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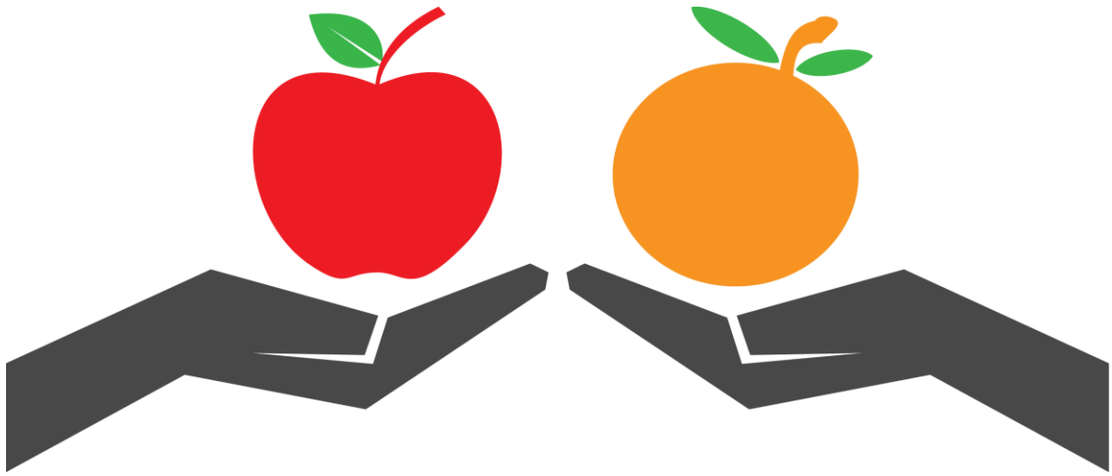
Apples & Oranges®
MEPP Benchmarking Study

Customized Results

Canada Pension Plan



Date:
May 2024

pbibenchmarking.ca

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Summary of Plan Information

Pension Plan: Canada Pension Plan

Jurisdiction of Registration: Federal Minister of Finance

Membership:

Total Population	31,709,000
Employed Population	19,410,000
Average age	N/A

Market Value of Assets: $544,000,000,000

Asset Mix:

Bonds	23.00%	Canadian equities	29.00%
US equities	0.00%	Global equities	26.00%
Emerging market equities	0.00%	Real estate	0.00%
Mortgages	0.00%	Hedge funds	22.00%
Private debt	0.00%	Private equities	0.00%
Infrastructure debt	0.00%	Infrastructure equity	0.00%
Cash	0.00%	Overlay	0.00%
Other	0.00%		

Other Description: N/a

Benefit Type: Final Average

Benefit Formula: 33.33% of MPEA

Average Hourly Contribution Rate:
Employer: 5.95% of earnings
Employee: 5.95% of earnings

Average Annual Earnings: $50,444

Average Hours Worked per Year: 2,080

Ancilliary Benefits:

Early retirement subsidies	☐
Normal form other than life only	☑
Pre-retirement indexing / Final average	☑
Post-retirement indexing	☑
Bridge benefit	☐
Disability benefit	☑

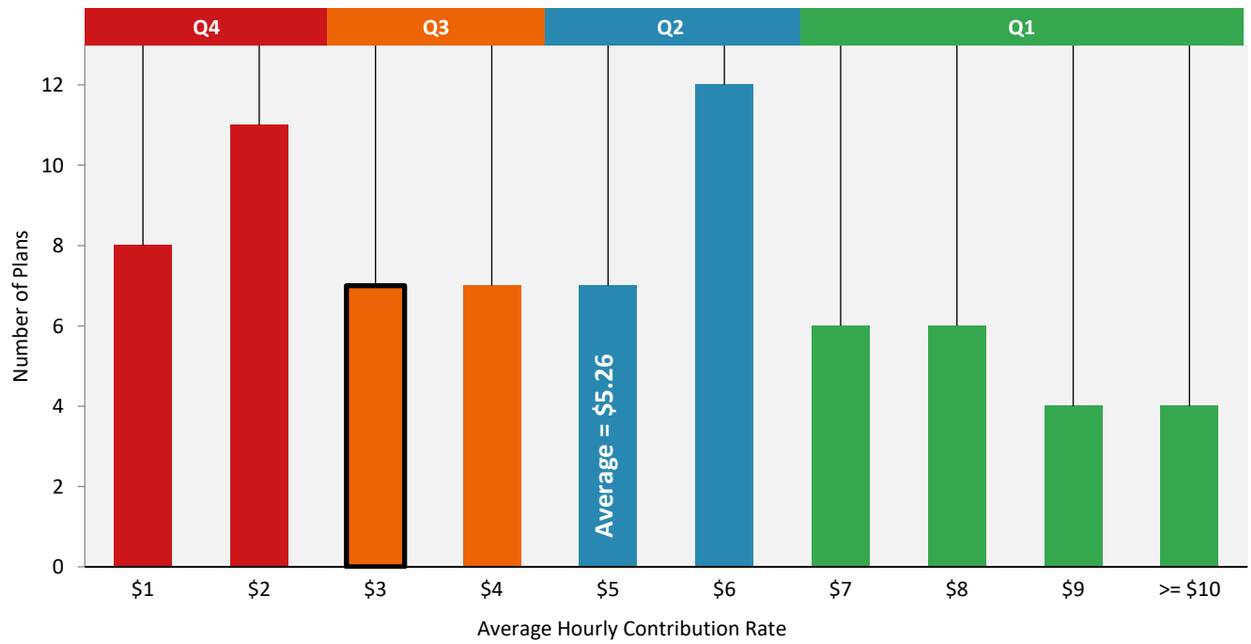
The Apples & Oranges® MEPP Benchmarking Study converts various pension plan designs into one equivalent basis, giving participants the ability to compare various aspects of their own pension plan to others across Canada. Contributions, benefits and risk-taking effectiveness are compared. It is the only Canadian pension study of its kind.

Contribution Rates – How does your plan compare?

Contribution levels are largely dependent on the funding available, and can differ significantly by organization, industry and/or location. None the less, it is interesting to see the level of contributions currently being remitted to pension plans across Canada.

While contribution formulas can be expressed in many different ways, the study converts all formulas to one consistent basis of **average dollar amount per hour worked** in order to ease comparability across plans.

➔ Contribution Rates



Contribution Rate Ranking

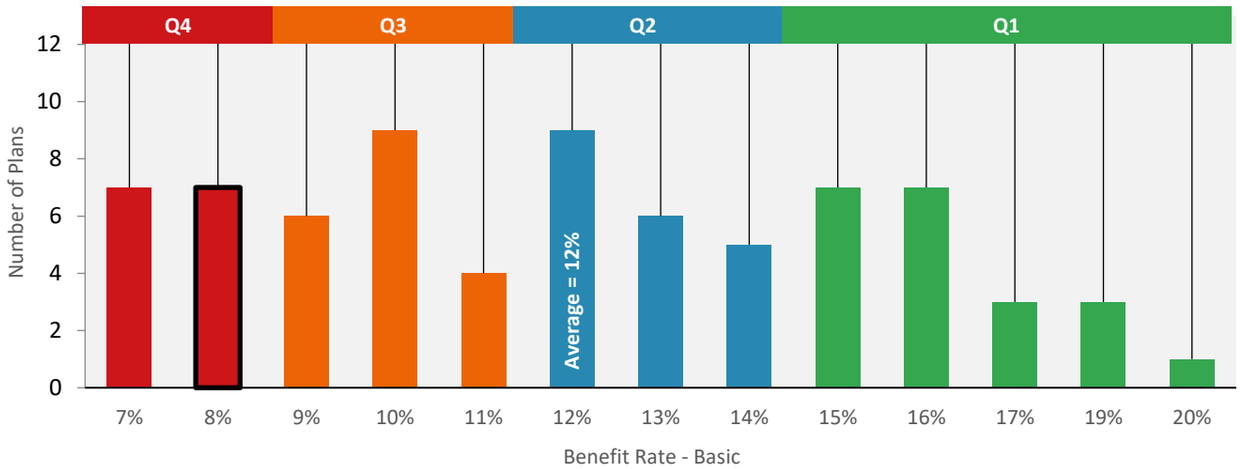
Benefit Rates – How does your plan compare?

Benefit formulas can also be expressed in various ways with some based on hours worked, earnings paid, contributions made, or a flat dollar per month. In order to effectively compare benefit levels, the study converts the various observed formulas to one that expresses the **benefit rate as a percentage of contributions**. Put simply, it is the basic benefit accrual per dollar of contribution, so the impact of varying total contribution levels is negated.

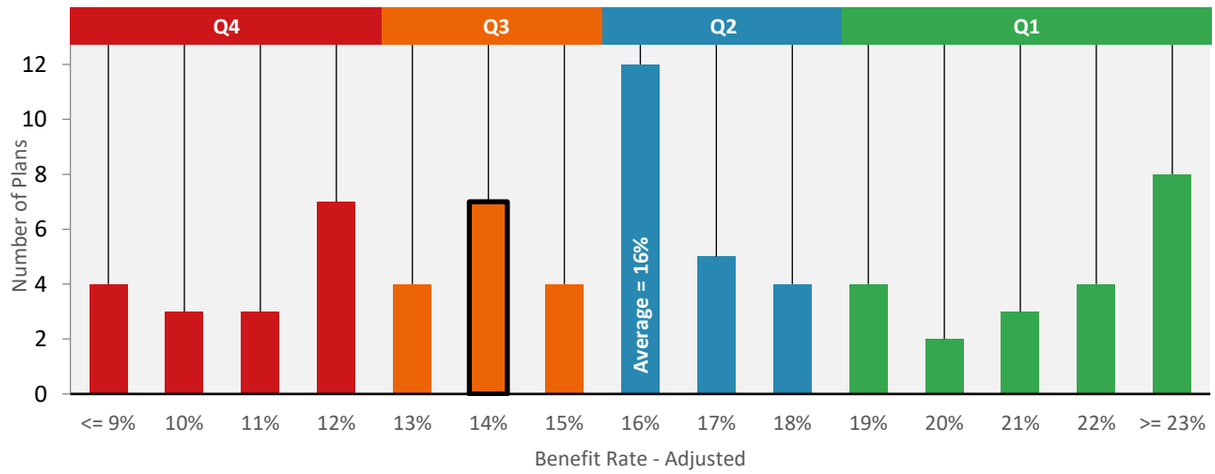
In addition to the basic benefit, plans may provide additional subsidies that also have value to the member. These are known as ancillary benefits, examples of which could include bridge pensions, pre- or post-retirement indexation, guarantees or spousal benefits, and early retirement subsidies. The **adjusted benefit rate reflects any ancillary benefits** offered by the plan.

Both basic and adjusted benefit rates are dependent on many factors including underlying investment strategy, demographics, expense levels, funded position and levels of funding margin. In addition, the benefit rates are a function of how the trustees balance benefit adequacy, affordability and security.

➔ Benefit Rates - Basic



➔ Benefit Rates - Adjusted



Benefit Rate Ranking

Basic	Quartile 4	8%	Adjusted	Quartile 3	14%

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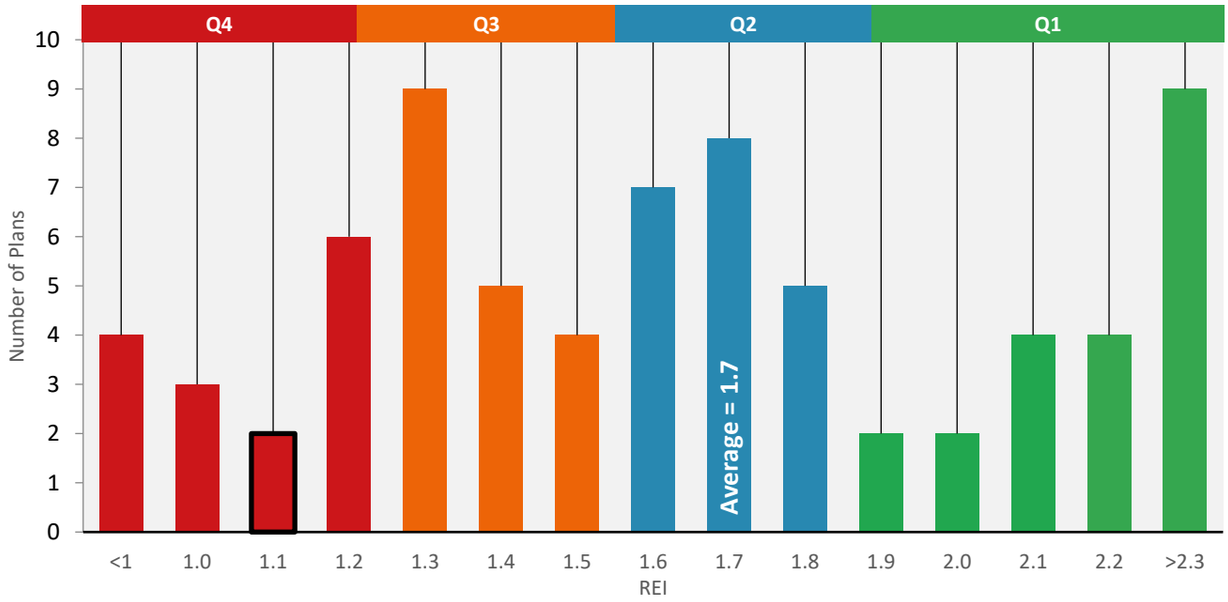
Risk Efficiency Index – How does your plan compare?

The contribution and benefit comparisons made so far do not factor in benefit security, or conversely, benefit risk. While there are many different risks within a particular pension plan, investment risk is a major one. For example, plans with an investment strategy that includes less return-seeking assets, and therefore less risk, might be expected to have lower benefit rates as a result of the additional cost of security of investing in more fixed income type investments. Investment strategies are set by the Board of Trustees to be reflective of what is best for their plan, so there is no right or wrong answer here.

However, what is important to the plan is maximizing benefits within the risk budget. In other words, every plan should aim to optimize the underlying investment risk. The risk efficiency index ("REI") **measures the amount of benefit per unit of risk undertaken**. The higher the REI, the more effectively the plan is putting its underlying investment risk to use. REI is a concept unique to this study.

➔ Risk Efficiency Index (REI)



Risk Efficiency Index Ranking

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MEPP Benchmarking Study

Appendix

Additional Facts

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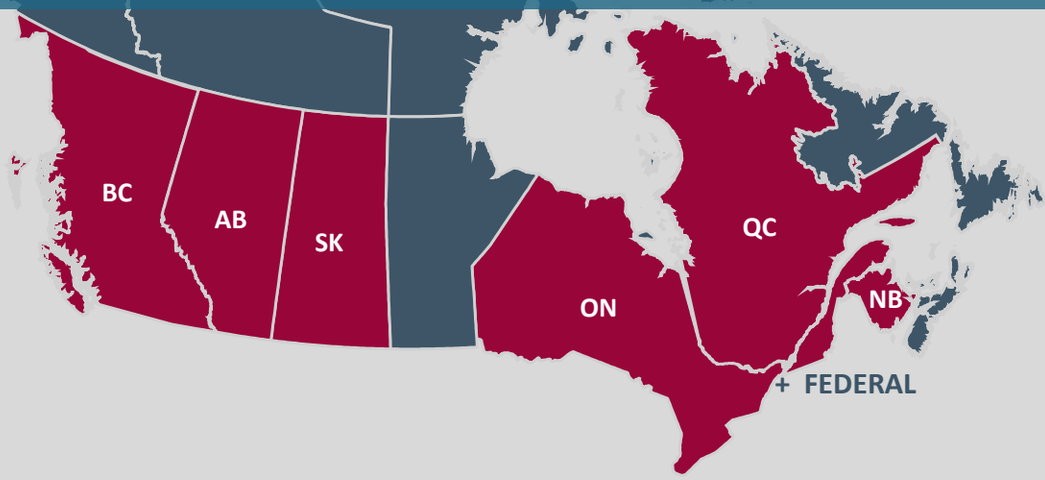
Apples & Oranges®
Facts about the Study

Covers
74
plans

Covers
1.4M+
members

Covers
$95B+
in assets

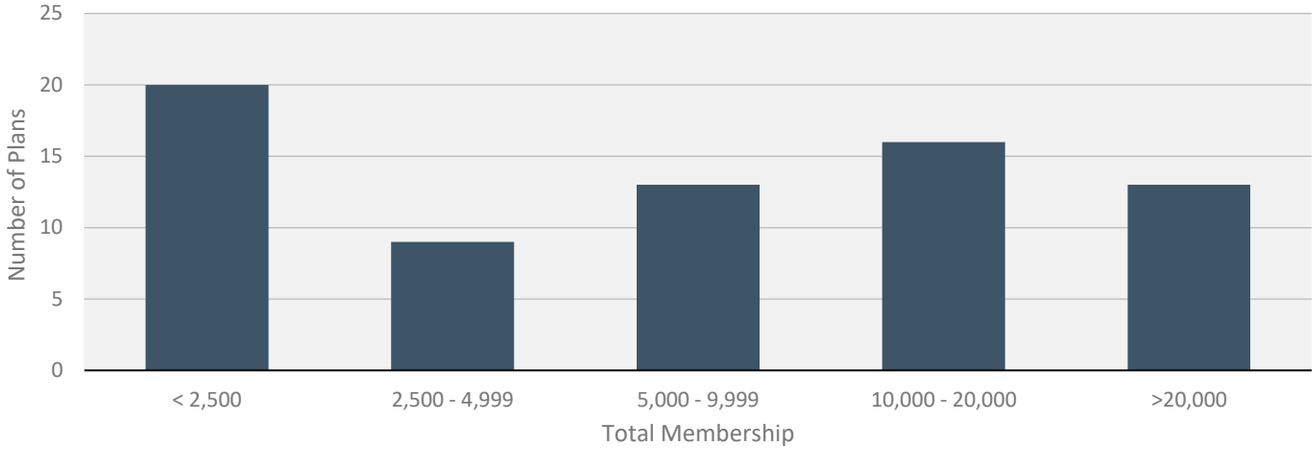
Covers 7 of the 10 jurisdictions across Canada



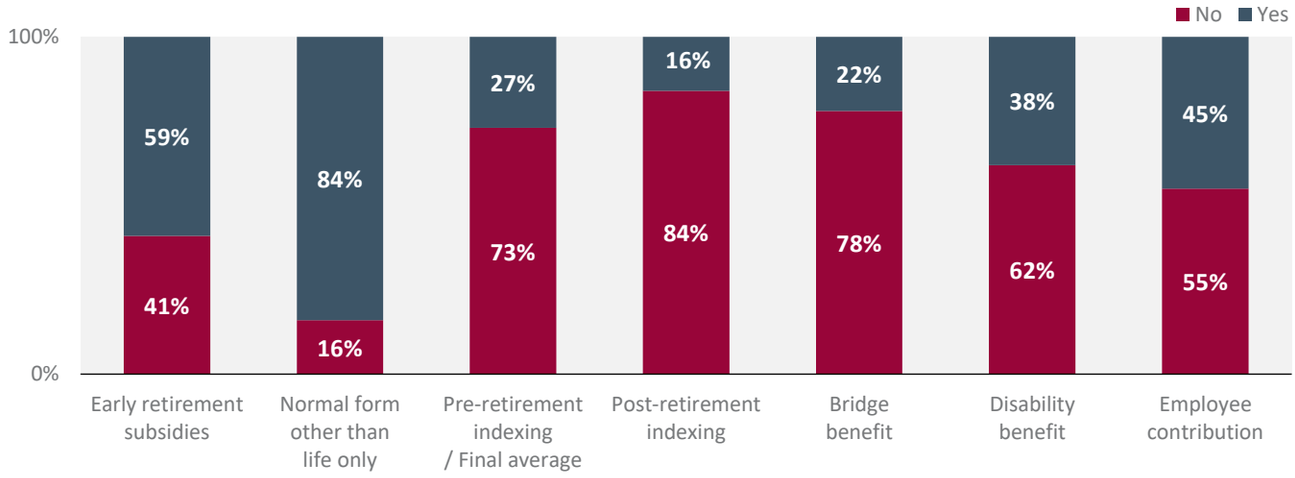
Covers a broad cross-section of industries and vocations:

- ➔ construction
- ➔ transportation
- ➔ forestry
- ➔ manufacturing
- ➔ retail
- ➔ education
- ➔ telecommunication
- ➔ media
- ➔ arts and entertainment
- ➔ religious groups
- ➔ healthcare/nursing
- ➔ and more

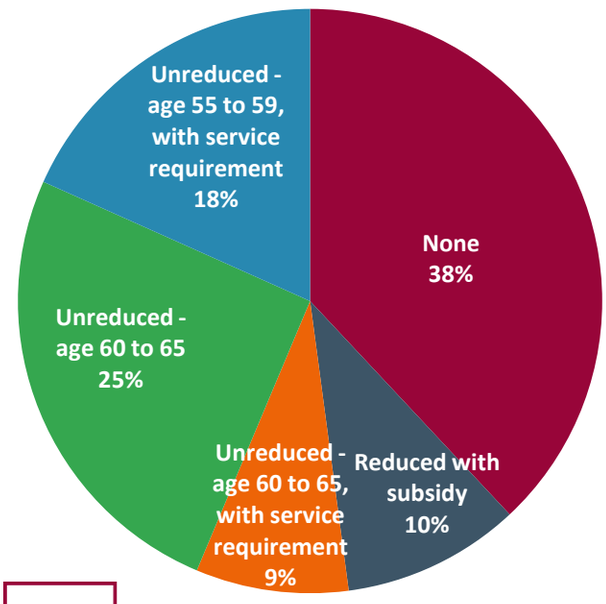
Membership Size



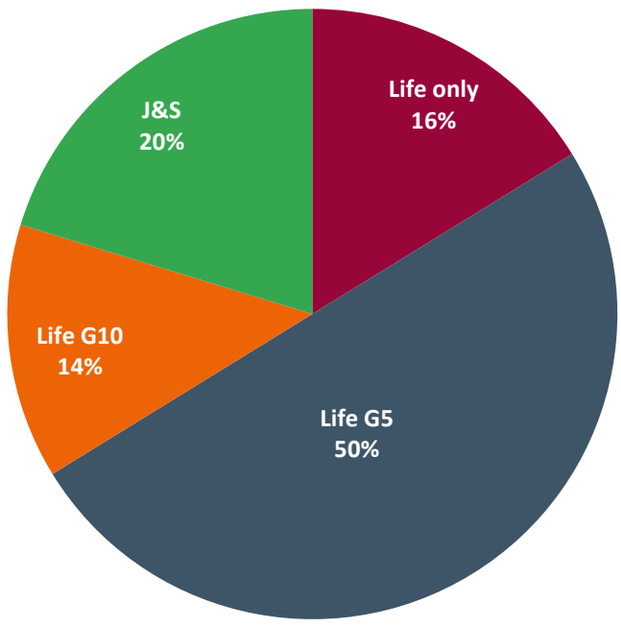
Ancillary Benefits



Early Retirement Subsidies



Normal Form



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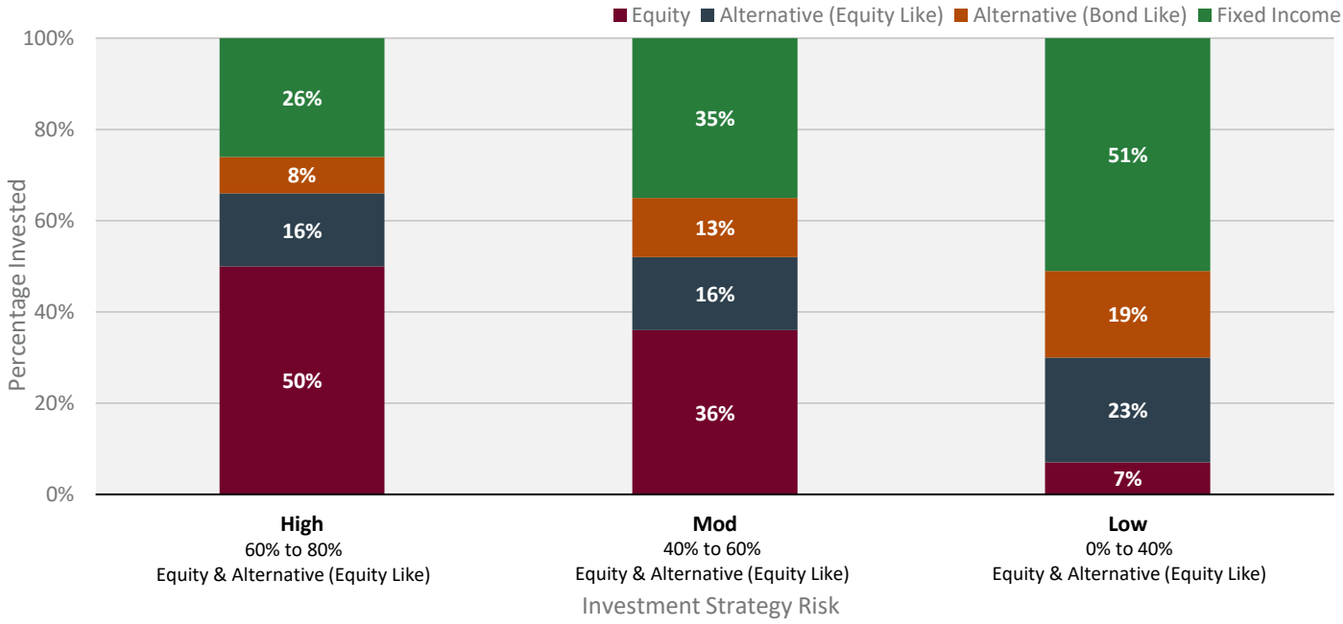
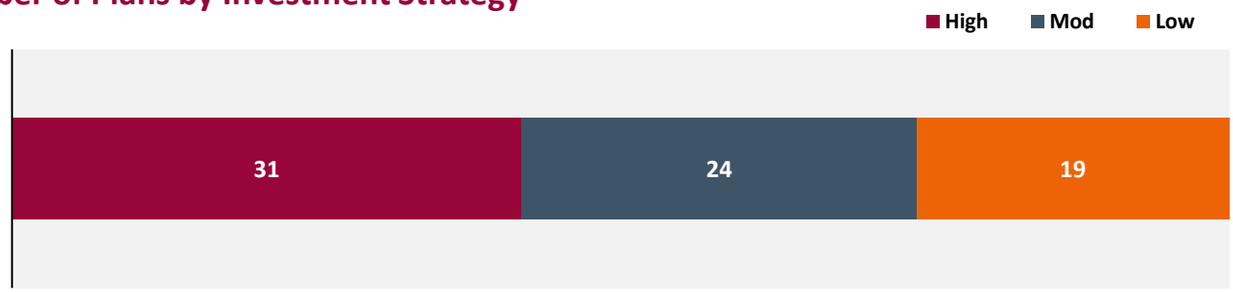
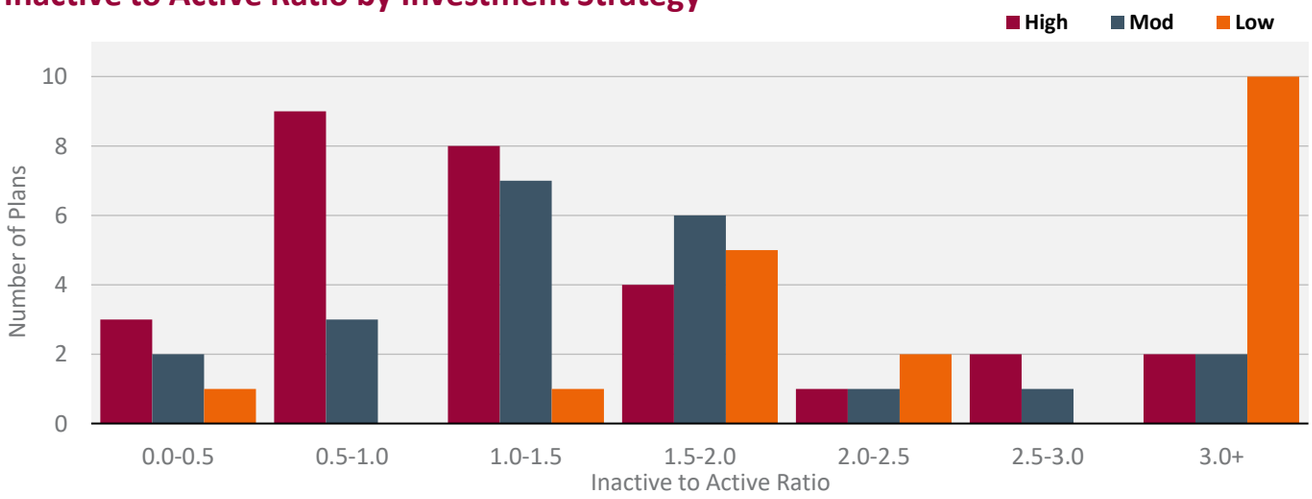
Asset Mix by Investment Strategy



Number of Plans by Investment Strategy



Inactive to Active Ratio by Investment Strategy



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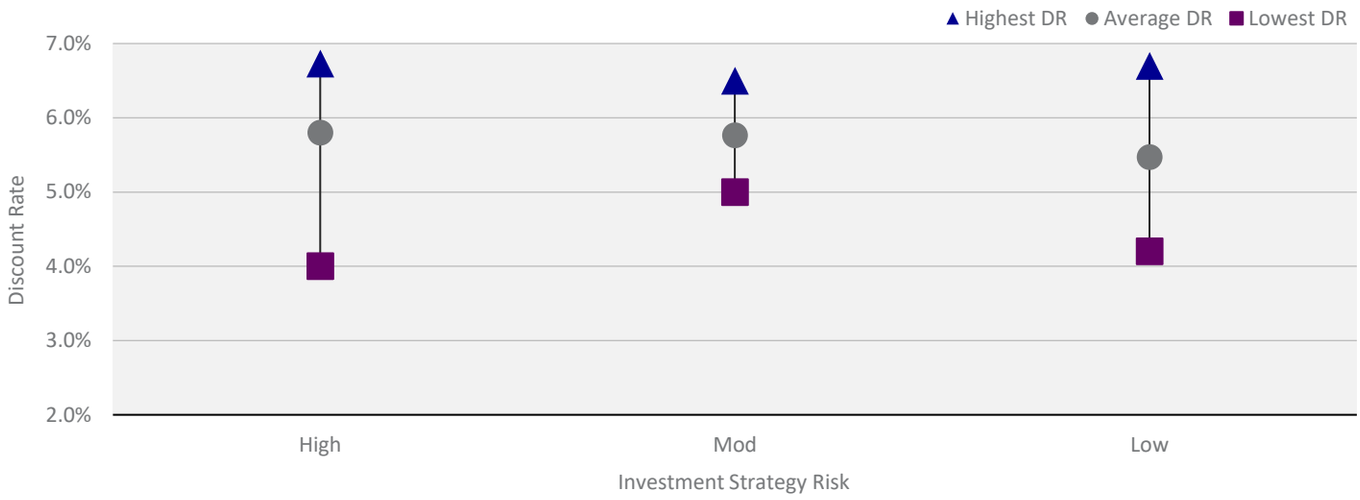
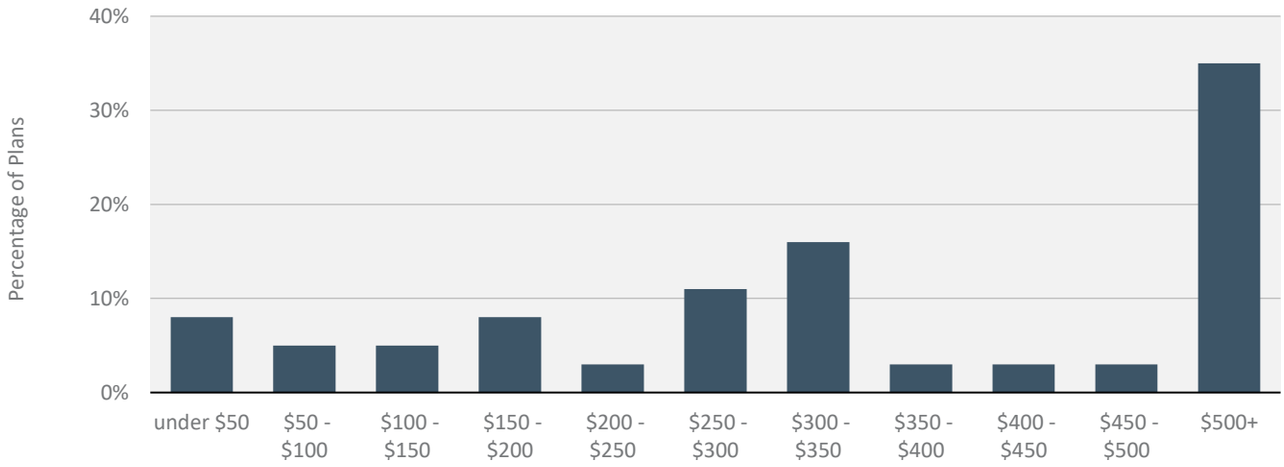
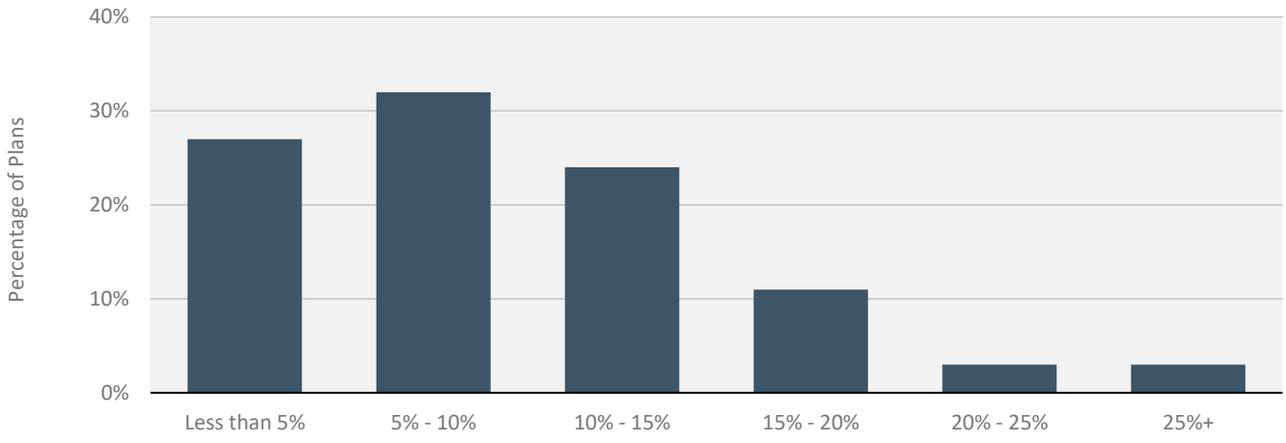
Discount Rates (DR) by Investment Strategy



Administrative Expense per Member

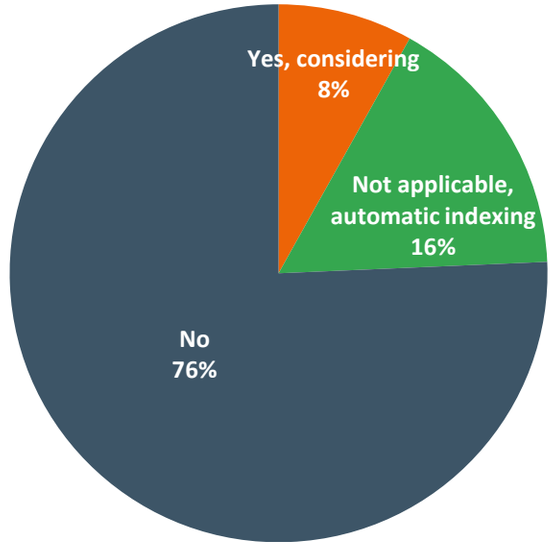


Administrative Expense as a % of the Cost of Benefits

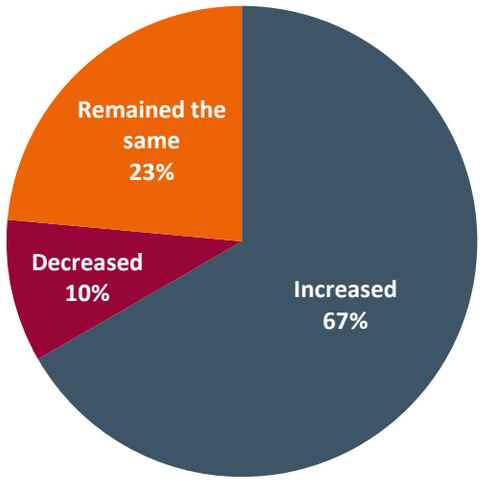


NEW for Current Study

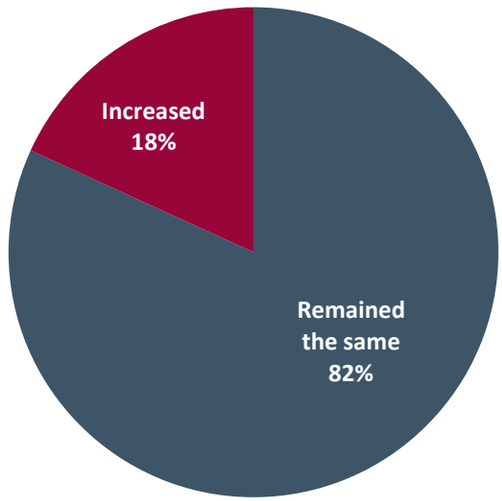
Has the high inflationary environment caused you to consider providing a cost-of-living adjustment to pensioners?



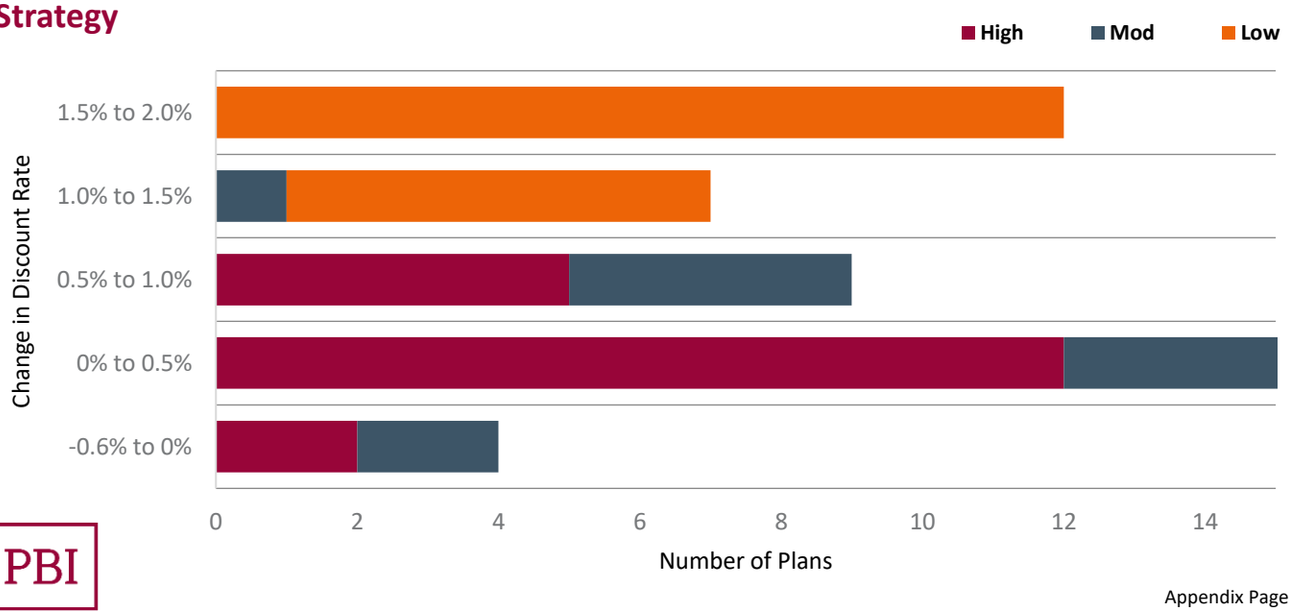
Discount rate assumption compared to last valuation



Salary scale assumption compared to last valuation



Change in Discount Rate since last actuarial valuation by Investment Strategy



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