Pension risk in focus

New mortality tables, new choices: **a plan sponsor's guide to CPM2024.**

In March 2026, the Canadian Institute of Actuaries published the Canadian Pensioner Mortality 2024 tables (CPM2024), the first comprehensive update to the industry benchmark in twelve years. Developed from 1.6 million individual records and over 330,000 deaths—three times the volume underlying the Canadian Pensioner Mortality 2014 tables (CPM2014)—the new tables reflect current Canadian pensioner mortality patterns and introduce material methodological refinements.

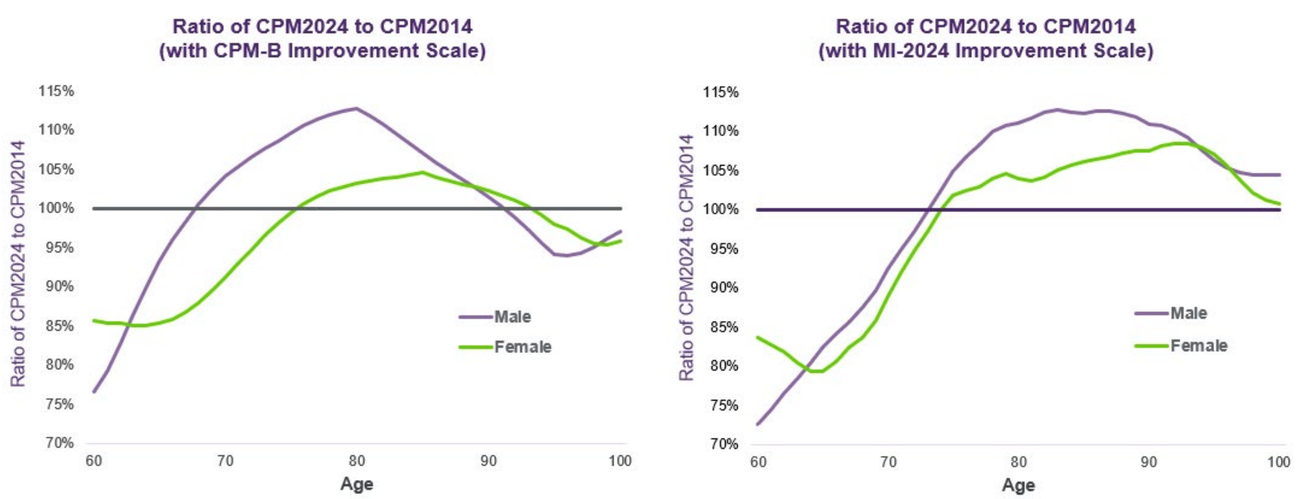
The impact: plan-specific and bidirectional.

The impact on pension obligations is plan-specific and can be positive or negative. For most plans, the shift will be modest. However, plans with significant spouse benefits face a more material adjustment: CPM2024 introduces separate mortality experience for surviving spouses, and annuity factors for spouse liabilities can decrease by up to 10% relative to CPM2014.

CPM2024 reflects mortality experience as of January 1, 2024, and incorporates Canadian-specific mortality improvement trends. This shift has two consequences:

1. **Base mortality levels** are generally lighter at younger ages and heavier at older ages than CPM2014.
2. **Spouse mortality** is now explicitly modeled. Separate surviving spouse tables reveal mortality rates materially higher than retiree rates.

Figure 35. *Comparison of CPM2024_R_C to CPM2014 (combined), in 2024*



Source : 2024 Canadian Pensioner Mortality Research Project, Kai F. Kaufhold, A. Jibreel Ismail, Stefan J. Ramonat

Who needs to act immediately — and who doesn't.

Plan sponsors with a credible mortality experience study from the past year or two can confirm their current assumption remains appropriate, or refresh results using CPM2024 as the base table. CPM2024's distinct retiree and spouse tables may allow further refinement.

For sponsors without a recent study, CPM2024 adoption requires assessing your plan's mortality profile relative to the industry benchmark—this is where the new table variants become critical.

The most recent educational note from the Canadian Institute of Actuaries (CIA) on the selection of mortality assumptions for pension plan actuarial valuations cites the CPM2024 as an appropriate base table and highlights the importance of reflecting plan specific experience and plan membership characteristics in mortality assumptions where possible.

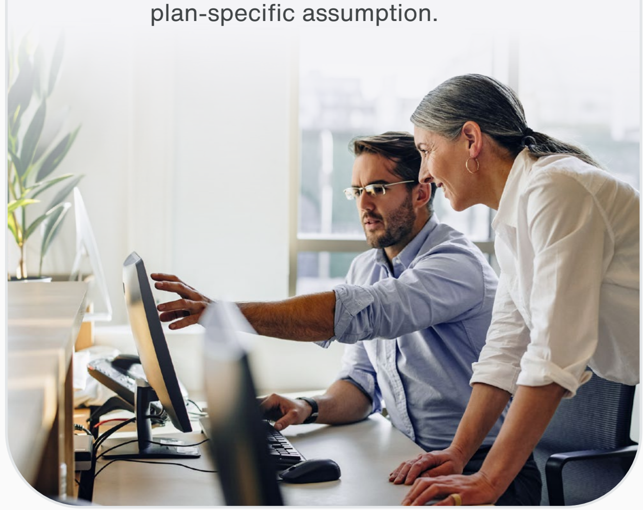
Choosing the right variant: combined, heavy, or light.

CPM2024 provides three variants: Combined (industry average), Heavy (shorter life expectancy), and Light (longer life expectancy). The gold standard is to perform a mortality study—either based on experience or a multi-factor model—to derive a plan-specific assumption.

- **Conduct an Actual over Expected (A/E) analysis across all three variants.** Select the variant with an adjustment factor closest to 100%, ensuring the mortality curve shape is consistent with your plan's experience. Note that experience studies are primarily available for large plans, as they require substantial data to achieve statistical credibility.
- **Leverage the TELUS Health Multi-Factor Mortality Model (MFMM).** The MFMM, which incorporates a spouse status factor, derives a mortality adjustment factor reflecting your plan's specific demographics and can be applied with CPM2024. A key advantage of the MFMM is that it can be applied to plans of any size by leveraging the statistical credibility of the underlying database used to build the model, making it an accessible alternative to experience studies for smaller plans.

Action items for plan sponsors.

1. Confirm your current mortality assumption and quantify the impact of CPM2024 on your funding ratio, contributions and key accounting figures.
2. If you have performed a recent mortality study, consider refreshing results using CPM2024 as the base table.
3. If not done recently, perform a mortality study—either based on plan experience or a multi-factor model, against all three CPM2024 variants to determine the best fit and establish a plan-specific assumption.



A note on pension risk transfer.

For plan sponsors considering a pension risk transfer (annuity buy-out or buy-in), CPM2024 is not expected to have a material impact on insurer pricing. Canadian insurers do not rely on standard mortality tables to price annuities; they use proprietary models calibrated to their own experience. CPM2024 adoption is unlikely to trigger a repricing of the market or change your approach to insurer selection.

RISK OF THE QUARTER:

Longevity risk

Risk definition

Longevity risk is the risk that plan members live longer than assumed, resulting in higher-than-expected pension costs.

Evaluate risk

Test scenarios tailored to your plan's specific situation. The following are examples:

- **Base mortality lower than expected.** Quantify the impact of a 10% decrease in mortality rates.
- **Mortality improvements higher than expected.** Quantify the impact of a 75% increase in your best-estimate mortality improvement assumption.
- **Life expectancy increase.** Quantify the impact of a one-year increase in life expectancy.
- **Idiosyncratic risk.** Quantify the impact if the plan members with the top 10% of largest pensions live 2 years longer than expected.

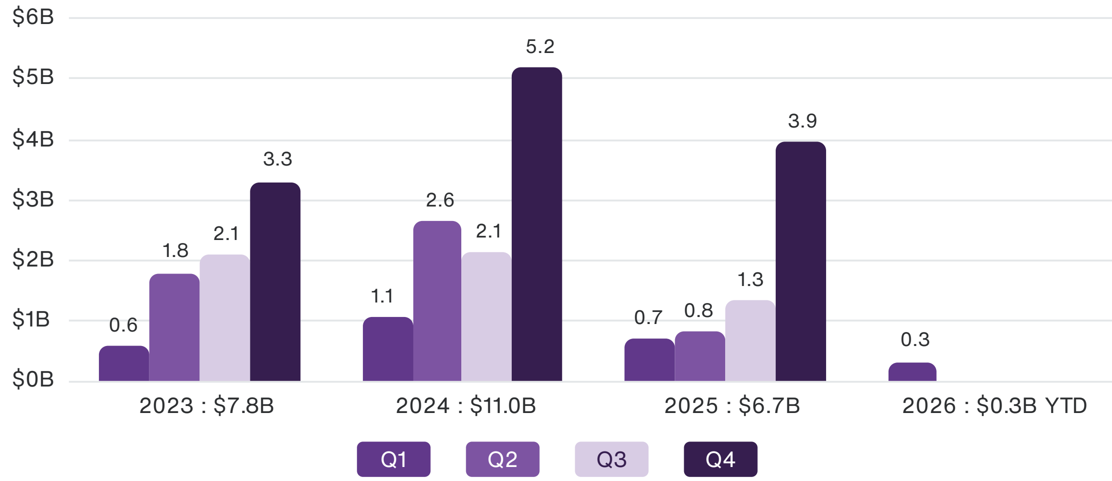
Manage risk

- Use a robust approach to define best estimate mortality assumptions:
  - Refresh your mortality assumption using CPM2024 as the foundation.
  - For large plans, conduct an A/E analysis across CPM2024 variants to select the best fit for your plan.
  - Leverage the TELUS Health Multi-Factor Mortality Model (MFMM) to derive a plan-specific mortality adjustment factor reflecting your plan's demographics.
- Consider annuity purchases (buy-outs or buy-ins) to transfer longevity risk to insurers.
- For large plans, consider longevity hedging strategies (e.g. longevity swaps).
- Review plan design.

Monitor risk

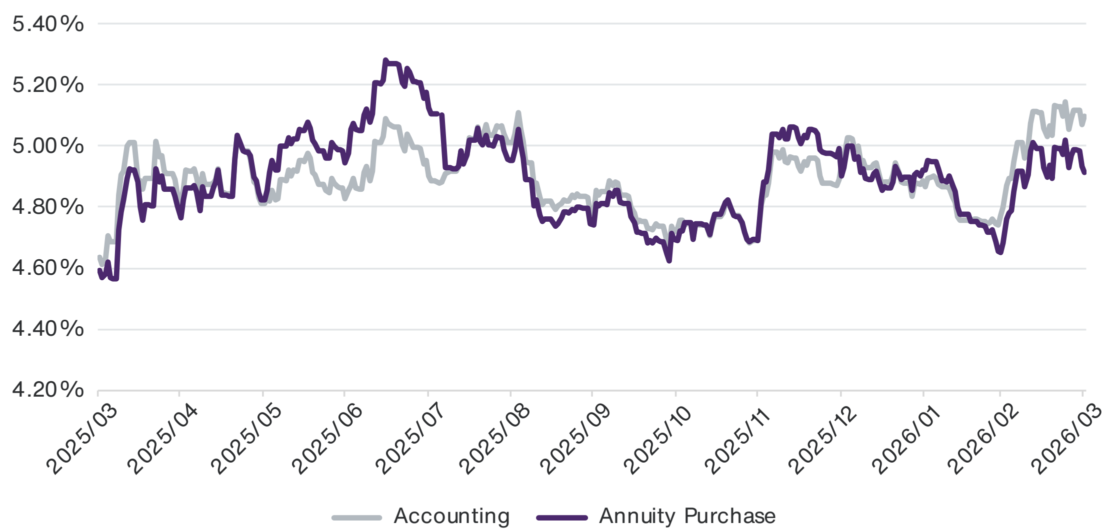
- Conduct mortality experience studies and/or multi-factor mortality studies regularly.
- Track your plan's A/E ratio against your mortality assumption annually.
- Monitor CIA guidance on CPM2024 and improvement scales adoption.

Annuity purchase market volume.



Despite a slow Q1 2026 (a recurring trend over the years), we still expect significant risk transfer activity for the rest of the year and good opportunities for sponsors who can seize them.

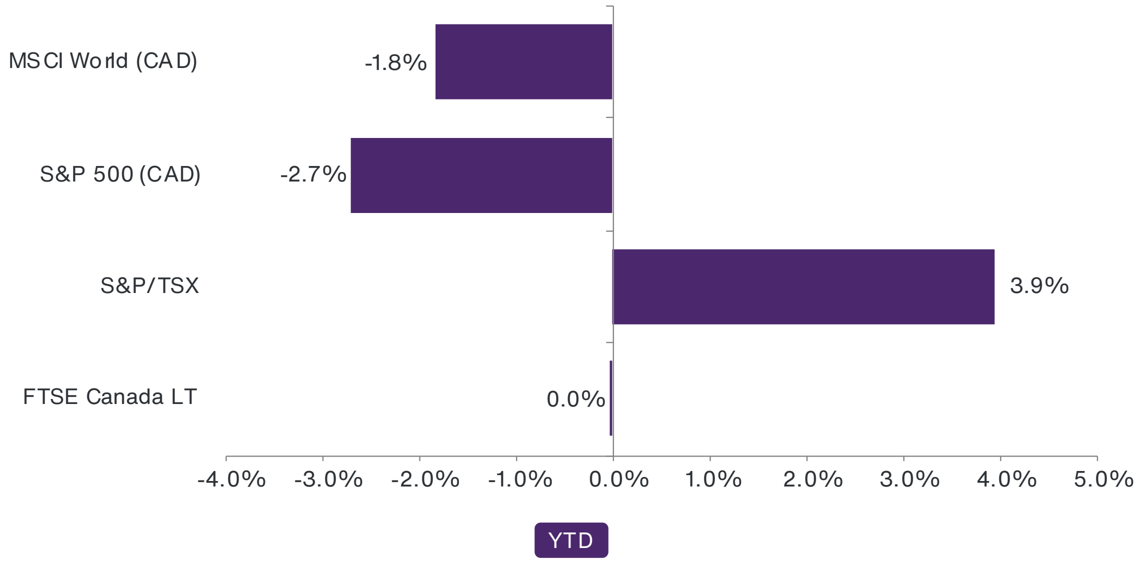
Annualized daily discount rates for an average duration plan.



1. Accounting discount rate derived from the TELUS Health AA Corporate Bond curve.
2. Annuity purchase rate based on most recently available CIA guidance and market conditions at March 31, 2026 for a medium duration annuity purchase.

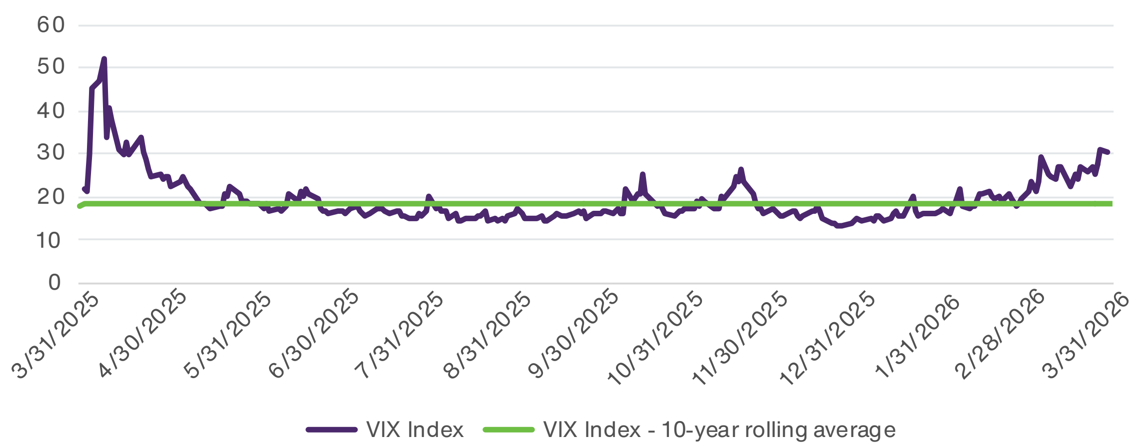
Annuity purchase and accounting discount rates have both been very volatile since the beginning of the year, with accounting rates ending up slightly higher than annuity purchase rates at March 31, 2026.

Key asset index returns.



Equity markets had mixed results over Q1, with Canadian equities coming out on top due to the higher exposure to the energy sector.

Vix - an indicator of implied market volatility.



Market implied volatility is back above historical levels since the start of the Iran conflict.

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