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# Pension Indices by TELUS Health.

August 31, 2025

Pension plans see favorable conditions  
while preparing for economic challenges.



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 increased on both a solvency basis and on an accounting basis.

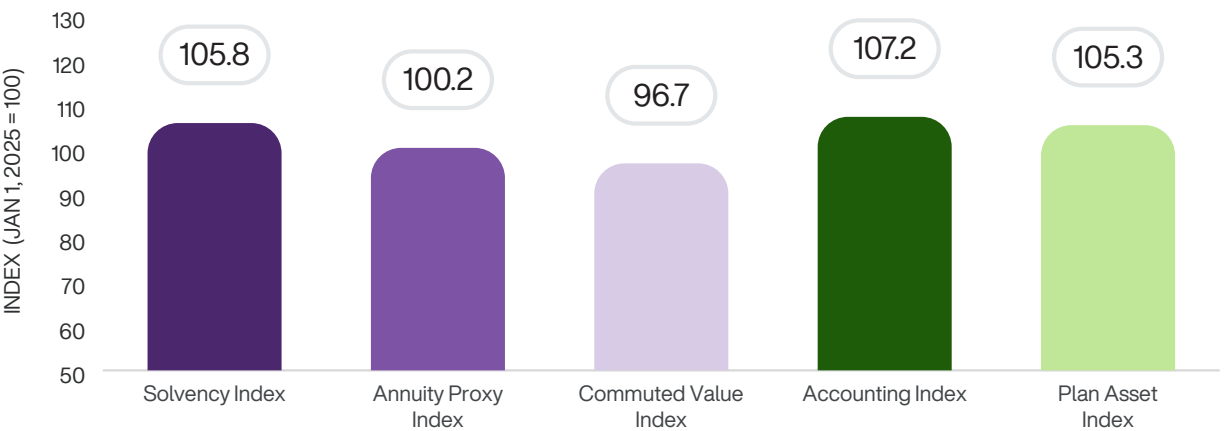
The representative pension plan portfolio returned 1.3% for the month, driven by strong gains across equity markets.

The global developed and emerging equity markets index returned 1.8% in Canadian dollar terms and Canadian equities finished the month with a return of 4.8%.

Short-term Government of Canada bond yields decreased by approximately 0.12% and long-term Government of Canada bond yields increased by approximately 0.07% over the month of August. Meanwhile, corporate bond credit spreads slightly widened across all durations, increasing by 0.03 to 0.08%.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 2.04% at the end of August, which represents an increase of 0.04% since the end of July.

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“Favorable market conditions for pension plans persisted throughout August with a particularly strong month for Canadian equities” says Ryan Yeo, Principal in TELUS Health’s Consulting team. “Underlying the ongoing bull market is a number of concerning factors, including uncertainty about the future of trade and a weakening Canadian economy, which have renewed expectations of rate cuts by the Bank of Canada.”

“A robust risk management framework remains of key importance in the current economic environment - not only for defined benefit plan sponsors, but also for trustees and administrators who oversee other types of plans like multi-employer pension plans and defined contribution plans. Risk factors are correlated but in an often-surprising way, so it is important to consider how downside events may affect the plan’s ability to deliver promised benefits or maintain contribution levels in addition to a deterioration in funded status. For example, a stalling Canadian economy may impair the sponsor’s ability to make contributions at a time when deficit contributions are needed or adversely affect member’s benefits at retirement.”

“However, risk management doesn’t have to mean de-risking. The definition for each plan will be different. Strong funding positions and evolving governance frameworks present an opportunity for all stakeholders—sponsors, trustees, and administrators—to revisit the role of their pension plans within their organizations or sectors. Whether it’s considering indexation catch-up, reviewing contribution levels, or enhancing member communications, the focus remains on benefit adequacy and long-term sustainability.”

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.
Commutated 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.

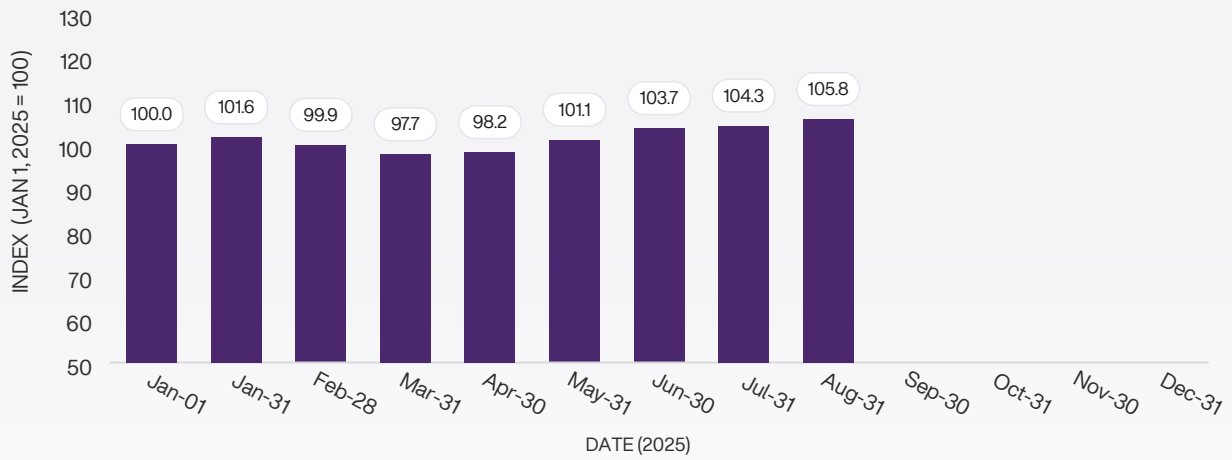
The monthly Solvency Index reflects estimates of solvency liabilities using the latest available Canadian Institute of Actuaries (CIA) annuity purchase discount rate guidance at each publication date.

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.

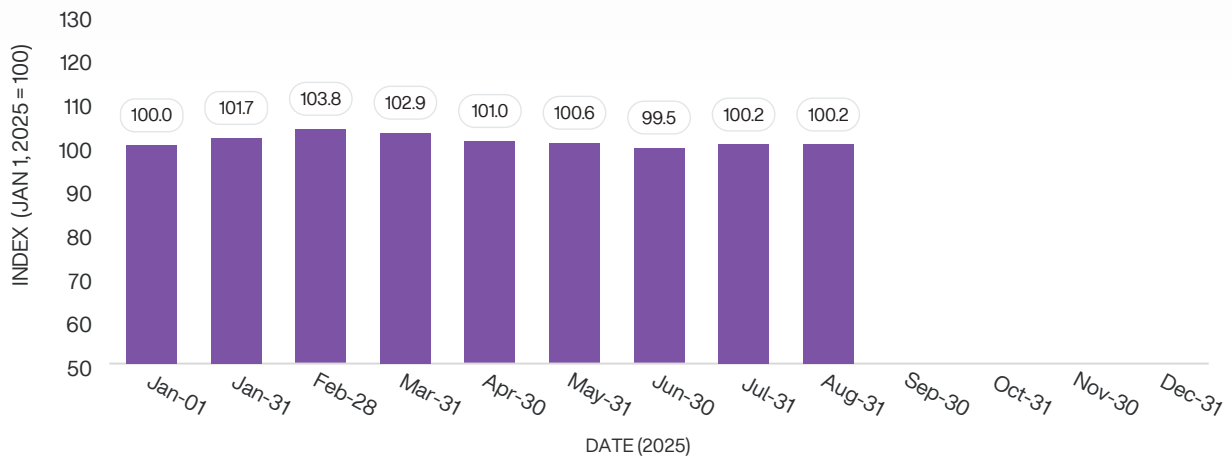
The monthly Accounting Index reflects an estimate of accounting liabilities using a discount rate derived from the TELUS Health AA Corporate Bond Yield Curve.



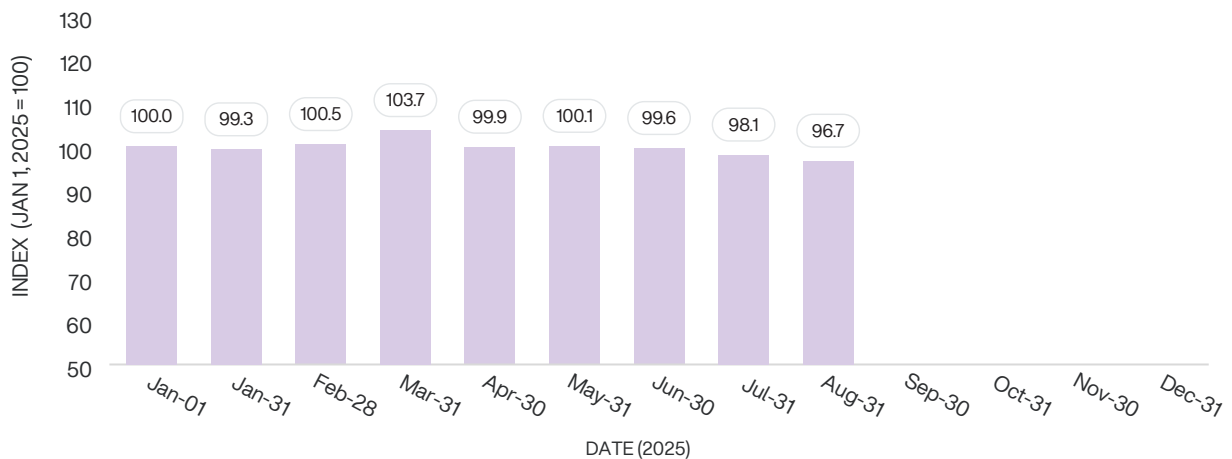
### Solvency index



### Annuity proxy index

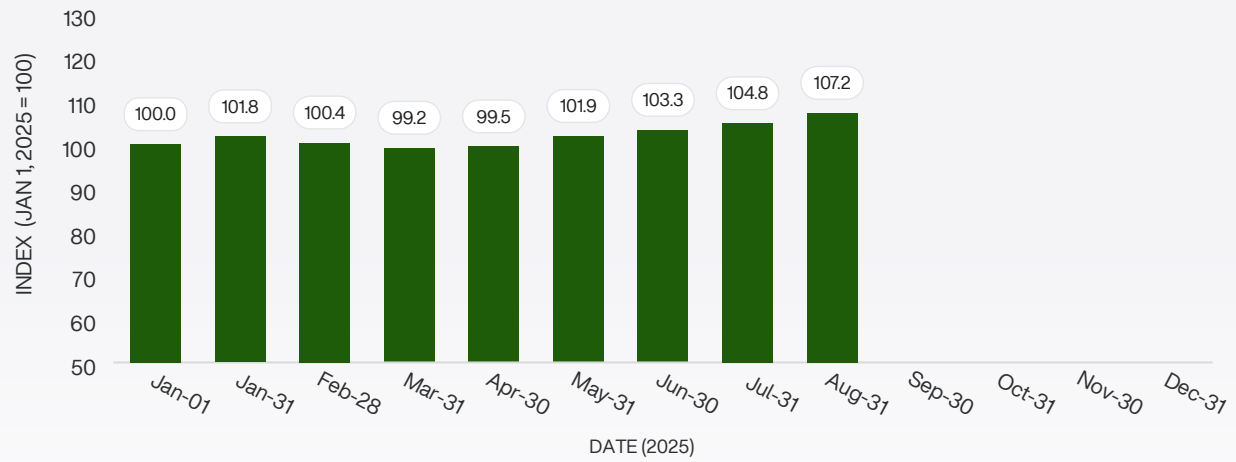


### Commuted value index

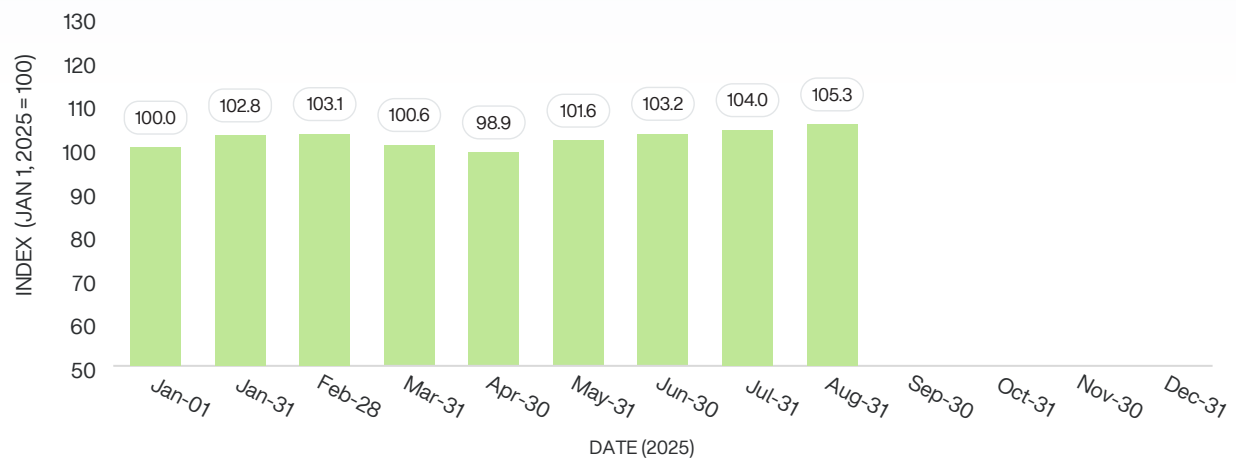




## Accounting index



## Plan asset index





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