

SPRING 2014

EXAM RETFRC

**Retirement Funding &
Regulation Exam – Canada**

CASE STUDY

RETFRC morning

Case Study - Course FR Retirement - Canada

National Oil Company - Background

National Oil Company (NOC) is a large well-established company that services oil wells all over Canada. Most of NOC's employees are employed in the province of Ontario. NOC has been in existence for over 30 years and has more than 10,000 full-time salaried and union hourly employees and over 6,000 part-time employees. The full-time workforce is reasonably stable, but turnover in the last 5 years has been greater than desired, due to competitors recruiting NOC's employees.

Normally, an undergraduate degree is a minimum requirement to obtain entry to the salaried workforce and many employees have graduate degrees. About half of NOC's salaried employees are recruited directly from university with the other half coming from competitors.

The company's financial position varies with the price of oil. As oil prices rise, oil companies become increasingly active and in turn require the services of NOC. Conversely, activity slows as oil prices drop. Despite this, the company is usually in a taxable position.

NOC has managed to be successful by staying on the cutting edge of technology. NOC prides itself in being state of the art in processes and software relevant to its industry. This has helped it to stave off competition from both inside and outside of Canada. Although NOC is the largest player in the industry within Canada, there are larger players from outside of the country, with which NOC has to compete. From time to time, there are rumors of a takeover of NOC.

Canadian legislation and social programs will apply to NOC in this case study.

Summary of National Oil's Retirement Benefits

NOC maintains four retirement programs:

1. a final-average pay defined benefit (DB) RPP for its full-time salaried employees;
2. a flat dollar DB RPP for its full-time hourly union staff;
3. a defined contribution (DC) RPP for its part-time workforce; and
4. a non-registered pension plan (referred to as the SERP) for its executives that is supplemental to the salaried RPP. This plan has no assets.

Extracts of Retirement Benefits Provisions and Financial Information

National Oil Full-Time Salaried Pension Plan

Eligibility	Immediate
Vesting	Immediate, effective July 1, 2012
Normal Retirement Age	65
Early Retirement Age	55
Best Average Earnings	Average annual earnings during 60 consecutive months in which earnings were highest
Earnings	Base pay, excluding overtime and bonuses
Normal Retirement Benefit	2% of best average earnings times years of service, subject to legislative maximum
Accrued Benefit	Benefit calculated as under the normal retirement benefit formula using best average earnings and service as of date of calculation
Early Retirement Benefit	Accrued benefit reduced by 0.25% per month that early retirement precedes age 62 for active participants and actuarial equivalent for terminated participants
Form of Benefit	If with spouse, 60% joint & survivor benefit, without reduction. If without spouse, single life annuity
Optional Forms of Benefit	None
Indexing	None
Termination Benefit	(1) Lump sum value equal to actuarial present value of accrued pension payable at age 65; or (2) Deferred pension
Pre-Retirement Death Benefit	Lump sum value equal to actuarial present value of accrued pension payable at age 65 to named beneficiary
Disability Benefit	Accrual of service while on long term disability and immediate pension without a reduction upon permanent and total disability

**National Oil Full-Time Salaried Pension Plan
Reconciliation of Plan Participants (2010 - 2013)**

	<u>Active</u>	<u>Pensioners/ Beneficiaries</u>	<u>Total</u>
1. Participants as of January 1, 2010	4,251	720	4,971
- New Entrants/Rehires	100	-	100
- Terminated Nonvested	(100)	-	(100)
- Terminated Vested (Lump Sum Cashout)	(120)	-	(120)
- Retirement	(50)	50	-
- Death w/ Beneficiary	(5)	5	-
- Death w/o Beneficiary	-	(2)	(2)
- Net change	(175)	53	(122)
2. Participants as of January 1, 2011	4,076	773	4,849
- New Entrants/Rehires	250	-	250
- Terminated Nonvested	(100)	-	(100)
- Terminated Vested (Lump Sum Cashout)	(130)	-	(130)
- Retirement	(45)	45	-
- Death w/ Beneficiary	(5)	5	-
- Death w/o Beneficiary	-	(2)	(2)
- Net change	(30)	48	18
3. Participants as of January 1, 2012	4,046	821	4,867
- New Entrants/Rehires	200	-	200
- Terminated Nonvested	(80)	-	(80)
- Terminated Vested (Lump Sum Cashout)	(90)	-	(90)
- Retirement	(40)	40	-
- Death w/ Beneficiary	(4)	4	-
- Death w/o Beneficiary	-	(14)	(14)
- Net change	(14)	30	16
4. Participants as of January 1, 2013	4,032	851	4,883

National Oil Full-Time Salaried Pension Plan
Age/Svc/Earnings as of January 1, 2013

		Service (Years)						
		< 5	5-10	10-15	15-20	>20	Totals	
Age (Years)	< 25	# Participants	190	90	-	-	-	280
		Average Salary	36,600	47,800	-	-	-	40,200
	25-35	# Participants	250	130	85	20	-	485
		Average Salary	48,400	58,900	66,500	70,500	-	55,300
	35-45	# Participants	190	200	180	180	100	850
		Average Salary	61,000	68,300	74,200	80,600	82,100	72,100
	45-55	# Participants	180	160	175	310	650	1,475
		Average Salary	64,500	66,900	75,000	78,000	79,800	75,600
	55-65	# Participants	170	100	90	100	450	910
		Average Salary	64,200	67,500	72,000	78,200	78,500	73,900
	> 65	# Participants	3	10	5	4	10	32
		Average Salary	58,200	65,000	67,000	70,000	78,000	69,400
	Totals	# Participants	983	690	535	614	1,210	4,032
		Average Salary	54,300	63,400	72,800	78,500	79,500	69,500
		Avg Age	46.0					
		Avg Svc	14.7					
		Avg Salary	69,500					

National Oil Full-Time Salaried Pension Plan
Historical Going Concern Actuarial Valuation Results

2010 2011 2012 2013

Participant Summary - January 1

<i>Active Participants</i>				
(a) count	4,251	4,076	4,046	4,032
(b) average age	45.4	45.2	45.1	46.0
(c) average service	15.3	15.4	15.0	14.7
(d) average future working lifetime	11.0	11.0	11.0	11.0
(e) average plan earnings (prior year)	66,300	67,400	68,000	69,500
<i>Deferred Vested Participants</i>				
(a) count	-	-	-	-
<i>Pensioners (incl beneficiaries)</i>				
(a) count	720	773	821	851
(b) average age	68.2	68.0	67.0	67.7
(c) average annual benefit	21,800	22,000	22,500	22,800

Plan Assets (numbers in \$000's) *

<i>Change in Plan Assets during Prior Year:</i>				
Market Value of Assets at January 1 of prior year	602,863	633,966	748,481	832,957
Employer Contributions during prior year	92,000	92,000	99,000	100,000
Benefit Payments during prior year	(21,000)	(21,000)	(22,000)	(22,200)
Expenses during prior year	-	-	-	-
Investment return during prior year	(39,898)	43,515	7,476	58,240
Market Value of Assets at January 1 of current year	633,966	748,481	832,957	968,997
Rate of return during prior year	-6%	6.5%	1.0%	6.7%
<i>Average Portfolio Mix During Prior Year:</i>				
(a) Domestic Large Cap Equities	32%	30%	30%	32%
(b) Domestic Small Cap Equities	25%	10%	10%	8%
(c) Domestic Fixed Income	23%	35%	40%	40%
(d) International Equities	15%	20%	15%	16%
(e) Real Estate	3%	0%	0%	0%
(f) Cash	2%	5%	5%	4%
(g) Total	100%	100%	100%	100%
<i>Asset Class Returns during Prior Year:</i>				
(a) Domestic Large Cap Equities	-12%	12%	-9%	7%
(b) Domestic Small Cap Equities	-5%	5%	-5%	7%
(c) Domestic Fixed Income	1%	1%	14%	4%
(d) International Equities	-10%	10%	-10%	14%
(e) Real Estate	3%	3%	3%	8%
(f) Cash	1%	1%	1%	1%

* numbers may not add due to rounding

National Oil Full-Time Salaried Pension Plan
Historical Going Concern Actuarial Valuation Results

	2010	2011	2012	2013	2013 Interest Rate Sensitivity
Going Concern Valuation - January 1 (numbers in \$000's) *					
1. Actuarial Accrued Liability:					
(a) Active participants	692,620	776,554	756,002	915,409	1,293,137
(b) Deferred vested participants	-	-	-	-	-
(c) Pensioners	185,213	210,874	229,059	252,236	279,400
(d) Total	877,833	987,429	985,061	1,167,645	1,572,537
2. Actuarial Value of Assets	633,966	748,481	832,957	968,997	968,997
3. Unfunded Actuarial Accrued Liability: (1d)-(2)	243,867	238,948	152,104	198,648	603,540
4. Normal Cost (beg. Of year)	45,269	50,426	50,400	62,273	87,969
5. Change in Unfunded AAL during prior year:					
(a) Unfunded AAL at prior valuation date	309,436	243,867	238,948	152,104	
(b) Adjustment for Interest	20,113	15,851	14,337	9,126	
(c) Normal Cost w/interest less contributions	(43,202)	(46,778)	(48,519)	(49,576)	
(d) (Gain)/Loss on investment	81,391	-	39,743	(5,929)	
(e) (Gain)/Loss on termination	(17,000)	(20,000)	(25,000)	5,000	
(f) (Gain)/Loss on salary increases less than expected	(100,000)	(25,000)	(30,000)	(14,000)	
(g) (Gain)/Loss on mortality	(6,900)	2,000	2,000	(3,000)	
(h) (Gain)/Loss on retirement	25,000	23,000	(5,000)	4,000	
(i) (Gain)/Loss on assumption changes	20,000	40,000	-	104,000	
(j) (Gain)/Loss on expenses	-	-	-	-	
(k) (Gain)/Loss on all other factors	(44,972)	6,007	(34,404)	(3,078)	
(l) Unfunded AAL at current valuation date	243,867	238,948	152,104	198,648	
6. Actuarial Basis					
(a) Interest	6.50%	6.00%	6.00%	5.50%	4.50%
(b) Salary scale	4.00%	4.00%	4.00%	4.00%	4.00%
(c) Consumer Price Index	2.50%	2.50%	2.50%	2.50%	2.50%
	1994 Uninsured Pensioner Mortality - Generational	1994 Uninsured Pensioner Mortality - Generational	1994 Uninsured Pensioner Mortality - Generational	1994 Uninsured Pensioner Mortality - Generational	1994 Uninsured Pensioner Mortality - Generational
(d) Mortality					
(e) Turnover	Based on NOC experience for 1996-2006				
(f) Retirement age	Age 62				
(g) Proportion married and age difference	80% married, husbands 3 years older than wives				
(h) Expenses	Assume all expenses paid by company				
(i) Asset Valuation Method	Market value of assets				
(j) Actuarial Cost Method	Projected unit credit				

* numbers may not add due to rounding

National Oil Full-Time Salaried Pension Plan
Solvency Valuation Results

	2011	2012	2013	2013 Interest Rate Sensitivity
Solvency Valuation - January 1 (numbers in \$000's) *				
1. Actuarial Accrued Liability:				
(a) Active participants	725,185	850,249	941,068	1,066,210
(b) Deferred vested participants				
(c) Pensioners	239,785	288,171	316,266	351,191
(d) Total	964,970	1,138,420	1,257,334	1,417,401
2. Market Value of Assets	748,481	832,957	968,997	968,997
3. Solvency Deficiency: (1d)-(2)	216,489	305,463	288,337	448,404
4. Actuarial Basis				
(a) Interest - Benefit paid by lump sum	3.7% for 10 years 5% thereafter	2.4% for 10 years 3.9% thereafter	2.5% for 10 years 3.7% thereafter	1.5% for 10 years 2.7% thereafter
(a) Interest - Benefit settled by annuity purchase	4.5%	3.3%	3.0%	2.0%
(b) Mortality	UP 1994 AA20	UP 1994 - Generational	UP 1994 - Generational	UP 1994 - Generational
(c) Retirement age	The age that produces the largest			
(d) Proportion married and age difference	80% with spouse, Male spouses are 3			
(e) Asset Valuation Method	Market value of assets			
(f) Actuarial Cost Method	Unit Credit			

* numbers may not add due to rounding

National Oil Full-Time Hourly Union Pension Plan

Eligibility	Immediate
Vesting	Immediate, effective July 1, 2012
Normal Retirement Age	65
Early Retirement Age	55
Normal Retirement Benefit	\$80 per month times all years of service for terminations/retirements after 2004
Accrued Benefit	Benefit calculated as under the normal retirement benefit formula based on service and multiplier as of date of calculation
Early Retirement Benefit	Unreduced benefit at 62 with 30 years of service, otherwise reduced by 0.25% per month that early retirement precedes Normal Retirement Age for active participants and actuarial equivalent for terminated participants
Form of Benefit	With a spouse, 60% joint & survivor benefit without reduction Without a spouse, single life annuity.
Optional Forms of Benefit	None
Post-Retirement Indexing	Lesser of 1% or CPI each year after pension commencement
Termination Benefit	(1) Lump sum value equal to actuarial present value of accrued pension payable at age 65; or (2) Deferred pension
Pre-Retirement Death Benefit	Lump sum value equal to actuarial present value of accrued pension payable at age 65 to named beneficiary
Disability Benefit	None

**National Oil Full-Time Hourly Union Pension Plan
Reconciliation of Plan Participants (2010 - 2013)**

	<u>Active</u>	<u>Pensioners/ Beneficiaries</u>	<u>Total</u>
1. Participants as of January 1, 2010	6,395	1,120	7,515
- New Entrants/Rehires	50	-	50
- Terminated Nonvested	(50)	-	(50)
- Terminated Vested (Lump Sum Cashout)	(120)	-	(120)
- Retirement	(50)	50	-
- Death w/ Beneficiary	-	-	-
- Death w/o Beneficiary	-	(35)	(35)
- Net change	(170)	15	(155)
2. Participants as of January 1, 2011	6,225	1,135	7,360
- New Entrants/Rehires	300	-	300
- Terminated Nonvested	(50)	-	(50)
- Terminated Vested (Lump Sum Cashout)	(130)	-	(130)
- Retirement	(60)	50	(10)
- Death w/ Beneficiary	-	-	-
- Death w/o Beneficiary	-	(35)	(35)
- Net change	60	15	75
3. Participants as of January 1, 2012	6,285	1,150	7,435
- New Entrants/Rehires	250	-	250
- Terminated Nonvested	(40)	-	(40)
- Terminated Vested (Lump Sum Cashout)	(120)	-	(120)
- Retirement	(70)	70	-
- Death w/ Beneficiary	(5)	5	-
- Death w/o Beneficiary	-	(35)	(35)
- Net change	15	40	55
4. Participants as of January 1, 2013	6,300	1,190	7,490

National Oil Full-Time Hourly Union Pension Plan
Age/Svc/Earnings as of January 1, 2013

		Service (Years)						
		< 5	5-10	10-15	15-20	>20	Totals	
Age (Years)	< 25	# Participants	240	80	-	-	-	320
		Average Salary	41,700	47,000	-	-	-	43,000
	25-35	# Participants	340	100	90	10	-	540
		Average Salary	46,100	48,000	52,900	55,200	-	47,800
	35-45	# Participants	290	310	330	620	420	1,970
		Average Salary	52,100	48,900	56,100	58,300	58,800	55,600
	45-55	# Participants	150	210	320	650	870	2,200
		Average Salary	52,000	51,800	58,800	59,000	60,200	58,300
	55-65	# Participants	75	85	110	200	730	1,200
		Average Salary	51,500	53,100	60,800	61,600	64,100	61,800
	> 65	# Participants	10	15	25	15	5	70
		Average Salary	52,900	54,800	62,800	63,700	65,000	60,000
	Totals	# Participants	1,105	800	875	1,495	2,025	6,300
		Average Salary	47,900	49,900	57,500	59,100	61,300	56,500
		Avg Age	46.3					
		Avg Svc	16.6					
		Avg Salary	56,500					

National Oil Full-Time Hourly Union Pension Plan
Historical Going Concern Actuarial Valuation Results

2010 2011 2012 2013

Participant Summary - January 1

<i>Active Participants</i>				
(a) count	6,395	6,225	6,285	6,300
(b) average age	46.1	46.1	45.8	46.3
(c) average service	17.3	17.3	16.8	16.6
(d) average future working lifetime	10.8	10.8	11.0	10.7
(e) average plan earnings (prior year)	51,000	53,100	54,300	56,500
<i>Deferred Vested Participants</i>				
(a) count	-	-	-	-
<i>Pensioners (incl beneficiaries)</i>				
(a) count	1,120	1,135	1,150	1,190
(b) average age	68.0	68.0	67.0	67.8
(c) average annual benefit	13,400	13,400	13,600	14,200

Plan Assets (numbers in \$000's) *

<i>Change in Plan Assets during Prior Year:</i>				
Market Value of Assets at January 1 of prior year	432,988	488,942	606,421	693,567
Employer Contributions during prior year	100,000	100,000	100,000	95,000
Benefit Payments during prior year	(17,000)	(17,000)	(19,000)	(19,500)
Expenses during prior year	-	-	-	-
Investment return during prior year	(27,046)	34,479	6,146	48,852
Market Value of Assets at January 1 of current year	488,942	606,421	693,567	817,919
Rate of return during prior year	-6%	6.5%	1.0%	6.7%
<i>Average Portfolio Mix During Prior Year:</i>				
(a) Domestic Large Cap Equities	30%	30%	30%	32%
(b) Domestic Small Cap Equities	10%	10%	10%	8%
(c) Domestic Fixed Income	35%	35%	40%	40%
(d) International Equities	20%	20%	15%	16%
(e) Real Estate	0%	0%	0%	0%
(f) Cash	5%	5%	5%	4%
(g) Total	100%	100%	100%	100%
<i>Asset Class Returns during Prior Year:</i>				
(a) Domestic Large Cap Equities	-12%	12%	-9%	7%
(b) Domestic Small Cap Equities	-5%	5%	-5%	7%
(c) Domestic Fixed Income	1%	1%	14%	4%
(d) International Equities	-10%	10%	-10%	14%
(e) Real Estate	3%	3%	3%	8%
(f) Cash	1%	1%	1%	1%

* numbers may not add due to rounding

National Oil Full-Time Hourly Union Pension Plan
Historical Going Concern Actuarial Valuation Results

2010 2011 2012 2013

Going Concern Valuation - January 1 (numbers in \$000's) *

2013
Interest Rate
Sensitivity

	2010	2011	2012	2013	2013
1. Actuarial Accrued Liability:					
Active Multiplier	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80
(a) Active participants	543,526	587,192	574,865	688,339	937,781
(b) Deferred vested participants	-	-	-	-	0
(c) Pensioners	172,592	182,508	193,936	221,364	243,331
(d) Total	716,118	769,700	768,801	909,703	1,181,112
2. Actuarial Value of Assets	488,942	606,421	693,567	817,919	817,919
3. Unfunded Actuarial Accrued Liability: (1d)-(2)	227,176	163,279	75,235	91,784	363,193
4. Normal Cost (beg. Of year)	31,418	33,942	34,218	41,466	56,493
5. Change in Unfunded AAL during prior year:					
(a) Unfunded AAL at prior valuation date	209,588	227,176	163,279	75,235	
(b) Adjustment for Interest	13,623	14,766	9,797	4,514	
(c) Normal Cost w/interest less contributions	(72,165)	(69,790)	(67,022)	(61,579)	
(d) (Gain)/Loss on investment	57,888	-	32,670	(4,973)	
(e) (Gain)/Loss on termination	(8,000)	12,000	8,000	7,000	
(f) (Gain)/Loss on salary increases less than expected	-	-	-	-	
(g) (Gain)/Loss on mortality	(3,900)	(28,000)	(21,000)	(9,000)	
(h) (Gain)/Loss on retirement	(600)	(26,000)	(26,000)	(6,000)	
(i) (Gain)/Loss on assumption changes	-	33,000	-	80,000	
(j) (Gain)/Loss on expenses	-	-	-	-	
(k) (Gain)/Loss on all other factors	30,742	127	(24,489)	6,587	
(l) Change in active benefit multiplier	-	-	-	-	
(m) Unfunded AAL at current valuation date	227,176	163,279	75,235	91,784	
6. Actuarial Basis					
(a) Interest	6.50%	6.00%	6.00%	5.50%	4.50%
(b) Salary scale	N/A	N/A	N/A	N/A	N/A
(c) Consumer Price Index	2.50%	2.50%	2.50%	2.50%	2.50%
(d) Mortality	GAM 1994	GAM 1994	GAM 1994	GAM 1994	GAM 1994
(e) Turnover	Based on NOC experience for 1996 - 2006				
(f) Retirement age	Age 62, with the appropriate early retirement reduction, if				
(g) Proportion married and age difference	80% married, husbands 3 years older than wives				
(h) Expenses	Assume all expenses paid by company				
(i) Post-retirement indexing	1%				
(j) Asset Valuation Method	Market value of assets				
(k) Actuarial Cost Method	Unit credit				

* numbers may not add due to rounding

National Oil Full-Time Hourly Union Pension Plan
Solvency Valuation Results

	2011	2012	2013	2013 Interest Rate Sensitivity
Solvency Valuation - January 1 (numbers in \$000's) *				
1. Actuarial Accrued Liability:				
(a) Active participants	837,254	1,072,545	1,140,691	1,528,365
(b) Deferred vested participants				
(c) Pensioners	212,926	237,728	266,988	292,335
(d) Total	1,050,180	1,310,273	1,407,679	1,820,700
2. Market Value of Assets				
	606,421	693,567	817,919	817,919
3. Solvency Deficiency: (1d)-(2)				
	443,759	616,706	589,760	1,002,781
4. Actuarial Basis				
(a) Interest - Benefit paid by lump sum	3.7% for 10 years 5% thereafter	2.4% for 10 years 3.9% thereafter	2.5% for 10 years 3.7% thereafter	1.5% for 10 years 2.7% thereafter
(a) Interest - Benefit settled by annuity purchase	4.5%	3.31%	2.96%	1.96%
(b) Mortality	UP 1994 AA20	UP 1994 - Generational	UP 1994 - Generational	UP 1994 - Generational
(c) Retirement age	The age that produces the largest			
(d) Proportion married and age difference	80% with spouse, Male spouses are 3			
(e) Asset Valuation Method	Market value of assets			
(f) Actuarial Cost Method	Unit Credit			

* numbers may not add due to rounding

National Oil Full-Time Salaried Supplemental Executive Retirement Plan (SERP)

Eligibility	Immediate
Normal Retirement Age	65
Early Retirement Age	55
Accrued Benefit	Accrued Benefit calculated under the provisions of the Salaried Pension Plan without regard to legislative maximums <u>less</u> actual Accrued Benefit under the Salaried Pension Plan
Normal Retirement Benefit	Accrued Benefit
Early Retirement Benefit	Accrued benefit reduced by 0.25% per month that early retirement precedes age 62 for actives participants
Commencement Date and Form of Benefit	Must be same as under Salaried Pension Plan
Indexing	None
Termination Benefit	None
Pre-Retirement Death Benefit	None
Disability Benefit	None

**Supplemental Retirement Plan
Historical Valuation Results - January 1**

2010 2011 2012 2013

Participant Summary

1. Active Participants				
(a) count	60	60	60	58
(b) average age	52.0	50.0	51.0	51.5
(c) average service	19.1	17.0	18.0	18.2
(d) average future working lifetime	6.3	8.8	8.8	8.5
(e) average earnings (prior year)	350,000	350,000	350,000	370,000
2. Deferred Vested Participants				
(a) count	-	-	-	-
3. Pensioners (incl beneficiaries)				
(a) count	30	30	30	32
(b) average age	66.0	66.1	67.1	67.9
(c) average annual benefit	22,000	22,000	22,000	24,000

Valuation Results (numbers in \$000's) *

1. Reconciliation of funded status at valuation date:				
(a) Accrued Benefit Obligation	(66,249)	(80,454)	(91,110)	(104,508)
(b) Fair Value of Assets	-	-	-	-
(c) Funded Status: (a) + (b)	(66,249)	(80,454)	(91,110)	(104,508)
2. Service Cost	1,841	1,791	2,041	2,366
3. Benefit Payments	660	660	660	768
4. Actuarial Basis				
(a) Discount rate	6.50%	5.50%	5.00%	4.50%
(b) Salary scale	3.50%	3.50%	3.50%	3.50%
(c) CPI	2.50%	2.50%	2.50%	2.50%
(d) All other assumptions	Same as the Salaried Plan			

* numbers may not add due to rounding

National Oil Part-Time DC Pension Plan

Eligibility	Immediate
Vesting	Immediate, effective July 1, 2012
Employer Contributions - Base	3% of base pay
Employer Contributions - Match	100% on the first 3% and 50% thereafter
Employee Contributions	Up to 6% of base pay
Plan Fund	The employer invests the contributions in a balanced fund. There are no employee investment choices.
Account Balance	Contributions are accumulated in member's individual account earning investment income at the rate of return earned by the Plan Fund.
Benefit on Termination or Retirement	Account balance is transferred to a LIRA/LIF for the member after one year from date of termination or retirement, unless employee has since returned to employment with NOC.
Benefit on Death	Account balance is payable to named beneficiary

National Oil Part-Time DC Pension Plan
Historical Results - January 1

2010 2011 2012 2013

Participant Summary

(a) number participating during prior year	7,000	6,800	7,200	7,100
(b) average age	29.2	30.8	31.0	31.4
(c) average base pay	30,000	31,000	31,000	31,900

Plan Assets (numbers in \$000's) *

<i>Change in Plan Assets during Prior Year:</i>				
Market Value of Assets at January 1 of prior year	71,556	96,044	119,341	137,575
Employee Contributions during prior year	8,400	8,432	8,928	9,060
Company Contributions during prior year	13,650	13,702	14,508	14,722
Benefit Payments during prior year	(6,300)	(6,120)	(6,480)	(7,881)
Expenses during prior year	-	-	-	-
Investment return during prior year	8,737	7,284	1,278	7,276
Market Value of Assets at January 1 of current year	96,044	119,341	137,575	160,752
Rate of return during prior year	11%	7%	1%	5%

** numbers may not add due to rounding*