



Pension Indices by TELUS Health.

March 31, 2026

Plan, Don't Predict: The Role of Robust
Governance Frameworks in Volatile Markets.



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 March, for the second consecutive month, the funded status of a typical pension plan decreased on a solvency basis but increased on an accounting basis.

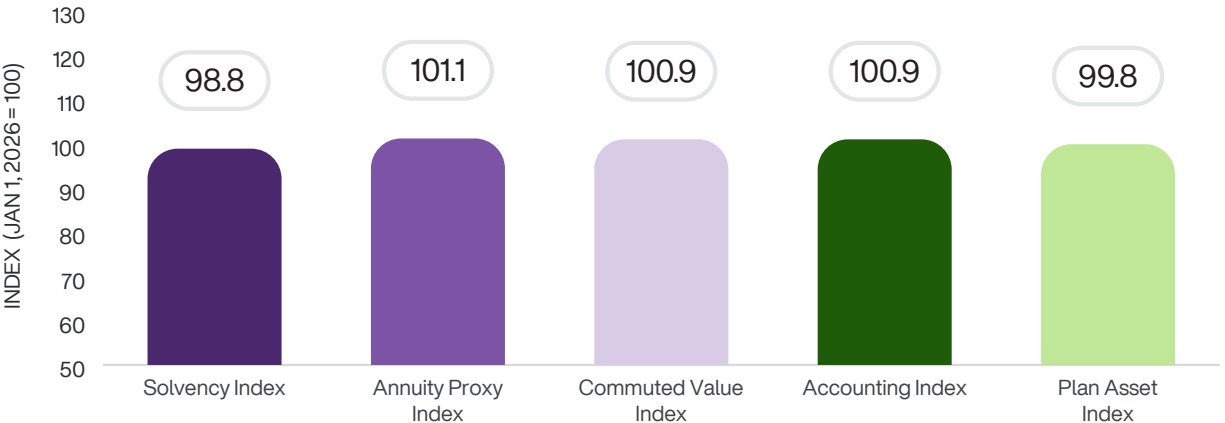
The representative pension plan portfolio produced a negative return of 3.8% in March, driven by weaker performance across both bond and, more notably, equity markets.

The global developed and emerging equity markets index returned a loss of 5.0% in Canadian dollar terms and Canadian equities finished the month with a loss of 3.4%.

Short-term Government of Canada bond yields increased by approximately 0.43% and long-term Government of Canada bond yields increased by approximately 0.25% over the month. Corporate bond credit spreads increased by 0.05% for short-term bonds and 0.07% for long-term bonds.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 2.05% at the end of March, which represents a slight increase of 0.02% since the end of February.

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“Pension plan assets gave up their year-to-date gains over March, driven by a sell off across global equity markets” says Ryan Yeo, Principal. “However, funded positions have remained relatively stable as rising interest rates have reduced liabilities to offset asset losses. Geopolitical tensions remain at the forefront as global markets try to predict what comes next.”

Rather than trying to predict the future, plans will be best served by staying the course. The recent sell off should not have changed much for pension plans. Those who are looking at options for de-risking, whether through a change in asset mix or annuitization, are still in the position to do so. However, ongoing monitoring continues to be of importance as we have likely not seen the end of short-term volatility.”

Having a plan of action in different scenarios can help take the emotion out of decision making and minimize delays. While some may prefer to have non-prescriptive policies, a comprehensive framework can have many benefits. Sponsors, trustees and administrators should work with their advisors to include the right level of detail in their governance policies. An example of this could be identifying targets or ranges where different surplus utilization actions may be taken.”

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.

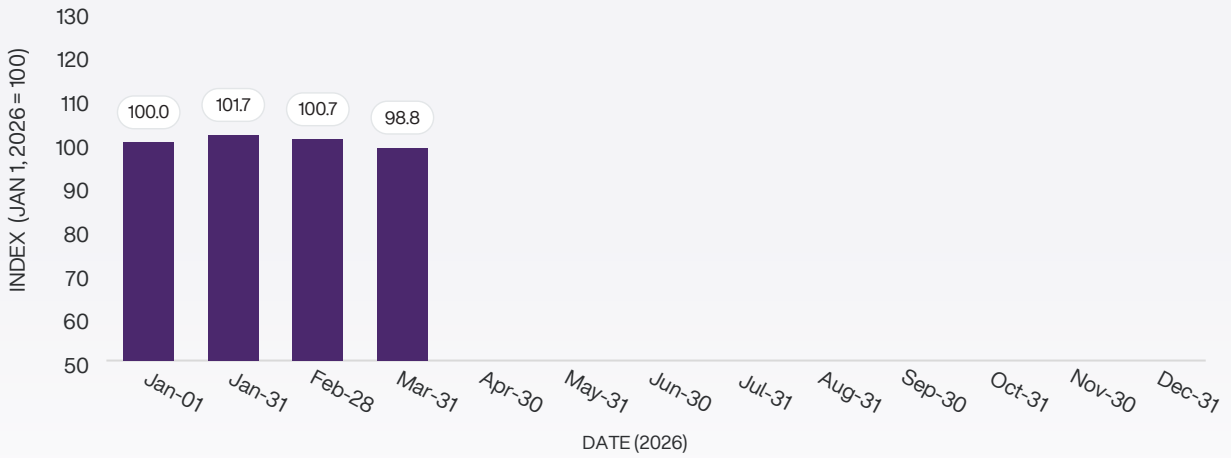
The plan liabilities are for a medium duration pension plan.

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.

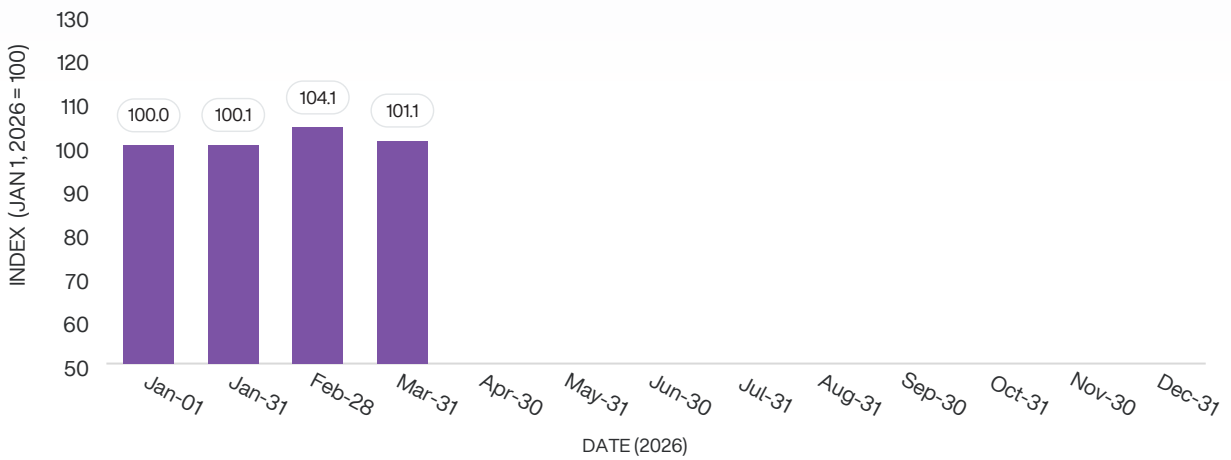
The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

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

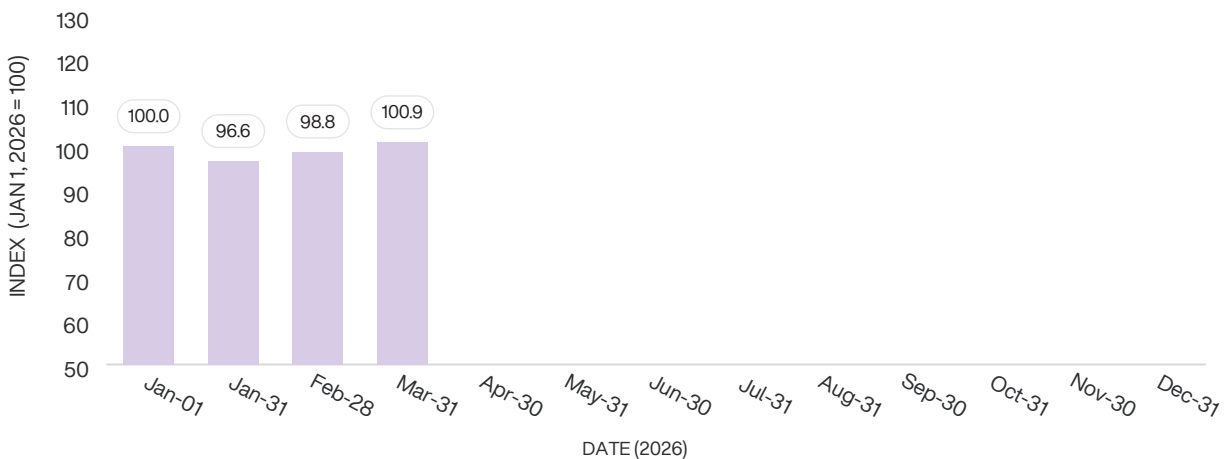
Solvency index

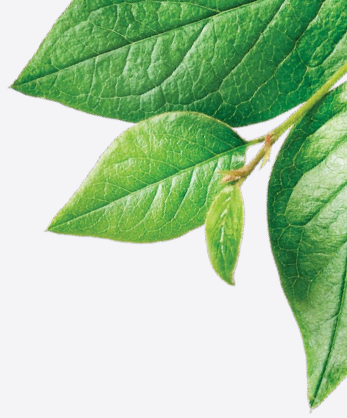


Annuity proxy index

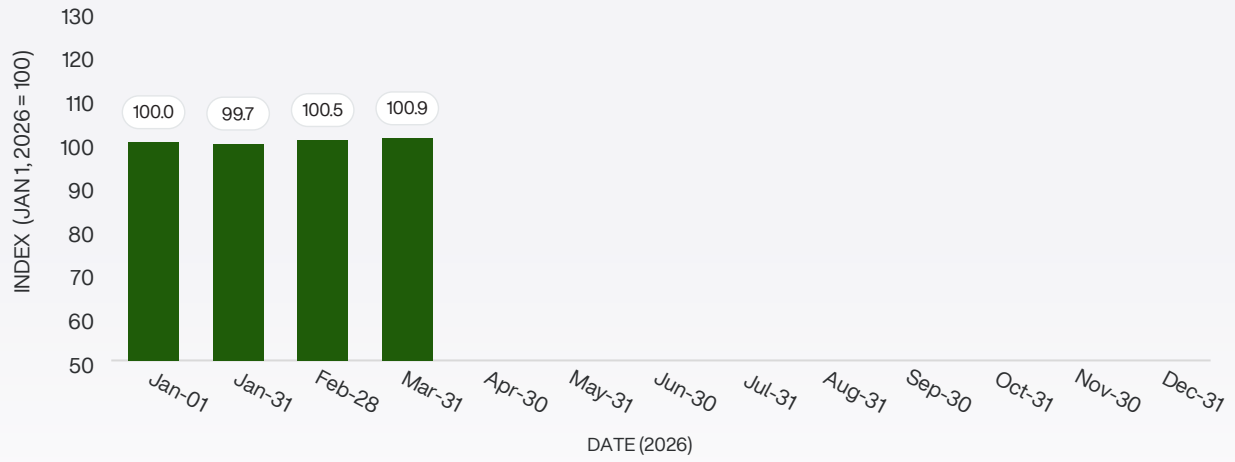


Commuted value index

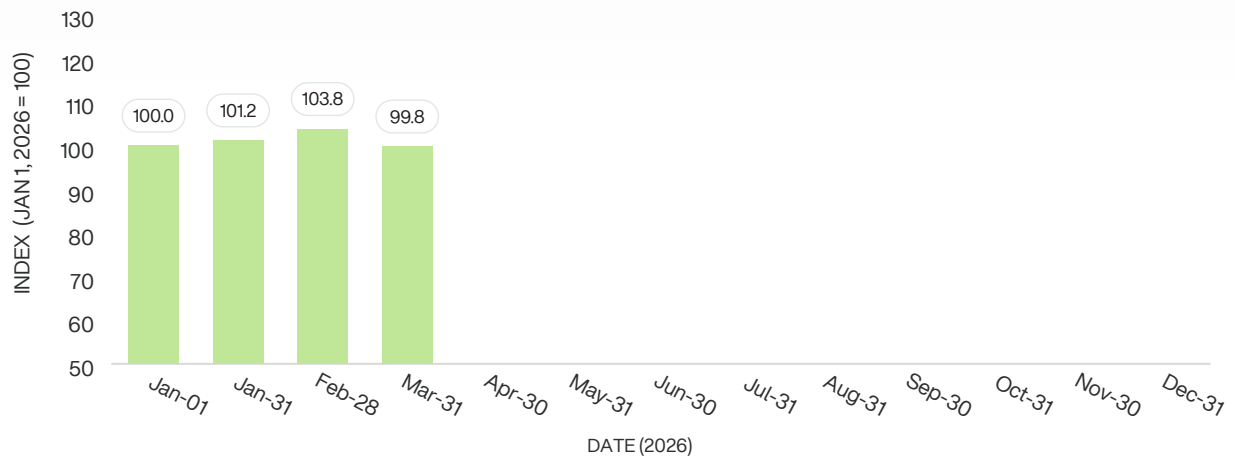




Accounting index



Plan asset index



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