Pension Indices
by TELUS Health.

August 31, 2026

Strong funded positions should
not obscure underlying risks.

TELUS® Health

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

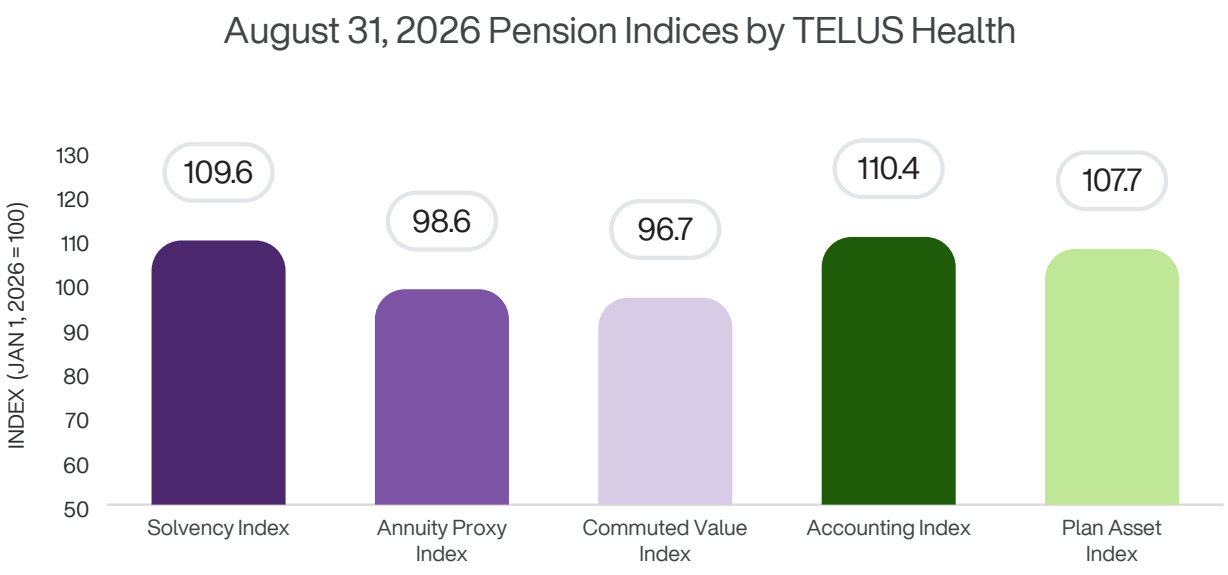
In August, the funded status of a typical pension plan improved on both the solvency basis and accounting basis.

The representative pension plan portfolio increased by 0.8% in August, driven by good performance of global and Canadian equity markets.

The global developed and emerging equity markets index returned 1.5% in Canadian dollar terms and Canadian equities finished the month with a return of 3.1%.

Short-term Government of Canada bond yields increased by approximately 0.10% and long-term Government of Canada bond yields increased by approximately 0.10% over the month. Corporate bond credit spreads reduced by 0.02% for short-term bonds and increased by 0.04% for long-term bonds.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 2.20% at the end of August, which represents an increase of 0.11% since the end of July.



"For DB pension plan sponsors, the key message has been consistent for some time: funded positions are generally strong, but that strength should not lead to complacency. Underlying pension risks still need to be well understood, managed and monitored. In August, the typical pension plan's funded position improved on both a solvency and accounting basis, helped by positive equity market returns and a modest increase in long-term Government of Canada bond yields since July," says Amy Pun, Associate Partner in TELUS Health's Retirement & Benefits Solutions practice.

"At the same time, the escalation in U.S.–Canada trade tensions, including new U.S. tariffs on Canadian goods and Canada's announced countermeasures, introduced renewed uncertainty for businesses, consumers and investors. For DB pension plans, this type of uncertainty can affect both sides of the balance sheet: tariffs may put pressure on inflation, business costs, and growth expectations which can affect the returns earned by plan assets and can also influence long-term interest rates, which would impact DB liabilities. For sponsors, August reinforces the importance of continuing to monitor key risks — including interest rate, inflation, investment and geopolitical risks — and ensuring that their pension risk management framework remains appropriate as conditions evolve."

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.

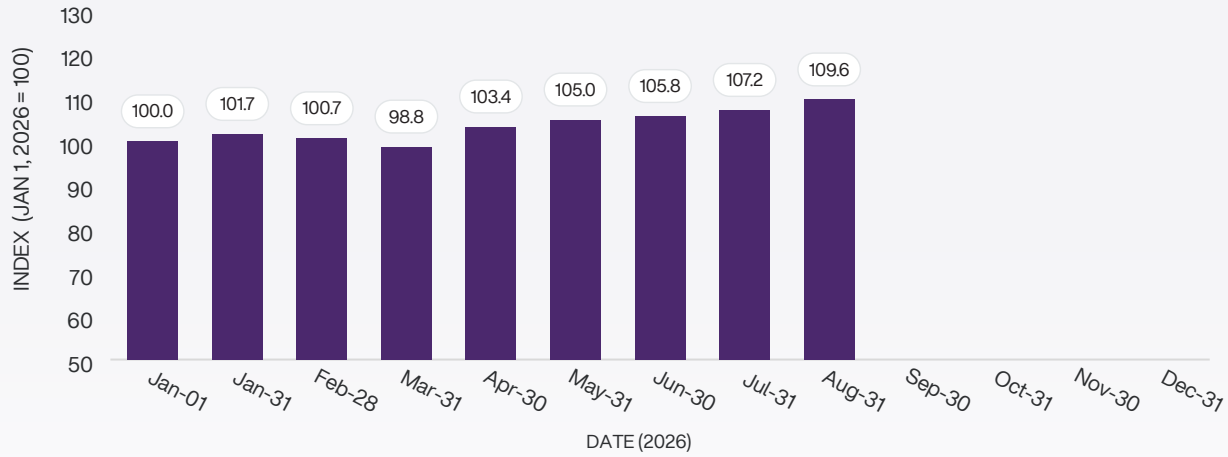
The plan liabilities are for a medium duration pension plan.

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 publication date.

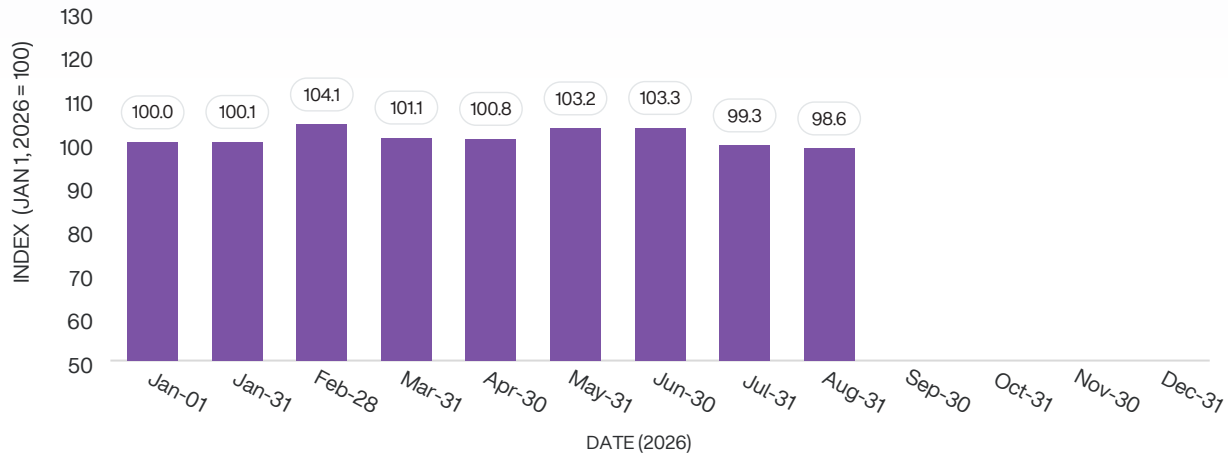
The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

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

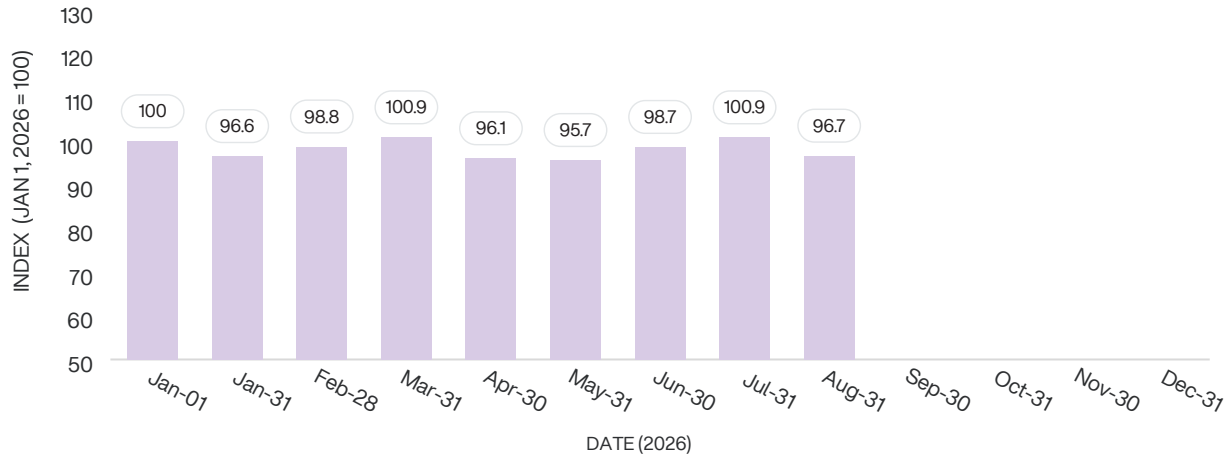
Solvency index



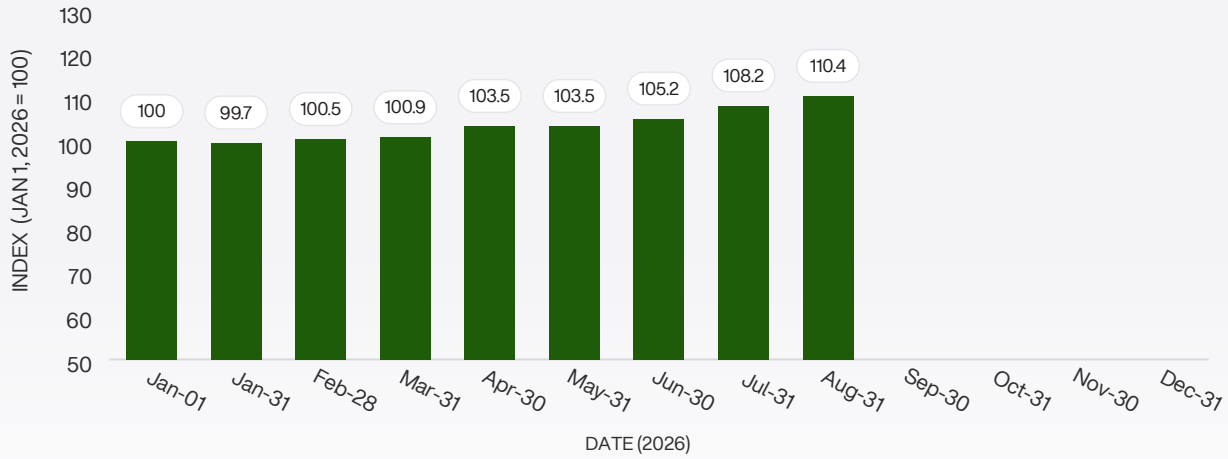
Annuity proxy index



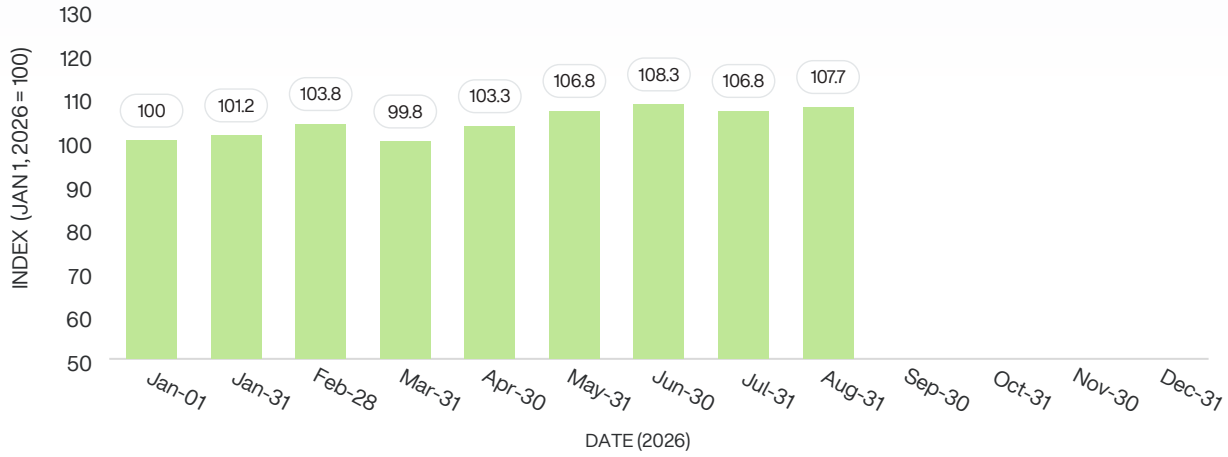
Commuted value index



Accounting index



Plan asset index



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