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# Pension Indices by TELUS Health.

December 31, 2025

Canadian pension plans can turn  
2025 strength into 2026 opportunities

 **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 December, the funded status of a typical pension plan increased on both a solvency basis and on an accounting basis, bringing the full-year increase to approximately 9% across both measures.

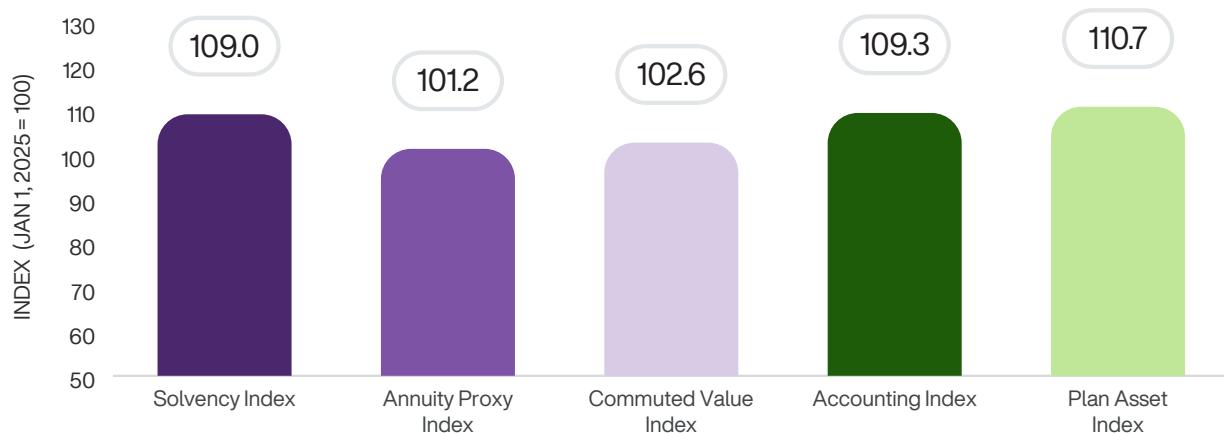
While the representative pension plan portfolio returned -1.1% in December amid mixed market performance, it delivered returns exceeding 10% over the year-to-date period, driven primarily by strong equity market gains in 2025.

The global developed and emerging equity markets index returned -0.7% in Canadian dollar terms and Canadian equities finished the month with a return of 1.3%.

Short-term Government of Canada bond yields increased by approximately 0.17% and long-term Government of Canada bond yields increased by approximately 0.26% over the month. Corporate bond credit spreads tightened substantially, narrowing by 0.05% for short-term bonds and 0.16% for long-term bonds.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 1.98% at the end of December, which represents a slight increase of 0.01% since the end of November.

### December 31, 2025 Pension Indices by TELUS Health





“Canadian pension plans closed 2025 with strong momentum, supported by robust equity markets and rising discount rates that drove solvency positions to record levels. There was strong growth in the final quarter as strong equity returns lifted asset values and strengthened balance sheets”, says Amy Pun, Associate Partner in TELUS Health’s Retirement & Benefits Solutions team.

“Despite a turbulent year marked by macroeconomic uncertainty and shifting monetary policy, funded positions improved across many defined benefit plans. The year also highlighted a growing focus on member outcomes, with plan sponsors emphasizing benefit security, long-term adequacy, and greater equity across member groups as confidence in pension sustainability became a central priority.

As plans enter 2026, the lessons of 2025 are clear: reinforce diversification and risk management, use strong solvency positions to support durable long-term funding strategies, and remain responsive to evolving economic and demographic conditions. For many plan sponsors, improved funded levels also open the door to thoughtful surplus utilization—whether through reducing contribution volatility, strengthening margins, or exploring targeted benefit enhancements aligned with member needs. At the same time, sponsors should continue enhancing member focused outcomes by prioritizing benefit security, evaluating opportunities to improve adequacy, and promoting more equitable retirement readiness, while leveraging technology and modern plan management practices to build resilience in an uncertain environment.”

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.
Commutted 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.

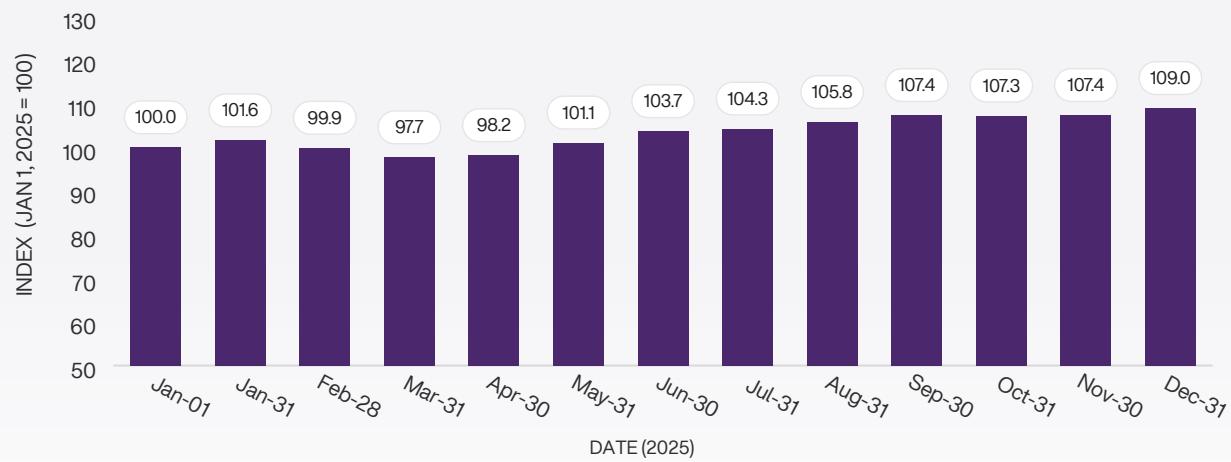
The plan liabilities are for a medium duration pension plan.

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.

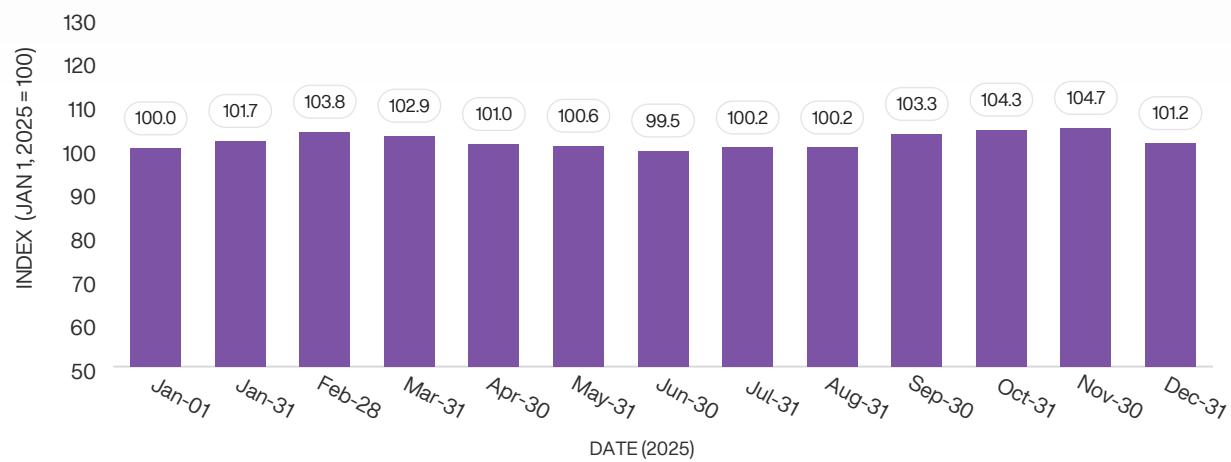
The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

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

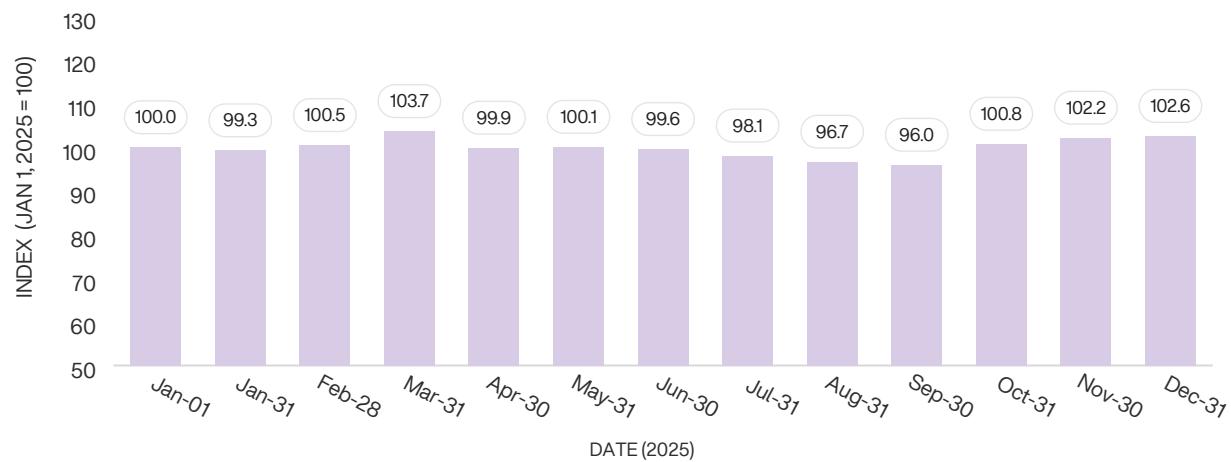
### Solvency index



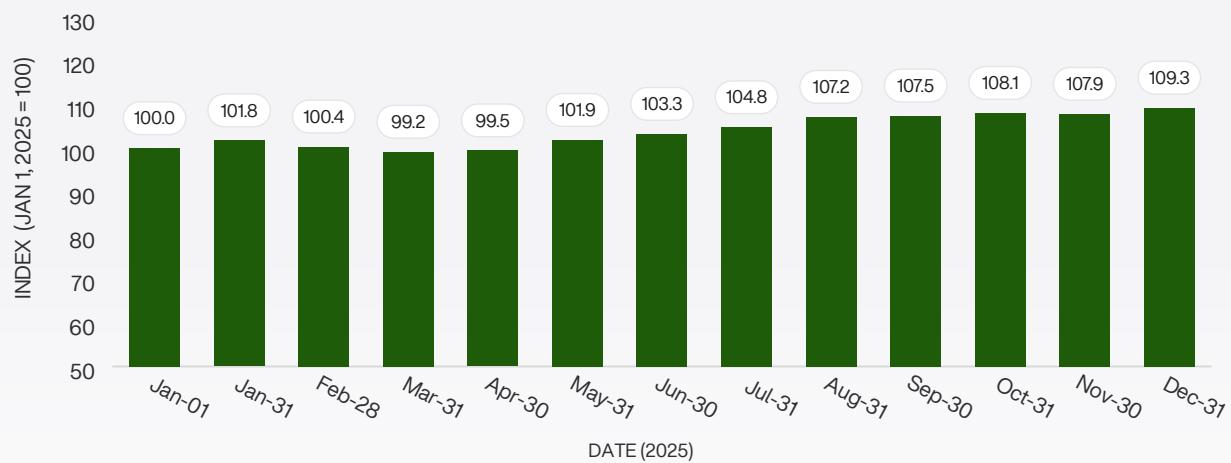
### Annuity proxy index



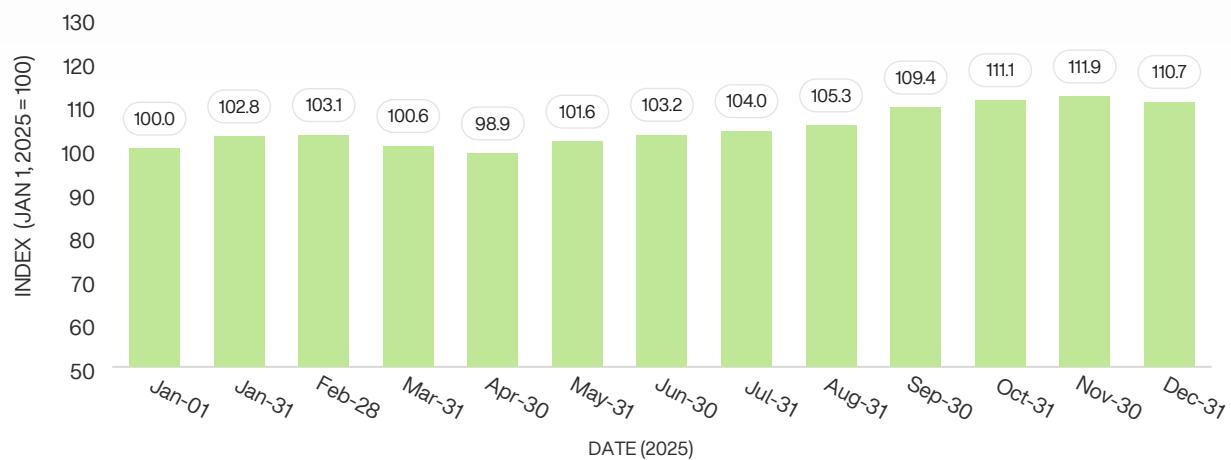
### Commuted value index



## Accounting index



## Plan asset index



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