



Pension Indices by TELUS Health.

June 30, 2025

Resilient recovery positions pension
plans for sustained improvement.



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

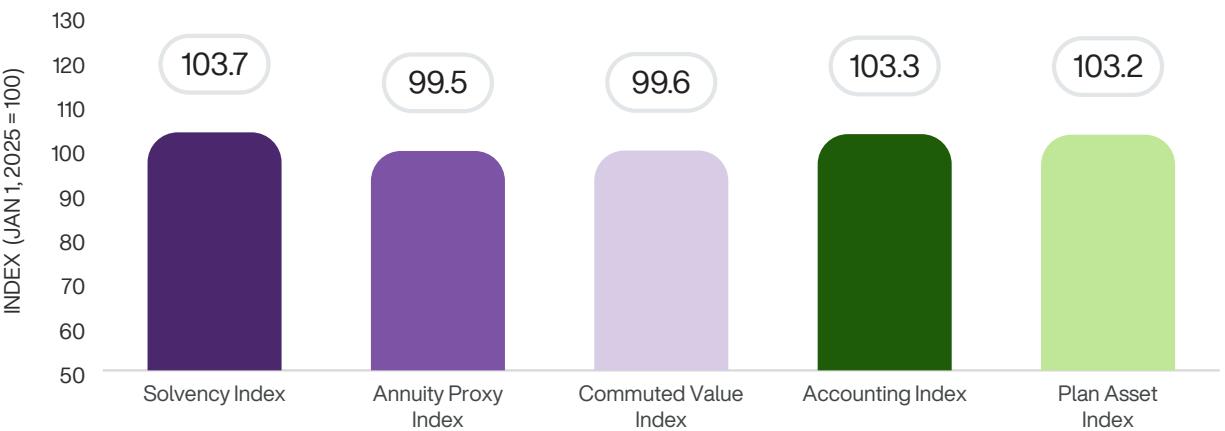
The representative pension plan portfolio returned 1.5% for the month, as equity values continued to rise following weakness in early 2025.

The global developed and emerging equity markets index returned 3.7% in Canadian dollar terms and Canadian equities finished the month with a return of 2.7%.

Short-term Government of Canada bond yields remained unchanged while long-term Government of Canada bond yields increased by approximately 0.09% over the month of June. Meanwhile, corporate bond credit spreads tightened across all durations, declining by 0.04% to 0.11%.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 1.91% at the end of June, which represents an increase of 0.03% since the end of May.

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“June 2025 delivered great results for Canadian pension plans, with the representative portfolio achieving a solid 1.5% return driven by strong equity performance of 3.7% globally and 2.7% domestically, marking a clear recovery from the market weakness and volatility experienced during certain periods in early 2025.”, says Amy Pun, Associate Partner in TELUS Health’s Consulting team. “The favorable market environment has been particularly noteworthy—long-term government bond yields increased by 0.09% in June while short-term rates remained stable. This indicates a steepening of the yield curve. The movement in interest rates along with strong equity returns so far in 2025 has meaningfully improved funded status on both solvency and accounting bases for typical pension plans. The favorable market condition has created a unique opportunity for pension plans to strengthen their position.

Plan sponsors should take advantage of this positive momentum by reviewing their investment mix to capture recent gains, leveraging improved market conditions to protect their enhanced financial position, and considering adjustments to their bond investments while conditions remain favorable. With stable long-term inflation expectations at 1.91% and generally positive market trends, the current environment presents both immediate opportunities and the need for careful portfolio oversight. Plans that respond thoughtfully to these favorable conditions while maintaining strong monitoring practices will be best positioned for continued success.”

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.

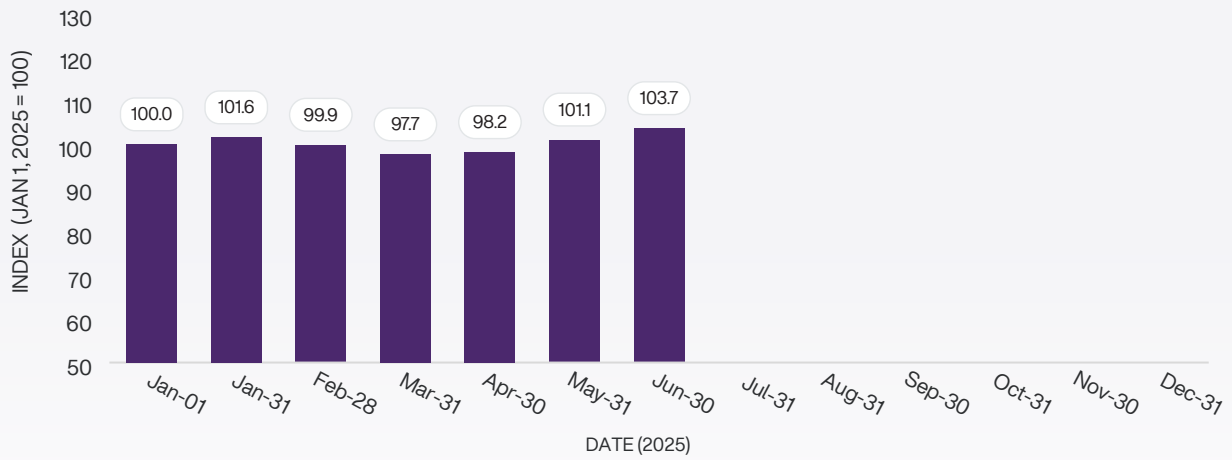
The monthly Solvency Index reflects estimates of solvency liabilities using the latest available Canadian Institute of Actuaries (CIA) annuity purchase discount rate guidance at each month end.

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.

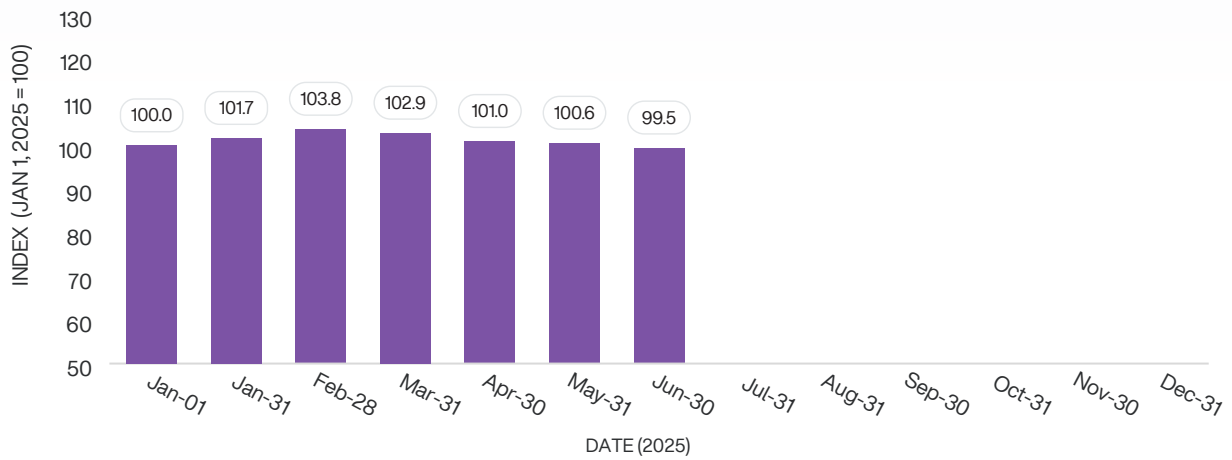
The monthly Accounting Index reflects an estimate of accounting liabilities using a discount rate derived from the TELUS Health AA Corporate Bond Yield Curve.



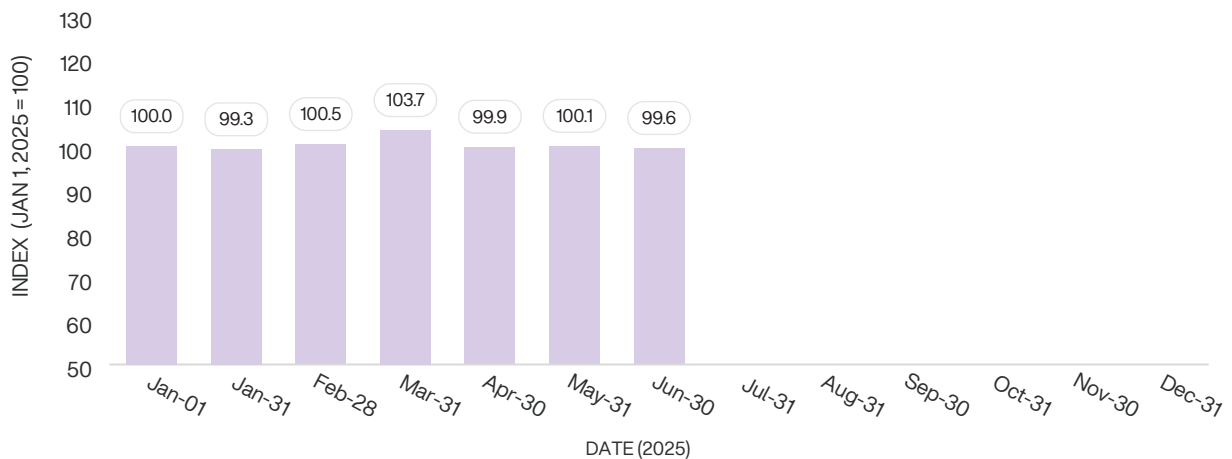
Solvency index



Annuity proxy index

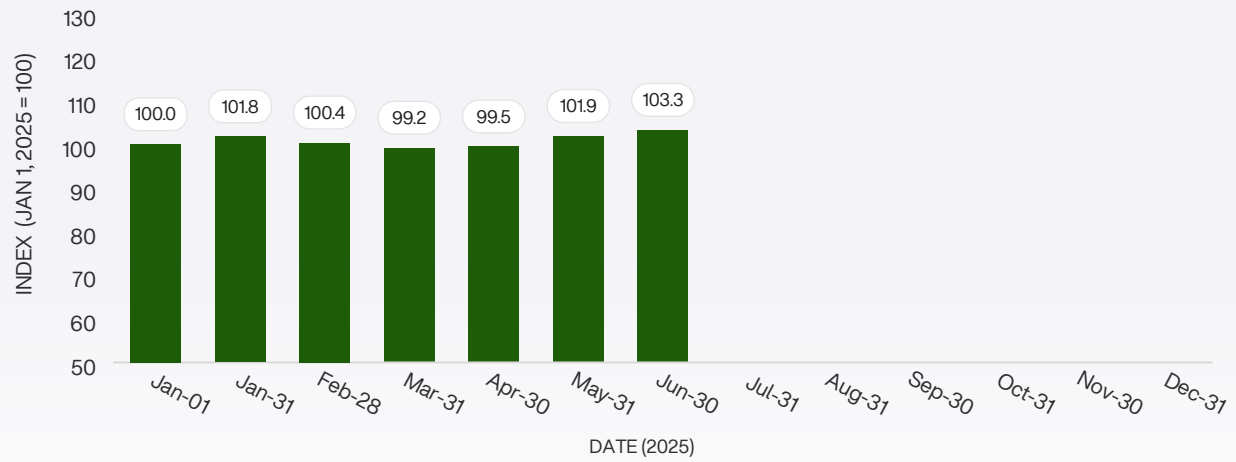


Commuted value index

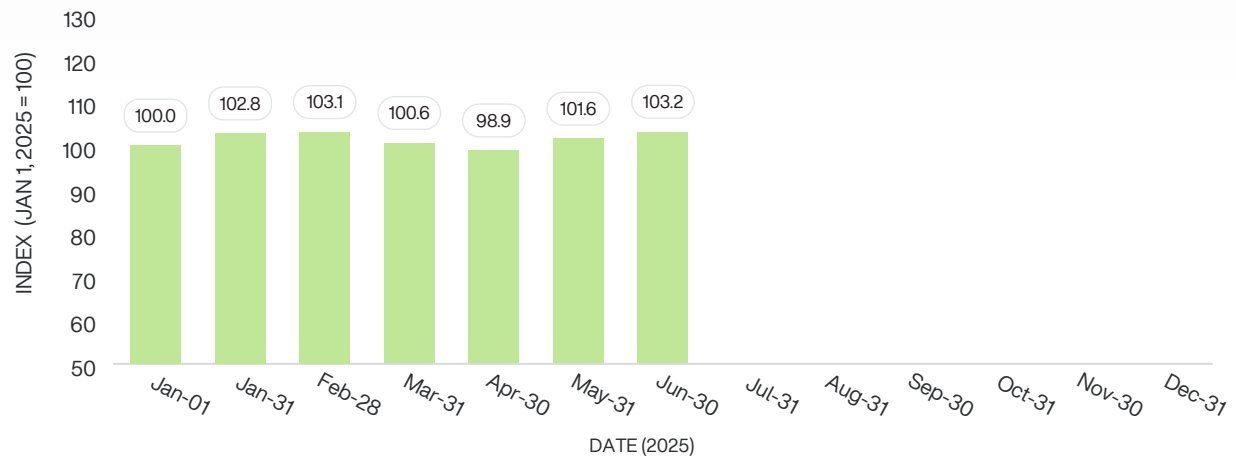




Accounting index



Plan asset index



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