



# Pension Indices by TELUS Health.

March 31, 2025

Market Forces Reshape Pension Landscape:  
Canadian Plans Navigate New Reality.



The Pension Indices by TELUS Health, released monthly, condense the journey that pension plans have experienced during the year into a few key statistics. More importantly, they also provide an early indicator of the challenges and opportunities that are yet to come for plan sponsors and administrators to help with the monitoring and management of their pension plans.



## Highlights

In March, the funded status of a typical pension plan decreased on both a solvency basis and on an accounting basis.

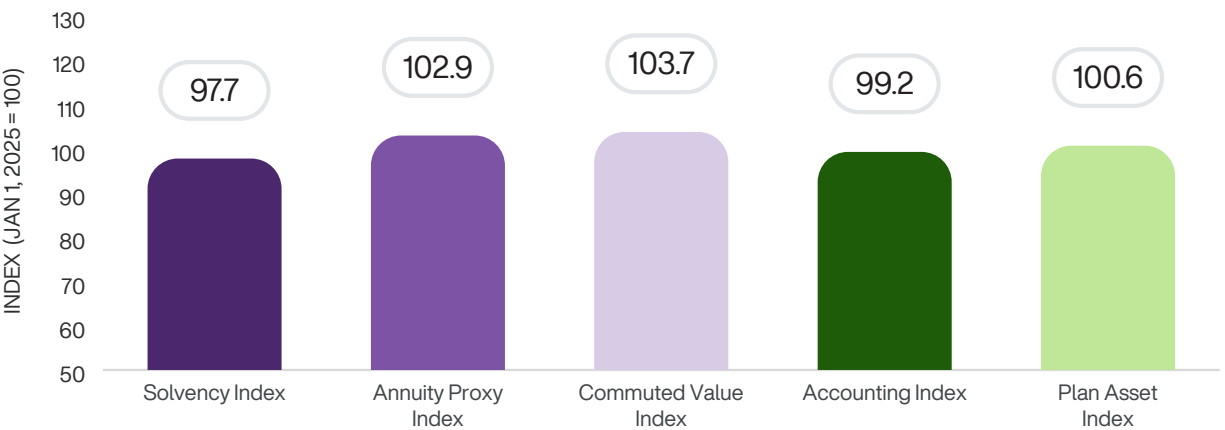
The representative pension plan portfolio returned -2.5% for the month, marking continued challenges across major asset classes. Global equities faced headwinds from rising geopolitical tensions and persistent inflation concerns. Most bond markets posted negative returns as well, reflecting broader economic uncertainties.

The global developed and emerging equity markets index, the MSCI ACWI, returned -4.0% in Canadian dollar terms. The Canadian equity index, the S&P/TSX Composite, finished the month with a return of -1.5%.

Short-term Government of Canada bond yields declined by approximately 0.11% while the long-term Government of Canada bond yields increased by approximately 0.11% over the month of March. Meanwhile, credit spreads for short-term corporate bonds increased, as medium and long-term credit spreads held steady.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 1.86% at the end of March, remaining unchanged since the end of February.

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“The March 2025 pension landscape continues to face market volatility and economic pressure. While global markets adjust to evolving tariff policies, Canada’s pension sector is experiencing significant domestic changes.


The latest Climate Pension Quarterly report notes the ongoing efforts of pension funds to balance various investment considerations, including domestic opportunities and climate-related risk factors, as part of their comprehensive risk management and long-term planning strategies.

The Bank of Canada’s recent rate cut to 2.75% continues to coincide with a steepening yield curve. During Q1 2025, real yields fell faster than nominal yields, signaling increasing growth concerns. This environment potentially increases pension liabilities and impacts long-term investment returns, requiring ongoing strategy adjustments from pension fund managers.

To navigate these evolving challenges, pension plans must remain agile. They should consider diversifying their investment portfolios and taking advantage of investment opportunities, including considering climate-resilient investments. Scenario planning for various economic, political, and climate outcomes remains crucial, as does enhanced communication with stakeholders to address concerns and manage expectations. Individual Canadians should review their retirement plans considering both market conditions and possible policy changes. By staying informed and adaptable, both institutional and individual stakeholders can better navigate this period of change and uncertainty, working to secure the financial future of millions of Canadians.” says Amy Pun, Associate Partner in TELUS Health’s Consulting practice.

The graphs below show the month-to-month evolution of each index.

## Definitions



Solvency index	Provides an indication of changes in the solvency funding level of an average pension plan since the start of the year.
Annuity proxy index	Provides an indication of changes in the estimated annuity purchase premium since the start of the year for obligations with a medium duration.
Commuted value index	Provides an indication of changes in commuted values for members of an average pension plan since the start of the year.
Accounting index	Provides an indication of changes in the accounting funding level of an average pension plan since the start of the year.
Plan asset index	Provides an indication of changes in asset levels for an average pension plan since the start of the year.

## Notes on methodology.

The indices show the monthly progression of various indicative pension measures since the start of the calendar year.

Each index is reset to 100 on January 1.

The monthly Asset Index is calculated based on a TELUS Health Benchmark portfolio, 50% equities and 50% fixed income (2% in 91-day T-Bills, 24% FTSE TMX Canada Universe, 24% FTSE TMX Canada LT, 15% MSCI Canada, 35% MSCI ACWI) with monthly rebalancing.

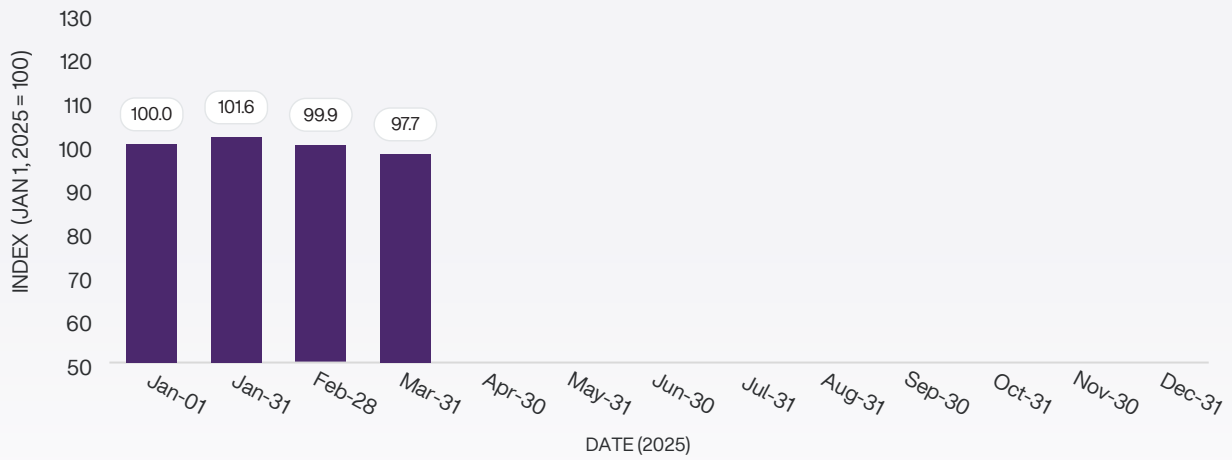
The plan liabilities are for a medium duration pension plan.

The monthly Solvency Index reflects estimates of solvency liabilities using the latest available Canadian Institute of Actuaries (CIA) annuity purchase discount rate guidance at each month end.

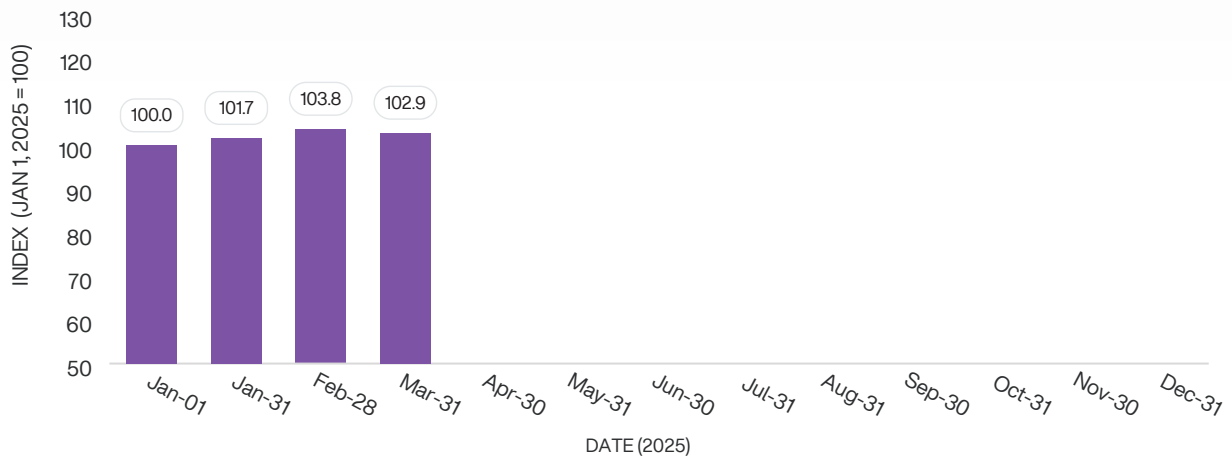
The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

The monthly Accounting Index reflects an estimate of accounting liabilities using a discount rate derived from the TELUS Health AA Corporate Bond Yield Curve.

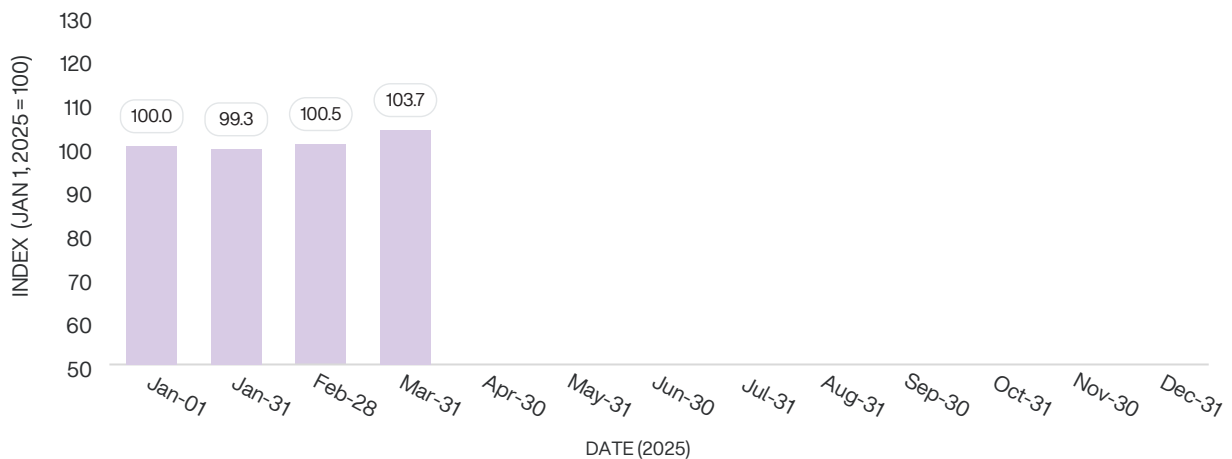
### Solvency index



### Annuity proxy index

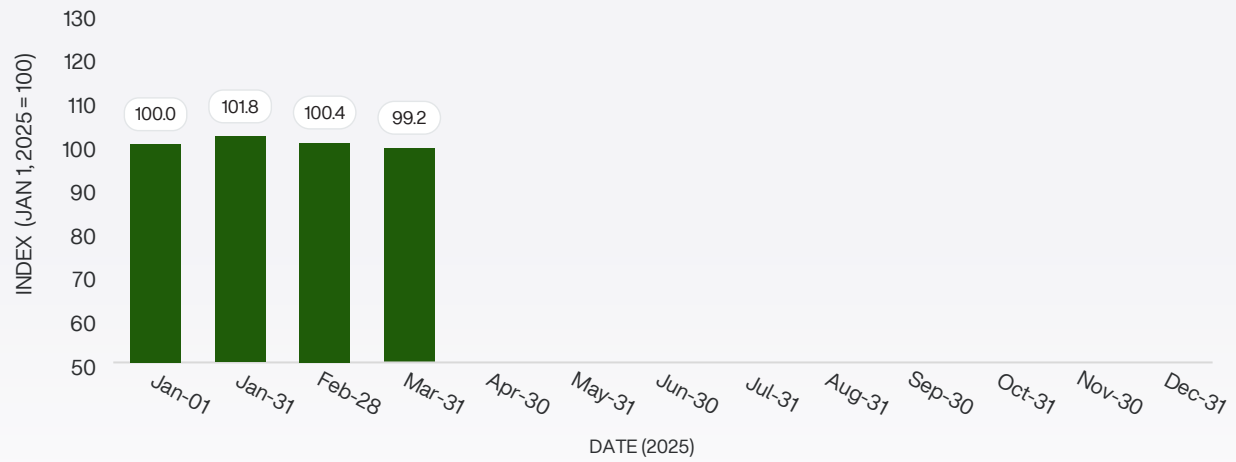


### Commuted value index

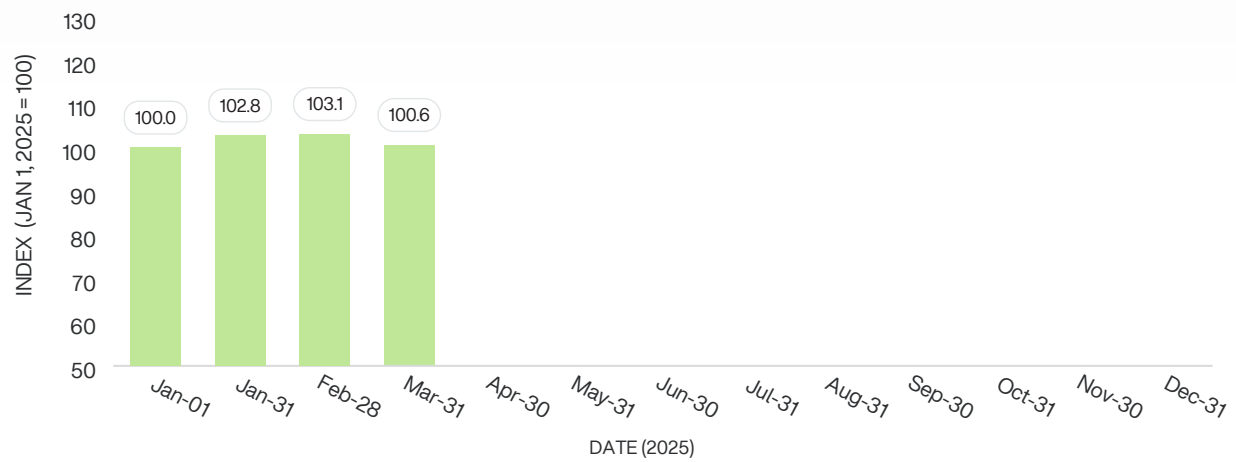




## Accounting index



## Plan asset index





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