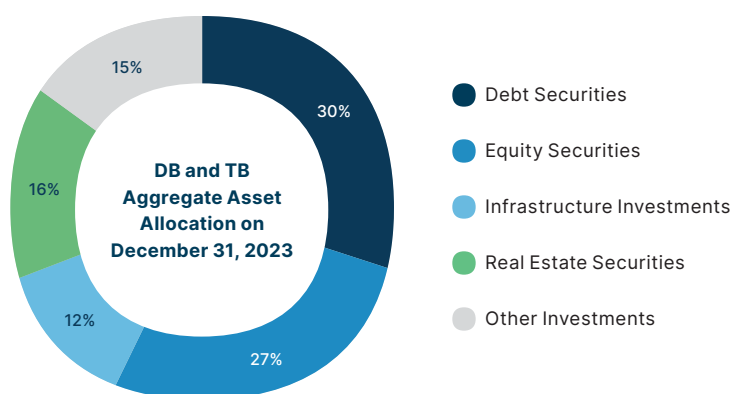
INVESTMENTS³

With yields rising, pension plans added to fixed income portfolios and reduced holdings of equities. Despite a rally in global equity markets in 2023, the amount of equities held declined in the year.

DB and TB Aggregate Assets on December 31 (\$Billions)



³ The asset allocation and cashflow analysis in this report excludes pension plans with assets of less than \$2.5 million, plans with 50 or fewer total DB members, and DC plans. Those plans are not required to file a breakdown of cash flows nor asset mix information.



NON-INVESTMENT EXPENSES

The average expenses paid from pension plans, excluding custodial and investment management fees, are shown below.

Average Non-Investment Expenses per Member (\$)		
Size of Plan Membership	DB Plans	TB Plans
Fewer than 1,000	\$862	\$506
1,000-4,999	\$242	\$243
5,000-9,999	\$142	\$129
10,000 or more	\$137	\$105

WINDUP EXPENSE ASSUMPTIONS

For each DB and TB plan that continued to be registered with BCFSFA, the average windup expense that was assumed for the most recently filed valuation report is shown below. This analysis excludes those plans for which the employer pays the fees.

Average Assumed Wind-up Expense			
Plan Membership	Number of Plans	Average Expense per Plan (\$)	Average Wind-up Expense per Member (\$)
Fewer than 100	53	\$93,200	\$2,436
100-499	42	\$240,900	\$1,026
500-999	8	\$495,000	\$655
1,000-4,999	29	\$1,021,400	\$445
5,000-9,999	6	\$1,327,800	\$185
10,000 or more	9	\$4,171,900	\$138

7. Resources

BCFSA pension regulatory statements and guidelines can be found on the BCFSA website under [Industry Resources/Pension Resources](#).

BCFSA also emails quarterly updates to pension administrators. If you are not yet on the mailing list, you may sign up by sending a request to pensions@bcfsa.ca.

We welcome questions and seek further opportunities to engage with stakeholders of B.C. pension plans.





**BC Financial
Services Authority**

600-750 West Pender Street
Vancouver, BC V6C 2T8

604 660 3555

Toll free 866 206 3030

pensions@bcfsa.ca

bcfsa.ca