



Pension Indices by TELUS Health.

February 28, 2026

Holding the Line: Canadian Pensions
in an Uncertain Environment



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 February, the funded status of a typical pension plan decreased on a solvency basis but increased on an accounting basis.

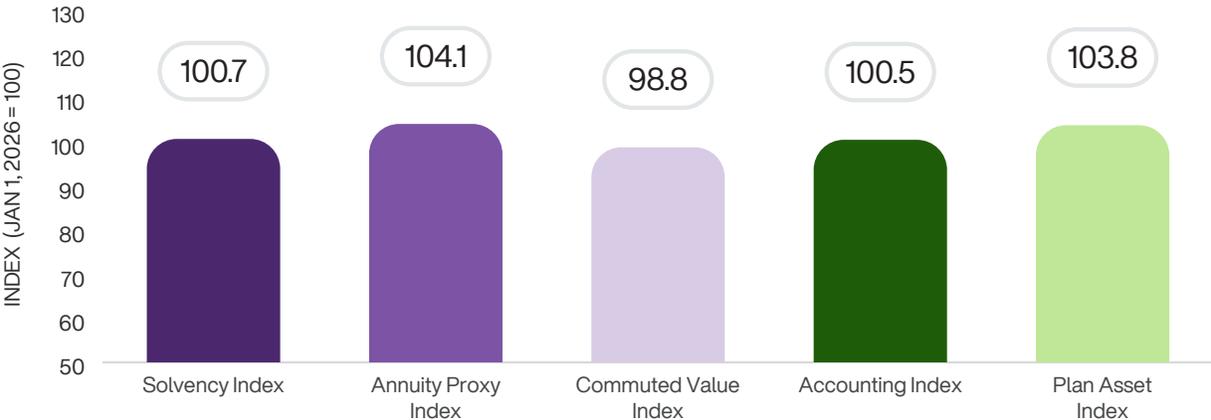
The representative pension plan portfolio returned 2.6% in February, driven by strong performance across both bond and equity markets.

The global developed and emerging equity markets index returned 2.0% in Canadian dollar terms and Canadian equities finished the month with a return of 6.9%.

Short-term Government of Canada bond yields decreased by approximately 0.17% and long-term Government of Canada bond yields decreased by approximately 0.25% over the month. Corporate bond credit spreads increased by 0.10% for short-term bonds and 0.13% for long-term bonds.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 2.03% at the end of February, which represents a slight decrease of 0.01% since the end of January.

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“Canadian pension plans continue to have to navigate a complex environment,” says Amy Pun, Associate Partner. “After strong gains in January and early February, recent market volatility has introduced additional uncertainty. The challenge is the combination of geopolitical developments, trade tensions around CUSMA renegotiations, and broader economic factors that make it even harder than usual to predict funding trends.”

These themes are consistent with the guidance offered throughout 2025. “Our messaging has remained consistent,” Pun notes. “The fundamentals haven’t changed—pension plans still need to stress-test assumptions and the effects of significant financial risks and prepare for volatility. What’s different now is the specific headwinds we’re navigating.”

The good news? Funded positions have held up relatively well so far. As Pun notes: “Despite the recent market volatility, pension plan funded positions on both solvency and accounting bases have remained relatively strong compared to the beginning of the year. That said, the early-year gains provided some cushion, but it’s too early to assess the full impact of recent market movements.”

Pension plans should focus on several key areas: review of asset allocation and de-risking approaches, stress-test across multiple scenarios including funding assumptions, interest rate movements, currency exposure, sector concentration, and liquidity scenarios. Then enhance communication with plan members about market conditions and long-term strategy. “

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.

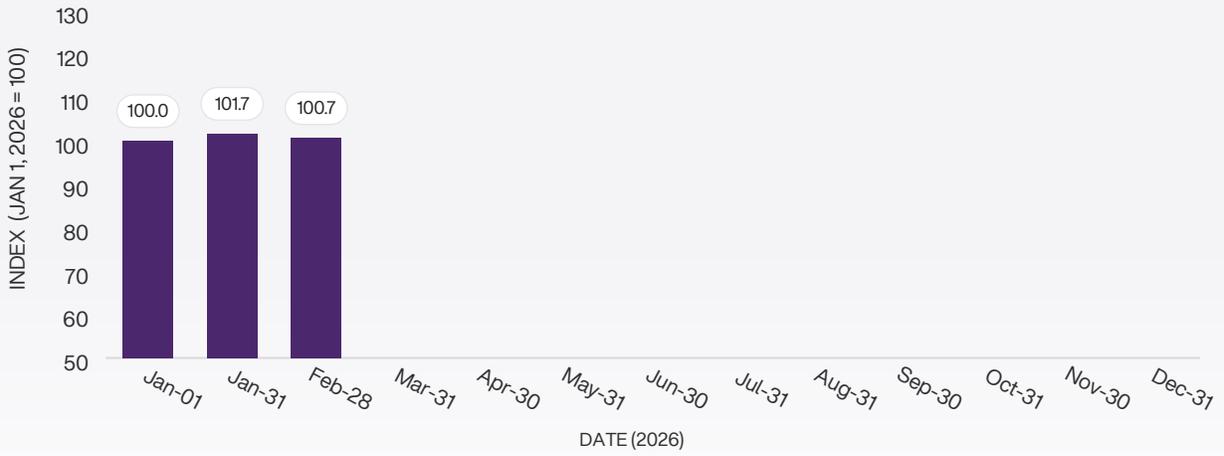
The plan liabilities are for a medium duration pension plan.

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.

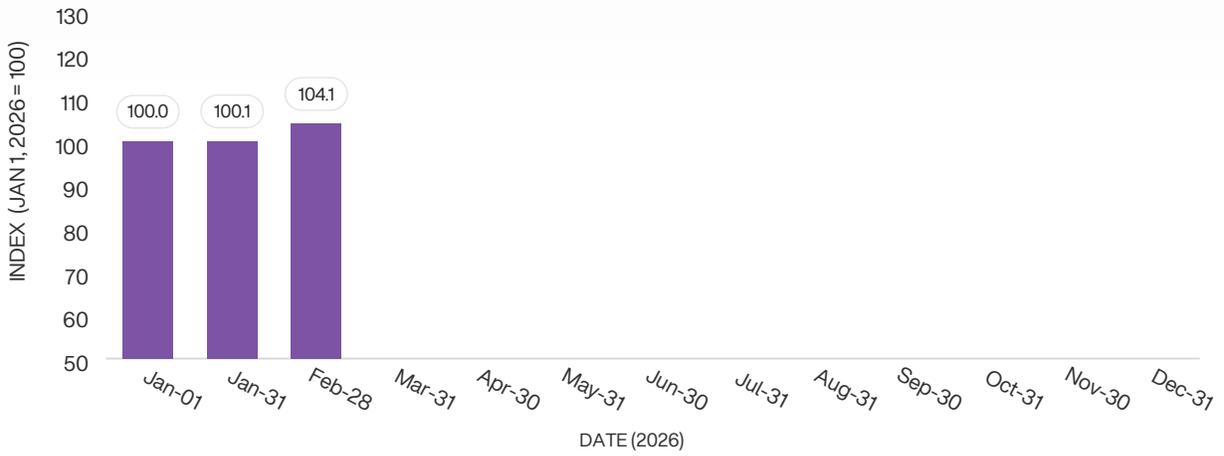
The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

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

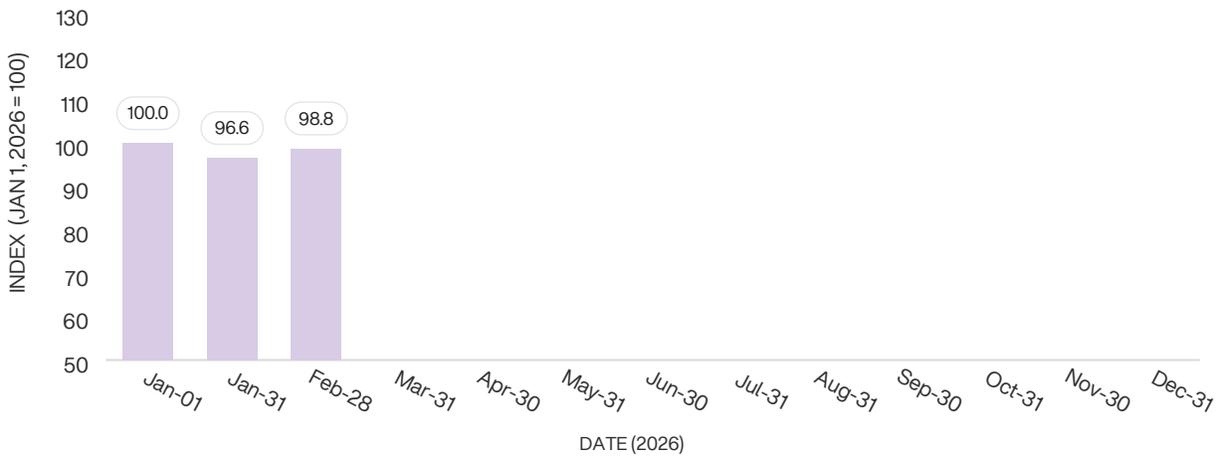
Solvency index



Annuity proxy index



Commuted value index

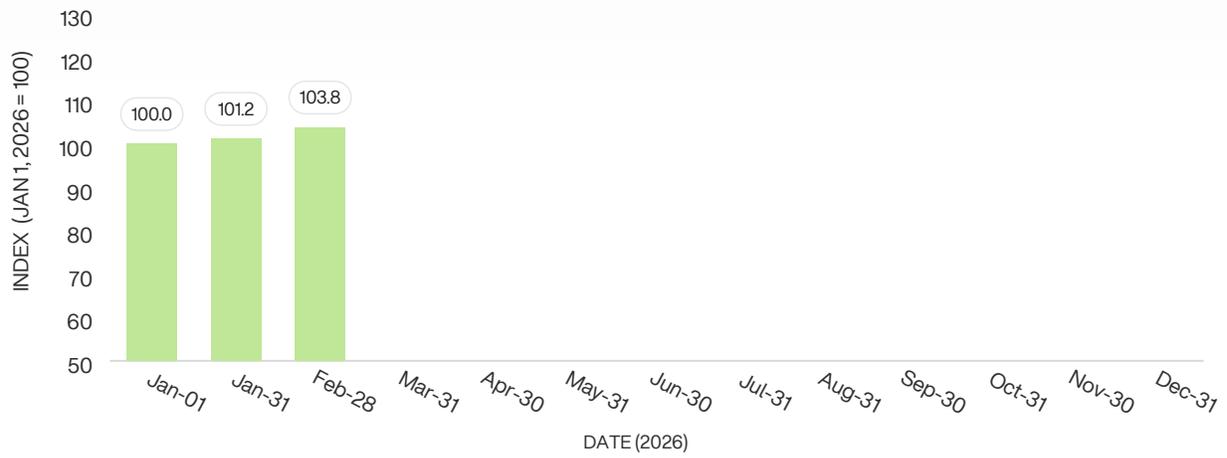




Accounting index



Plan asset index



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