



Pension Indices by TELUS Health.

April 30, 2025

Market volatility and uncertainty
remain a key focus.



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 April, the funded status of a typical pension plan slightly increased on both a solvency basis and on an accounting basis.

The representative pension plan portfolio returned -1.7% for the month, as both equity and fixed income markets faced headwinds amid persistent market volatility.

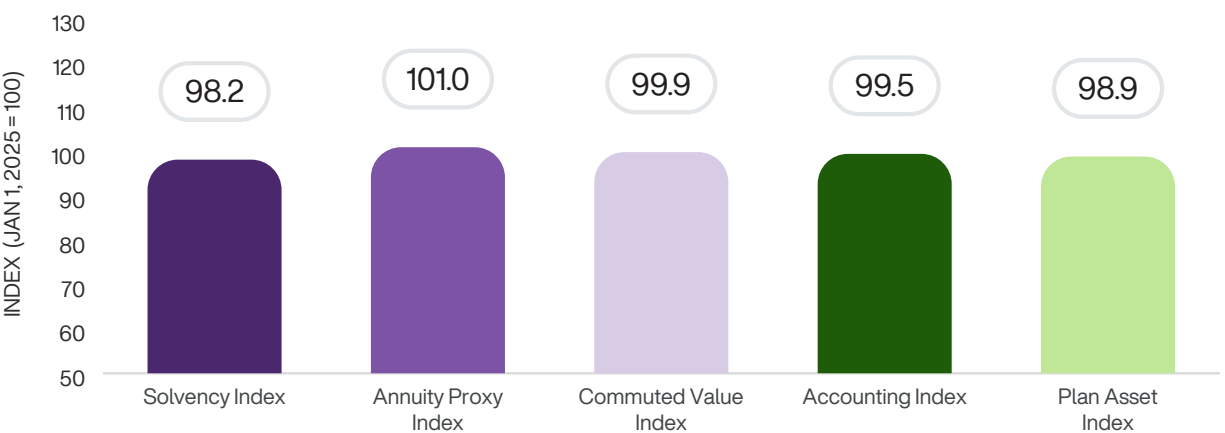
The global developed and emerging equity markets index, the MSCI ACWI, returned -3.1% in Canadian dollar terms. The Canadian equity index, the S&P/TSX Composite, finished the month with a return of -0.1%.

Short-term Government of Canada bond yields remained steady while the long-term Government of Canada bond yields increased by approximately 0.19% over the month of April. Meanwhile, credit spreads for short-term and medium-term corporate bonds increased, whereas long-term credit spreads held steady.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 1.82% at the end of April, which represents a slight decline since the end of March.



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“Volatility and uncertainty continue to be key themes as we enter the second quarter of the year” says Gavin Benjamin, Partner in TELUS Health’s Consulting team.

“The funded ratio of the typical pension plan increased by 0.5% during the month of April and by the end of April had dropped by about 2.0% since the beginning of 2025. However, these relatively small funded ratio changes fail to convey how volatile the plan’s funded ratio has been in 2025. For example, on January 23rd the plan’s solvency funded ratio was almost 3% higher than the ratio at the beginning of the year, while on April 7th it was more than 6% lower. This represents a swing in the funded ratio of more than 9% during a period of less than three months. Volatile periods such as the one we are experiencing serve as a reminder of how important it is for plan sponsors to utilize tools that can quantify pension plan financial risk. This includes tools that can monitor pension plan financials on a daily basis, as such frequent monitoring can provide valuable insights that less frequent monitoring, such as on a quarterly basis, does not provide.”

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.

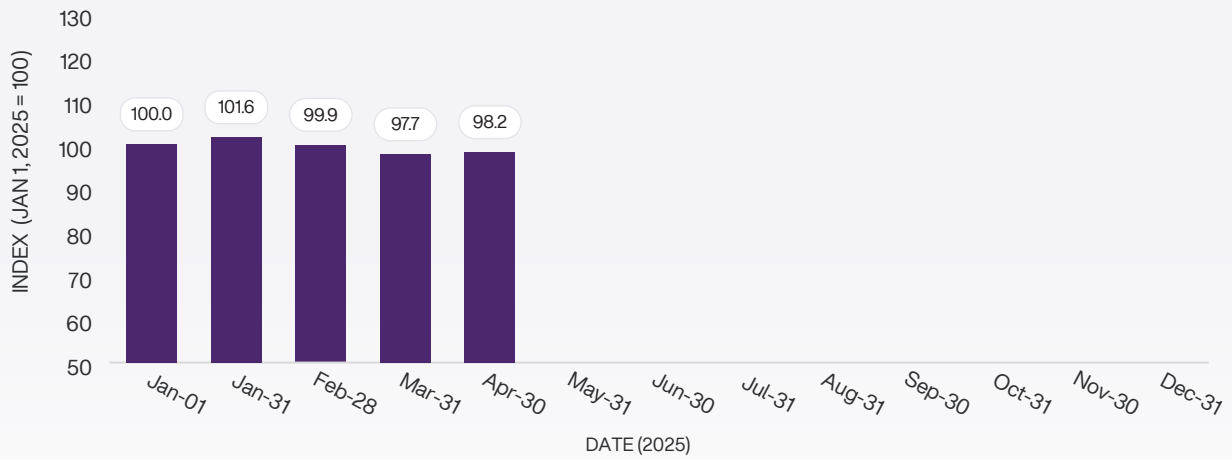
The monthly Solvency Index reflects estimates of solvency liabilities using the latest available Canadian Institute of Actuaries (CIA) annuity purchase discount rate guidance at each month end.

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.

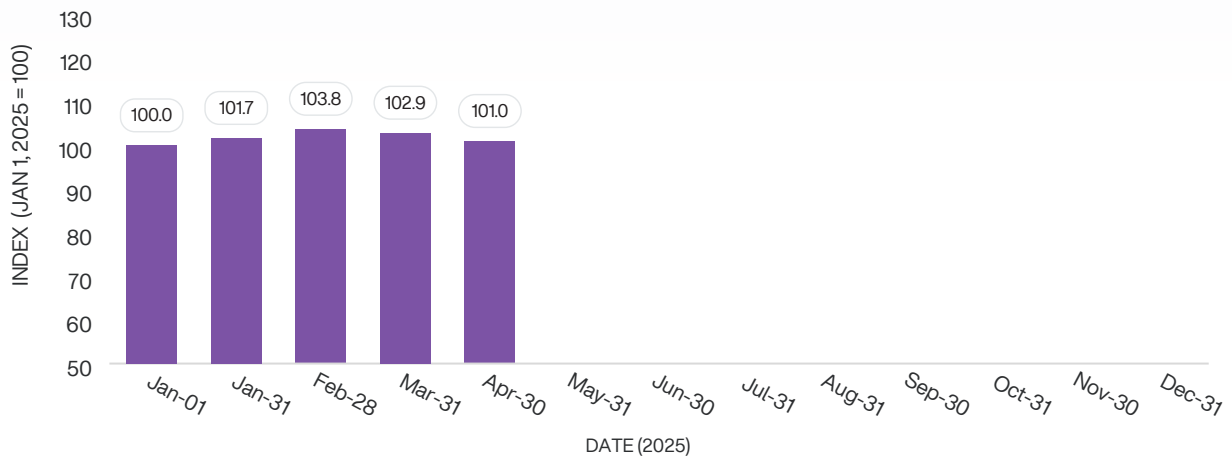
The monthly Accounting Index reflects an estimate of accounting liabilities using a discount rate derived from the TELUS Health AA Corporate Bond Yield Curve.



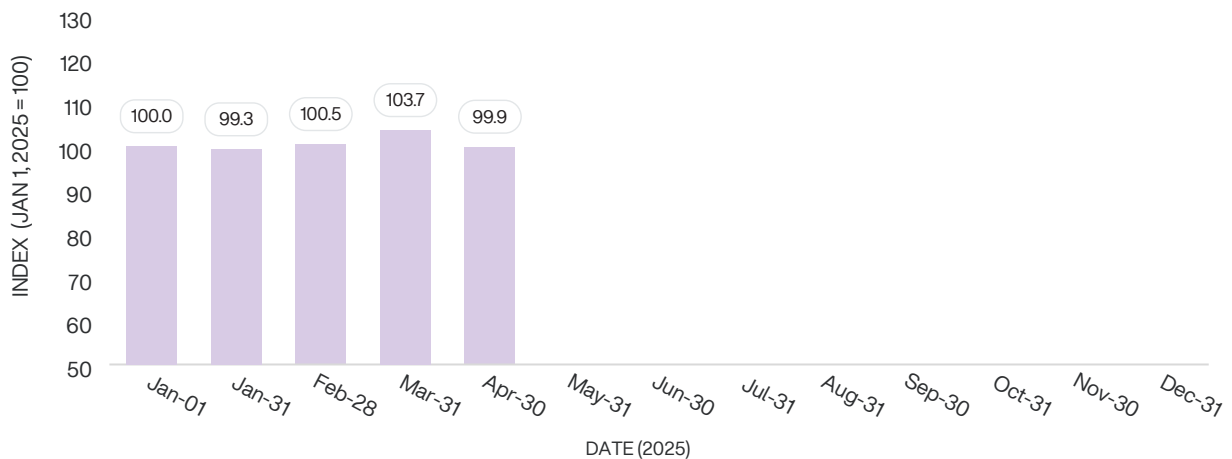
Solvency index



Annuity proxy index

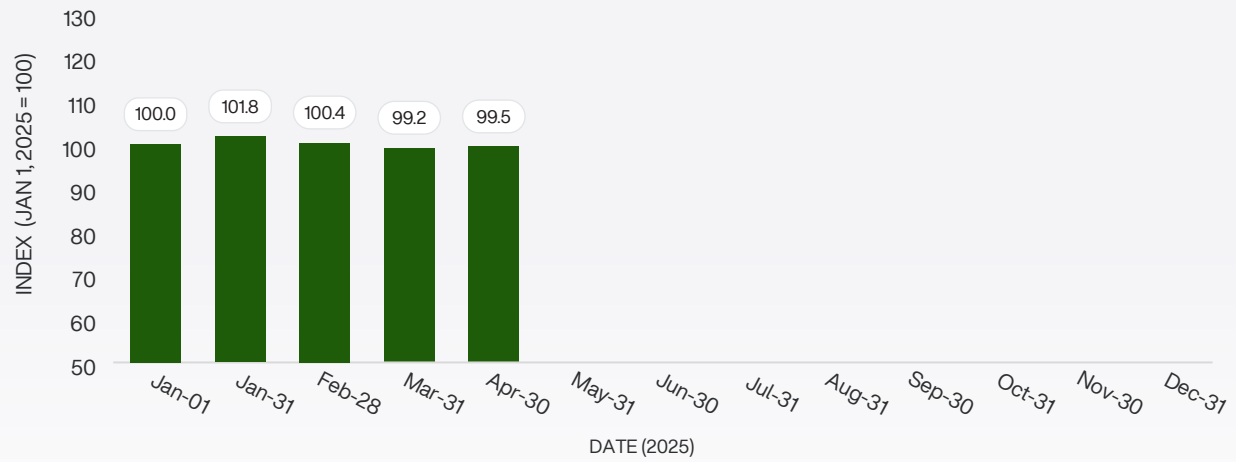


Commuted value index

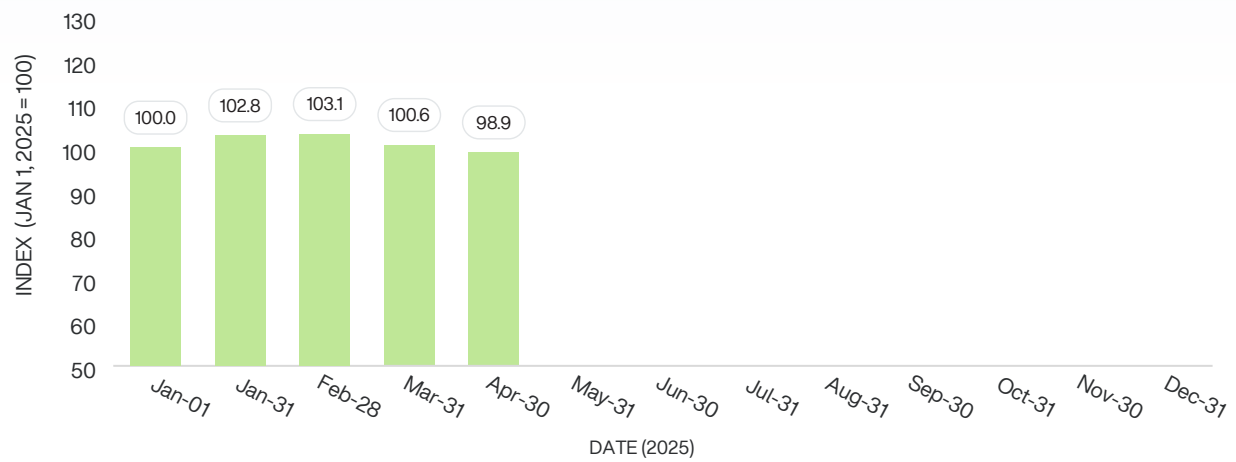




Accounting index



Plan asset index



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