



2024 Report on the Funding of Defined Benefit Pension Plans in Ontario

August 2025

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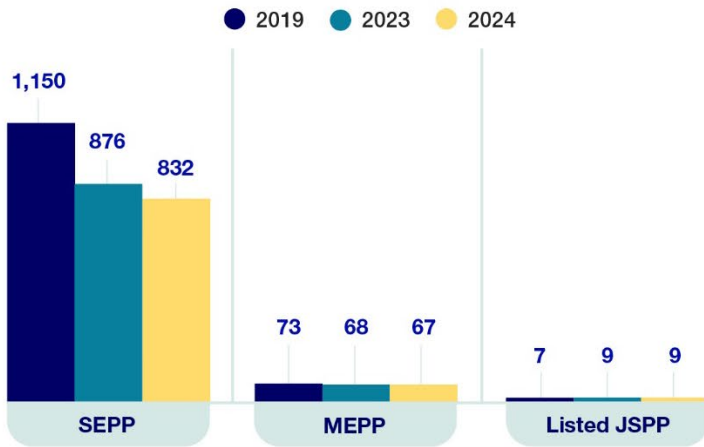
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Contents

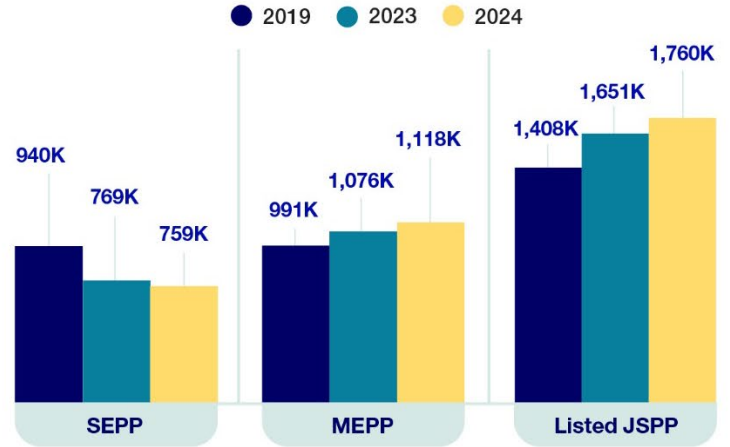
1.0	Executive summary	5
1.1	Guiding principles and prudential supervision framework	5
1.2	Current funding regime	6
1.3	Key findings	7
	General funded status.....	8
	Solvency funding	10
	Fund investment	10
2.0	Funding data	13
2.1	Summary of funding data.....	15
2.2	Summary of actuarial assumptions and methods	19
3.0	Current funding regime for DB plans	25
3.1	Funding framework	25
	Going-concern funding.....	25
	Solvency funding / reduced solvency deficiency.....	27
	Available actuarial surplus	27
	Provision for Adverse Deviations (PfAD)	28
3.2	Specified Ontario Multi-Employer Pension Plans (SOMEPPs)	29
4.0	Trends analysis	33
4.1	Solvency funded status.....	33
4.2	Actuarial assumptions.....	37
	Going-concern interest rate	37
	Solvency interest rates.....	38
5.0	Investment	41
5.1	Summary of pension fund profiles and performance	41
5.2	Additional information	48

By percentages invested in pooled funds (for plans other than Listed JSPPs)	48
6.0 Baseline projections	49
6.1 Estimated DB funding contributions in 2025	49
6.2 Projected financial position as at December 31, 2024	50
December 31, 2024 solvency position projection	50
December 31, 2024 going-concern position projection	51
Methodology and assumptions	52
7.0 Glossary	54
Appendix A – Additional information	56
Appendix B – Supplementary tables	59

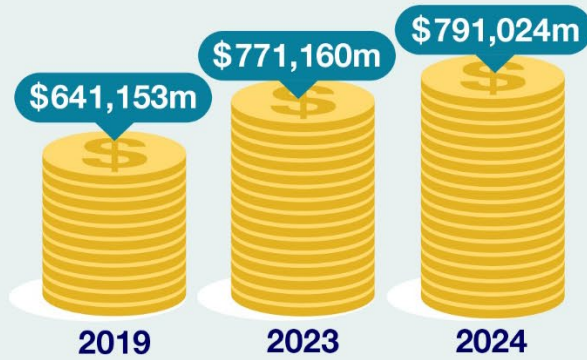
Number of pension plans



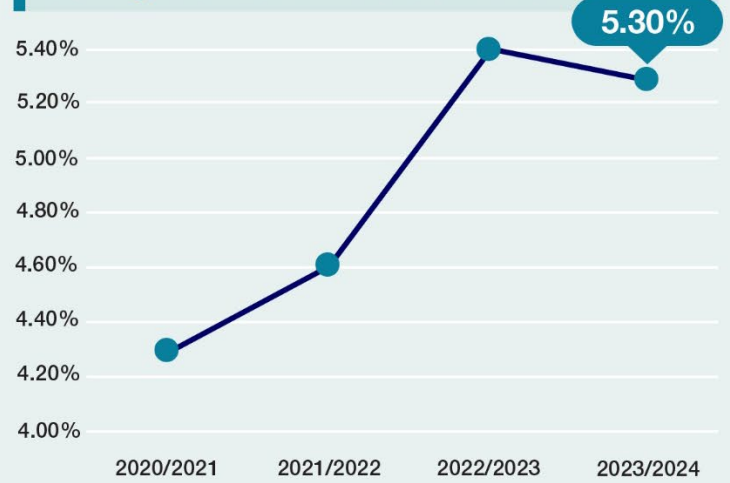
Number of members



Pension plan assets

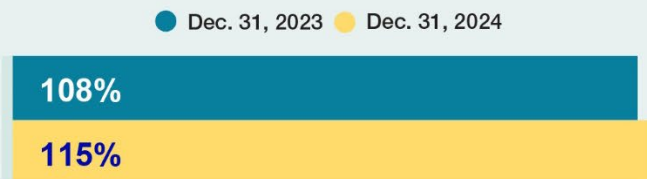


Going-concern interest rate trend

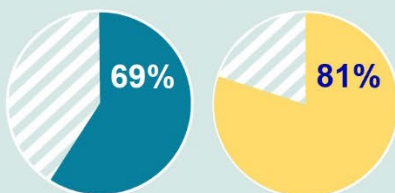


Going-concern funded status

Median going-concern funded ratio



Plans fully funded

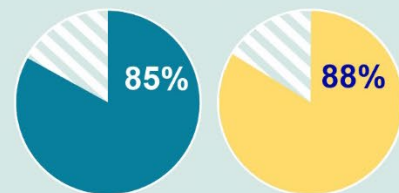


Solvency funded status

Median solvency funded ratio



Plans fully funded



1.0 Executive summary

The Financial Services Regulatory Authority of Ontario (FSRA) is a self-funded regulatory agency that regulates Ontario registered pension plans in accordance with the Pension Benefits Act (PBA) and Regulation 909 (Regulation) or any other regulations under the PBA, as amended. FSRA's statutory objects as outlined under the Financial Services Regulatory Authority of Ontario Act, 2016 (FSRA Act) include:

- To promote good administration of pension plans.
- To protect and safeguard the pension benefits and rights of pension plan beneficiaries.

FSRA analyzes and prepares an annual report to provide pension stakeholders with up-to-date funding, investment and actuarial information related to defined benefit (DB) pension plans in Ontario. The information in this year's report (2024 Report) is based on the latest filed valuation reports for DB pension plans that have valuation dates between July 1, 2021 and June 30, 2024, and fund financial statements for the fiscal year ending between July 1, 2023 and June 30, 2024. Information is presented on an aggregate basis with no disclosure of plan-specific information.

Note that a primary purpose of these reports is to provide information that is factual and objective. Consequently, the impact of more recent events is generally not reflected in the analysis shown in this report. However, FSRA does monitor the estimated solvency funded position of pension plans on a quarterly basis which reflects plans' up-to-date experience – these can be viewed at [Estimated Quarterly Solvency Funded Status](#).

1.1 Principles-based regulation

FSRA is a principles-based regulator, focused on outcomes consistent with its statutory objects. FSRA's approach to principles-based regulation is set out in an Approach guidance – [Principles-based Regulation](#).

The information contained in this report is used by FSRA, in conjunction with other available data and analysis, to conduct its supervisory activities in accordance with prudential supervision framework. This information is being made available to all

stakeholders to inform and aid them in monitoring plan performance, and maintaining good governance, administration, investment, funding and risk management practices.

The information and analysis presented herein are derived from key actuarial, financial and investment data collected through the Actuarial Information Summary (AIS) and the Investment Information Summary (IIS) filed with FSRA. They provide a reliable and comprehensive picture of the state of DB pension plans in Ontario and insights into existing practices and emerging trends. It can serve as a key source of information for the purposes of comparing and benchmarking the results of a pension plan against its peers.

Pension plan administrators and their advisors, in particular, may find the information helpful in conducting a regular review of the management and performance of their pension plan.

1.2 Current funding regime

The current funding regime came into effect on May 1, 2018 and ushered in significant changes from the prior regime. Key features of the funding framework include:

- An amortization period of 10 years for funding a going-concern unfunded liability.
- Consolidating going-concern special payments into a single schedule when a new report is filed.
- Requiring the funding of a prescribed Provision for Adverse Deviations (PfAD), within the plan.
- Requiring funding on a solvency basis only if needed to improve the plan's funded status to 85% on a solvency basis, with an amortization period of 5 years.
- Introducing funding rules for benefit improvements and restricting contribution holidays to improve benefit security.

Jointly Sponsored Pension Plans that are listed in subsection 1.3.1(3) of the Regulation (Listed JSPPs) are exempted from solvency funding. In addition, Specified Ontario Multi-Employer Pension Plans (SOMEPPs) continue to be eligible for temporary funding relief

previously granted and which was extended until the date on which the first report is filed for a valuation date after January 1, 2025. During this period, SOMEPPs are exempt from the requirement to fund on a solvency basis.

On October 16, 2024, the Ontario government filed regulations to implement a framework for Target Benefit Pension Plans (TBPPs), which came into effect on January 1, 2025. See Section 3.2 for details. Future reports will include information on TBPs once sufficient data is available from statutory filings.

Pension plans are only required to file valuation reports every three years unless their financial position falls below the prescribed threshold that would require an annual filing.

1.3 Key findings

The 2024 Report's key findings summarized below are based on actual information from actuarial valuation reports filed with FSRA with valuation dates between July 1, 2021 and June 30, 2024. Therefore, except as otherwise noted, the summary statistics drawn from the three-year period do not have a common valuation date. However, FSRA does provide the estimated median going-concern and solvency funded ratios of all plans measured as at December 31, 2024 in the key findings below.

In addition to the plans described above, there are approximately 210 pension plans registered outside of Ontario that have 48,000 Ontario beneficiaries – these plans do not file actuarial valuation reports with FSRA and are not included in the 2024 Report.

General funded status

1. The number of defined benefit pension plans continues to trend lower, with a reduction of 44 Single Employer Pension Plans (SEPPs) compared to the 2023 Report on the Funding of Defined Benefit Pension Plans in Ontario ([2023 Report](#)), primarily as a result of windups and asset transfer transactions. There was a reduction of one Multi-Employer Pension Plan (MEPP) due to a plan wind-up. The distribution of the 908 pension plans analyzed based on their most recently filed valuation report are as follows:

	July 1, 2021 – June 30, 2022	July 1, 2022 – June 30, 2023	July 1, 2023 – June 30, 2024	Total
Number of plans	234	328	346	908
Percentage of plans	26%	36%	38%	100%

2. Overall, compared to the 2023 Report, the funded position of the pension plans (as at their last filed valuation dates) has improved marginally on a going-concern basis and improved substantially on a solvency basis:

	2024 Report	2023 Report
Going-concern basis		
Median funded ratio	112%	111%
Percentage of plans fully funded	84%	83%
Solvency basis		
Median funded ratio	112%	107%
Percentage of plans fully funded	80%	71%

3. In addition to looking at the last filed valuation date (on which funding requirements are based), FSRA also estimates the projected going-concern funded ratio of the plans at a common measurement date of December 31, 2024 (refer to Section 6). The estimated median going-concern funded ratio has improved to 115% as at December 31, 2024 from 108% as at December 31, 2023.
4. The key remaining temporary solvency funding relief measure is for SOMEPPs. Of the 67 MEPPs that contain a DB provision, 57 have elected to be treated as a SOMEPP.

These SOMEPPs represent 97% of the total plan membership covered by the 67 MEPPs, and are generally less well funded than non-SOMEPPs.

5. Going-concern interest rate assumptions declined steadily over the last two decades, reaching a low in the 2020/2021 valuation period amid the COVID-19 pandemic. As discussed in the in Section 4, this trend reversed in 2021/2022 and continued upward through 2022/2023, significantly shifting the distribution of interest rates.

Over the four-year period from July 1, 2020, to June 30, 2024, the average going-concern interest rate rose from 4.35% to 5.30%. Although the average dipped slightly in the 2023/2024 period, the distribution remained similar to the previous year, with 22% of plans using a rate above 6.0% and only 4% of plans using a rate below 4.0%.

6. For plans that are required by the regulations to use a PfAD, plan actuaries have largely eliminated the use of an explicit margin in setting the going-concern interest rate assumption. In fact, less than 4% of such plans maintained an explicit margin. By contrast, approximately 93% of plans not subject to the PfAD requirement continued to incorporate an explicit margin. While there are some commonalities between the inclusion of PfADs and the use of explicit margins, there are differences which result in situations where the use of a margin would be appropriate or desirable depending on the plan's funding and investment policies. For example, the use of an explicit margin allows plans to build a reserve as good experience is realized, while providing flexibility to draw it down when experience is poor, thereby moderating fluctuations in funding levels and contributions.
7. There are 838 plans included in our analysis that are required by the regulations to use a PfAD. For the purposes of determining the PfAD, the number of plans identifying themselves as closed and open are 650 and 188, respectively. The median PfAD for all 838 plans is 8.5% (9.0% in the 2023 Report) which is discussed in Section 3.1.
8. Minimum required contributions for 2025 including employer normal cost contributions, member required contributions and special payments, are estimated to increase by about 10% from the 2024 level (\$21.4 billion compared to the estimated \$19.4 billion for 2024). This consists of increases of \$1 billion in employer normal costs, \$0.7 billion in member required contributions, and \$0.3 billion in special payments.

Solvency funding

FSRA estimates the projected solvency ratio for all the pension plans from the dates of their latest filed reports to a common measurement date of December 31, 2024 (refer to Section 6). The median projected solvency ratio is 120% as at December 31, 2024, compared to 117% as at December 31, 2023. Specifically:

- 88% of the plans had a projected solvency ratio greater than or equal to 100% (85% as at December 31, 2023).
- 9% of the plans had a projected solvency ratio between 85% and 100% (13% as at December 31, 2023).
- 3% of the plans had a projected solvency ratio below 85% (2% as at December 31, 2023).

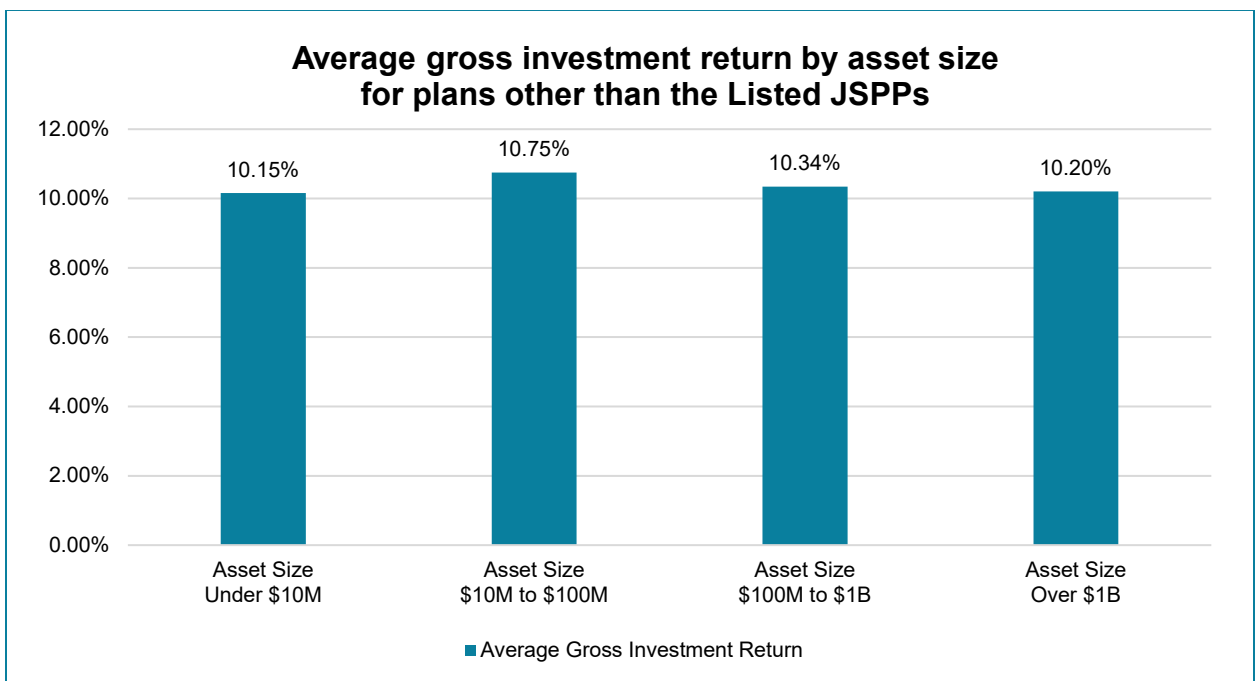
The improvement in the projected solvency ratio is attributed to favourable investment returns on plan assets, partially offset by changes in solvency valuation discount rates.

Fund investment

1. The overall asset allocation of SEPPs, MEPPs, and Listed JSPPs remained relatively stable compared to the 2023 Report, with only minor changes observed in the allocation between fixed income and non-fixed income, as discussed in Section 5.1.
 - SEPPs have more allocation to fixed income assets (average of 45% for SEPPs vs. 31% for Listed JSPPs and 27% for MEPPs).
 - MEPPs have substantially more allocation to public equities (average of 41% vs. 29% for SEPPs and 11% for Listed JSPPs).
 - Listed JSPPs have substantially higher allocations to alternative investments (average of 41% vs. 10% for SEPPs and 9% for MEPPs).
2. While larger plans are often presumed to outperform smaller plans due to their sophistication and economies of scale, findings in our annual reports indicate this is not

always the case, especially in the short term. Average gross investment returns were broadly similar across plans of all sizes in the most recent fiscal year (excluding Listed JSPPs).

Plan expenses, however, continued to show a clear pattern - smaller plans (under \$10 million in assets) reported average total fees of 2.2%, compared to 0.5% for plans over \$1 billion. The overall fee gap widened from 1.1% to 1.7% over the year, driven mainly by rising administrative costs for smaller plans.



3. The average gross returns, average investment and administrative fees for different types of pension plans are summarized as below:

	SEPP	MEPP	Listed JSPP
Average gross return	10.56%	9.58%	8.13%
Average investment fees	0.36%	0.46%	0.53%
Average administrative fees	0.74%	0.52%	0.25%
Average total fees	1.09%	0.99%	0.79%

The average gross return for Listed JSPPs was notably lower compared to SEPPs and MEPPs. Table 5.1 in the report provides additional details, highlighting the distinct asset mixes among these plan categories. Throughout the reporting period covered by the IIS (calendar year 2023 for over 90% of the plans), the performance of various asset classes varied widely. Equity, especially foreign equity, experienced notably higher returns compared to other asset classes. With Listed JSPPs having a substantially lower equity allocation than SEPPs and MEPPs, this contributed to their relative underperformance.

2.0 Funding data

This section provides an analysis and summary of the funding data, including actuarial assumptions and methods, for DB pension plans with valuation dates between July 1, 2021 and June 30, 2024. The data was compiled from the AIS and actuarial valuation reports that FSRA received on or before the data cutoff date of December 31, 2024.

Generally, valuation reports must be filed once every three years on both a going-concern and solvency basis. However, solvency concerns revealed in an actuarial valuation report require annual filings until those concerns are eliminated. Early filings may be required when events such as plan mergers or sales of businesses occur and may also be done on a voluntary basis. Unless otherwise noted, the analysis in this 2024 Report is based on data from each plan's most recently filed actuarial valuation report to avoid double counting.¹

For the purposes of this 2024 Report, the following plans are excluded in order to focus on the plans that are of most interest to stakeholders and to ensure that the results of our analysis are not skewed:

- Designated plans.
- Individual pension plans.
- Plans that have been wound up or are in the process of winding up.

¹ The Trends Analysis in Section 4 uses data from reports with valuation dates in the different periods and, therefore, may include more than one valuation report from any given pension plan.

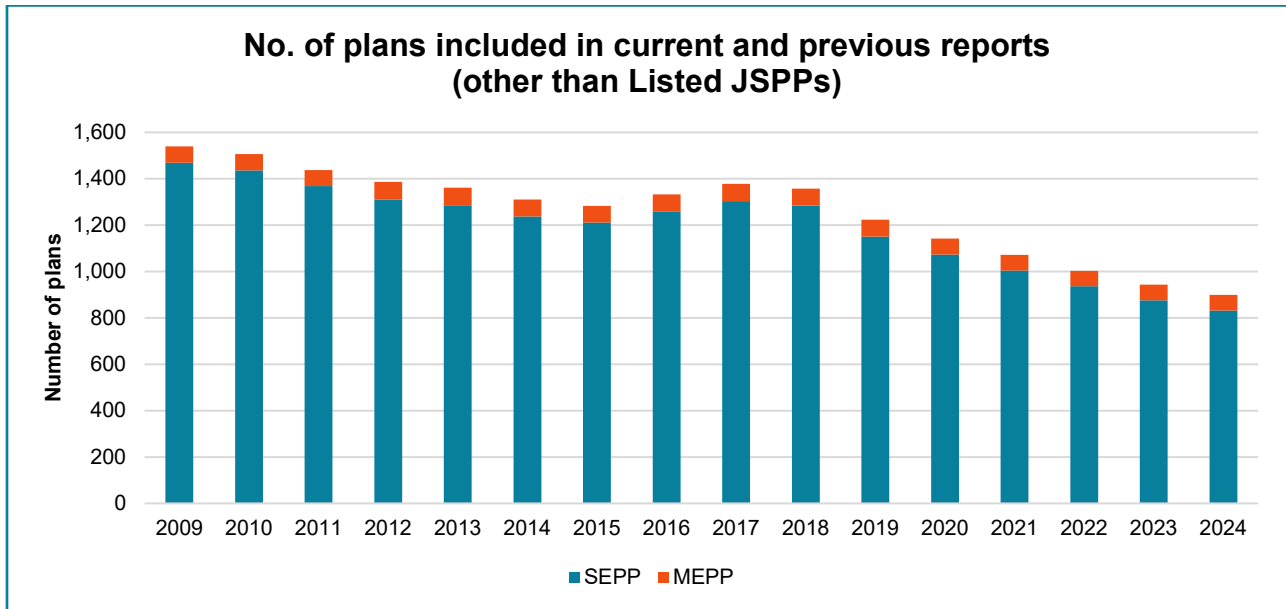


Chart 2.1a, 2.1b and Table 2.1 present the profile of the 908 pension plans that have been included in the funding data analysis in this 2024 Report. Additional details on these plans are included in Appendix A.

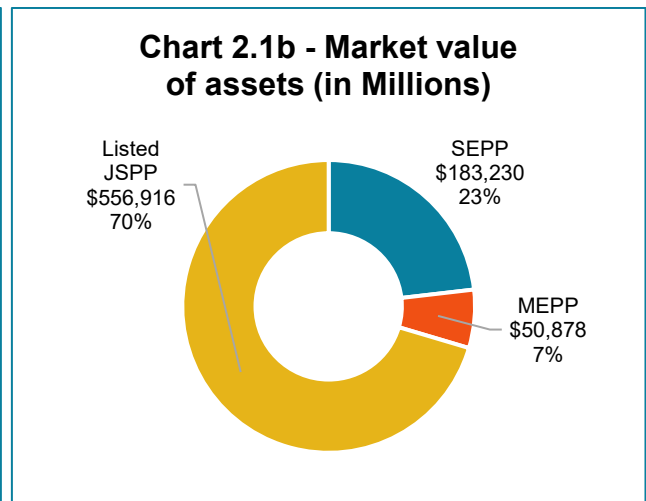
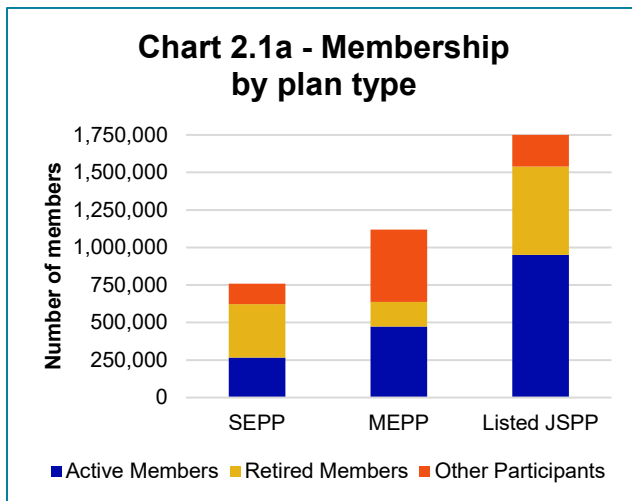


Table 2.1 – Summary of plans included

Plan type ²	No. of plans	Active members	Retired members	Other participants	Total membership	Market value of assets (in Millions)
SEPP – Open	183	165,118	129,928	49,298	344,344	\$94,204
SEPP – Closed	649	101,111	227,199	86,040	414,350	\$89,026
SEPP – Total	832	266,229	357,127	135,338	758,694	\$183,230
MEPP	67	472,725	163,920	481,918	1,118,563	\$50,878
Listed JSPP	9	950,672	589,576	219,611	1,759,859	\$556,916
Total	908	1,689,626	1,110,623	836,867	3,637,116	\$791,024
Average age		49.1	72.5	51.3		

In comparison to the 2023 Report, SEPPs have continued to decline across key metrics, with 5.0% reduction in the number of plans, accompanied by decreases of 1.3% in membership and 2.1% in assets. In contrast, MEPPs and Listed JSPPs recorded growth in both membership and assets. Membership increased by 3.9% for MEPPs and 6.6% for Listed JSPPs, while their assets grew by 6.0% and 3.9%, respectively, likely reflecting not only favourable market conditions and positive investment returns in 2023, but also those resulting from asset transfers.

2.1 Summary of funding data

Of the 908 plans that were analyzed, which together cover 3,637,116 plan members, 143 plans (16%) were less than fully funded on a going-concern basis. These 143 underfunded plans cover 1,294,606 (36%) of the total plan members.

On a solvency basis, 185 plans (20%) of the 908 plans were less than fully funded. These 185 plans cover 1,218,181 plan members (33%) of total plan members.

² In this year's report, SEPPs are categorized by plan status (Open or Closed), in contrast to previous reports where they were categorized by benefit type (Final Average, Career Average, Flat Benefit, Hybrid, and Frozen DB & Hybrid). This better aligns with the data reported in the Actuarial Information Summary (AIS).

Tables 2.2 and 2.3 show the distribution of underfunded plans by plan type and by membership.

Table 2.2 – Distribution of underfunded plans on a going-concern basis by plan type and membership

Plan type	By plan			By membership		
	Total number of plans	Number of underfunded plans	% of total plans	Total number of members	Number of members in underfunded plans	% of total membership
SEPP – Open	183	23	13%	344,344	117,515	34%
SEPP – Closed	649	109	17%	414,350	47,552	11%
SEPP – Total	832	132	16%	758,694	165,067	22%
MEPP	67	8	12%	1,118,563	492,599	44%
Listed JSPP	9	3	33%	1,759,859	636,940	36%
Total	908	143	16%	3,637,116	1,294,606	36%

Table 2.3 – Distribution of underfunded plans on a solvency basis by plan type and membership

Plan type	By plan			By membership		
	Total number of plans	Number of underfunded plans	% of total plans	Total number of members	Number of members in underfunded plans	% of total membership
SEPP – Open	183	29	16%	344,344	127,481	37%
SEPP – Closed	649	117	18%	414,350	82,819	20%
SEPP – Total	832	146	18%	758,694	210,300	28%
MEPP	67	38	57%	1,118,563	980,163	88%
Listed JSPP	9	1	11%	1,759,859	27,718	2%
Total	908	185	20%	3,637,116	1,218,181	33%

Table 2.4 provides summary information grouped by plan maturity (as measured by the proportion of solvency liabilities relating to pensioners versus the plan’s total solvency liabilities).

Ontario pension plans (excluding Listed JSPPs) have experienced a notable demographic shift over time. Over the past decade, the proportion of plans with less than 25% of liabilities related to pensioners declined from 19% in 2014 to 10% in 2024. At the same time, the proportion of plans with more than 50% of liabilities related to pensioners rose significantly, from 37% to 59%. These trends reflect the increasing maturity of pension plans and the growing weight of pensioner obligations in the overall liability profile. The membership demographics of a pension plan is an important factor to consider when developing risk management and investment policies and strategies.

Table 2.4 – Funding information grouped by maturity

Proportion of solvency liabilities relating to pensioners	Total number of plans	Total number of members	Solvency assets (in Millions)	Solvency liabilities (in Millions)	Solvency ratio	Ratio of active members to pensioners
Less than 25%	86	113,088	7,728	7,413	104%	7.7 : 1
25% ≤ ratio < 50%	287	1,139,106	74,724	79,814	94%	2.6 : 1
50% ≤ ratio < 75%	340	481,918	118,704	108,073	110%	0.8 : 1
75% and over	186	143,145	32,087	28,763	112%	0.2 : 1
Total (SEPP & MEPP)	899	1,877,257	233,243	224,063	104%	1.4 : 1
Listed JSPP	9	1,759,859	555,999	419,428	133%	1.6 : 1
Grand total	908	3,637,116	789,242	643,491	123%	1.5 : 1

Tables 2.5 and 2.6 provide a more detailed breakdown of the going-concern and solvency funded ratios with respect to different types of DB pension plans. For all plans, the median funded ratio was 112% on a going-concern basis and 112% on a solvency basis. For the 67 MEPPs, 26 of them (all SOMEPPs) had a solvency ratio of less than 85%.

Table 2.5 – Going-Concern Funded Ratio (GCR)

Ratio (GCR)	SEPP – Open	SEPP – Closed	SEPP – Total	MEPP	Listed JSP	All plans
GCR < 0.60	0	4	4	0	0	4
0.60 ≤ GCR < 0.80	1	13	14	0	0	14
0.80 ≤ GCR < 0.90	3	26	29	0	0	29
0.90 ≤ GCR < 1.00	19	66	85	8	3	96
1.00 ≤ GCR < 1.20	86	312	398	44	5	447
1.20 ≤ GCR	74	228	302	15	1	318
Total	183	649	832	67	9	908
Median ratio	1.16	1.11	1.13	1.11	1.02	1.12

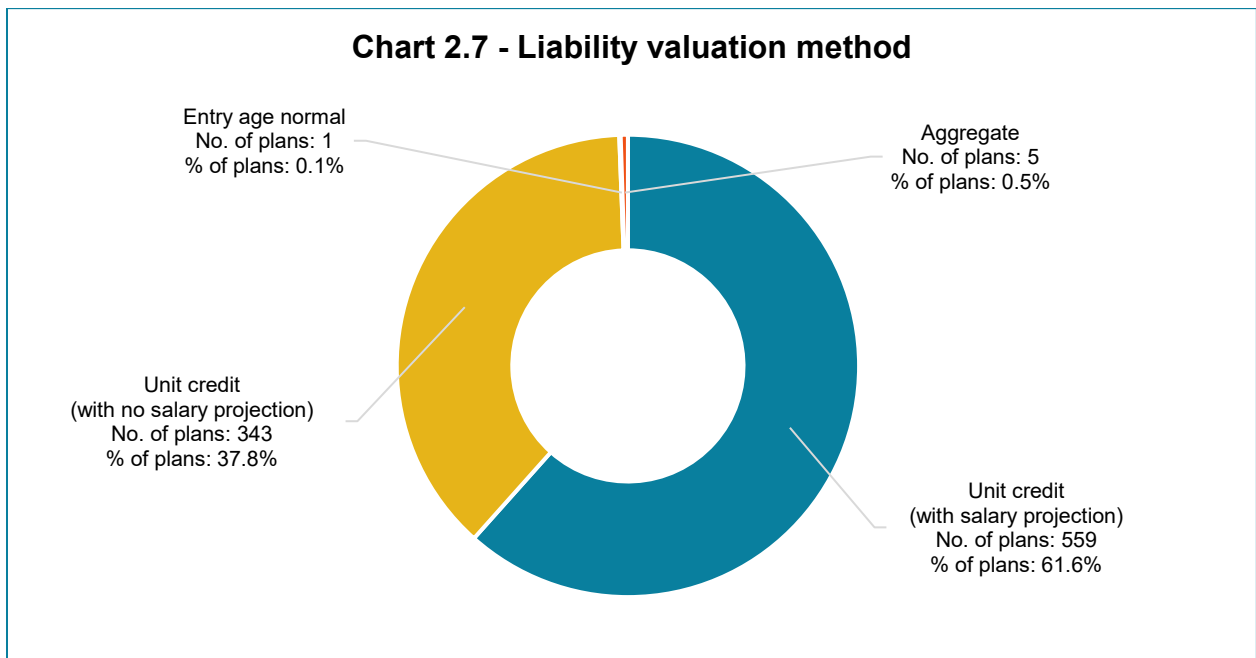
Table 2.6 – Solvency Funded Ratio (SR)

Ratio (SR)	SEPP – Open	SEPP – Closed	SEPP – Total	MEPP	Listed JSP	All plans
SR < 0.60	1	5	6	0	0	6
0.60 ≤ SR < 0.80	0	4	4	14	0	18
0.80 ≤ SR < 0.85	1	3	4	12	0	16
0.85 ≤ SR < 0.90	3	19	22	4	0	26
0.90 ≤ SR < 1.00	24	86	110	8	1	119
1.00 ≤ SR < 1.20	92	330	422	22	4	448
1.20 ≤ SR	62	202	264	7	4	275
Total	183	649	832	67	9	908
Median ratio	1.13	1.13	1.13	0.92	1.05	1.12

2.2 Summary of actuarial assumptions and methods

The key actuarial assumptions and methods used in going-concern valuations are outlined below:

1. Almost all the plans used the unit credit cost method to calculate going-concern liabilities.



2. The vast majority of plans used a market or market-related value of assets. However, although only 21% of plans use a smoothed market value method, they account for 90% of the total going-concern assets. Notably, all of the Listed JSPPs use smoothed assets, and they account for 72% of the total going-concern assets.

Table 2.8 – Asset valuation method

Asset valuation method	No. of plans	% of plans	% of total going-concern assets
Market	714	78.6%	10.0%
Smoothed market	193	21.3%	89.9%
Other	1	0.1%	0.1%
Total	908	100.0%	100.0%

3. For going-concern valuations, almost all plans used mortality rates based on the Canadian Pensioners' Mortality tables (CPM-RPP2014) and improvement scales published in the Final Report, Canadian Pensioners' Mortality on February 13, 2014 by the Canadian Institute of Actuaries (2014 CIA CPM Study). The 2014 CIA CPM Study includes three new sets of mortality tables as well as two sets of improvement scales. The three mortality tables are:

- 2014 Mortality Table (CPM2014) – developed from the combined experience exhibited under the public and private sector plans.
- 2014 Public Sector Mortality Table (CPM2014Publ) – based on the separate experience exhibited under the public sector plans.
- 2014 Private Sector Mortality Table (CPM2014Priv) – based on the separate experience exhibited under the private sector plans.

While 98% of plans used the CPM-RPP2014 tables, they account for only 48% of the total going-concern liabilities.

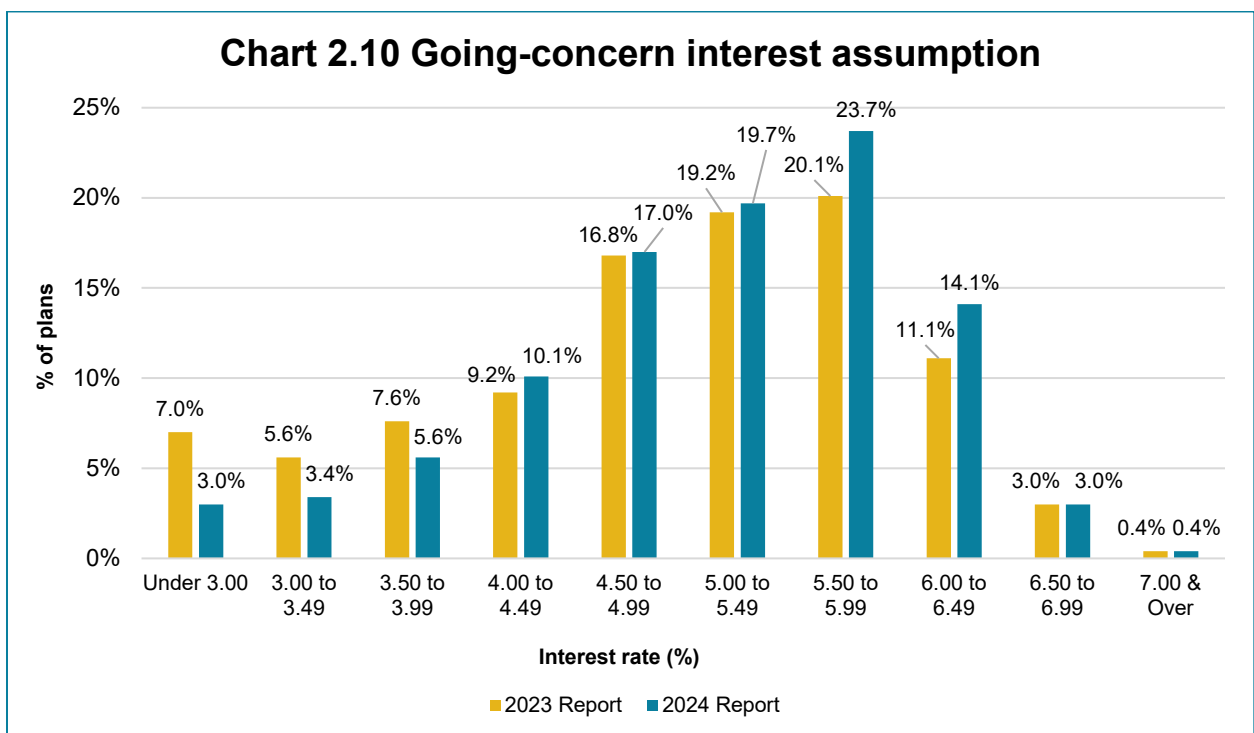
Table 2.9 – Mortality assumption

Mortality base table	No. of plans	% of plans	% of total going-concern liabilities	Adjustment		
				No. of plans		Median adjustment
				Male mortality	Female mortality	
CPM 2014 Combined	112	12.3%	6.4%	27	26	102% M, 105% F
CPM 2014 Public	83	9.2%	21.5%	47	46	95%
CPM 2014 Private	692	76.2%	19.9%	272	260	105%
Other (including plan specific)	21	2.3%	52.2%	0	0	n/a
Total	908	100.0%	100.0%			

58% of the plans which used the 2014 Public Sector Mortality Table made mortality adjustments, compared to 24% for 2014 Combined Mortality Table and 40% for Private Sector Mortality Table.

The Canadian Institute of Actuaries (CIA) released a Mortality Improvements Research Report on April 11, 2024, providing updated analysis of historical mortality data and projecting future trends in Canada. This was followed by an Educational Note Supplement on May 14, 2024, providing guidance on setting best-estimate mortality assumptions for use in going-concern funding valuations and actuarial valuations for accounting purposes. While the CIA is currently reviewing and updating the Canadian Pensioners' Mortality Tables, with revised tables expected to be published in the near future, plan sponsors and their actuaries are encouraged to remain aware of longevity risk and to regularly assess its potential impact on their pension plans.

- Chart 2.10 shows the distribution of going-concern interest rate assumptions used in the most recently filed valuation reports.

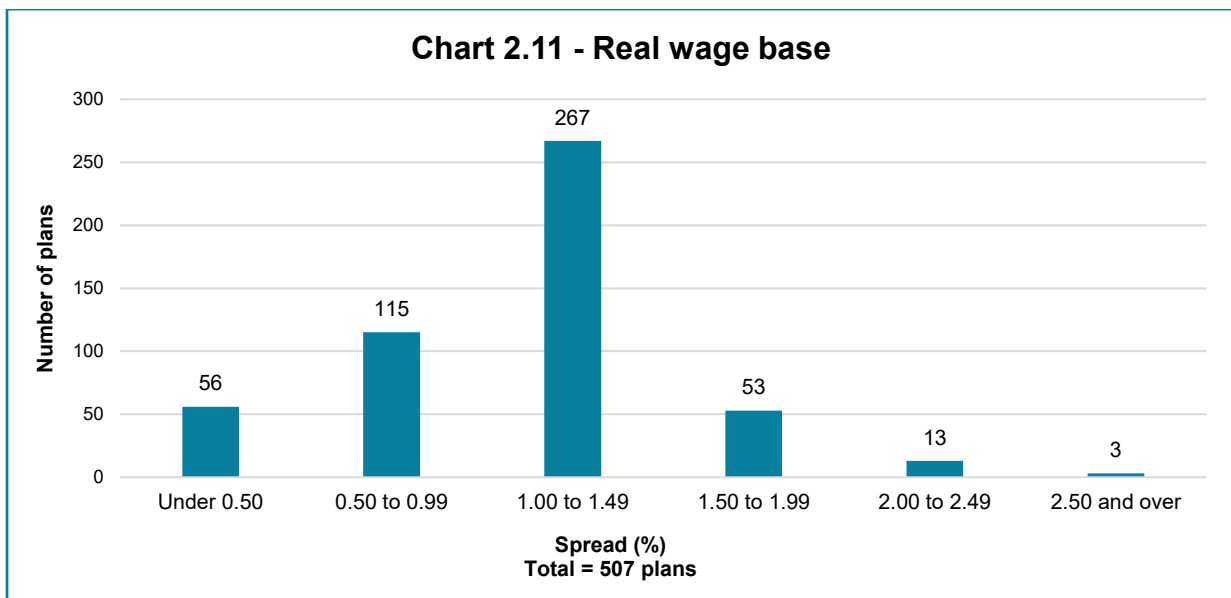


Compared to the 2023 Report, there has been a noticeable upward shift in the going-concern interest rate assumptions used by Ontario pension plans in the 2024 Report. The percentage of plans with assumptions in the 5.00% to 6.49% range increased from 50.4% to 57.5%, representing a 7.1 percentage point increase. This upward shift in interest rate assumptions suggests a more optimistic outlook on long-term returns, reflecting current economic conditions. Meanwhile, the proportion of plans using lower interest rate assumptions (below 4.00%) declined from 20.1% to 12.0%, an 8.1 percentage point decrease.

The 2018 funding regime introduced the requirement for certain plans to hold a Provision for Adverse Deviations (PfAD). Our analysis indicates that the use of a PfAD was almost always accompanied by the elimination of a margin previously included in the going-concern interest rate. Of the plans that were required by the regulations to use a PfAD, less than 4% maintained an explicit margin in developing their going-concern interest rate assumption. By contrast, about 93% of the pension plans which were not required to have a PfAD used an explicit margin in their going-concern interest rate assumption. FSRA will continue to monitor these developments to detect emerging trends in order to understand their implications on benefit security and pension risk management.

5. The difference between the salary increase and inflation assumptions used in going-concern valuations can be considered as the real wage increase assumption³. It is generally expected to remain relatively stable over time as both underlying assumptions are intended to reflect long-term economic expectations. That said, future reports will help reveal whether this assumption remains consistent across valuation periods or shows signs of adjustment in response to evolving economic outlooks.

Chart 2.11 includes only the plans that disclosed both a salary increase assumption and an inflation assumption in their going-concern valuations. Three-quarters of the plans assumed a real wage increase in the range of 0.50% to 1.49%, with more than half falling within the 1.00% to 1.49% range. The average real wage increase across all included plans is 0.9%.



³ This year’s report introduces the real wage increase assumption as a new metric. In previous reports, the interest-salary differential (interest assumption minus salary increase assumption) was used as a proxy for real return. While still relevant in some contexts, it reflects plan-specific factors such as investment strategy, funding policy, and risk margins, which limit its comparability. The real wage increase assumption (salary increase minus inflation), used in this year’s report, offers a more consistent and economically focused measure across plans and valuation years.

6. Table 2.12 shows the provision for windup expenses used in solvency valuations, grouped by plan membership size, including active members, former members and other plan beneficiaries. The expense allowance is also expressed as average dollar amounts per plan and per plan member.

Table 2.12 – Provision for windup expenses

Plan membership	No. of plans	Total membership	Windup expenses		
			Total windup expenses	Average per plan	Average per member
< 100	303	13,422	\$27,406,945	\$90,452	\$2,042
100 – 499	322	76,752	\$64,647,500	\$200,769	\$842
500 – 999	95	70,578	\$36,343,240	\$382,560	\$515
1,000 – 4,999	119	259,190	\$94,303,600	\$792,467	\$364
5,000 – 9,999	30	210,165	\$49,431,000	\$1,647,700	\$235
10,000 – 49,999	30	556,596	\$205,101,000	\$6,836,700	\$368
50,000+	9	2,450,413	\$1,017,000,000	\$113,000,000	\$415
All plans	908	3,637,116	\$1,494,233,285	\$1,645,631	\$411

The average expense allowance per member generally decreases as plan membership size increases. Smaller plans with fewer than 100 members bear disproportionately higher windup costs per member, likely due to limited scale to absorb fixed administrative and professional fees being spread over fewer members. While larger plans typically benefit from economies of scale, the relationship is not strictly linear across all size categories. For example, the average per member expense rises again for plans with 10,000 or more members. As there are only a small number of plans in the last two size categories (i.e., more than 10,000 members), greater caution should be exercised when interpreting the results for plans of this size.

Overall, there has been an 8.4% increase in the average windup expense per plan across all plans, while the average per member remains largely unchanged compared to the 2023 Report. However, a notable increase in the average windup expenses per member is observed for two plan size groups: those with fewer than 100 members and those with 5,000 to 9,999 members. The average windup expense per plan for these groups increased by 13% and 16%, respectively.

3.0 Funding regime for DB plans

The current funding framework for most DB pension plans came into force on May 1, 2018 and apply to actuarial valuations with a valuation date on or after December 31, 2017. The funding rules do not apply to Listed JSPPs. They also do not apply to SOMEPPs but do apply to MEPPs providing DB pensions that are not SOMEPPs.

3.1 Funding framework

The current framework made substantial changes to the previous rules with respect to both the going-concern and solvency funding requirements.

Going-concern funding

Pension plans are required to establish and fund a Provision for Adverse Deviations (PfAD) on a going-concern basis.

Going-concern unfunded liabilities are amortized over a period not exceeding 10 years with special payments commencing up to one year after the valuation date. These going-concern special payments (except for those related to benefit improvements and benefit credits prior to the effective date of the plans) are consolidated at each valuation date into a single payment schedule.

The PfAD is calculated as a percentage that is applied to the going-concern liabilities as well as the normal costs. However, liabilities and normal costs relating to escalated adjustments may be excluded for this purpose. The PfAD is established as the sum of three components:

1. Open/closed plan component

The first component depends on whether the plan meets the definition of a closed plan. According to subsection 11.2(1) of the Regulation, a “closed plan” is defined as “a pension plan,

- a. That has no members who are entitled to defined benefits; or

- b. In which at least 25 per cent of the members of the plan who are entitled to defined benefits are in a class or classes of employees from which new members are not permitted, according to the terms of the plan, to join the plan and accrue defined benefits”.

A fixed component of 5.0% is applicable for closed plans and 4.0% is applicable for plans that are not closed plans.

2. Asset mix component

The second component depends on the plan’s target asset allocation to fixed income assets (subject to a prescribed minimum credit rating), and to non-fixed income assets. The asset mix component of the PfAD ranges between 0% and 23% for closed plans and between 0% and 12% for plans that are not closed plans.

3. Benchmark Discount Rate (BDR) component

The third component is a function of the plan’s gross going-concern interest rate in relation to the Benchmark Discount Rate (BDR) prescribed in the Regulation. Our analysis indicates 2.6% of total plans have a non-zero BDR component, comprising 4.3% of open plans and 2.2% of closed plans.

Table 3.0 – BDR components

Type	No. of plans	Average by which gross GC rate exceeds the BDR	Average BDR component
Open	8	0.53%	4.32%
Closed	14	0.13%	1.61%
Total	22	0.28%	2.60%

The average BDR component for open plans is higher than for closed plans because open plans tend to use more aggressive gross going-concern discount rate assumption (relative to the BDR). Additionally, open plans generally have longer liability duration which also contributes to the higher BDR component.

Solvency funding / reduced solvency deficiency

No solvency funding is required for plans that are at least 85% funded on a solvency basis. Solvency deficiencies below the 85% threshold, defined in the Regulation as a “Reduced Solvency Deficiency” must be amortized over a period not exceeding 5 years with solvency special payments commencing no later than one year after the valuation date.

The reduced solvency deficiency, as defined in section 1.3.2 of the Regulation, is the amount by which “A” exceeds “B” where,

“A” is the sum of,

- a. 85 per cent of the pension plan’s solvency liabilities.
- b. 85 per cent of the pension plan’s solvency liability adjustment.
- c. The pension plan’s prior year credit balance as of the valuation date.

“B” is the sum of the pension plan’s solvency assets and the solvency asset adjustment as of the valuation date.

Available actuarial surplus

Under the funding regime, a plan sponsor cannot take a contribution holiday unless a cost certificate certifying that the plan has available actuarial surplus is filed with FSRA within 90 days of the beginning of the plan fiscal year. Available actuarial surplus (for a plan for which special payments are not required or deferred), as defined in section 7.0.2 of the Regulation, is the lesser of the following:

- a. The amount by which the value of the assets of the pension plan, determined on a going-concern basis, including accrued and receivable income but excluding the amount of any letter of credit held in trust for the pension plan, exceeds the sum of going-concern liabilities, the amount equal to the provision for adverse deviations in respect of going-concern liabilities and the prior year credit balance; and

b. Whichever of the following amounts applies to the plan:

- In the case of a plan that is a public sector pension plan, the amount that, if it were deducted from the solvency assets of the pension plan, would reduce the solvency ratio to 1.05.
- In the case of any other plan, the amount that, if it were deducted from the solvency assets of the pension plan, would reduce the transfer ratio to 1.05.

Provision for Adverse Deviations (PfAD)

Of the pension plans included in the 2024 Report, 838 of the plans are required to have a PfAD. Table 3.1 presents a profile of these pension plans and Table 3.2 summarizes the PfAD components.

Table 3.1 – Plans required to have a PfAD

Type	No. of plans	Active members	Retired members	Other participants	Total membership	Market value of assets (in Millions)	Going-concern liabilities (in Millions)	Average GC ratio
Open	188	171,826	138,521	56,608	366,955	97,004	93,993	116.6%
Closed	650	99,911	199,756	85,709	385,376	80,861	71,825	111.2%
Total	838	271,737	338,277	142,317	752,331	177,864	165,818	112.6%

Compared to the 2023 Report, the total number of open and closed plan decreased from 882 to 838. This decline was primarily due to a reduction in closed plans. Despite only 29% of plans are open, they account for 55% of total plan assets and 49% of total membership. In general, open plans exhibit larger asset sizes and membership sizes compared to closed plans.

Table 3.2 – PfAD components

Type	No. of plans	Asset mix component		BDR component			Median PfAD
		Median fixed income %	Median asset mix PfAD	Median BDR	Median gross GC rate	No. plans BDR > GC rate	
Open	188	40.0%	4.0%	7.0%	5.9%	180	8.0%
Closed	650	60.0%	4.0%	6.1%	5.4%	636	9.0%
Total	838	51.6%	4.0%	6.4%	5.5%	816	8.5%

Open plans have a slightly lower median PfAD of 8.0% compared to closed plans at 9.0%.

The median PfAD for all plans has decreased slightly from 9.0% in the 2023 Report to 8.5% in this Report, a reduction of 0.5 percentage points. This change is primarily driven by closed plans, which experienced an increase in their fixed income allocation, approximately 4% on average. This led to a reduction the Asset Mix Component and, in turn, a lower PfAD.

In addition, as shown in Table 3.0, the proportion of plans with a BDR component (i.e., plans using a gross going concern discount rate that exceeds the BDR) has decreased from 7.6% in the 2023 Report to 2.6% in this Report. This is likely due to an increase in V39056, the long-term Canada government benchmark bond yield, which results in a higher BDR. As a result, fewer plans, particularly those with more recent valuations, trigger a non-zero BDR component, further contributing to the decline in median PfAD.

3.2 Specified Ontario Multi-employer Pension Plans (SOMEPPs)

In August 2007, a temporary funding framework applicable to SOMEPPs was implemented. A MEPP that meets the definition and satisfies the eligibility criteria described in the Regulation is eligible to elect SOMEPP status. Any MEPP that does not meet the prescribed definition and eligibility criteria for SOMEPP status or chose not to elect that status are required to continue to fund on a solvency basis. SOMEPPs are temporarily exempt from solvency funding. Contributions to these plans during the period covered by the valuation report must not be less than the sum of:

- The normal cost.
- The remaining special payments for any previously established going-concern unfunded liability.
- The special payments for any new going-concern unfunded liability determined in the valuation report.

Any new going-concern unfunded liability must be liquidated over a period of 12 years. Furthermore, there are accelerated funding requirements for benefit improvements, requiring any increase in the going-concern unfunded liability resulting from the improvements to be liquidated over a period of eight years under prescribed conditions. There is no requirement to fund on a solvency basis during the period of temporary solvency funding relief, although solvency valuations are still required to be performed and their results must be set out in the valuation report.⁴

The temporary exemption for solvency funding has since been extended four times in 2009, 2012, 2018 and most recently in 2023. The most recent extension came into force on January 1, 2024 and will continue until the date on which the first report is filed for a valuation date after January 1, 2025.

In October 2024, the Ontario government filed regulations to implement a framework for Target Benefit Pension Plans (TBPPs), which came into effect on January 1, 2025. These regulations, along with relevant parts of the PBA, set out the key aspects of the TBPP framework, which include:

- Eligibility criteria to become a TBPP
- Transition and conversion of defined benefits into target benefits
- Requirements for plan funding and benefits policy, governance policy and communications policy
- Funding requirements

⁴ More funding information on SOMEPPs is available at: <https://www.fsrao.ca/industry/pensions/multi-employer-pension-plans/funding-rules-specified-ontario-multi-employer-pension-plans-extended>

- Provision for adverse deviation (PfAD), transfer of commuted values, actuarial valuation filing requirements, etc.

Since this Report covers the period to December 31, 2024 and the TBPP framework became effective January 1, 2025, no information is currently available for TBPPs. As of the posting date of this Report, there have been no registrations of TBPPs with FSRA. We will continue to monitor developments as TBPPs become registered with FSRA, we will consider incorporating relevant observations in future reports.

The following tables provide selected statistics on the MEPPs that contain a DB provision. Of these 67 MEPPs, 57 of them (covering 97% of the total DB MEPP membership) have elected to become SOMEPPs.

Table 3.3 – Membership information

	No. of plans	Active members		Retired members		Other participants		Total membership	
		Total	Median	Total	Median	Total	Median	Total	Median
SOMEPPs	57	464,285	1,282	154,446	782	465,688	1,185	1,084,419	3,266
Non-SOMEPPs	10	8,440	206	9,474	96	16,230	81	34,144	555
Total (All DB MEPPs)	67	472,725	1,245	163,920	727	481,918	1,047	1,118,563	3,180

Table 3.4 – Funding information

	Market value of assets (in Millions)		Solvency assets [‡] (in Millions)		Solvency liabilities (in Millions)		Solvency ratio	
	Total	Median	Total	Median	Total	Median	Average	Median
SOMEPPs	\$47,594	\$272	\$47,383	\$271	\$56,012	\$353	84.6%	86.9%
Non-SOMEPPs	\$3,284	\$56	\$3,278	\$55	\$2,793	\$56	117.4%	120.9%
Total (All DB MEPPs)	\$50,878	\$253	\$50,661	\$252	\$58,805	\$266	86.2%	92.4%

[‡] Market value of assets less provision for windup expenses.

The plans that qualify as SOMEPPs tend to be significantly larger than non-SOMEPPs, when measured by the size of their assets, liabilities or plan membership. For example, the median solvency liabilities for SOMEPPs is about 6.3 times that of the non-SOMEPPs.

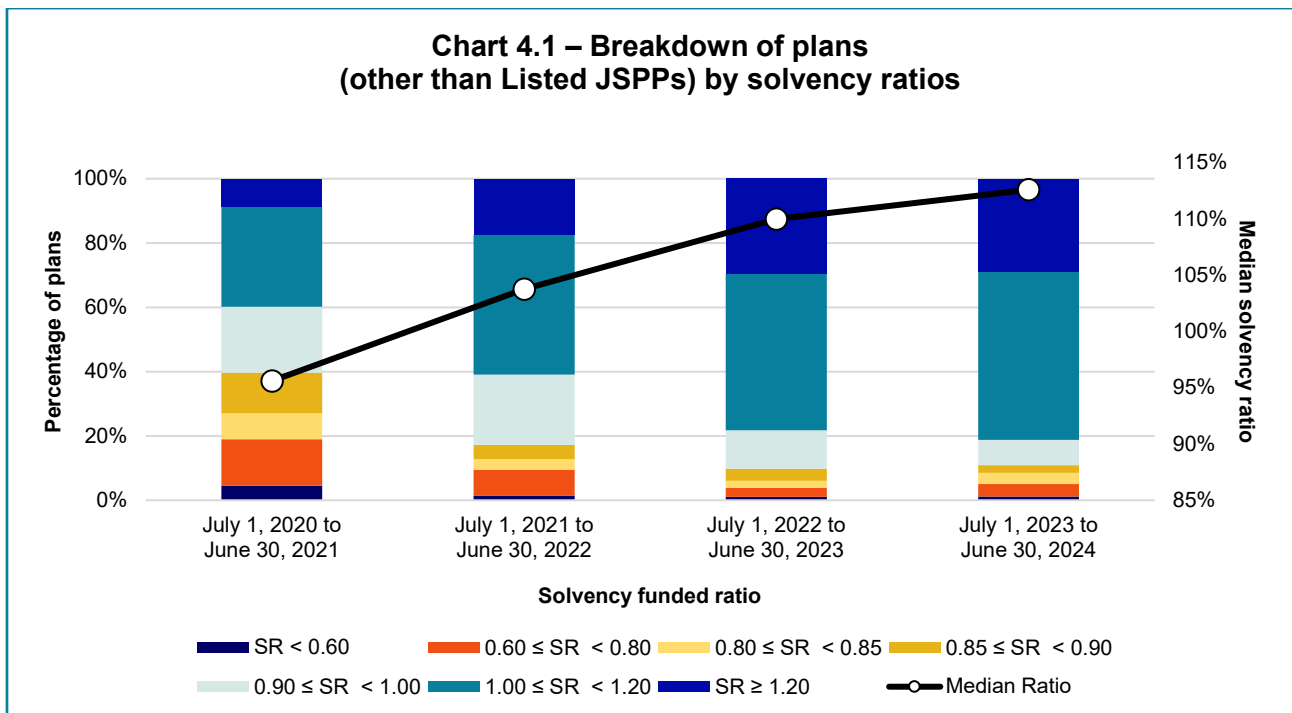
In terms of funding levels, SOMEPPs are considerably less well funded than non-SOMEPPs. The median solvency ratio for SOMEPPs is 87%, compared to 121% for non-SOMEPPs. Overall, the funding levels for both have improved compared to the 2023 Report.

4.0 Trends analysis

The following trends analysis incorporates data from all filed reports with valuation dates between July 1, 2020 and June 30, 2024 and, therefore, may include more than one valuation report from any given pension plan.

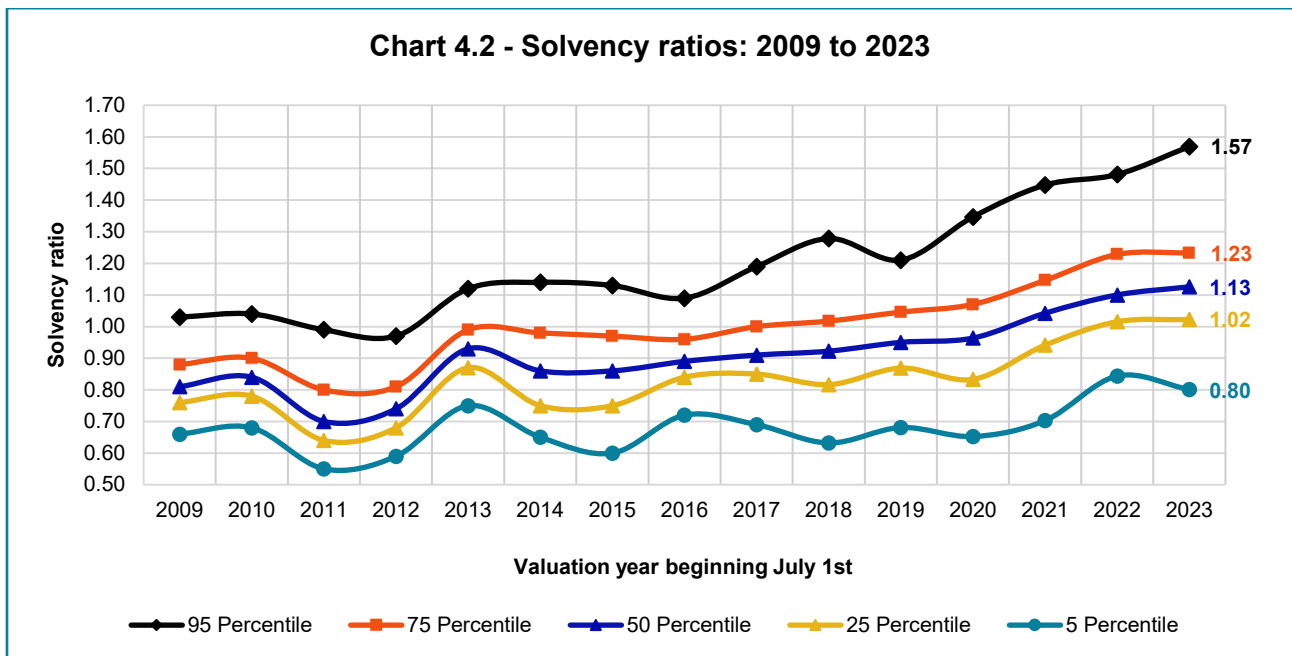
4.1 Solvency funded status

Chart 4.1 (additional details available in Appendix B) shows a breakdown of plans by solvency ratios for the past four annual valuation periods beginning on July 1 from 2020 to 2023. The majority of plans have a valuation date of either December 31 or January 1.



The analysis of solvency ratios among Ontario pension plans (other than Listed JSPPs) over the past four annual valuation periods reveals a notable trend towards improved financial health. The median solvency ratio steadily increased from 96% from 2020/2021 valuation period to 113% in 2023/2024 valuation period, with year-over-year increase of 8%, 6% and 3%, respectively, indicating substantial improvement in the first two periods. Moreover, the proportion of underfunded plans on a solvency basis (i.e., a solvency ratio less than 1.0) declined dramatically from 60.2% to 18.8% over the same timeframe. While the pace of improvement has moderated in the most recent period, the overall trend reflects stronger solvency positions across the pension plan landscape. The improvement can be largely attributed to higher solvency discount rates, which positively impacts the solvency funded ratio by reducing the pension liabilities. Additional factors contributing to this trend include favorable investment performance and the adoption of de-risking strategies, etc.

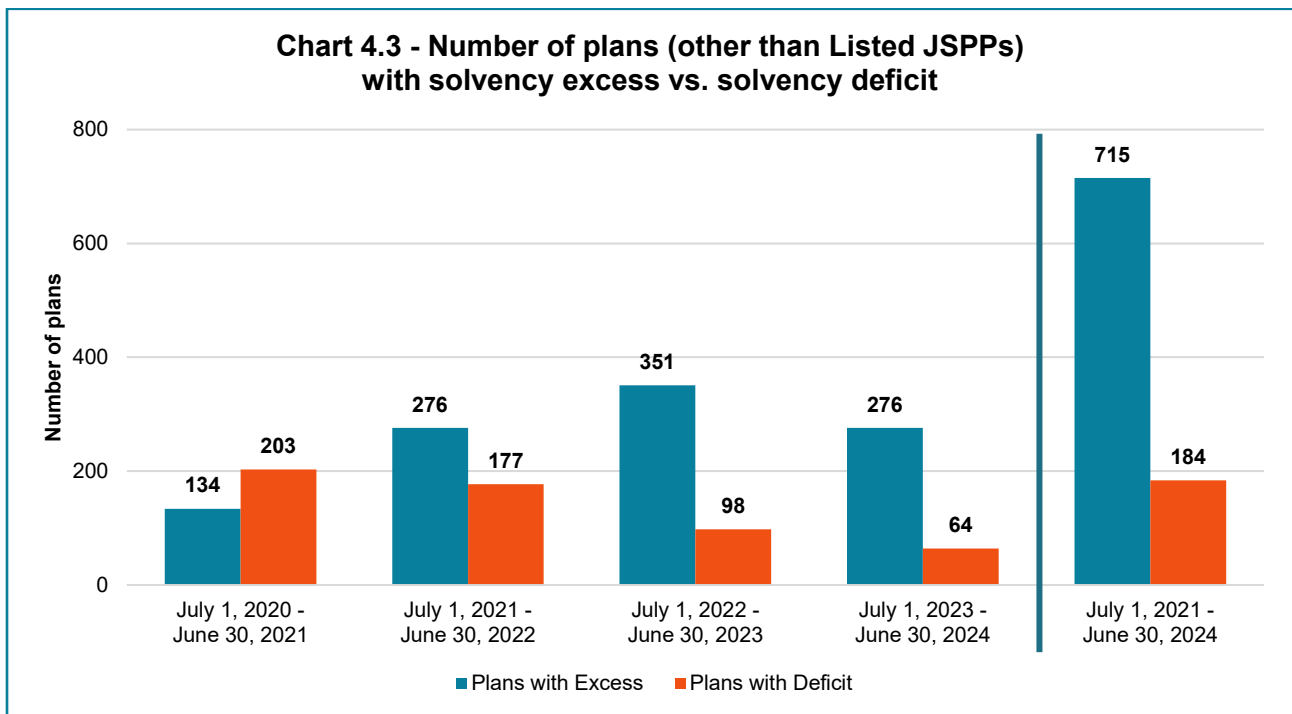
Chart 4.2 shows the distribution of solvency ratios at different percentiles from 2009 to 2023.



Following the 2008 financial crisis, the solvency ratios dropped substantially across pension plans, reflecting widespread economic challenges and financial market turmoil. There was significant volatility in solvency ratios until around the 2015 valuation period. Since then, the median solvency ratio has shown fairly steady and gradual improvement, although there continues to be volatility in the distribution of these ratios above and below the median.

2020 and 2021 presented new challenges, particularly with the onset of the COVID-19 pandemic and its economic repercussions. Despite these challenges, pension plans remained resilient. The median solvency ratio sharply improved, surpassing 100% in the 2021 and 2022 valuation periods and increasing further to 113% in the 2023 valuation period – a record high for the period shown.

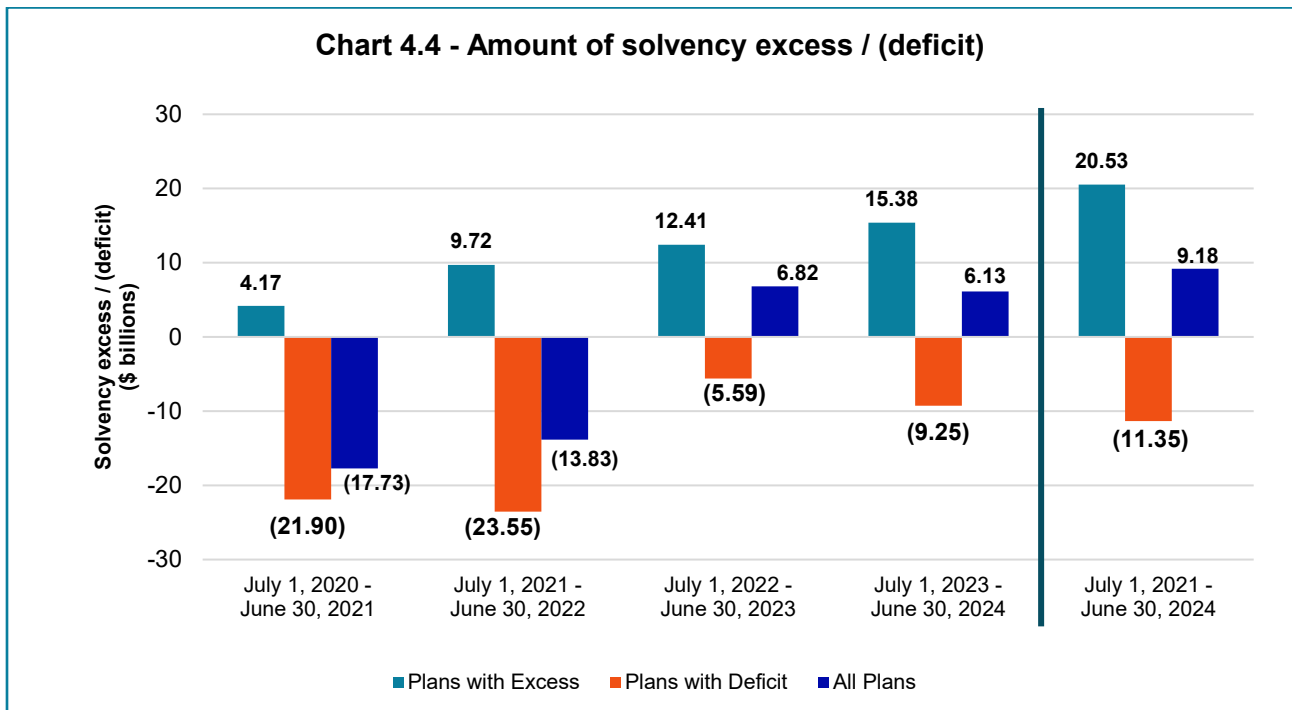
Charts 4.3 and 4.4 compare plans with a solvency excess to those with a solvency deficit for each of the four valuation periods from 2020/2021 to 2023/2024, as well as for the three-year valuation period from July 1, 2021 to June 30, 2024⁵, excluding Listed JSPPs. Chart 4.3 compares the number of plans and Chart 4.4 compares the amount of solvency excess or deficit.



⁵ Individual valuation periods include those plans that filed a report with a valuation date that fell during that individual period. The July 1, 2021 - June 30, 2024 period includes only the last funding valuation report filed. The total number of plans included in each of the valuation periods is, therefore, higher than the number of plans included in the combined period.

In the 2020/2021 valuation period, the number of plans in a solvency deficit position outnumbered those in a solvency excess position. However, this trend reversed in subsequent years. Among the plans that filed an actuarial valuation, the proportion of plans with a solvency deficit was 60% in 2020/2021 dropping down to 19% in 2023/2024.

This steady decline highlights the ongoing improvement in the solvency position of pension plans, consistent with the upward trend in median solvency ratios over the same period.



On a dollar amount basis, the latest filed reports during the July 1, 2021 to June 30, 2024 valuation period revealed a net solvency excess of \$9.2 billion (after allowance for expenses) on solvency liabilities of \$224.1 billion. However, pension plans are separate entities, and assets in one plan cannot be used by another plan. Therefore, looking only at the plans with deficits, the total level of under-funding on a solvency basis is \$11.4 billion on solvency liabilities of \$98.6 billion.

Ontario’s legislation allows certain benefits (e.g., post-retirement indexation, consent benefits, excluded plant closure and excluded permanent layoff benefits) to be excluded in the determination of solvency liabilities. There were 217 plans that excluded one or more of these benefits, resulting in a reduction of liabilities totaling \$37.6 billion. Considering only the 275 plans (excluding the Listed JSPPs) that have a windup deficit, the total windup

funding shortfall is \$39.4 billion. This measures the funding shortfall of all the plans (excluding the Listed JSPPs) with a windup deficit if they were to have wound up at their last valuation dates. Of course, this only depicts a hypothetical scenario as pension plans would not all wind up simultaneously.

4.2 Actuarial assumptions

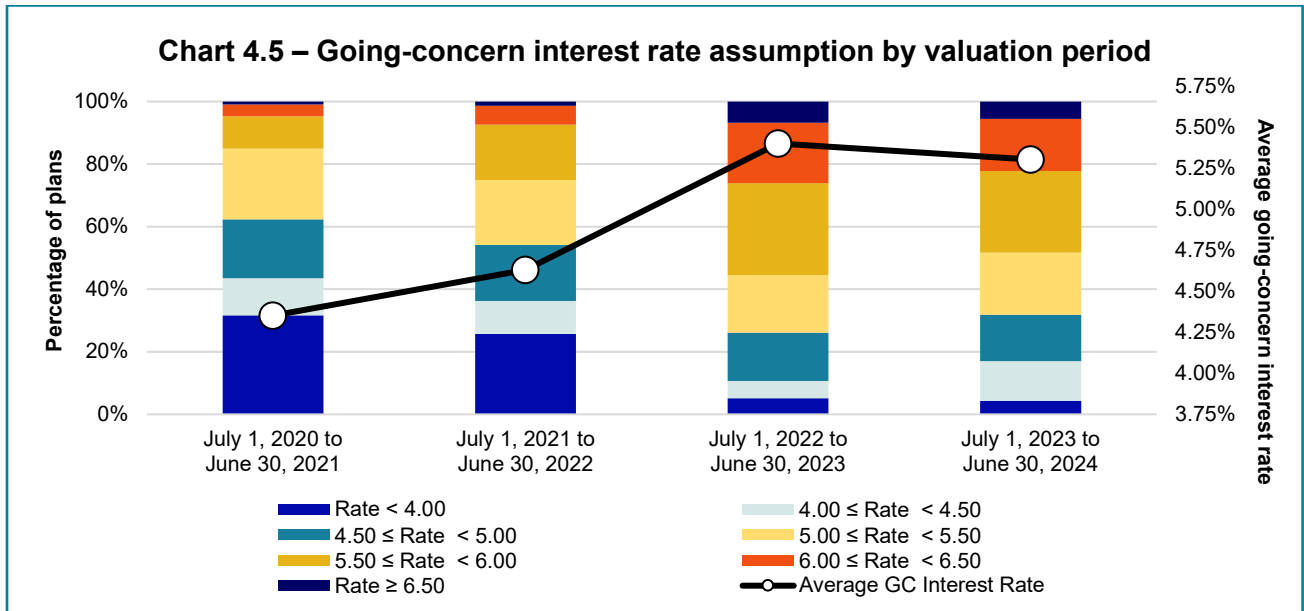
Going-concern interest rate

Chart 4.5 (additional details available in Appendix B) shows the interest rate assumptions used in the going-concern valuations.

In the early 2000s, going-concern interest rates were typically above 6.5%, but they have trended downward over time. This long and steady decline in interest rate assumptions continued until the 2016/2017 valuation period, following a period of volatility. The lowest point was reached in the 2020/2021 valuation period, coinciding with the economic uncertainty during the COVID-19 pandemic.

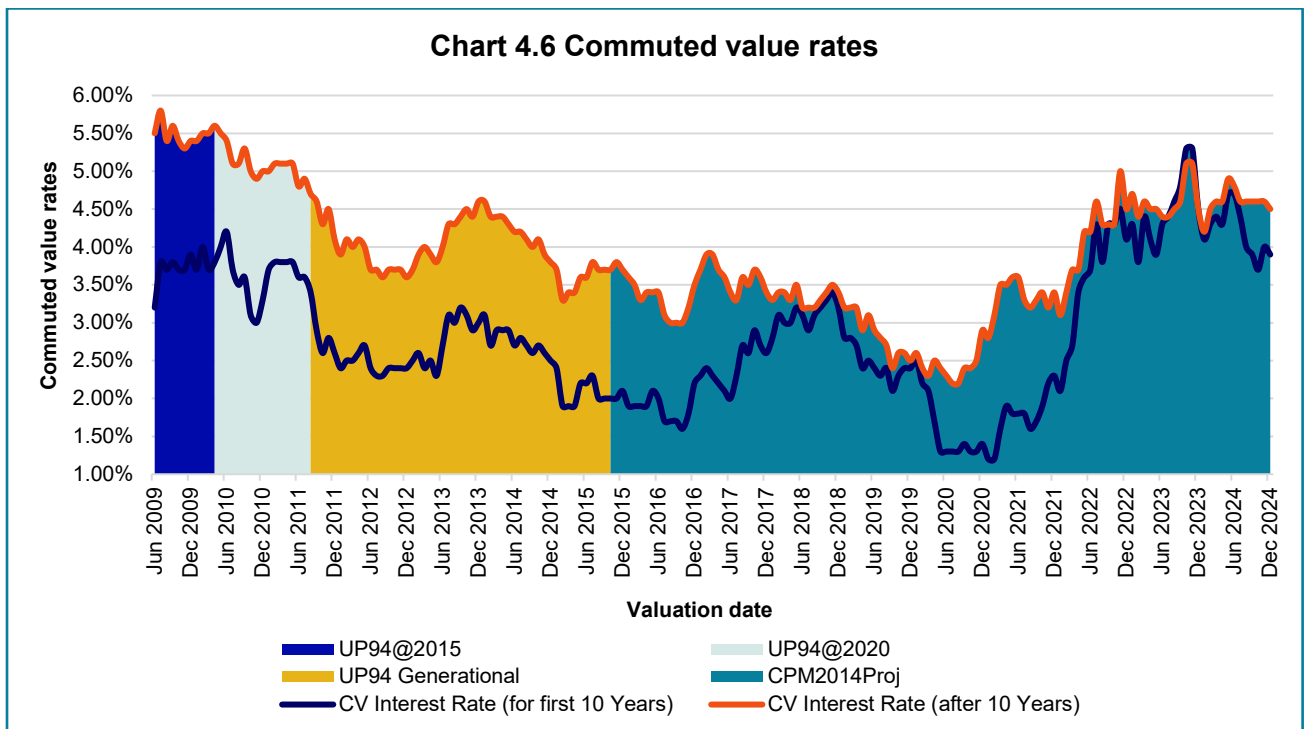
The downward trend began to reverse in the 2021/2022 valuation period and continued to rise more significantly in the 2022/2023 valuation period, reflecting a notable change in the distribution of rates. This coincides with increases in Canadian inflation rates from a low level of 0.7% in 2020, sharply spiking to 6.8% in 2022, then moderating to 2.4% in 2024.

Although the average rate has slightly decreased in the 2023/2024 valuation period, the distribution of rates is similar to the 2022/2023 period, with more plans using interest rates below 4.50% and fewer using interest rates above 6.00%.



Solvency interest rates

Chart 4.6 graphs the non-indexed commuted value and mortality basis based on the CIA Standards of Practice for Pension Plans applicable as of the valuation date.

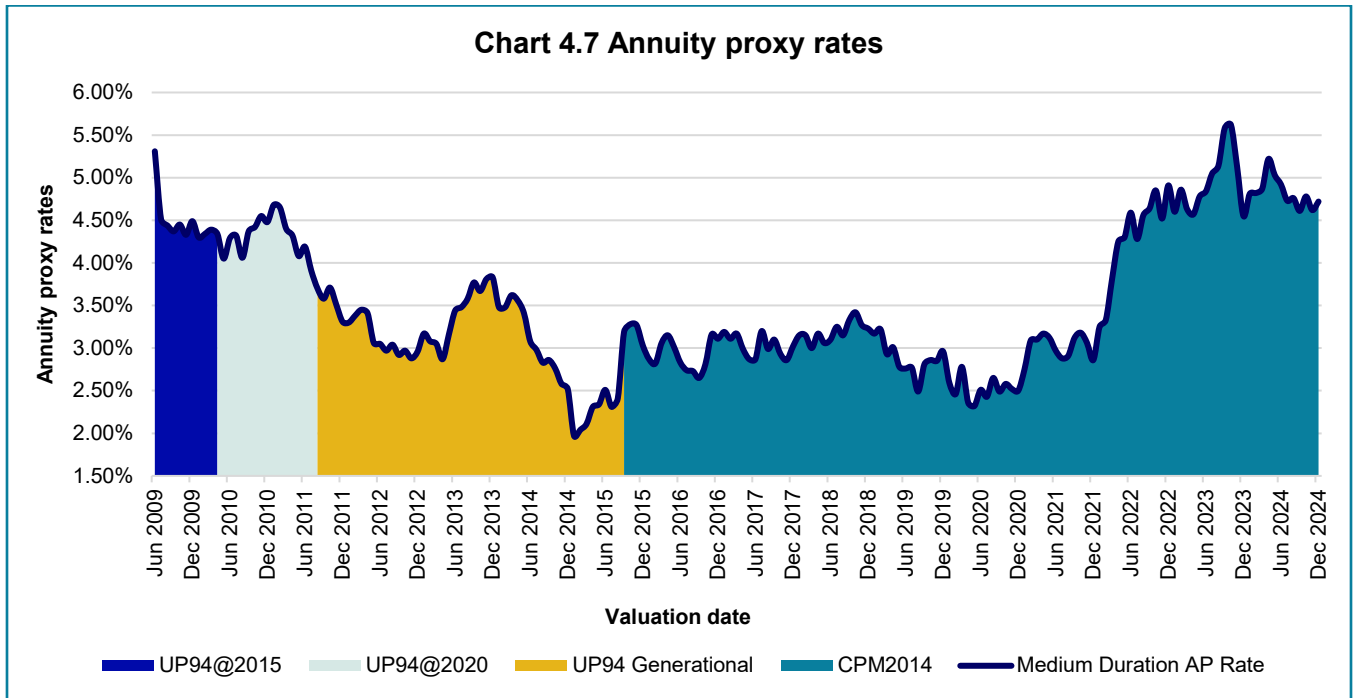


The CIA periodically updates its Guidance to actuaries for estimating the cost of purchasing a group annuity for Hypothetical Windup and Solvency Valuations. An [Explanatory Report](#) was issued on May 29, 2025 from the Committee on Pension Plan Financial Reporting (PPFRC) that was applicable for valuation dates between March 31, 2025 and June 29, 2025. The Guidance concluded that for valuations within this period, an appropriate discount rate for estimating the cost of purchasing a non-indexed group annuity, prior to any adjustment for sub- or super-standard mortality, would be determined based on the interpolation method, applicable durations and spreads outlined below:

Illustrative block	Duration	Spread above unadjusted CANSIM V39062
Low duration	7.9	140 bps
Medium duration	10.0	140 bps
High duration	12.0	140 bps

It should be noted that the 2024 Report does not reflect any updated guidance that may be issued by the PPFRC after May 29, 2025. Historically, any such guidance would not affect calculations up to December 31, 2024, the end date of the period covered by the 2024 Report.

Chart 4.7 graphs the non-indexed interest rates for annuity purchases as set out in the historical CIA Guidance. The chart shows estimated interest rates based on liabilities with a medium duration, where applicable.



As the above charts demonstrate, after a prolonged period of relatively low interest rates spanning almost a decade, solvency interest rates began to climb sharply in 2022 and remained elevated in 2023. In June 2024, the Bank of Canada lowered its key interest rate to 4.75%, marking its first rate cut since March 2020. Since then, the policy rate has been gradually decreasing, and it currently sits at 2.75% where it has been held steady since March 2025. The potential for further rate cuts remains uncertain as of the preparation of this report.

5.0 Investment

The plans included in the investment data analysis are a subset of the 908 plans identified in Section 2 of this 2024 Report. This subset consists of plans that have filed an Investment Information Summary (IIS) for the most recent 2024 monitoring cycle (fiscal year-ends between July 1, 2023 and June 30, 2024). In the vast majority of cases (over 90%), the IIS reporting relates to the calendar year 2023. There are 888 plans included in the investment data analysis, representing 98% of the plans included in the funding data analysis.⁶ This number includes the 9 Listed JSPPs. For hybrid plans, only the DB assets are included in the data.

5.1 Summary of pension fund profiles and performance

The asset mix of the 888 plans for the most recent monitoring cycle and their performance are summarized in Table 5.1 and depicted in Chart 5.2, Chart 5.3 and Chart 5.4.

In the Asset Mix section, the weight of each asset class is shown for all plans in each subgroup and for all plans as a whole.

In the Performance section, all performance numbers are determined at the individual plan level. “Average Return” means the average gross rate of return and “Average Investment Fees” means the average expenses paid from the pension plan related to managing the pension plan’s investments, expressed as a percentage of average assets during the reporting year.

⁶ Plans not included here are primarily plans with outstanding IIS filings.

Table 5.1 – Investment profile of all plans

	SEPP		MEPP		Listed JSPP	
Number of plans	813		66		9	
Asset mix	Market value (in Millions)	% of total investments	Market value (in Millions)	% of total investments	Market value (in Millions)	% of total investments
Cash and short-term investments	\$5,758	3.1%	\$1,363	2.7%	\$47,325	8.0%
Bond	\$83,674	45.3%	\$13,808	27.1%	\$180,936	30.5%
Equity	\$53,157	28.7%	\$21,068	41.4%	\$66,378	11.2%
Real estate	\$23,812	12.9%	\$9,861	19.4%	\$53,288	8.9%
Alternative investments ^Z	\$18,429	10.0%	\$4,793	9.4%	\$246,124	41.4%
Total	\$184,830	100.0%	\$50,893	100.0%	\$594,051	100.0%
Performance	SEPP		MEPP		Listed JSPP	
Average gross return ⁸	10.56%		9.58%		8.13%	
Average investment fees	0.36%		0.46%		0.53%	
Average admin fees	0.74%		0.52%		0.25%	
Average total fees	1.09%		0.99%		0.79%	

⁷ Alternative Investments include hedge funds, private equity, infrastructure, currency hedging, resource properties, commodities, etc.

⁸ The average return in this table and other tables in this section are the arithmetic (equally-weighted) average of investment returns of the pension funds in each subgroup. The average of investment returns weighted by the sizes of all 888 pension funds is 6.19%, compared to 10.46% on an equally-weighted basis.

Chart 5.2: Asset allocation of SEPPs

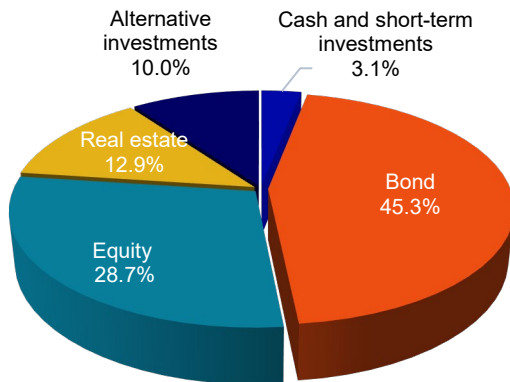


Chart 5.3: Asset allocation of MEPPs

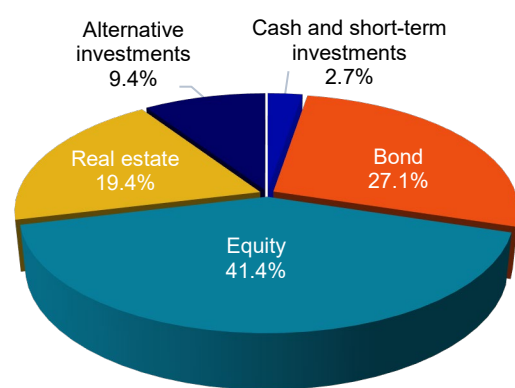
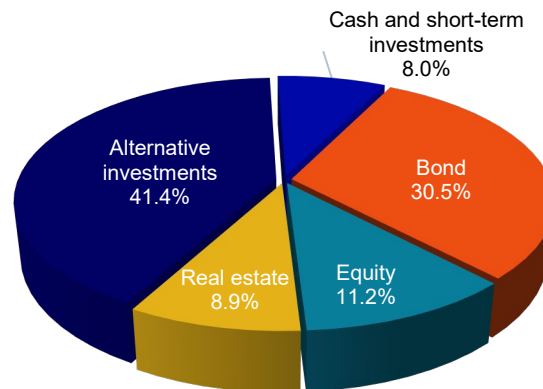


Chart 5.4: Asset allocation of Listed JSPPs



On a broad basis, traditional fixed income assets (consisting of cash, short-term investments and bonds) constitute 48% of total investments for the SEPPs. Non-fixed income assets (consisting of equity, real estate and alternative investments) constitute 52% of total investments, although we note that the nature of alternative investments means that they cannot always be classified as purely fixed or non-fixed income. Compared to last year, SEPPs showed a modest shift towards more conservative asset allocations, with a 3.6% increase in bonds largely offset by reductions in equity and alternative investments. These changes may reflect a more cautious investment approach in response to evolving market conditions and other considerations, such as maturing plan demographics etc.

In contrast, MEPPs and the nine Listed JSPPs (which are mostly large public sector plans) have a very different aggregate asset mix. MEPPs have a much lower allocation to

traditional fixed income assets and continue to favour equities and real estate. Their overall asset mix remains largely unchanged from the previous year.

The Listed JSPPs, on the other hand, continue to exhibit a higher percentage of alternative investments and lower proportion of equity investments. Compared to last year, Listed JSPPs reduced their cash and short-term holdings by 3.6%, reallocating toward equity and alternatives.

Table 5.5 – Performance result percentiles by plan type

Plan type	SEPP	MEPP	Listed JSP	All plans
No. of plans	813	66	9	888
Gross investment returns				
90 th percentile	14.02%	11.92%	10.91%	13.85%
75 th percentile	12.25%	11.20%	10.42%	12.15%
Median	10.55%	9.97%	9.35%	10.48%
25 th percentile	9.06%	8.22%	5.57%	8.96%
10 th percentile	7.28%	6.36%	4.55%	7.20%
Investment fees				
90 th percentile	0.73%	0.74%	0.79%	0.73%
75 th percentile	0.52%	0.56%	0.66%	0.52%
Median	0.32%	0.44%	0.58%	0.33%
25 th percentile	0.14%	0.32%	0.33%	0.15%
10 th percentile	0.00%	0.23%	0.26%	0.00%
Administrative fees				
90 th percentile	1.47%	0.76%	0.44%	1.41%
75 th percentile	0.68%	0.44%	0.34%	0.65%
Median	0.32%	0.24%	0.19%	0.31%
25 th percentile	0.11%	0.15%	0.13%	0.12%
10 th percentile	0.00%	0.08%	0.12%	0.00%
Total fees				
90 th percentile	1.91%	1.41%	1.17%	1.84%
75 th percentile	1.11%	0.98%	1.01%	1.09%
Median	0.70%	0.72%	0.71%	0.70%
25 th percentile	0.42%	0.59%	0.48%	0.43%
10 th percentile	0.24%	0.41%	0.44%	0.25%

Allocations to various asset classes vary among pension plans, based on the total value of their assets. Generally, the larger the pension fund, the higher the allocations to real estate and alternative investments and the less to bond and equity. This difference is especially noticeable when comparing pension funds with over \$1 billion in assets to those that are smaller. The asset allocation of all plans, and performance, by asset size, with Listed JSPPs shown separately, is shown in Table 5.6 and depicted in Chart 5.7.

Table 5.6 – Asset allocation of all plans by asset size

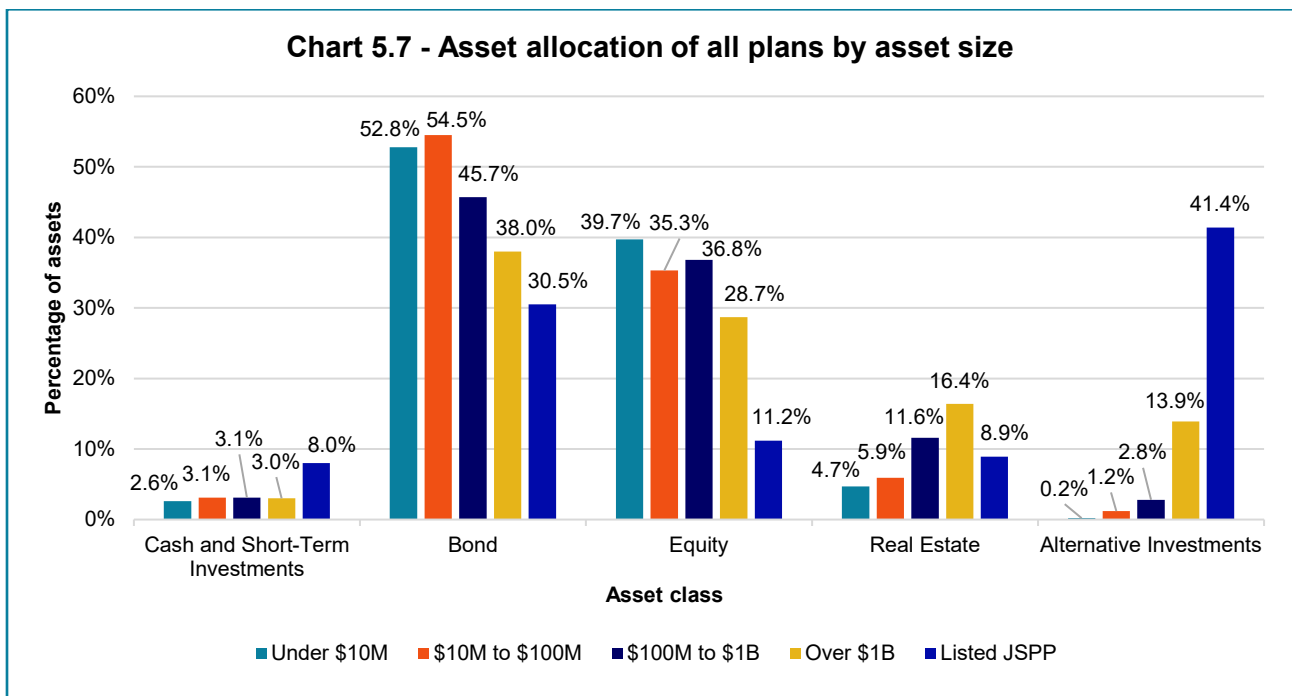
Size of plan assets	Under \$10M	\$10M to \$100M	\$100M to \$1B	Over \$1B	Listed JSPP	All plans
No. of plans	212	420	204	43	9	888
Cash and short-term investments	2.6%	3.1%	3.1%	3.0%	8.0%	6.6%
Bond	52.8%	54.5%	45.7%	38.0%	30.5%	33.6%
Equity	39.7%	35.3%	36.8%	28.7%	11.2%	16.9%
Real estate	4.7%	5.9%	11.6%	16.4%	8.9%	10.4%
Alternative investments	0.2%	1.2%	2.8%	13.9%	41.4%	32.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Performance						
Average gross return	10.15%	10.75%	10.34%	10.20%	8.13%	10.46%
Average investment fees	0.52%	0.33%	0.28%	0.35%	0.53%	0.37%
Average admin fees	1.67%	0.53%	0.25%	0.15%	0.25%	0.71%
Average total fees	2.19%	0.86%	0.53%	0.49%	0.79%	1.08%

There is a common presumption that larger plans generally achieve higher investment returns and lower reported investment fees than smaller plans, due to greater sophistication and economies of scale. However, our annual reports have shown that this is not always the case, particularly in the short term. For fiscal years ending between July 1, 2023, and June 30, 2024 (excluding the Listed JSPPs), average gross investment returns were broadly similar across plans of all sizes—from those with under \$10 million in assets to those with over \$1 billion.

While investment returns were similar across plan sizes, plan expenses continue to show a more consistent pattern. Pension plan expenses generally decline with increasing plan size, reflecting the impact of economies of scale. Smaller pension plans, particularly those with assets under \$10 million, continue to incur significantly higher plan expenses on

average. These plans reported average total fees of 2.2%, compared to 0.5% for plans with over \$1 billion in assets.

Compared to the previous year, average total fees across all plans increased modestly by 0.2%. The increase was more notable among smaller pension plans with assets under \$10 million, where total fees rose by 0.7%, primarily driven by higher administrative costs. As a result, the gap in average total fees between the smaller plans (under \$10 million in assets) and larger plans (over \$1 billion) widened from 1.1% to 1.7%.

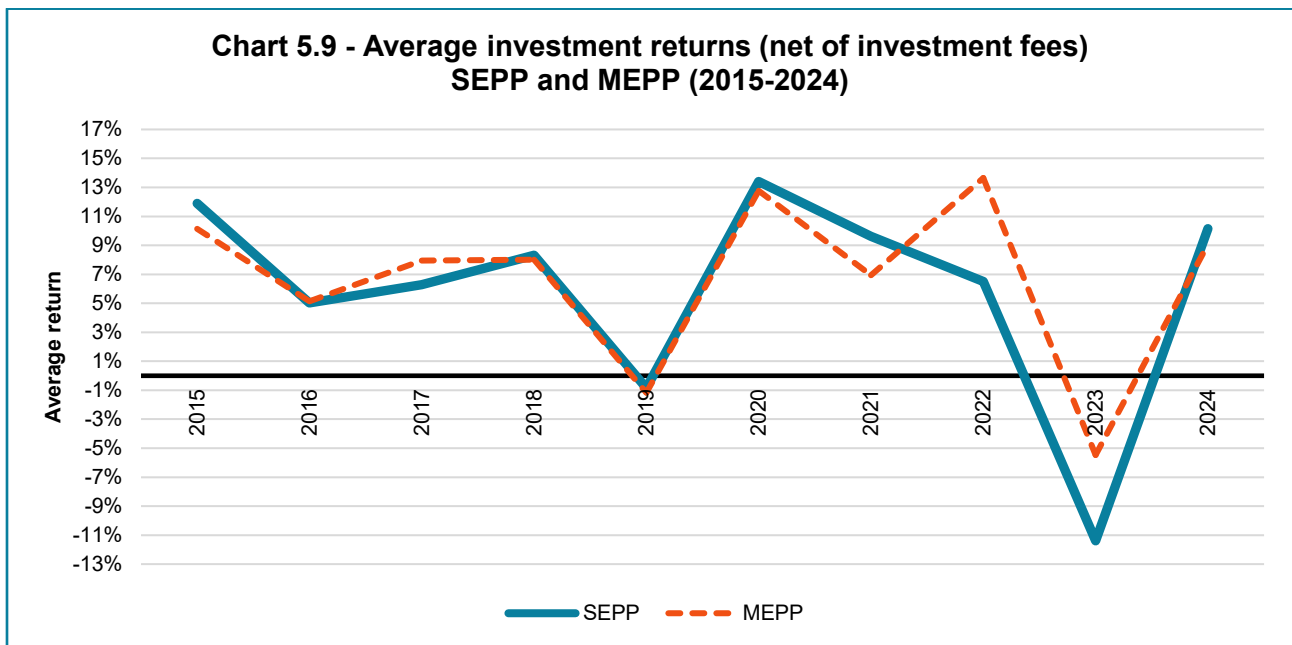
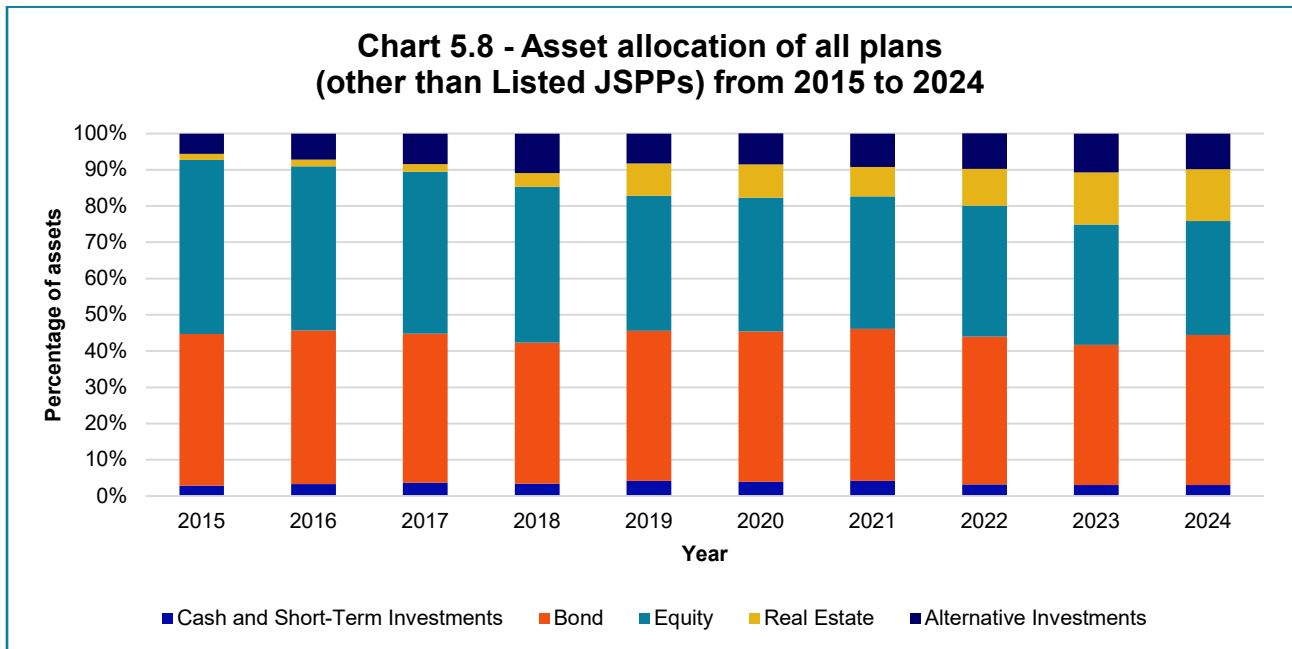


Investment data reported in our previous annual reports from the 2015 to 2024 monitoring cycles (each beginning on July 1 of the preceding year) show that pension plans in Ontario (other than Listed JSPPs) have gradually diversified their portfolios by reducing allocations to traditional equities and increasing exposure to alternative assets and real estate.

Over the past decade, there has been a clear trend in declining equity allocations, which fell from 48.0% in 2015 to 31.5% in 2024. In contrast, allocations to real estate have increased substantially, rising from 1.7% to 14.3% over the same period.

Alternative investments also experienced moderate growth, rising from 5.6% in 2015 to 9.8% in 2024. Bond and cash allocations remained relatively stable over the last decade, hovering around 40% and 3% level of total investments, respectively.

The asset allocation of all plans (other than the Listed JSPPs) over this period is shown in Chart 5.8 (additional details available in Appendix B).



5.2 Additional information

This section provides additional fund performance information, for plans other than Listed JSPPs, based on a plan's percentage of funds invested in pooled funds.

By percentages invested in pooled funds (for plans other than Listed JSPPs)

Table 5.10 – Investment results by percentage invested in pooled funds

% Invested in pooled funds		Plan assets			
		Under \$10M	\$10M to \$100M	\$100M to \$1B	Over \$1B
< 20%	Number of plans	11	32	22	11
	Average gross return	10.17%	8.65%	9.67%	9.45%
	Average investment fees	0.41%	0.20%	0.20%	0.24%
20% - 80%	Number of plans	8	43	45	25
	Average gross return	10.09%	11.06%	10.15%	10.36%
	Average investment fees	0.43%	0.33%	0.27%	0.42%
> 80%	Number of plans	193	345	137	7
	Average gross return	10.16%	10.90%	10.51%	10.85%
	Average investment fees	0.53%	0.35%	0.29%	0.26%
Total	Number of plans	212	420	204	43
	Average gross return	10.15%	10.75%	10.34%	10.20%
	Average investment fees	0.52%	0.33%	0.28%	0.35%

The use of pooled funds generally declines as plan size increases. These investment vehicles offer smaller pension plans access to diversified portfolios, professional management, and cost efficiencies that may not be achievable on their own. As a result, 91% of plans with less than \$10 million in assets have allocated more than 80 percent of their assets to pooled funds, compared to just 16% of plans with assets over \$1 billion.

6.0 Baseline projections

This section estimates annual funding contributions and funded positions of all plans to December 31, 2024 to facilitate continued monitoring and trend analysis.

6.1 Estimated DB funding contributions in 2025

Table 6.1 presents 2025 estimated funding contributions – comprising normal costs and special payments – for DB plans, including hybrid plans with defined benefit provisions. Estimates are based on contribution recommendations set out in the most recently filed plan valuation reports between July 1, 2021 and June 30, 2024.⁹

Table 6.1 – Estimated DB funding in 2025

	SEPP		MEPP	Listed JSPP	All plans
	Plans with solvency excess	Plans with solvency deficit			
Number of plans	685	147	67	9	908
(In Millions)					
Employer normal cost contributions	\$1,582	\$665	\$2,182	\$7,279	\$11,708
Member required contributions	\$633	\$546	\$180	\$6,821	\$8,180
Sub-total	\$2,215	\$1,211	\$2,362	\$14,100	\$19,888
Special payments	\$42	\$361	\$150	\$985	\$1,538
Total	\$2,257	\$1,572	\$2,512	\$15,085	\$21,426

Total 2025 DB funding contributions are estimated to be \$21.4 billion of which 7.2% represents special payments of \$1.5 billion. This compares to the total 2024 DB funding contributions estimated in the 2023 Report of \$19.4 billion. The increase of \$2.0 billion consists of increases of \$1.0 billion in employer normal costs and \$0.7 billion in member required contributions and \$0.3 billion in special payments.

⁹ For plans where the AIS reported contributions did not extend to cover 2025, the 2025 estimated contributions were determined assuming contributions would continue at the last available rate.

For SEPPs, the table also provides a breakdown of estimated funding contributions between plans with a solvency excess and plans with a solvency deficit in the most recently filed report. Special payments of \$42 million represent 1.9% of total contributions for SEPPs with a solvency excess. This compares with special payments of \$361 million, representing about 23.0% of total contributions for SEPPs with solvency deficits.

6.2 Projected financial position as at December 31, 2024

December 31, 2024 solvency position projection

Table 6.2 presents the distribution of solvency ratios reported in the last filed valuation reports and the distribution of Projected Solvency Ratios (PSRs) derived by projecting DB solvency plan assets and actuarial liabilities to the end of 2024 (with a comparison of PSRs as at December 31, 2023 from the 2023 Report). The projections reflect the impact of investment returns, changes in solvency interest rates and expected funding contributions.

Table 6.2 – Distribution of Solvency Ratios (SRs)

	Actual as at last filed valuation	Projected solvency ratio as at Dec. 31, 2024			
		SEPP	MEPP	Listed JSP	All plans
Median SR	112%	121%	113%	125%	120%
SR < 70%	1%	1%	0%	0%	1%
70% ≤ SR < 85%	3%	1%	8%	0%	2%
85% ≤ SR < 100%	16%	8%	25%	0%	9%
SR ≥ 100%	80%	90%	67%	100%	88%

The median projected solvency ratio for all plans has increased to 120% as at December 31, 2024 from 117% as at December 31, 2023. The increase is primarily attributable to:

- A 7% increase due to an estimated median net investment return of 11.4% and estimated contributions made in 2024
- A 3% decrease resulting from changes in the composition of plans and updated valuation filings submitted since the 2023 Report

- A 1% decrease due to changes in the solvency valuation interest rates leading to increased liabilities

December 31, 2024 going-concern position projection

With the enhanced focus on going-concern funded positions of DB plans under the funding regime, FSRA also estimated going-concern funded ratios as at December 31, 2024 to facilitate further proactive tracking in the future. December 31, 2024 going-concern funding ratios were developed by projecting DB going-concern plan assets and actuarial liabilities to the end of 2024 and reflecting actual/estimated investment returns to the end of 2024.

In contrast to the projected solvency ratios, the projected going-concern funded ratios are not based on prescribed interest rates but chosen by the plan actuary in consultation with the plan administrator. Our projection assumes that the going-concern actuarial assumptions, and in particular the interest rate, would remain unchanged from those used in the last filed actuarial valuation report. However, because the going-concern interest rate assumption is not prescribed, more variability is expected in the projected results when compared to actual outcomes.

Table 6.3 – Distribution of Going-Concern Ratios (GCRs)

	Actual as at last filed valuation	Projected Going-Concern Ratio as at Dec. 31, 2024			
		SEPP	MEPP	Listed JSPP	All plans
Median GCR	112%	115%	121%	107%	115%
GCR < 70%	1%	1%	0%	0%	1%
70% ≤ GCR < 85%	2%	4%	2%	0%	4%
85% ≤ GCR < 100%	13%	15%	4%	11%	14%
GCR ≥ 100%	84%	80%	94%	89%	81%

Please note that the projected Going-Concern Ratios provided above include the PfAD. If the PfADs were excluded, the ratios would be higher.

Methodology and assumptions

Results reported in the most recently filed valuation reports (i.e., assets and liabilities) were projected to December 31, 2024 reflecting estimated investment returns and expected contributions along with the following assumptions:

- Sponsors would use all available funding excess and prior year credit balances for contribution holidays subject to statutory restrictions.
- Sponsors would make all required normal cost contributions and minimum statutory special payments.
- Cash outflows equal to pension amounts payable to retired members as reported in the last filed valuation reports were deducted from both plan assets and liabilities. Plan administration costs were indirectly reflected through the use of net after expense investment returns.

Each plan's unique projection period investment returns for 2021, 2022 and 2023 were determined based on its IIS filings.

Table 6.4 – Individual plan 2021, 2022 and 2023 rate of return statistics

	5 th percentile	25 th percentile	Median	75 th percentile	95 th percentile
2023 gross return	5.2%	8.9%	10.5%	12.1%	15.5%
2023 net after investment expense	4.8%	8.4%	10.1%	11.7%	15.2%
2023 net after all expense	3.5%	7.8%	9.5%	11.2%	14.4%
2022 gross return	-20.3%	-16.1%	-11.0%	-6.6%	2.4%
2022 net after investment expense	-20.9%	-16.3%	-11.4%	-7.0%	2.0%
2022 net after all expense	-21.6%	-16.8%	-11.7%	-7.5%	1.7%
2021 gross return	-3.1%	3.3%	8.3%	12.4%	16.8%
2021 net after investment expense	-3.3%	2.9%	8.0%	12.0%	16.4%
2021 net after all expense	-3.7%	2.4%	7.5%	11.5%	16.0%

For 2024, each plan's returns were estimated based on its 2023 IIS asset allocation information in conjunction with 2024 market index returns, offset by a 25 basis point quarterly expense allowance.

Table 6.5 – Estimated rate of return statistics for 2024 based on market index returns

	5 th percentile	25 th percentile	Median	75 th percentile	95 th percentile
2024 gross return	2.8%	8.0%	12.5%	16.0%	18.2%
2024 net after all expense	1.8%	7.0%	11.4%	14.9%	17.0%

Table 6.6 – 2024 market index returns

	S&P / TSX Total Return Index	MSCI World Total Net Return Index	FTSE Canada Universe Bond Index	FTSE Canada Long Term Bond Index	Cohen & Steers Global Realty Majors Index
Q4 2024	3.8%	6.3%	0.0%	-0.8%	-4.6%
Q3 2024	10.5%	5.0%	4.7%	5.7%	14.6%
Q2 2024	-0.5%	3.8%	0.9%	0.2%	-0.9%
Q1 2024	6.6%	11.7%	-1.2%	-3.6%	2.3%

Table 6.7 – Projected solvency valuation bases at December 31, 2023 and 2024

	Commuted value basis	Annuity purchase basis
December 31, 2024	Interest: 3.90% for 10 years, 4.50% thereafter Mortality: CPM2014 generational	Interest: 4.72% Mortality: CPM2014 generational
December 31, 2023	Interest: 4.50% for 10 years, 4.50% thereafter Mortality: CPM2014 generational	Interest: 4.55% Mortality: CPM2014 generational

7.0 Glossary

The following terms are explained for the purpose of this report:

Closed plan: In practice, the term *closed plan* can have a broad range of definitions depending on the context. For the purposes of this report, the definition follows subsection 11.2(1) of the Regulation, which impacts the calculation of the Provision for Adverse Deviations (PfAD) and the funding obligations. According to subsection 11.2(1) of the Regulation, a “closed plan” is defined as “a pension plan,

- a. That has no members who are entitled to defined benefits; or
- b. In which at least 25 per cent of the members of the plan who are entitled to defined benefits are in a class or classes of employees from which new members are not permitted, according to the terms of the plan, to join the plan and accrue defined benefits”.

Defined Benefit (DB) Pension Plan: In a defined benefit pension plan, the amount of the pension benefit is determined by a defined formula, usually based on years of service.

Defined Contribution (DC) Pension Plan: In a defined contribution plan, the pension benefit is based solely on the amount of pension that can be provided by the amount contributed to the member’s individual account together with any expenses and investment returns allocated to that account.

Funding Valuation: This is a valuation of a defined benefit pension plan prepared for funding purposes. Two types of valuations are required by the PBA: a *going-concern* valuation (which assumes the pension plan will continue indefinitely); and a *solvency* valuation (which assumes the plan would be fully wound up as at the effective date of the valuation). Under Ontario’s legislation, a solvency valuation may exclude the value of specified benefits (e.g., indexation, prospective benefit increases, or plant closure/layoff benefits).

Hybrid Pension Plan: A hybrid pension plan contains both defined benefit and defined contribution provisions. A member’s pension benefit may be a combination of the defined benefit plus the defined contribution entitlement or a pension benefit which is the greater of the defined benefit entitlement or the defined contribution entitlement.

Jointly Sponsored Pension Plan (JSPP): A jointly sponsored pension plan is a special type of pension plan in which decision making and contributions are shared by both plan members and their employer(s). A JSPP provides defined benefits to plan members and contributions are always made by both plan members and their employers (this is known as a contributory plan).

Multi-Employer Pension Plan (MEPP): A multi-employer pension plan covers the employees of two or more unrelated employers. These plans may provide defined benefits but, in most MEPPs, the required contributions are negotiated and fixed through collective bargaining.

Single Employer Pension Plan (SEPP): A single employer pension plan is one in which a single employer, or several related employers within a corporate group, participate and contribute to the same pension plan. A SEPP can be provided to all employees, or just certain classes of employees (e.g., all unionized employees). It is usually governed and administered by the plan sponsor without input from plan members.

Appendix A – Additional information

This appendix provides additional details of the profile of the plans that have been included in the funding data analysis. The data consists of DB pension plans that have filed valuation reports with valuation dates between July 1, 2021 and June 30, 2024. Please refer to Section 2.0 – Funding Data for details of how the data was compiled.

Table A.1 shows a reconciliation of the 953 plans analyzed in the 2023 Report to the 908 plans analyzed in the 2024 Report and Table A.2 compares the number of plans analyzed in the current report with the plans analyzed in previous reports.

Table A.1 – Reconciliation of plans from the 2023 Report to the 2024 Report

Plan type	SEPP – Open	SEPP – Closed	SEPP – Total	MEPP	Listed JSPP	Total
2023 Report	186	690	876	68	9	953
New plans / spin-offs		5	5			5
Change jurisdiction		(3)	(3)			(3)
Change designated plan status	3	1	4			4
Asset transfer	(1)	(19)	(20)			(20)
Conversion from DB to DC		(3)	(3)			(3)
Wind up		(28)	(28)	(1)		(29)
Change status (Open/closed)	(5)	5	0			0
Data correction		1	1			1
2024 Report	183	649	832	67	9	908

Table A.2 – Plans included in current and previous reports by plan type

Year	SEPP – Open	SEPP – Closed	SEPP – Total	MEPP	Listed JSP	Total no. of plans	Total membership
2024	183	649	832	67	9	908	3,637,116
2023	186	690	876	68	9	953	3,495,586
2022	206	730	936	67	9	1,012	3,437,906
2021	227	777	1,004	68	8	1,080	3,382,291
2020	*	*	1,073	69	7	1,149	3,367,124
2019	*	*	1,150	73	7	1,230	3,338,522
2018	*	*	1,284	73	7	1,364	3,377,627
2017	*	*	1,304	74	0	1,378	1,870,615
2016	*	*	1,260	73	0	1,333	1,866,565
2015	*	*	1,211	72	0	1,283	1,835,156
2014	*	*	1,238	73	0	1,311	1,833,773
2013	*	*	1,285	76	0	1,361	1,860,156
2012	*	*	1,311	76	0	1,387	1,832,800
2011	*	*	1,368	70	0	1,438	1,828,604
2010	*	*	1,436	70	0	1,506	1,866,444

* This information was not available prior to 2021.

Table A.3 shows a breakdown of the number of plans by size of plan membership and Table A.4 shows a breakdown of the total members covered by size of plan membership.

Table A.3 – Number of plans by size of membership in plan

Number of members in plan	SEPP	MEPP	Listed JSPP	Total
0 – 49	180	0	0	180
50 – 99	122	1	0	123
100 – 249	194	3	0	197
250 – 499	124	1	0	125
500 – 999	84	10	1	95
1,000 – 4,999	95	24	0	119
5,000 – 9,999	21	9	0	30
10,000+	12	19	8	39
Total	832	67	9	908

Table A.4 – Total membership by size of membership in plan

Number of members in plan	SEPP	MEPP	Listed JSPP	Total
0 – 49	4,129	0	0	4,129
50 – 99	9,237	56	0	9,293
100 – 249	31,663	512	0	32,175
250 – 499	44,095	482	0	44,577
500 – 999	61,658	8,251	669	70,578
1,000 – 4,999	200,399	58,791	0	259,190
5,000 – 9,999	139,871	70,294	0	210,165
10,000+	267,642	980,177	1,759,190	3,007,009
Total	758,694	1,118,563	1,759,859	3,637,116

Appendix B – Supplementary tables

This appendix provides supplementary data to what is presented in some of the charts in the main body of the report. The inclusion of these tables augments the charts and provides continuity with previous reports to users who may be interested in the additional data.

Table 4.1 corresponds to the data presented in Chart 4.1. It provides a breakdown of plans by solvency ratios for the past four annual valuation periods beginning on July 1 from 2020 to 2023.¹⁰

Table 4.1 – Breakdown of plans (other than Listed JSPPs) by solvency ratios

Solvency ratio (SR)	July 1, 2020 to June 30, 2021		July 1, 2021 to June 30, 2022		July 1, 2022 to June 30, 2023		July 1, 2023 to June 30, 2024	
	No. of plans	% of plans	No. of plans	% of plans	No. of plans	% of plans	No. of plans	% of plans
SR < 0.60	15	4.5%	7	1.5%	5	1.1%	4	1.2%
0.60 ≤ SR < 0.80	49	14.5%	36	8.0%	12	2.7%	13	3.8%
0.80 ≤ SR < 0.85	27	8.0%	15	3.3%	10	2.2%	12	3.5%
Sub-total < 0.85	91	27.0%	58	12.8%	27	6.0%	29	8.5%
0.85 ≤ SR < 0.90	43	12.7%	20	4.4%	17	3.8%	8	2.4%
0.90 ≤ SR < 1.00	69	20.5%	99	21.9%	54	12.0%	27	7.9%
Sub-total < 1.00	203	60.2%	177	39.1%	98	21.8%	64	18.8%
1.00 ≤ SR < 1.20	105	31.2%	197	43.5%	218	48.6%	178	52.4%
SR ≥ 1.20	29	8.6%	79	17.4%	133	29.6%	98	28.8%
Total	337	100.0%	453	100.0%	449	100.0%	340	100.0%
Median ratio	0.96		1.04		1.10		1.13	

¹⁰ The number of plans for 2020-2023 inclusive may differ from those reported in the 2023 Report due to a variety of reasons including reports filed after last year's cut-off date of Dec. 31, 2023, plans that have been wound up, converted to a DC arrangement, plans that filed a late report or have had their registration moved out of the province.

Table 4.5 presents the corresponding data for Chart 4.5, providing detailed interest rate assumptions used in the going-concern valuations.

Table 4.5 – Going-concern interest rate assumption by valuation period

Rate (%)	July 1, 2020 to June 30, 2021		July 1, 2021 to June 30, 2022		July 1, 2022 to June 30, 2023		July 1, 2023 to June 30, 2024	
	No. of plans	% of plans	No. of plans	% of plans	No. of plans	% of plans	No. of plans	% of plans
Rate < 4.00	109	31.6%	119	25.7%	24	5.2%	15	4.3%
4.00 ≤ Rate < 4.50	41	11.9%	49	10.6%	25	5.5%	44	12.7%
4.50 ≤ Rate < 5.00	65	18.8%	83	17.9%	70	15.4%	52	14.9%
5.00 ≤ Rate < 5.50	78	22.6%	96	20.7%	84	18.4%	69	19.8%
5.50 ≤ Rate < 6.00	36	10.4%	82	17.7%	134	29.4%	91	26.1%
6.00 ≤ Rate < 6.50	13	3.8%	28	6.1%	88	19.3%	58	16.7%
Rate ≥ 6.50	3	0.9%	6	1.3%	31	6.8%	19	5.5%
Total	345	100.0%	463	100.0%	456	100.0%	348	100.0%
Average (%)	4.35%		4.63%		5.40%		5.30%	

Table 5.8 corresponds to the data presented in Chart 5.8, providing the asset allocation of all plans (other than the Listed JSPPs) over the last 10 years.

Table 5.8 – Asset allocation of all plans (other than Listed JSPPs) from 2015 to 2024

Asset class	% of total investments									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash and short-term investments	2.9%	3.3%	3.7%	3.4%	4.2%	3.9%	4.2%	3.3%	3.0%	3.0%
Bond	41.8%	42.4%	41.1%	38.9%	41.4%	41.5%	41.9%	40.7%	38.7%	41.4%
Equity	48.0%	45.3%	44.7%	43.0%	37.2%	36.9%	36.6%	36.1%	33.2%	31.5%
Real estate	1.7%	1.8%	2.1%	3.8%	9.0%	9.1%	8.1%	10.2%	14.4%	14.3%
Alternative investments	5.6%	7.2%	8.4%	10.9%	8.2%	8.6%	9.2%	9.7%	10.7%	9.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%