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Estimated Solvency Funded Status of Defined Benefit Plans in Ontario

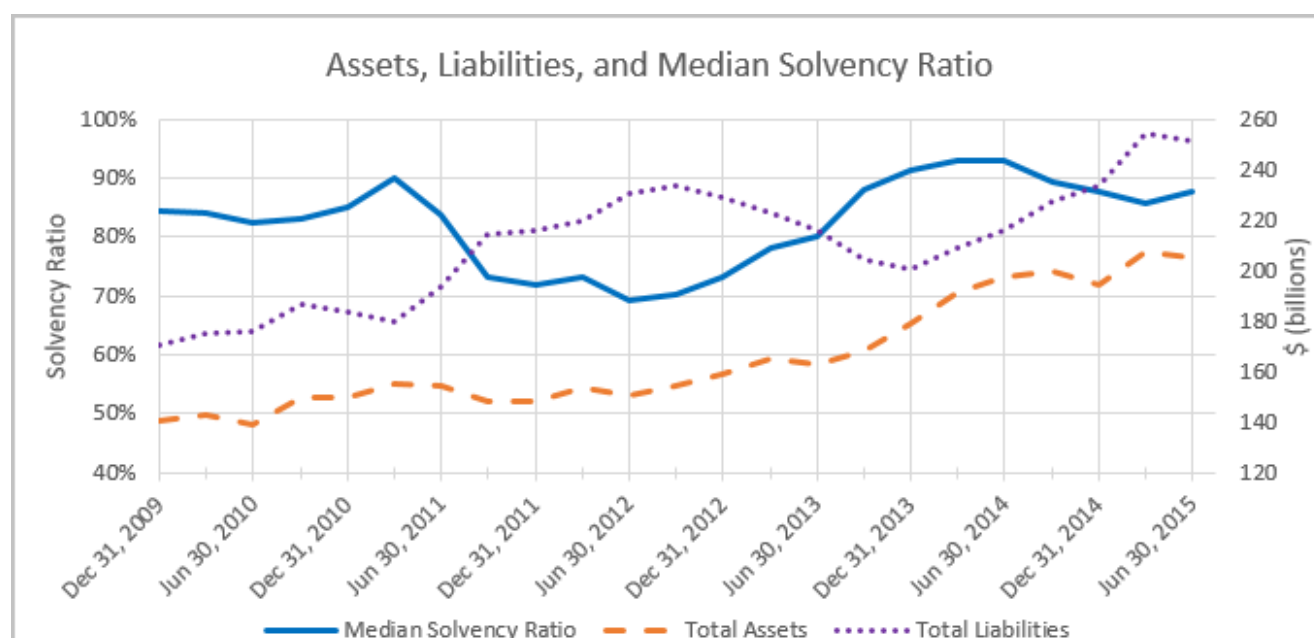
Update as at June 30, 2015

- **The median solvency ratio is 88% (compared to 86% as at March 31, 2015)**
- **50% of plans had a solvency ratio between 85% and 100%**
- **13% of plans had a solvency ratio greater than 100%**

The 2% increase in the estimated median solvency ratio since March 31, 2015 was due to:

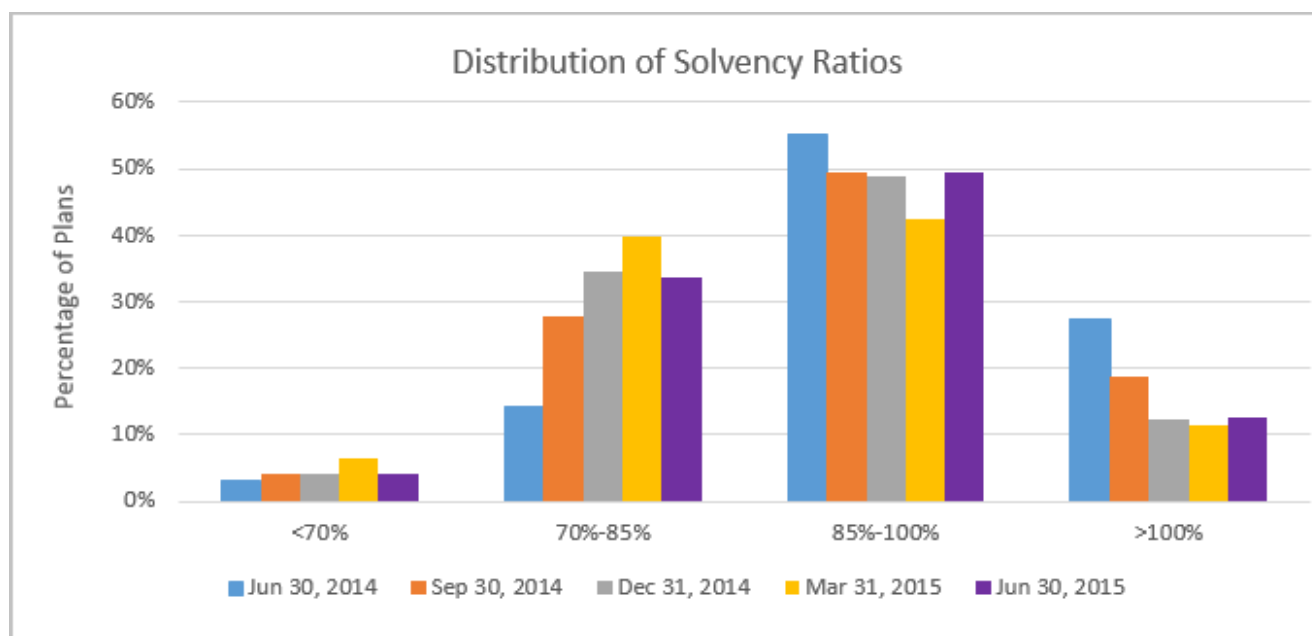
- investment return on the model pension fund of -1.5% in the second quarter of 2015 caused the ratio to drop by 2%
- the net effect of the change in the Commuted Value Discount Rate and the Annuity Purchase Discount Rate resulted in a 4% increase in the ratio

Assets, Liabilities and Median Solvency Ratio



[View accessible description of Assets, Liabilities, and Median Solvency Ratio Line Chart](#)

Distribution of Solvency Ratios



[View accessible description of Distribution of Solvency Ratios Bar Chart](#)

Methodology and Assumptions:

- The results reported in the last filed actuarial valuation reports (assets and liabilities) were projected to June 30, 2015 based on these assumptions:
 - sponsors would use all available funding excess and prior year credit balance for contribution holidays, subject to any statutory restrictions;
 - sponsors would make the normal cost contributions and special payments, if required, at the statutory minimum level;
 - the amounts of cash outflow would equal the pension amounts payable to retired members as reported in the last filed valuation report. Plan administration costs were not reflected.
- The assumed quarterly asset class returns for 2015 are shown in the table below. The model pension fund earned a year-to-date rate of return of 4.0% to the end of the second quarter of 2015. These rates of return (Canadian \$) were developed based on the following asset mix: 45% in fixed income, 30% in Canadian equities, and 25% in foreign equities.

2015	TSX Canada	MSCI World	FTSE TMX Bond	Total Return on model pension fund
1st Quarter	2.6%	11.9%	4.2%	5.7%
2nd Quarter	-1.6%	-1.1%	-1.7%	-1.5%

Year-to-date	0.9%	10.6%	2.4%	4.0%
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3. The estimated solvency liabilities were calculated based on the Canadian Institute of Actuaries Standards of Practice and, the Canadian Institute of Actuaries Educational Notes, with these key assumptions:

Valuation Date	Commuted Value Basis	Annuity Purchase Basis ¹
March 31, 2015	Interest: 1.90% for 10 years, 3.40% thereafter Mortality: 1994 UP generational	Interest: 2.11% Mortality: 1994 UP generational
June 30, 2015	Interest: 2.20% for 10 years, 3.60% thereafter Mortality: 1994 UP generational	Interest: 2.51% Mortality: 1994 UP generational

¹ based on a medium duration illustrative block