Designed for Savings 2025

The Benchmark Report on Capital Accumulation Plans in Canada

Sun Life

Executive summary

We're pleased to bring you the 2025 edition of **Designed for Savings**. Our biennial examination of capital accumulation plans (CAPs) is based on our database of 1.5 million CAP members. This is the largest pool of CAP data in the country.

Group retirement plan resilience – engineered to adapt to changing landscapes

We're a quarter of the way through this new century – a milestone that deserves some reflection. As we look back over the past 25 years, there have been impressive advancements. These include everything from technological innovations like smartphones, social media and artificial intelligence to precise gene editing for medical breakthroughs.

It also includes societal advancements, such as bringing poverty[1] and child mortality[2] to their lowest levels ever. In Canada, we're even living longer. Life expectancy at birth increased by over two years to reach 81.3[3] – making saving for retirement an even greater priority.

Of course, there have been many challenges as well. From a retirement savings perspective, we've experienced a wild ride of economic and investment market trends.

We had the tech bubble in the early 2000s. The great financial crisis of 2007-2008 followed. More recently, the pandemic disrupted the world and our economic order. Then soaring inflation and high interest rates thinned our pocketbooks. In 2025, we're facing new challenges, with cross-border tariffs and greater economic uncertainty.

1 World Bank Group, Poverty, Prosperity, and Planet, 2024
2 United Nations. World Population Prospects, 2024
3 World Health Organization

Is there a period of calm on the horizon? Perhaps. But history's clearest lesson is that turbulence and challenge aren't just possibilities — they're inevitabilities.

That's why the resilience of group retirement plans remains such a critical quality. The structure and regulatory framework for capital accumulation plans provide a steady ship. And the powerful combination of advice, targeted education, advanced digital tools, thoughtful plan design and innovative solutions can contribute to retirement readiness.

For example, access to digital tools has been key to helping members weather uncertainty. Based on our data, plan members who are digitally engaged have plan balances 177% larger than those who are not engaged. Digitally engaged plan members are:

- More likely to stay invested
- Able to make better decisions through the use of technology
- Able to gain a long-term perspective through the use of projections.

Capital accumulation plans at work – key insights

You'll find a wealth of information in our 2025 report. Here are some insights worth noting.

- **Contribution and balance growth.** Plan members contributed to their plans at a higher rate. This, combined with the positive market returns in 2023-2024, has boosted plan member balances. Plan members are also reaching their retirement age with slightly higher balances than two years ago.

  Thanks to their established structure, group plans generally provide broad options and flexibility, making saving for retirement more accessible. We compared average group plan savings to those of individual Canadians saving in their Registered Retirement Savings Plans (RRSPs). Median annual contributions in group plans were $7,070, compared to $4,000 in RRSPs. And Sun Life plan members retire 2.1 years earlier than the average Canadian.[4]

- **Investment strategy success.** A substantial 42% of all member investment capital is now allocated to target date funds, marking a significant evolution in group plan preferences.

  This shows how professional portfolio management – with the automated rebalancing of risk – helps mitigate adverse timing outcomes as members approach retirement. We continue to see an increasing use of target date funds as a default investment option as well. This will continue to benefit less-engaged plan members in the future.

- **Use of specialty investment options.** Plan members continue to increase their contributions to specialized investments, but at a gradual rate. These include alternatives like real assets and private fixed income as well as Sustainability Focused (Thematic or Screened) funds. These are relatively new investment options with limited uptake. However, we believe that offering these funds can be important in meeting the diverse needs of plan members.

  Plan members are far more likely to get access to alternatives as part of target date or target risk funds. We've seen several managers add real assets and other alternatives to these funds in recent years.

- **Shifting decumulation trends.** More retirees are opting for minimum withdrawals from their savings. This cautious approach may stem from concerns about future inflation and economic uncertainty or worries of outliving savings. These trends underscore the importance of ongoing financial guidance for those entering retirement.
- **The value of advice.** We launched 360 Plan Advice in 2023. It's a personalized one-on-one advice model for GRS plan members, serviced by our licensed financial services consultants*. Shortly after, we launched our goal-based financial planning tool, Sun Life One Plan, where members can build a financial roadmap in less than 5 minutes. While these tools and services continue to be adopted, early impacts have been overwhelmingly positive. As of May 2025, plan members had created over 250,000 One Plans. And we found that the likelihood of a member taking a positive financial action increases by 70% for members who engaged with an advisor versus those who did not.

Capital accumulation plans continue to provide exceptional long-term benefits to plan members. And many plans benefit from ongoing reviews to ensure their effectiveness. We're confident this report will equip you with the insights needed to strengthen plan effectiveness and ensure long-term financial security for members in an increasingly unpredictable world.

Dave Jones
Senior Vice-President
Group Retirement Services

4 **Statistics Canada. Retirement age by class of worker, 2020-2024 annual.**

*Registered as financial security advisors in Quebec.

Contents

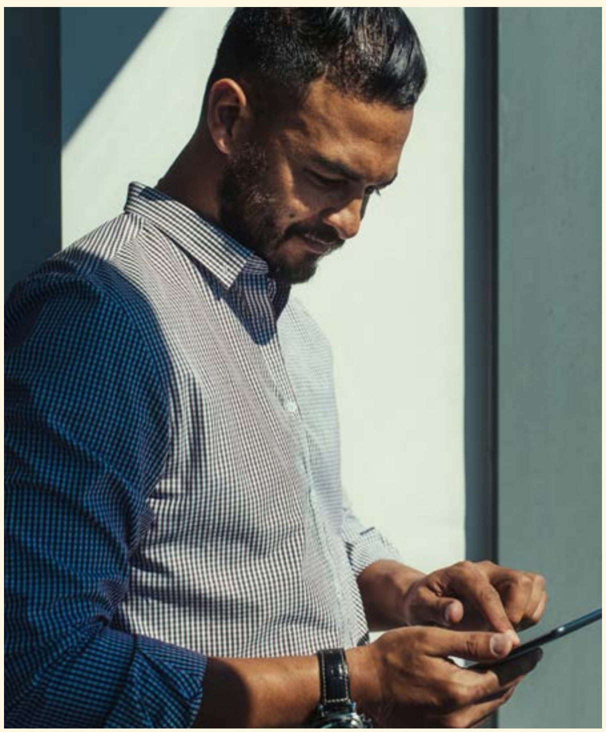
PLAN ABBREVIATIONS

AUA	Assets Under Administration
CAP	Capital Accumulation Plan*
DBPP	Defined Benefit Pension Plan
DCPP	Defined Contribution Pension Plan
DPSP	Deferred Profit Sharing Plan
EPSP	Employee Profit Sharing Plan
ESPP	Employee Share Purchase Plan
FHSA	First Home Savings Account
GDIA	Guaranteed Daily Interest Account
GIA	Guaranteed Interest Account
LIF	Life Income Fund
LIRA	Locked-In Retirement Account
NREG	Non-Registered Savings Plan
OAS	Old Age Security
PRPP	Pooled Registered Pension Plan
QPP	Quebec Pension Plan
RRIF	Registered Retirement Income Fund
RRSP	Registered Retirement Savings Plan
TDF	Target Date Fund
TFSA	Tax Free Savings Account
VRSP	Voluntary Retirement Savings Plan

* This report refers to CAP as an umbrella term, which includes defined contribution pension plans, group RRSPs, etc.

Plan member responses to 2025 market volatility

The first quarter of 2025 has shown a notable shift in member behaviour in response to economic uncertainty and market volatility. Unlike our experience during previous periods of market stress, we are observing statistically significant derisking within group plans, particularly among members invested in US Equities who are moving into conservative investments such as guaranteed or money market funds.



This behaviour, while not representing daily trading activity typical of brokerage accounts, does indicate members are responding to the broader economic volatility. Call volumes to our service centre initially spiked when US tariffs were proposed, and unlike previous market events, these concerns have translated into concrete portfolio adjustments for some members.

One explanation for this derisking may be effective portfolio rebalancing. Following the strong performance of US equities in 2023 and 2024, many members likely found themselves overweight in equities relative to their risk profiles. The recent volatility in US equities markets may have prompted members to reallocate their investments to maintain their target asset allocations. There are signs of “Buy Canadian” sentiment also playing a role: More members moved out of US equity funds in Q1 of 2025 than any other period since the early COVID-19 pandemic response.

It’s worth noting that while investment reallocation has increased, outright withdrawals from group plans remain within historical averages. This suggests members are adjusting their investment strategies rather than abandoning their retirement savings altogether, which demonstrates continued confidence in the long-term value of their plans despite short-term market concerns.

The state of pensions

Global pension assets (defined benefit and defined contribution combined) rose by 4.9% year over year in 2024, reaching a record $58.5 trillion.

CAP assets have led the way. Defined contribution assets in the world’s seven largest pension markets have grown an average 6.7% in the last 10 years – more than three times the growth rate of defined benefit plan assets.[5] About 59% of pension assets in those seven markets are in CAPs. The DC percentage in Canada is 44%, up from 40% two years ago. This includes DCPP, RRSP, DPSP and TFSA assets.

Strong investment markets in both 2023 and 2024 drove up balances across the group plan industry in Canada.

About this report

Sun Life is the country’s top provider of CAP administration services, with a roughly 41% share of the Canadian CAP market.[6]

Designed for Savings 2025 is based on Sun Life client data, representing roughly 1.5 million members in more than 8,600 group plans in our proprietary CAP database. As the Canadian market-share leader among group retirement savings record keepers, our database provides an unparalleled look at the state of Canadian retirement.

SUN LIFE CAP DATABASE

7,500+ CLIENTS	8,600+ PLANS
1.5+ million PARTICIPATING MEMBERS	$140+ billion ASSETS UNDER ADMINISTRATION

5 Global Pension Assets Study 2025, Willis Towers Watson Thinking Ahead Institute. The seven largest pension markets are Australia, Canada, Japan, Netherlands, Switzerland, UK and US. Collectively, they represent 91% of global pension assets.

6 Unless otherwise stated, our data is as of December 31, 2024.

01 Eligibility and employer-matching contributions

Eligibility and matching contributions

Roughly half of Sun Life Clients make participation in their CAP voluntary. The split this year is 54% voluntary, 46% mandatory.

FIG 1.0: PLAN PARTICIPATION RULE

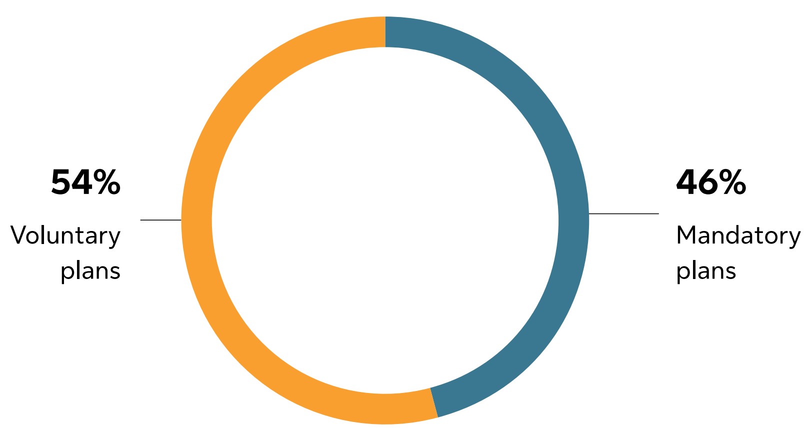
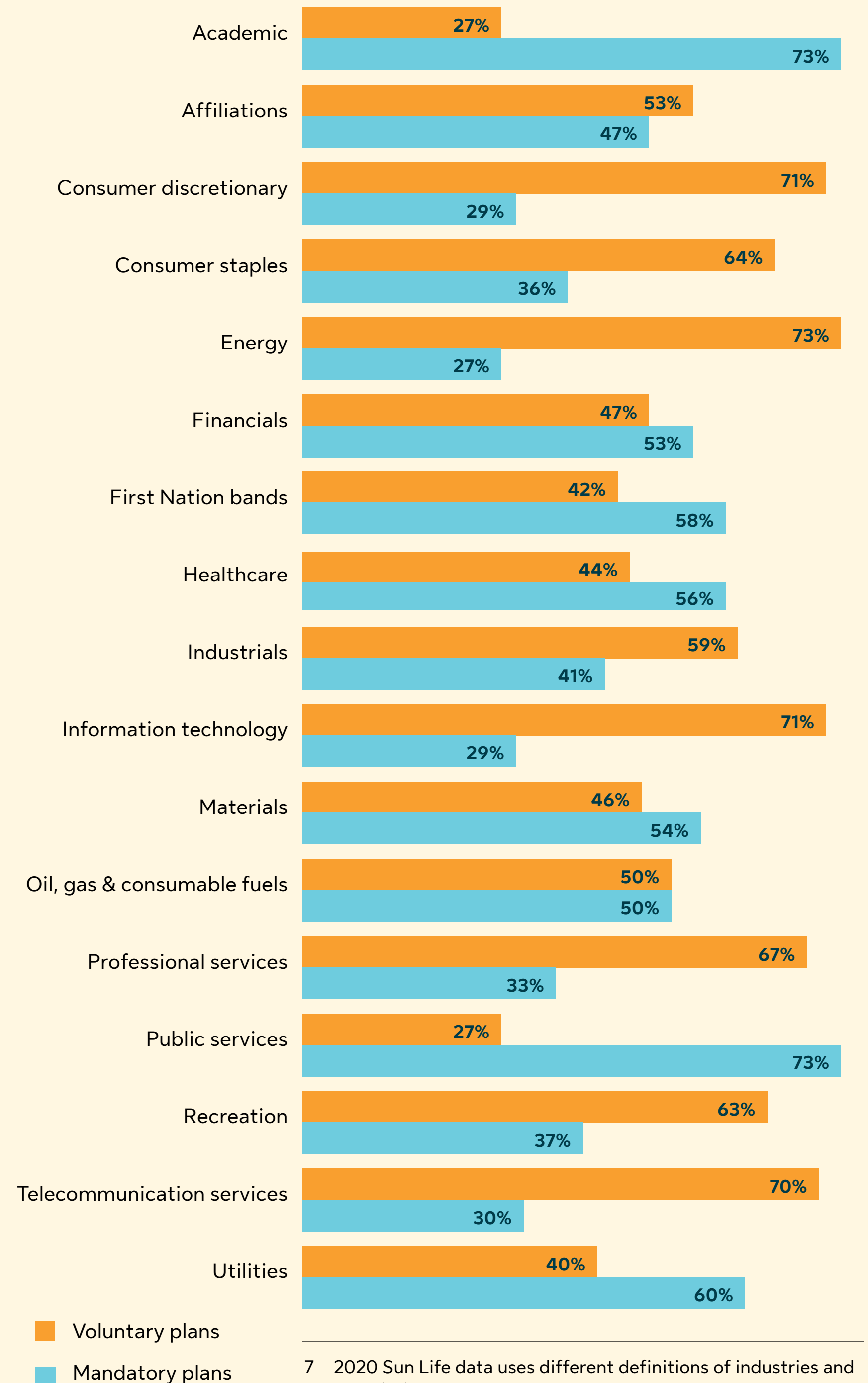
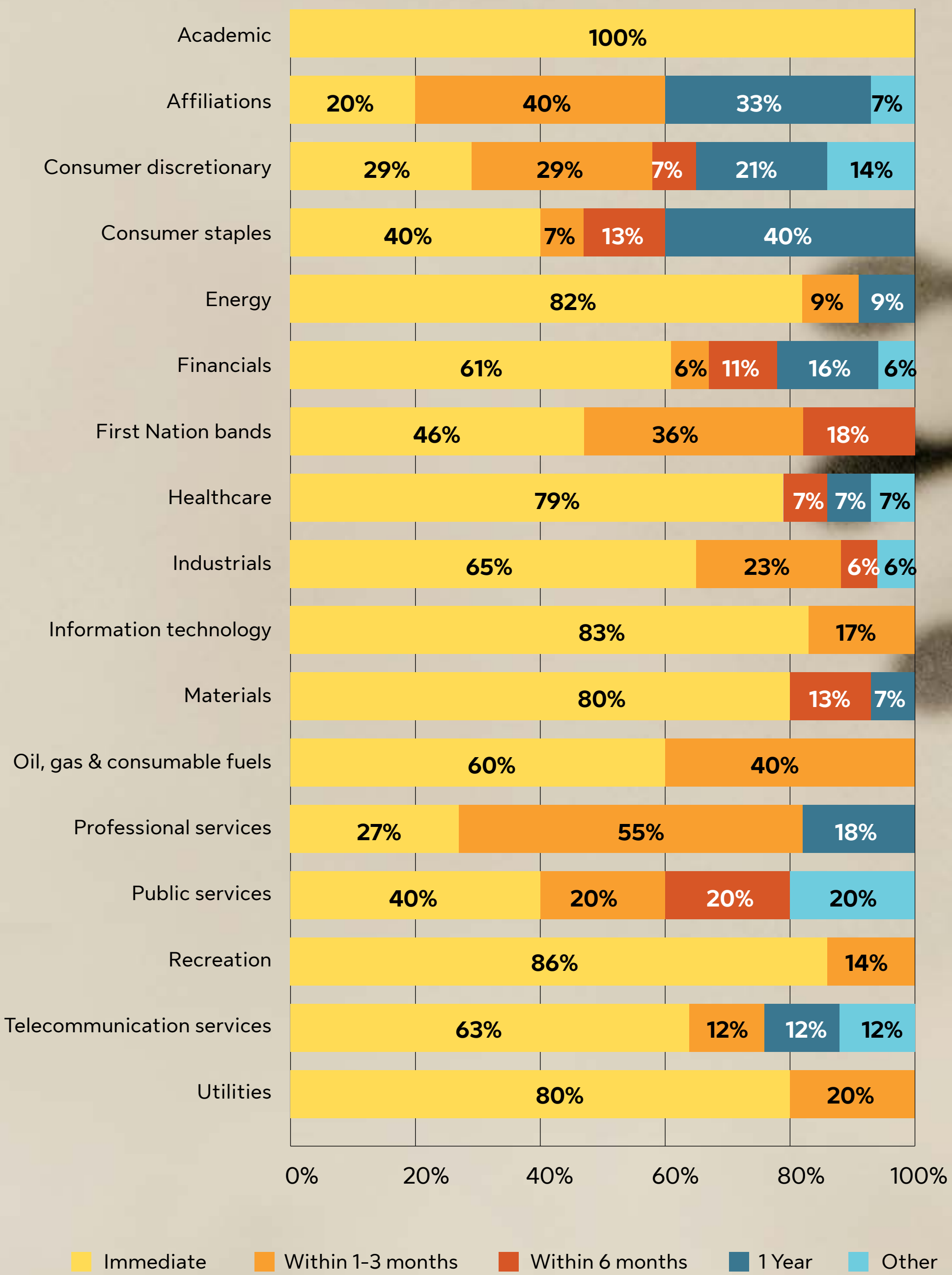


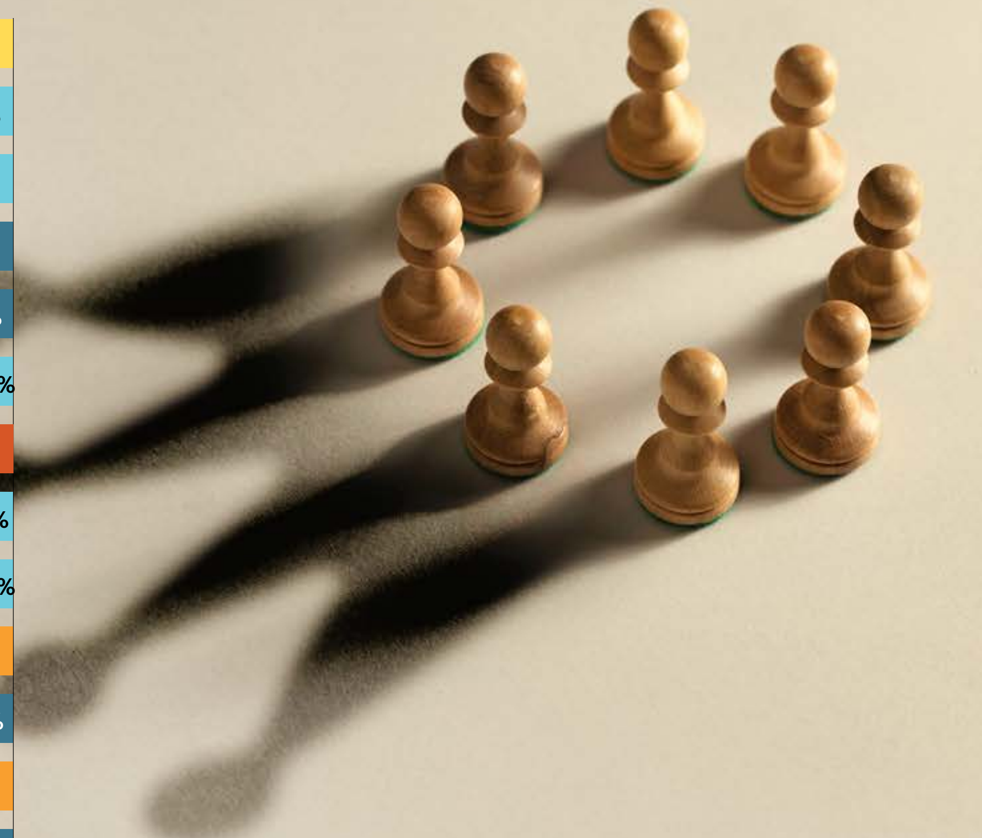
FIG 1.1: PLAN PARTICIPATION RULE BY INDUSTRY[7]



7 2020 Sun Life data uses different definitions of industries and associations.

FIG 1.2: EMPLOYEE ELIGIBILITY RULES BY INDUSTRY





A significant number of plans – across multiple industries – provide new employees immediate plan eligibility.

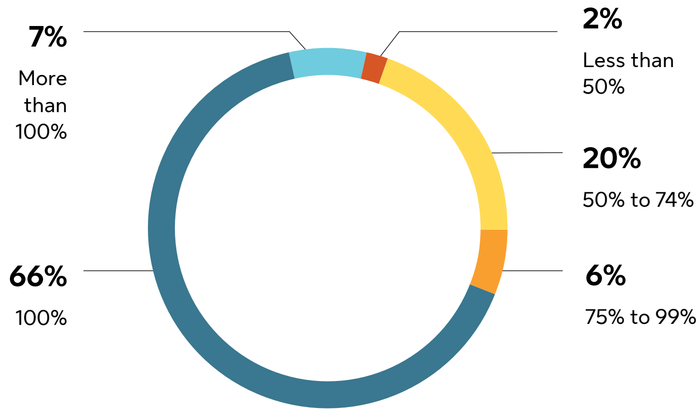
This is most common in the **academic, energy, healthcare, information technology, materials** and **utilities** industries. It's least common among **affiliations, consumer discretionary** and **professional services** employers. **One-third or fewer** plans in each of those sectors provide immediate eligibility.

FIG 1.3: TYPICAL EMPLOYEE CONTRIBUTIONS TO RECEIVE MAXIMUM EMPLOYER MATCH BY INDUSTRY

Industry	Required employee contribution
Academic	5%-7%
Affiliations	5%-6%
Consumer discretionary	3%-5%
Consumer staples	3%-5%
Energy	6%+
Financials	4%-6%
First Nation bands	5%-6%
Healthcare	4%+
Industrials	4%+
Information technology	5%+
Materials	4%+
Oil, gas & consumable fuels	6%+
Professional services	5%-6%
Recreation	3%
Telecommunication services	7%+
Utilities	5%-6%

We educate plan members on the benefits of maximizing their employer's matching contribution – and it remains one of the most powerful incentives to save. However, the percentage employees are required to contribute to secure the maximum matching amount does vary greatly. The most common employee contribution needed to maximize the employer match is 5% of income.

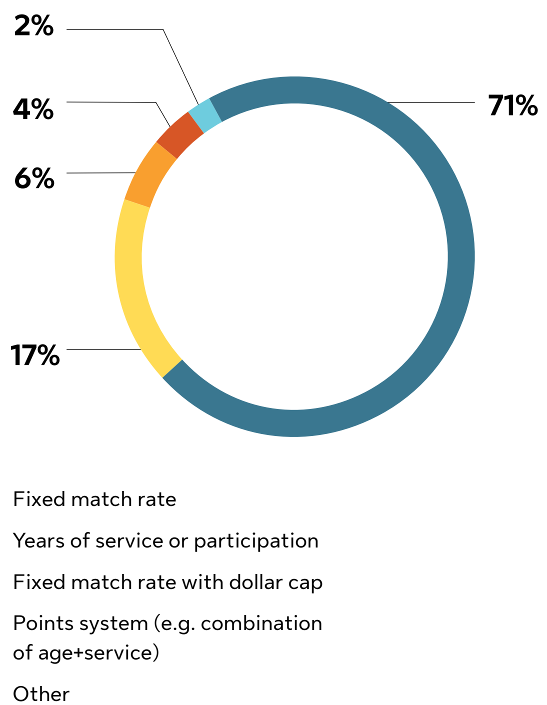
FIG 1.4: OVERALL EMPLOYER MATCHING CONTRIBUTION RATE



In terms of a matching percentage, most employers match 100% or more of an employee's contribution, dollar for dollar.

Dollar for dollar matching is both easy to communicate and calculate, and highly effective in incenting plan member contributions.

FIG 1.5: EMPLOYER MATCHING CONTRIBUTION RULE



Sponsor matching of member contributions can be calculated a number of ways: dollar for dollar matching, providing a fixed match rate, or a calculation based on years of service or other factors.

Most plan sponsors (71%) use a fixed matching percentage based on an employee's contributions as a percentage of earnings. About **6%** apply a flat dollar cap to their matching amount.

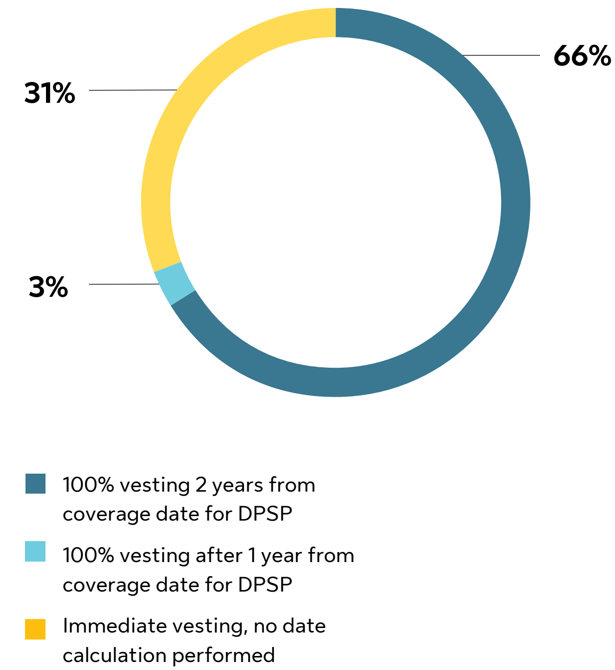
The remaining plan sponsors base their matching calculation on employee tenure, years of plan participation, or a points system combining age and service.

FIG 1.6: EMPLOYER AUTOMATIC CONTRIBUTION RATE WHERE NO EMPLOYEE CONTRIBUTION IS REQUIRED

Automatic sponsor contribution rate %	% of plans
1%	5%
2%	13%
3%	21%
4%	22%
5%	15%
6%	14%
7%	3%
8%	5%
9%	2%
10%+	1%

While some types of plans, such as DCPP, require employer contributions, about two in five plans offer an automatic employer contribution, even if the plan member makes no contribution. For plans that require no employee contribution, about 40% provide a contribution rate under 4% of income. Another 37% automatically contribute between 4% and 5.9% of income.

FIG 1.7: VESTING RULES FOR DEFERRED PROFIT SHARING PLANS



A majority of DPSPs (66%) are designed to vest two years from the day the member joins the plan. About one-third provide immediate vesting to new members. The remainder ask members to wait a year.[8]

8 Fig 1.7 excludes the small number of Clients who may use other vesting periods.

02 Plan types commonly offered

CAPsule collection

Like a wardrobe, companies curate plans to suit the needs and desires of employees. The choice often depends on a mix of factors, from the company's size and industry to workforce demographics. Regulatory requirements can also play a role in choosing what plans to offer, with some plans – like DCPPs – requiring additional layers of compliance.

Group plan members increasingly desire flexible options that balance long-term retirement needs with more immediate financial priorities. Flexible savings vehicles within group plans, with part of employee contributions in TFSAs, provide access to funds before retirement, helping employees navigate today's economic challenges while still building financial security.

Larger plan sponsors are more likely than smaller ones to offer multiple products as part of their program.

Recently launched **Sun Life Choices Flex** offers plan members access to additional savings accounts, including TFSAs, NREGs, and RRSPs, when these aren't available in their existing plans. These products are designed to complement workplace savings plans and promote savings goals beyond retirement.

FIG 2.0: TOP PLAN TYPE COMBINATIONS BASED ON PLAN MEMBERSHIP SIZE

Number of plan members	Product combination	% of plans
1-99	RRSP	57%
	RRSP, DPSP	14%
	DCPP	13%
	RRSP, TFSA	5%
	DCPP, RRSP	3%
100-199	RRSP	19%
	RRSP, DPSP	12%
	DCPP, RRSP	12%
	DCPP	10%
	RRSP, TFSA	10%
200-499	DCPP, RRSP, TFSA	11%
	RRSP	11%
	RRSP, DPSP	10%
	DCPP, RRSP	9%
	DCPP	8%
500-999	DCPP, RRSP, TFSA, NREG	15%
	DCPP, RRSP, TFSA	15%
	DCPP, RRSP	10%
	RRSP, DPSP, TFSA	7%
	RRSP, TFSA, NREG	6%
1,000 and up	DCPP, RRSP, TFSA	22%
	DCPP, RRSP, TFSA, NREG	11%
	DCPP	8%
	DCPP, RRSP	7%
	DCPP, RRSP, NREG	5%

FIG 2.1: PLAN TYPES COMMONLY HELD BASED ON GROUP PLAN ASSET SIZE

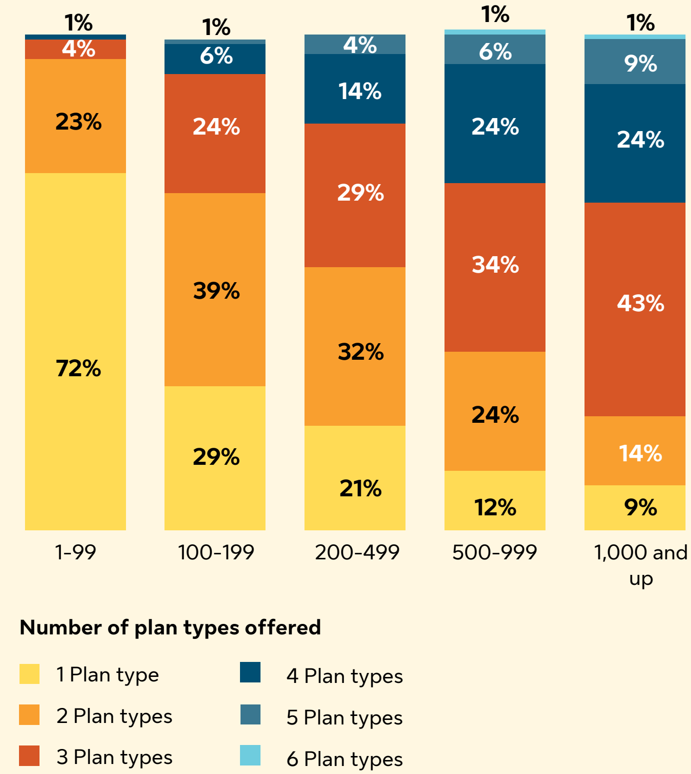
Product	Less than $2M	$2M-$5M	$5M-$10M	$10M-$25M	$25M-$50M	$50M-$100M	$100M+
DCPP	13%	42%	48%	51%	65%	65%	80%
DPSP	17%	20%	21%	24%	29%	27%	25%
EPSP	<1%	1%	3%	2%	6%	3%	12%
NREG	1%	8%	14%	24%	38%	46%	45%
RRSP	86%	73%	80%	87%	87%	94%	90%
TFSA	7%	22%	33%	46%	56%	70%	71%

The prevalence of smaller plans using a group RRSP reflects a need for lower regulatory burdens for many smaller employers. Larger plans often have the resources to offer more complex program designs with multiple plans, including pensions.

Many larger employers have complex workplaces that require more complex retirement programs. While companies of all sizes may have different job categories or operate across industry sectors, larger organizations typically have more resources to offer a wider range of retirement options. They can develop plans that are competitive for different workforce sectors while addressing the diverse savings needs of a large employee base.

Larger plans can provide additional flexibility to their members through these expanded offerings. Mergers and acquisitions may also lead some companies to inherit plans with different features for certain divisions, further adding to the complexity of their retirement programs.

FIG 2.2: NUMBER OF PLAN TYPES OFFERED BASED ON PLAN MEMBERSHIP SIZE



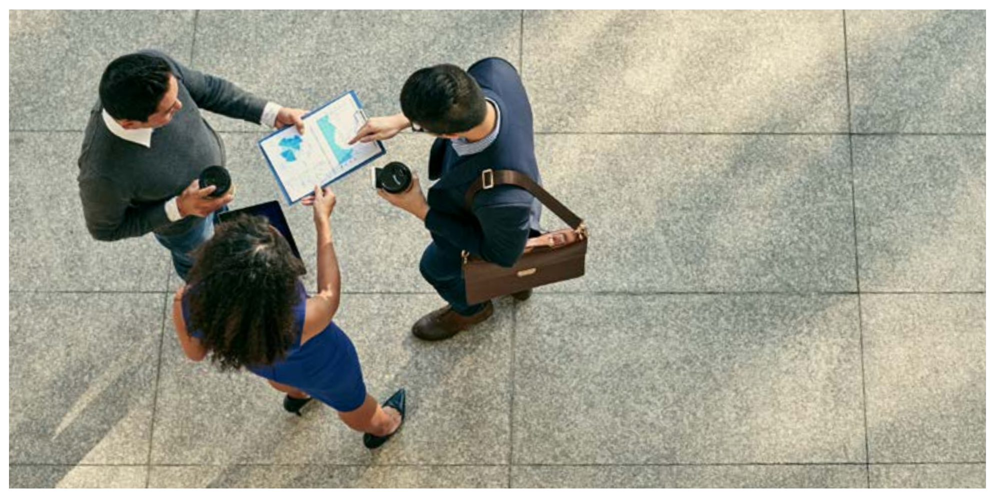
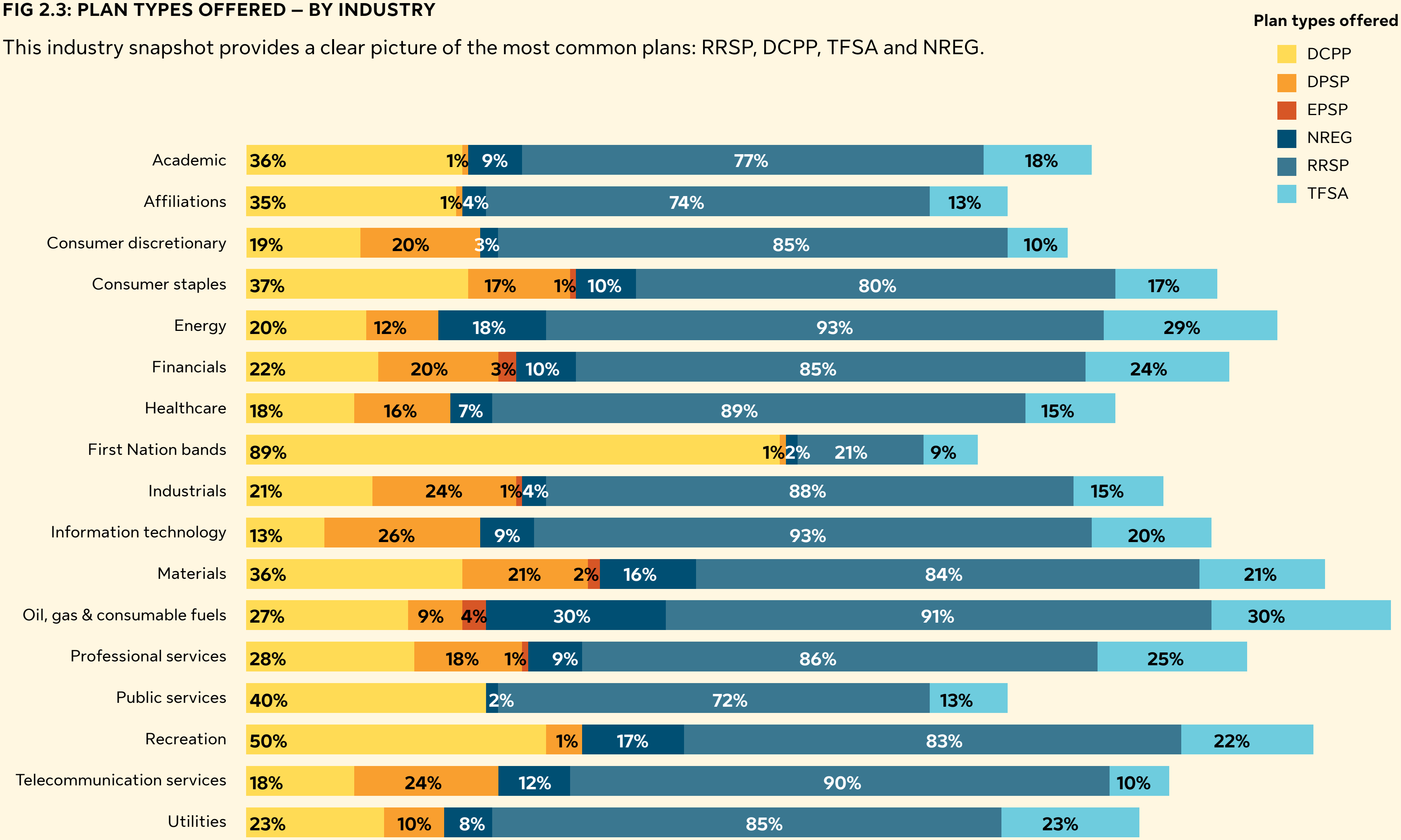


FIG 2.3: PLAN TYPES OFFERED – BY INDUSTRY

This industry snapshot provides a clear picture of the most common plans: RRSP, DCPP, TFSA and NREG.



03 Employee participation rates

Participation is voluntary in about half of CAPs – meaning that many employees must make an active choice to join their workplace plan.

In 2023, we tracked participation in voluntary plans at 73%. That number has declined slightly to 71% in 2025. However, the level of participation in voluntary plans has been relatively consistent over the past decade.

FIG 3.0: EMPLOYEE PARTICIPATION BY PLAN MEMBERSHIP SIZE

04 Investments

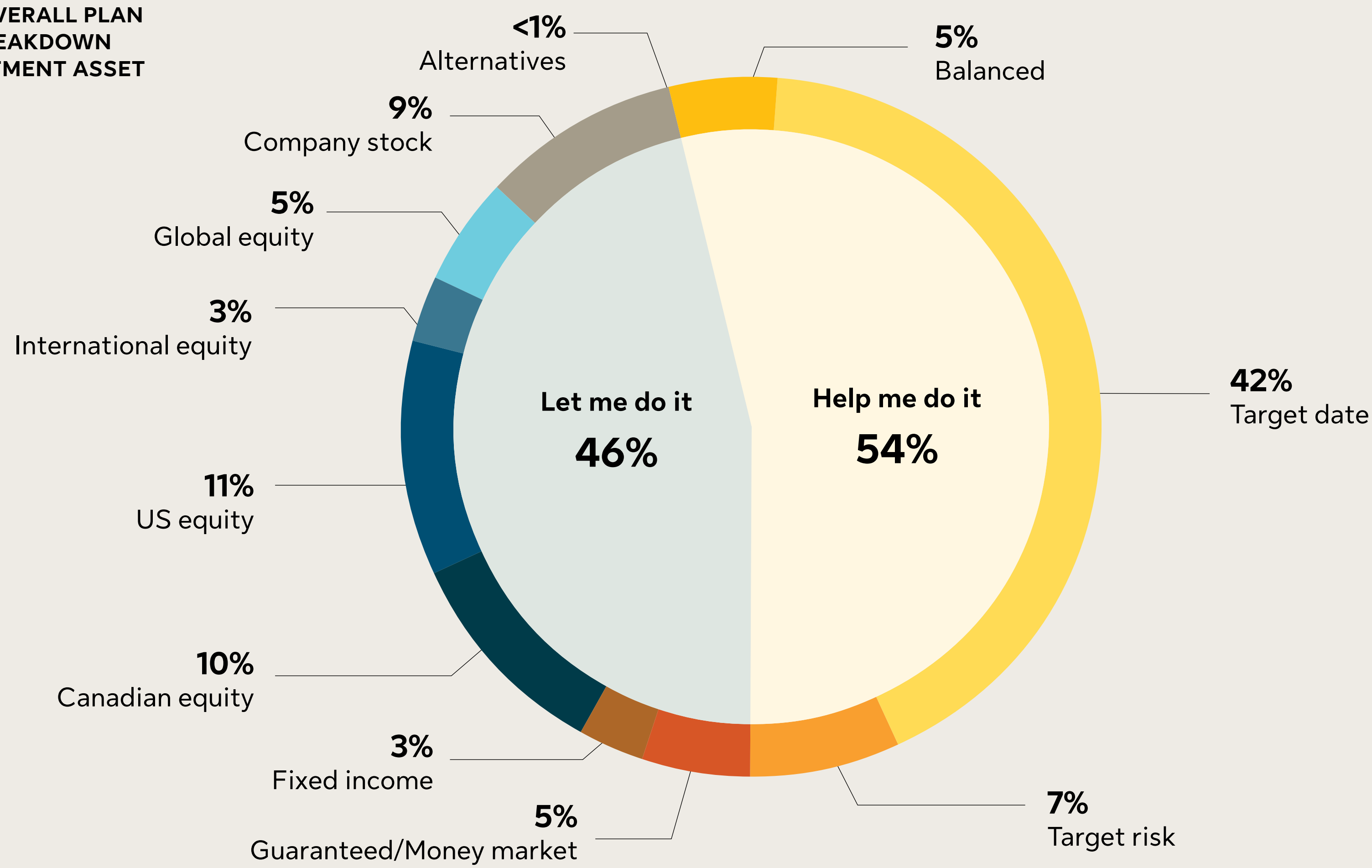
Over the past two years, we saw a strong rebound from the "dual decline" of stocks and bonds in 2022.

There were strong returns for equities in both 2023 and 2024. In 2024, global equities (MSCI World Index) gained 29%, while U.S. equities (S&P 500 Index) was up over 36% and Canadian equities (S&P/TSX Composite Index) rose 21%. Bond returns were also positive in both years, with a total annual return of 6.7% in 2023 and 4.2% in 2024 for the FTSE Canada Universe Bond Index.[9]

Central banks carefully balanced the need to control inflation with the risks of slowing economic activity. The Bank of Canada and the U.S. Federal Reserve cut interest rates in 2024, with more aggressive rate cuts in Canada. However, the global economic outlook is still uncertain due to geopolitical tensions and sluggish growth.

9 Index data source: Various providers, including MSCI, FTSE, S&P, BMO, Russell, JP Morgan. The index providers make no express or implied warranties or representations and shall have no liability whatsoever with respect to any data contained herein. The index data may not be further redistributed or used as a basis for other indices or any securities of financial products. This report is not approved, reviewed or produced by the index providers. Sun Life makes no representations or warranties about the completeness, reliability, and accuracy of the index source data. Any action you take upon reliance of the index source data is strictly at your own risk.

FIG 4.0: OVERALL PLAN ASSET BREAKDOWN BY INVESTMENT ASSET CLASS



Retirement on Target

Target date funds maintain their popularity among plan sponsors and their members. In 2018, these funds made up 29% of total assets. In 2024, that number rose to **42% of total assets** and represented **52% of plan member contributions**.

If market volatility and uncertainty continue through 2025 and beyond, the benefits of target date funds will continue to be demonstrated. The future of international trade tumult is unknown – and different world markets will experience varying impacts. With their built-in diversification across asset classes and geographic locations, target date funds help cushion against outsized economic shocks in one industry or geography. And their glidepaths ensure that, as plan members approach their target retirement date, they are gradually reducing their exposure to riskier assets, protecting them from the potential of significant losses.

The simplicity of target date funds is also appealing during periods of economic instability, when emotions can get in the way of prudent investment decision-making. These funds ensure that plan members leave asset allocation decisions to professional managers who have expertise and experience in navigating challenging markets.

Diversifying with Alternatives

Target date managers are adding more alternative assets to diversify their portfolios, boost returns and protect against risks, such as inflation, volatility and interest rate fluctuations.

Target date managers are diversifying portfolios with alternative assets like real assets and private debt to enhance returns and mitigate inflation, volatility, and interest rate risks. This increased diversification benefits plan members, particularly during market turbulence.

While some members view target date funds as a “set it and forget it” option for members, plan sponsors should review these plans offerings every few years. Target date funds are the default fund choice for 81% of plan sponsors (Fig 4.12). The Canadian Association of Pension Supervisory Authorities (CAPSA) Guideline No. 3 outlines the importance of selecting an appropriate default option.

When establishing the default investment option, plans should consider:

- Plan purpose and intended member outcomes
- Risk level
- Competitiveness of fees
- Member demographics and behaviour
- Diversification
- Liquidity

With the increasing number of options in the marketplace and ongoing enhancements to existing funds, it remains prudent for plan sponsors to periodically evaluate and confirm they are still comfortable with the default option they have selected for their plans.

FIG 4.1: PERCENTAGE OF PLANS WITH ACCESS TO EACH ASSET CLASS BY PLAN ASSET SIZE

Asset class	Less than $2M	$2M -$5M	$5M -$10M	$10M -$25M	$25M -$50M	$50M -$100M	$100M+
Target date	70%	71%	82%	88%	95%	95%	91%
Target risk	24%	47%	45%	38%	26%	20%	19%
Balanced	27%	66%	65%	61%	54%	44%	38%
Guaranteed/ Money market	54%	90%	97%	98%	99%	99%	97%
Fixed income	41%	84%	94%	98%	99%	99%	97%
Canadian equity	59%	93%	97%	99%	99%	98%	97%
US equity	49%	88%	93%	95%	96%	92%	89%
International equity	36%	79%	87%	91%	93%	89%	89%
Global equity	39%	81%	83%	85%	85%	85%	82%
Alternatives	6%	19%	23%	22%	19%	28%	21%
Company stock	1%	2%	1%	3%	4%	8%	20%

FIG 4.2: ACTIVE VS. PASSIVE INVESTMENT OFFERINGS (CONSULTANT AND ADVISOR SUPPORTED PLANS)

Asset class	Active only	Active and passive	Passive only
Target date	67%	1%	32%
Target risk	85%	4%	11%
Balanced	87%	11%	1%
Guaranteed/ Money market	69%	25%	7%
Fixed income	31%	48%	21%
Canadian equity	56%	40%	4%
US equity	14%	46%	40%
International equity	36%	41%	22%
Global equity	69%	25%	7%
Alternatives	100%	–	–

Consistent with data from previous reports, almost all plans with assets greater than $2 million offer at least one stand-alone foreign equity option in their line-up. A majority offer a combination of global, international and US equity funds. International funds invest in non-North American equities. Global funds invest in both US and non-North American equities. International and global equity funds may also include emerging market investments.

Market factors affecting actively managed global funds

Active global equity managers have often trailed benchmark indices recently. This stems from the heavy weighting of the "Magnificent Seven" in major indices: Microsoft, Apple, NVIDIA, Amazon, Meta, Alphabet, and Tesla made up over 20% of the MSCI World Index and 30% of the S&P 500 Index. These seven stocks have delivered more returns than all other S&P 500 stocks combined.

Active managers prioritize risk-adjusted returns, which often leads them to limit positions in volatile mega-cap firms that distort benchmarks and valuation metrics.

The volatility thus far in 2025 has underlined this lesson: numerous Magnificent Seven stocks have seen price swings of 20% in a single week.

We continue to encourage plan sponsors to undertake ongoing manager oversight and evaluations. To learn more, see our Bright Paper report – Our global equity manager is underperforming – should we worry?

FIG 4.3: FOREIGN (US, INTERNATIONAL AND GLOBAL) EQUITY FUNDS OFFERED BY PLAN ASSET SIZE

Asset class	Less than $2M	$2M -$5M	$5M -$10M	$10M -$25M	$25M -$50M	$50M -$100M	$100M+
Global, International and US equity	23%	67%	75%	77%	78%	77%	74%
US and International equity	11%	11%	12%	14%	15%	13%	15%
US and Global equity	8%	8%	5%	4%	3%	2%	<1%
Global equity only	6%	5%	4%	4%	3%	6%	7%

FIG 4.4: PLAN MEMBER INVESTMENT ALLOCATIONS FOR CONTRIBUTIONS

Asset class	2024	2022	% change
Target date	52%	47%	+5%
Target risk	7%	7%	–
Balanced	4%	4%	–
Guaranteed/ Money market	5%	5%	–
Fixed income	3%	4%	-1%
Canadian equity	6%	8%	-2%
US equity	8%	7%	+1%
International equity	2%	3%	-1%
Global equity	3%	4%	-1%
Alternatives	<1%	<1%	–
Company stock	10%	11%	-1%

The past 10 years have seen a rapid move away from single asset class funds towards target date funds. This move has continued over the past two years, but at a slower pace, since many plan members have already made the switch in previous years.

FIG 4.5: PLAN MEMBER INVESTMENT ALLOCATIONS (ACCOUNT BALANCES)

Asset class	2024	2018	% change
Target date	42%	34%	+8%
Target risk	7%	8%	-1%
Balanced	5%	8%	-3%
Guaranteed/ Money market	5%	4%	+1%
Fixed Income	3%	5%	-2%
Canadian equity	10%	10%	–
US equity	11%	6%	+5%
International equity	3%	3%	–
Global equity	5%	4%	+1%
Alternatives	<1%	<1%	–
Company stock	9%	11%	-2%

Plan member balances in target date funds continue to rise, from 34% of balances in 2018 to 42% in 2024. With economic uncertainty in 2025, this is a positive sign that more plan members will "stay the course" during market volatility.

Additionally, we've observed an increase of allocations to US equity, primarily reflecting the very strong returns in US equities over the last six years, as well as members choosing to allocate more to this well-performing asset class. However, as detailed later in this report, the response to market volatility suggests this preference for US equities may be more muted in the year to come.

FIG 4.6: PERCENTAGE EQUITY EXPOSURE BY PLAN MEMBER AGE

% of equity exposure	Age band						
	<30	30-39	40-49	50-54	55-59	60-64	65+
No equity exposure	1%	2%	3%	4%	5%	6%	10%
1-25%	<1%	<1%	1%	1%	2%	3%	3%
26-50%	4%	4%	5%	6%	14%	40%	41%
51-75%	11%	13%	23%	58%	54%	29%	24%
76-99%	41%	67%	58%	20%	15%	13%	10%
100%	42%	13%	11%	11%	10%	10%	12%

The figure above excludes the equity exposure of Target Date and Target Risk funds. Most age bands have relatively consistent equity exposure compared to two years ago. However, there is a greater percentage of younger plan members with 100% of assets in equity investments.

Younger plan members have more years than older plan members to ride out equity market volatility.

FIG 4.7: MEMBER USE OF FUNDS – BY CATEGORY AND BY AGE BAND[10]

Category	Age band						
	<30	30-39	40-49	50-54	55-59	60-64	65+
Help me do it							
Target date	62%	54%	45%	39%	37%	36%	33%
Target risk	5%	5%	5%	5%	5%	6%	7%
Balanced	1%	1%	2%	2%	2%	2%	3%
Let me do it							
Single asset class funds	17%	22%	24%	27%	28%	28%	32%
Combination	16%	19%	24%	27%	28%	28%	26%

Target date fund investors show age-based equity allocation differences compared to self-directed investors: younger members hold more equities and older members fewer equities than their self-managing counterparts. This pattern may impact investment outcomes, particularly for younger members who could be missing potential equity market growth opportunities.

FIG 4.8A: MEMBER EQUITY EXPOSURE BY AGE

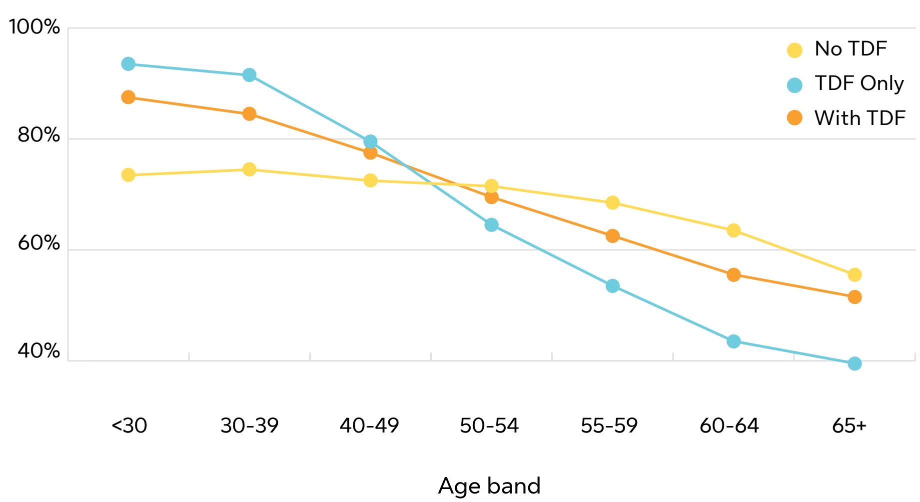


FIG 4.8B CALENDAR YEAR PERFORMANCE OF TARGET DATE FUNDS (PERSONAL RATES OF RETURN, NET OF FEES)*

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TDF only	12.3%	5.1%	7.1%	9.1%	-2.2%	16.7%	8.8%	12.7%	-9.6%	10.5%	15.6%
No TDF	9.2%	3.3%	6.4%	8.7%	-3.4%	13.6%	7.2%	14.5%	-6.0%	9.9%	14.3%
Difference	+3.1%	+1.8%	+0.7%	+0.4%	+1.2%	+3.1%	+1.6%	-1.8%	-3.6%	+0.6%	+1.3%

*Personal rate of return methodology has been updated from 2023 onwards.

Target date funds underperformed single asset class funds in 2022 due to rare market conditions where both bonds and equities suffered double-digit losses while cash yielded positive returns. Investors in single asset class funds typically maintain higher cash allocations than target date funds, which remain primarily invested in equities and fixed income.

Target date funds offer advantages beyond performance alone. They provide diversified, risk-appropriate portfolios tailored to plan members, with asset allocations that address market, longevity, and inflation risks through carefully designed glidepaths.

10 Fig 4.7 Category definitions: **Target date** invested in target date fund only. **Target risk** invested in target risk fund only. **Balanced** invested in balanced fund only. **Single asset class funds** invested in single category that is not TDF, target risk fund, or balanced. **Combination** Invested in multiple asset categories that includes target date or target risk fund.

FIG 4.9: PERCENTAGE OF PLANS AND PLAN MEMBERS THAT HOLD TARGET DATE FUNDS

FIG 4.10: PLAN MEMBER TARGET ALLOCATIONS BY AGE AND FUND MATURITY[12]

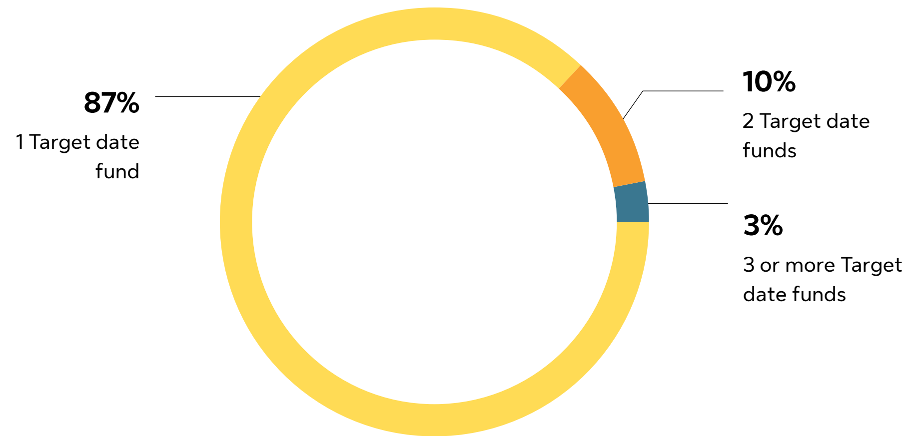
Target date funds maturity date	Age band								
	<30	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
	8%	9%	10%	11%	11%	11%	14%	48%	83%
2025	2%	2%	2%	2%	2%	3%	9%	73%	20%
2030	2%	2%	2%	2%	4%	12%	75%	17%	6%
2035	1%	1%	2%	4%	11%	74%	13%	3%	2%
2040	1%	2%	4%	11%	75%	12%	3%	2%	1%
2045	2%	4%	12%	76%	11%	3%	2%	1%	1%
2050	4%	13%	75%	9%	2%	2%	1%	1%	1%
2055	12%	75%	7%	2%	1%	1%	1%	1%	1%
2060	61%	5%	2%	1%	1%	1%	1%	1%	<1%
2065	18%	1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
2070	<1%	<1%	–	<1%	<1%	<1%	–	–	–

**Columns do not add up to 100%: members may use more than 1 Target date fund.*

As shown by the shading, most plan members are in the appropriate target date fund for their age. This is consistent with previous reports.

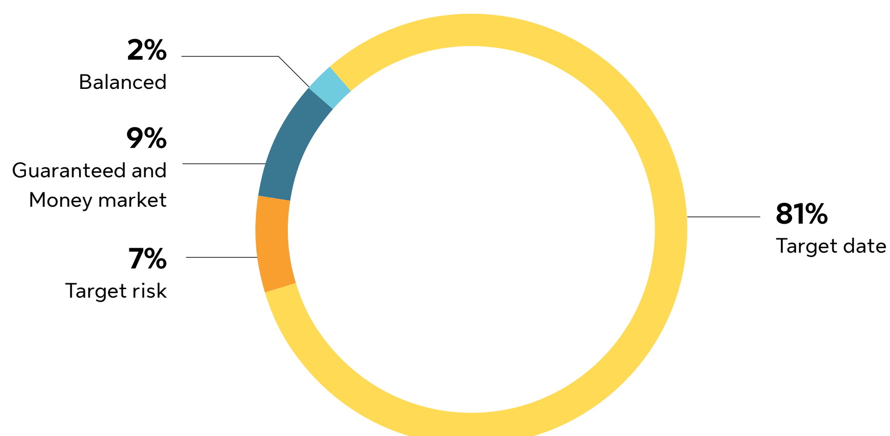
11 Chart shading indicates members are in the appropriate target date series for their age.

FIG 4.11: NUMBER OF TARGET DATE FUNDS HELD BY PLAN MEMBERS



A small percentage of plan members are invested in more than one target date fund. This is appropriate in many cases due to fund interval ranges. Target date funds typically have age ranges in 5-year intervals. If a plan member's expected retirement age falls in between these intervals, holding the target date funds on either side of that age is reasonable.

FIG 4.12: PLAN SPONSOR DEFAULT INVESTMENT OPTION



A majority of sponsors have chosen a target date fund as their default investment option, with 90% of plans using a multi-asset class *Help Me Do It* fund as their default option.

This is a significant increase from 2023, when 74% of plans had target date default options. Money market funds – once the standard default option – are now the default in only a small percentage of plans.

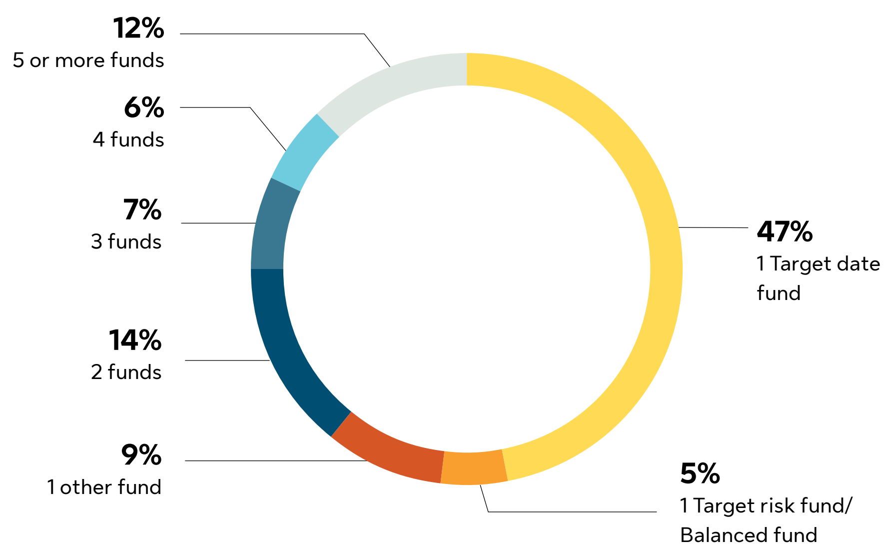
While target date funds are a suitable option for most plans, the investment strategy of the default option should be aligned with the time horizon and overall purpose of the plan.

For example, for non-registered assets, plan members need to be engaged and in a position to manage the tax implications. Group TFSAs may be another outlier, given their suitability for short-term savings goals. We encourage plan sponsors to consider a default option that's suitable as the core of a plan member's investments, not just for situations where a plan member has made no investment choice. A target date fund may still be a good solution in these cases, but the fund maturity date might need to be re-calibrated to match the expected date of specific events like a home purchase.

FIG 4.13: INVESTMENT FUNDS OFFERED VS. USED

Average # of funds offered	Average # of funds held
11	2

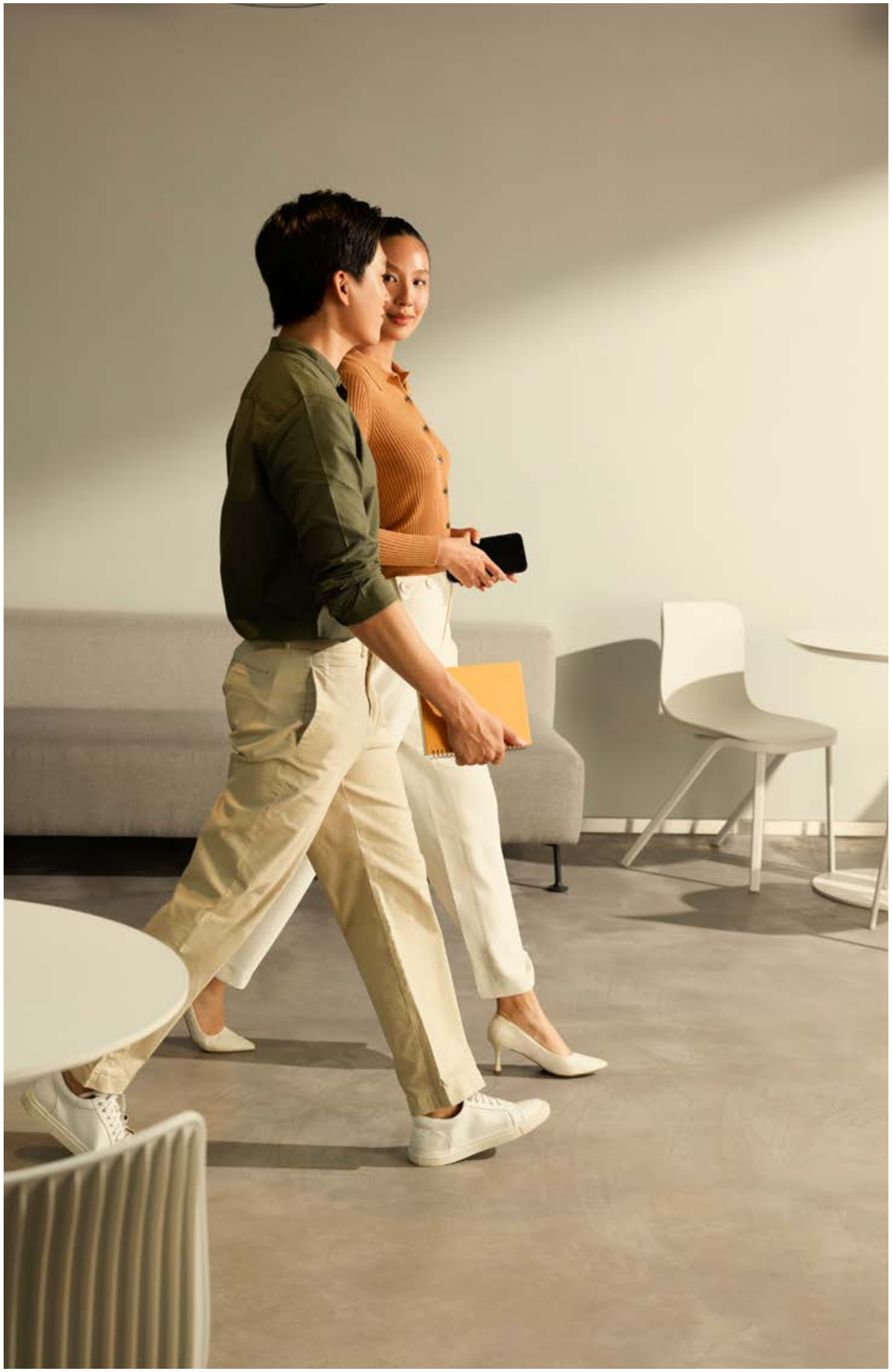
FIG 4.14: NUMBER OF FUNDS HELD BY PLAN MEMBERS



A large majority (75%) of plan members hold only one or two investment options. And over half are invested in a single target date or target risk fund.

FIG 4.15: MEMBERS WITH ASSETS IN A SINGLE ASSET CATEGORY

Asset class	Age band						
	<30	30-39	40-49	50-54	55-59	60-64	65+
Help me do it							
Target date	86%	83%	80%	78%	75%	65%	89%
Target risk	6%	7%	8%	8%	9%	11%	5%
Balanced	2%	3%	3%	3%	4%	5%	1%
Let me do it							
Guaranteed	2%	2%	3%	4%	6%	11%	1%
Money market	1%	2%	2%	3%	3%	4%	1%
Fixed income	<1%	<1%	<1%	<1%	1%	1%	<1%
Canadian equity	<1%	1%	1%	1%	1%	1%	<1%
US equity	3%	2%	2%	2%	1%	1%	2%
Global equity	<1%	<1%	1%	1%	<1%	<1%	<1%
Alternatives	<1%	<1%	<1%	<1%	<1%	<1%	<1%
International equity	<1%	<1%	<1%	<1%	<1%	<1%	<1%



The percentage of younger plan members investing in target date funds continues to increase. Since 2022, the percentage increases are as follows:

- Plan members in their 20s (59% to 66%)
- Plan members in their 30s (49% to 55%)
- Plan member in their 40s (40% to 45%)

Target date fund investments in older age ranges increased as well, but not as steeply.

FIG 4.16: ASSET ALLOCATION BY AGE BAND

Category	Age band						
	<30	30-39	40-49	50-54	55-59	60-64	65+
Target date	66%	55%	45%	38%	36%	34%	30%
Target risk	6%	6%	7%	7%	7%	8%	9%
Balanced	3%	3%	4%	6%	7%	8%	9%
Guaranteed / Money market	2%	3%	3%	4%	6%	7%	11%
Fixed income	1%	2%	3%	3%	4%	4%	4%
Canadian equity	4%	6%	10%	12%	13%	12%	12%
US equity	9%	11%	11%	12%	11%	10%	9%
International equity	2%	3%	3%	3%	3%	2%	2%
Global equity	2%	4%	5%	5%	5%	5%	5%
Alternatives	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Company stock	5%	7%	8%	10%	10%	9%	9%

FIG 4.17: GUARANTEED INVESTMENT BY TERM, TYPE

Type/term of fund	Percentage
GDIA	52%
1-year	13%
2-year	1%
3-year	9%
5-year	25%

Due to the current yield environment being flat or at times inverted, most members are choosing shorter-term guaranteed investments. Guaranteed Daily Interest Account (GDIA) investments increased from 42% in 2022 to 52% in 2024.

Plan members continue to increase their contributions to specialty funds, but at a gradual rate. These include investments in sustainability focused/divestment funds, and real asset funds. These offerings continue to be important in meeting the diverse needs of plan members. As of December 2024:

- **Sustainability Focused funds** – The GRS Core Investment Platform offers six Thematic Investing investment options and five screened - fossil fuel free - funds. Together, these eleven options represented less than 1% of assets under administration. The focus of most plan sponsors is to understand the ESG integration practices of traditional investment managers and funds. Sun Life GRS Investment Solutions helps identify ESG Leaders with its proprietary evaluation framework.
- **Real Assets** – 700+ unique plans have $500 million in assets. Our Bright Paper report **The Real Deal: How Real Assets can improve member outcomes in CAPs** offers additional details on real assets in group plans.

Shariah fund

The BlackRock Shariah fund aims to provide long-term capital growth by investing in global equities that are compliant with Islamic investment principles. It seeks to closely replicate the total return of the MSCI ACWI Islamic Index. The fund is constructed according to the principles of Islamic finance and provides diversified exposure to global equity markets.

- $30 million in assets
- Available to over 5,000 plans.

Member response to volatility

While the report focuses on data from year end 2024, we did note some noteworthy behaviour shifts in early 2025. With tariff-related volatility roiling financing markets to start the year, there are widespread concerns that business and economic growth will slow, not just in Canada but around the world.

Member investment patterns shifted significantly during the first quarter, as economic uncertainty prompted portfolio adjustments. Unlike previous market downturns, we've documented meaningful movement from equity positions—particularly US equities—into more conservative options such as guaranteed and money market funds. While this may be part and parcel of a "Buy Canadian" sentiment, it can also represent rebalancing of portfolios. Some members may have realigned their portfolios after strong US equity performance in 2023-2024.

Importantly, while members are adjusting their investment mix, withdrawal rates remain consistent with historical norms, indicating continued trust in retirement planning fundamentals despite short-term market concerns. The accompanying charts illustrate this trend, showing fund flow movement from equity to fixed-income options, and how these movements align with major economic announcements.

Sun Life is monitoring economic conditions and acknowledges potential uncertainty in 2025. Check out our **Market Volatility Hub** for helpful resources and information during this changing economic landscape.

FIG 4.18A: PLAN MEMBER RESPONSES TO 2025 MARKET VOLATILITY – NUMBER OF TRANSFERS

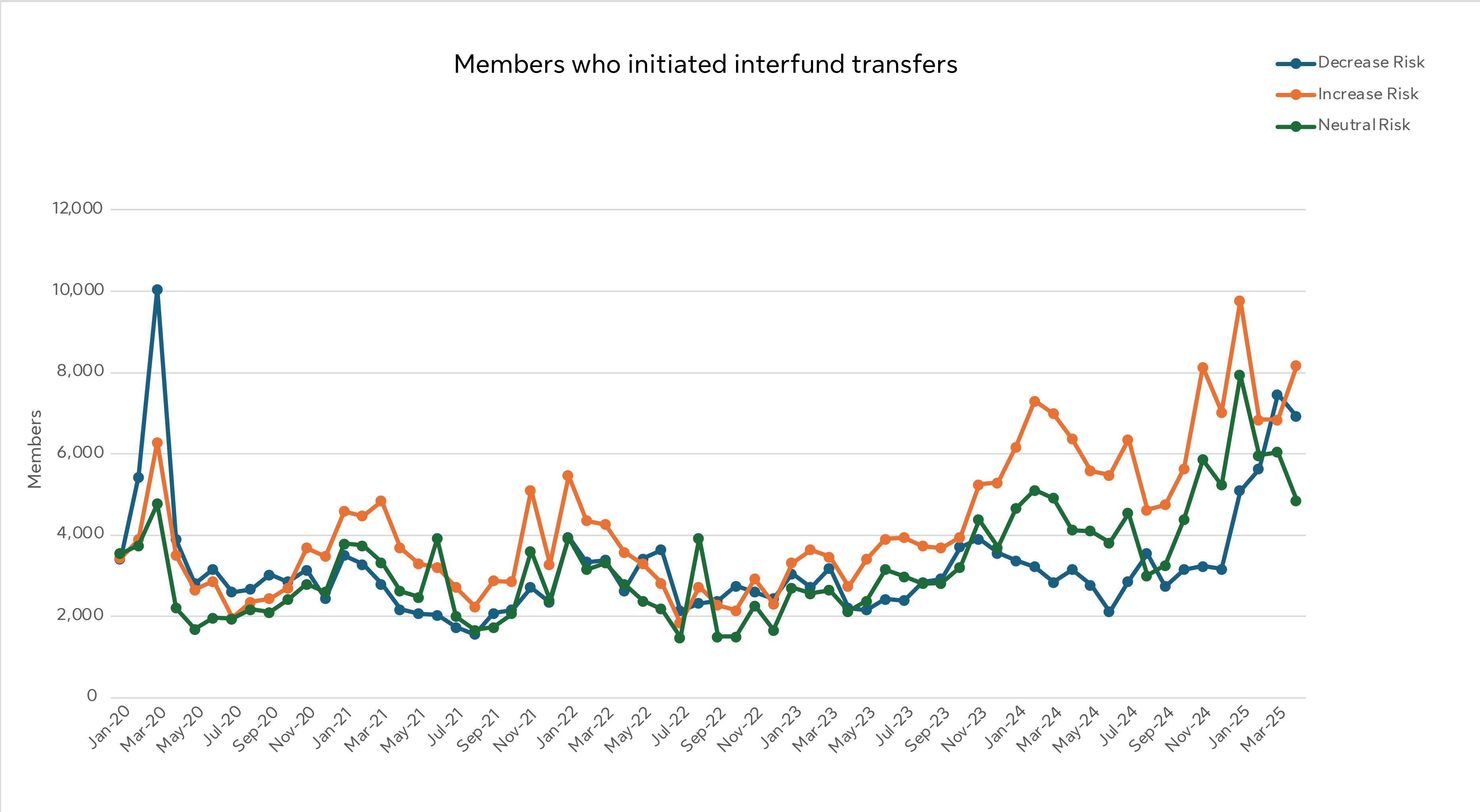
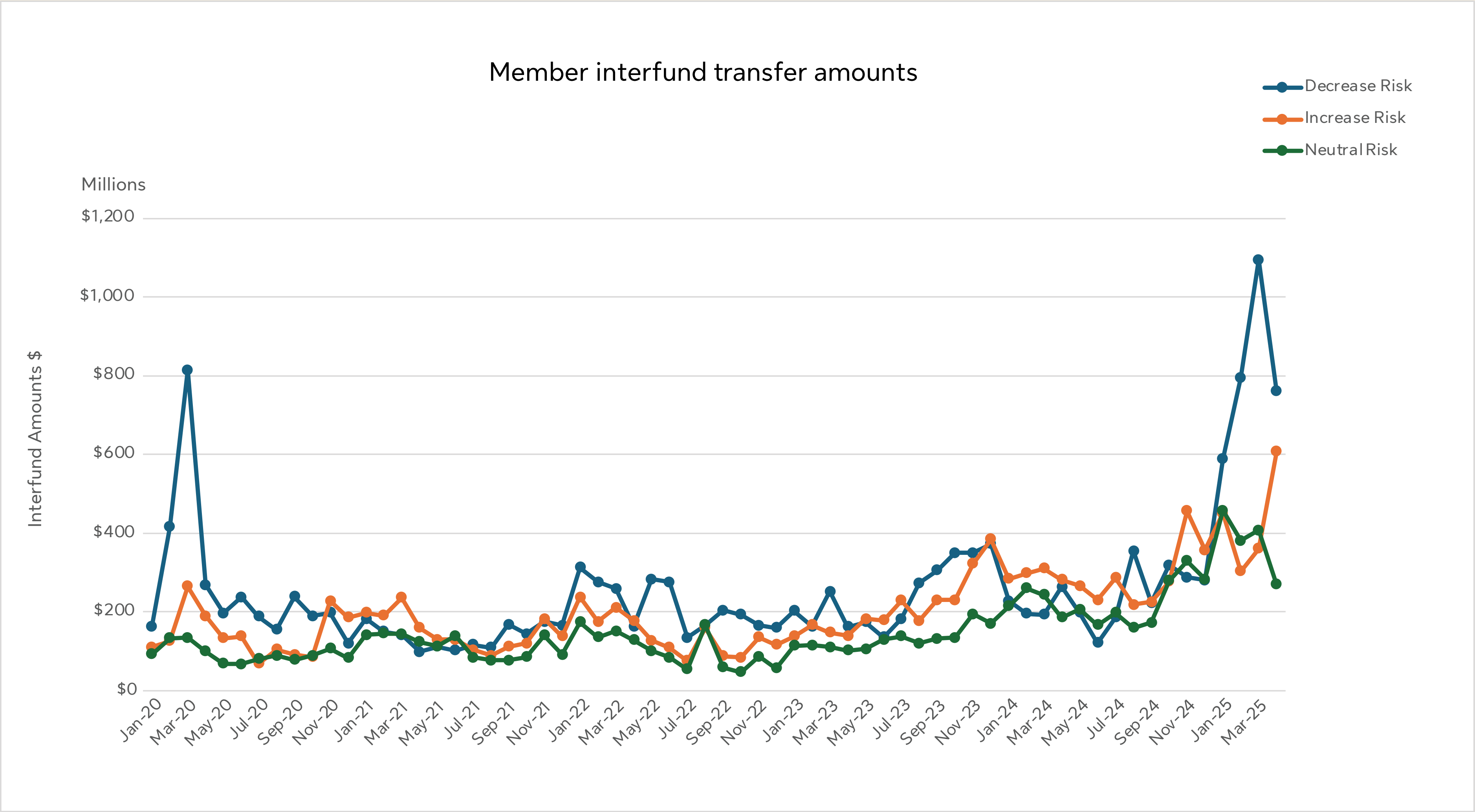


FIG 4.18B: PLAN MEMBER RESPONSES TO 2025 MARKET VOLATILITY – VALUE OF TRANSFERS



05 Contributions

Contributions from members and sponsors have increased since 2023, in line with elevated wage growth.

How do most plan sponsors determine the definition of earnings to use for contribution calculations? Reliance on base-only compensation for contribution calculations continues to increase – a trend that we saw in our last report. This simplifies calculations and can enhance cost containment for plan sponsors. However, it can place a greater onus on plan members who have a high percentage of overtime, bonus or commission income to ensure they're saving an appropriate amount for retirement.

FIG 5.0: DEFINTION OF EARNINGS

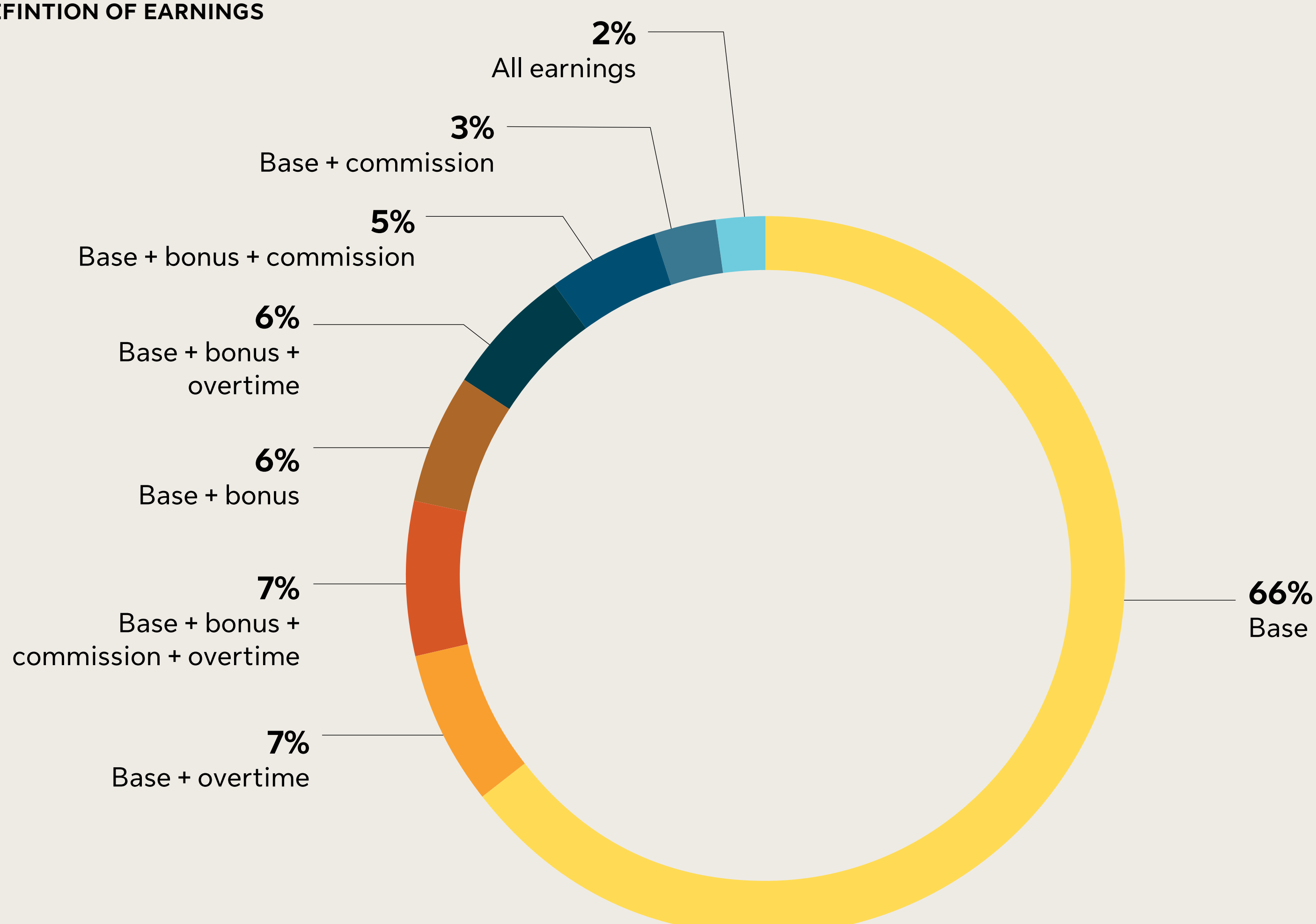
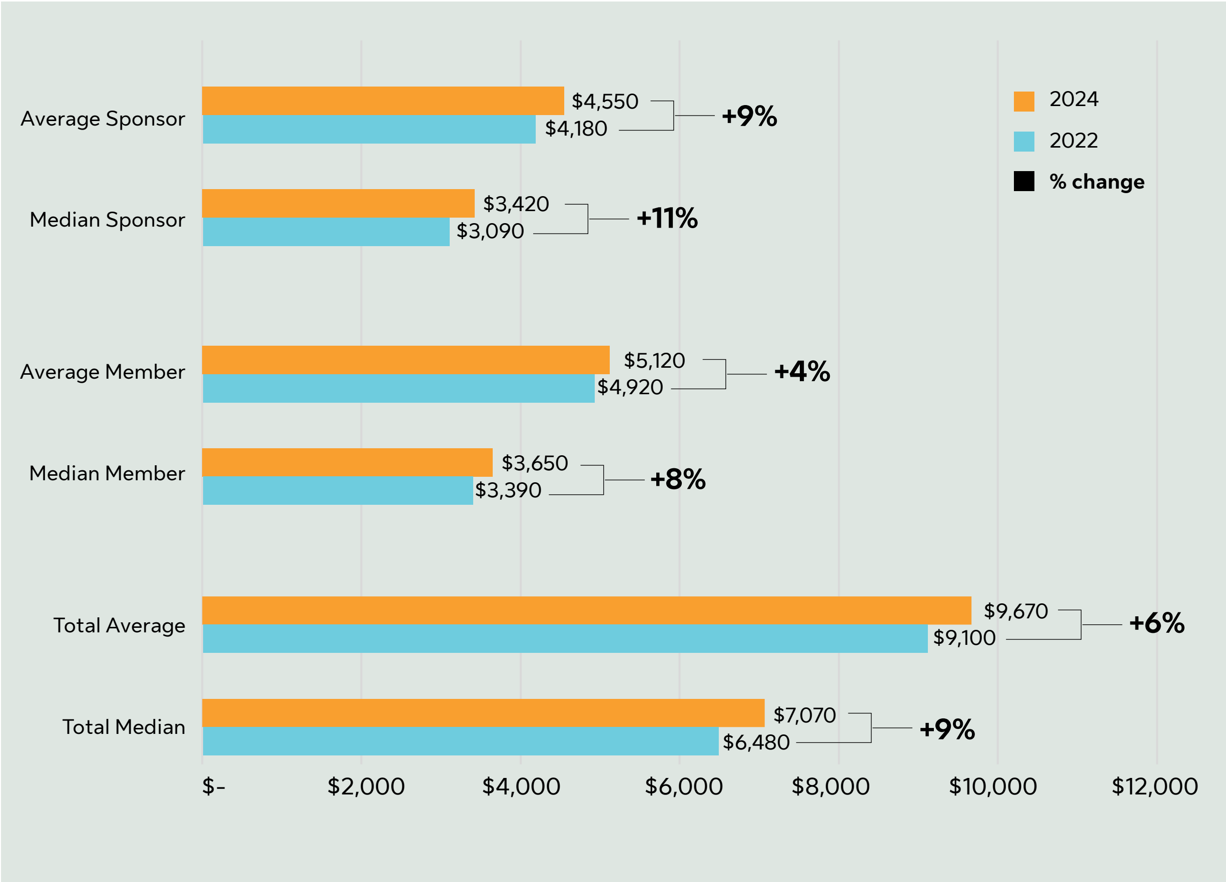


FIG 5.1: AVERAGE AND MEDIAN YEARLY CONTRIBUTION



With substantial wage growth since 2022, employee and employer contributions have increased accordingly. We see this when analyzing contributions by plan asset and plan membership size.

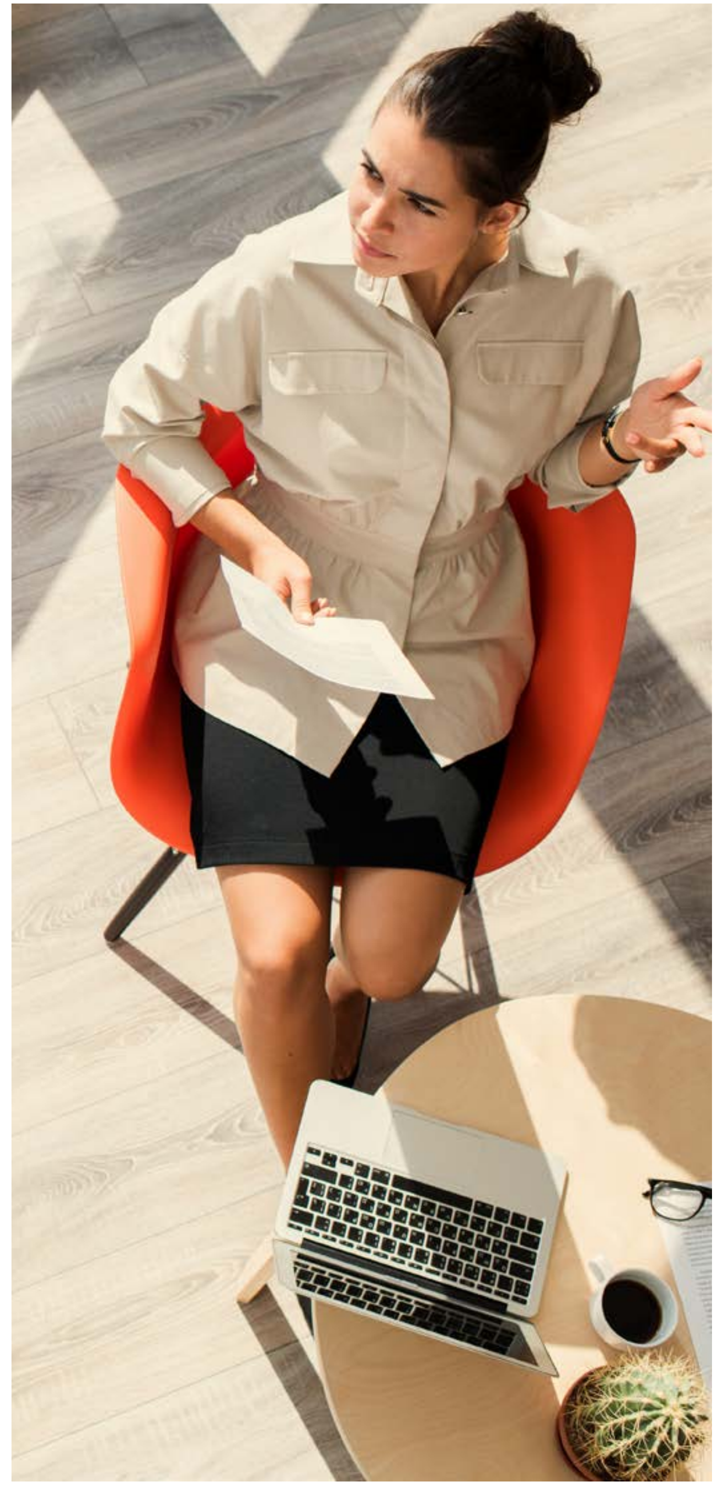


FIG 5.2: CONTRIBUTIONS BY PLAN ASSET SIZE

Plan asset size	Member average	Member median	Sponsor average	Sponsor median	Combined average	Combined median
Less than $2M	$3,480	$2,270	$2,780	$1,930	$6,240	$4,440
$2M-$5M	$4,190	$2,820	$3,540	$2,570	$7,500	$5,670
$5M-$10M	$4,710	$3,230	$3,960	$2,960	$8,710	$6,720
$10M-$25M	$4,310	$2,940	$3,790	$2,700	$7,970	$5,870
$25M-$50M	$5,430	$4,050	$4,880	$3,750	$10,160	$8,440
$50M-$100M	$5,300	$3,770	$5,150	$3,990	$10,510	$8,900
$100M+	$5,340	$3,910	$4,720	$3,640	$10,770	$8,970

FIG 5.3: CONTRIBUTIONS BY PLAN MEMBERSHIP SIZE

Plan membership size	Member average	Member median	Sponsor average	Sponsor median	Combined average	Combined median
1-99	$4,460	$2,970	$3,920	$2,750	$5,720	$5,700
100-199	$4,950	$3,420	$4,210	$3,140	$6,560	$6,600
200-499	$5,140	$3,640	$4,660	$3,430	$7,070	$7,100
500-999	$5,390	$3,980	$5,560	$4,290	$8,260	$8,300
1,000+	$5,160	$3,720	$4,450	$3,410	$7,140	$7,100

FIG 5.4A: CONTRIBUTION SOURCE BY PLAN TYPE

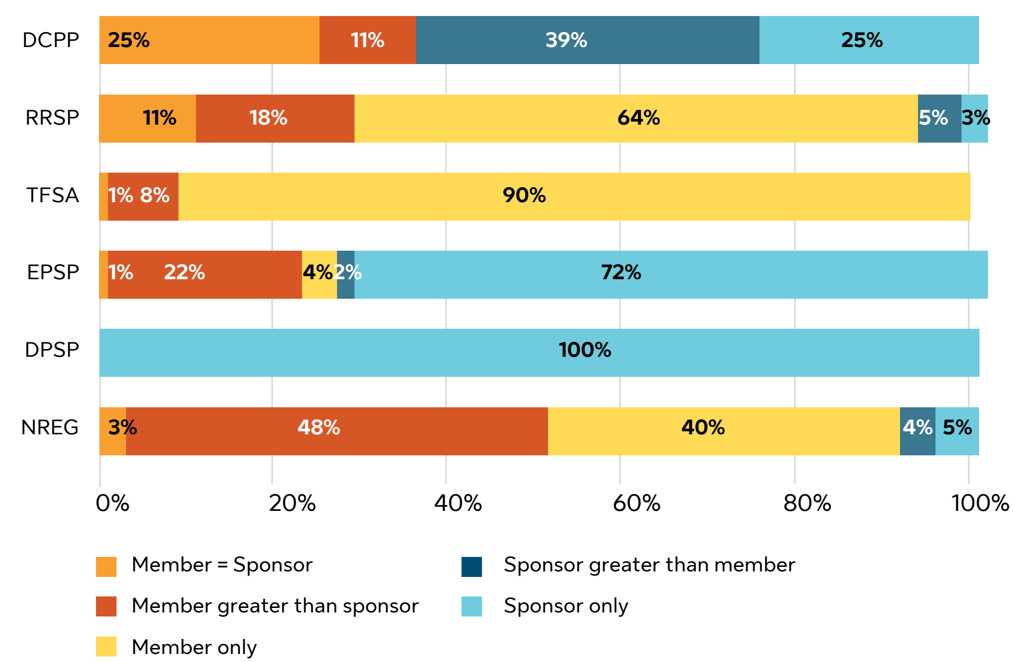


FIG 5.4B: CONTRIBUTION SOURCE BY PLAN TYPE, MATCHING TYPE BREAKDOWN

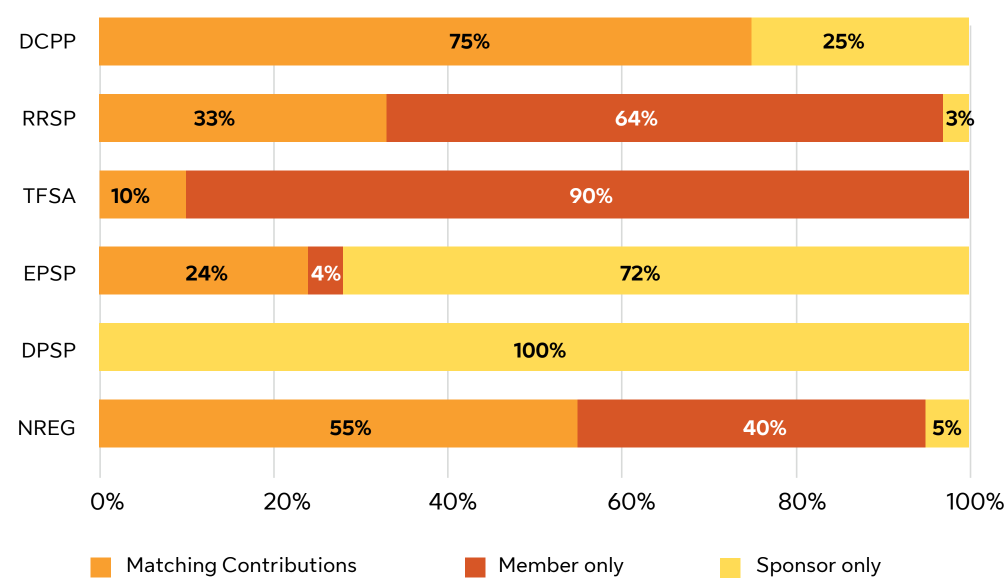
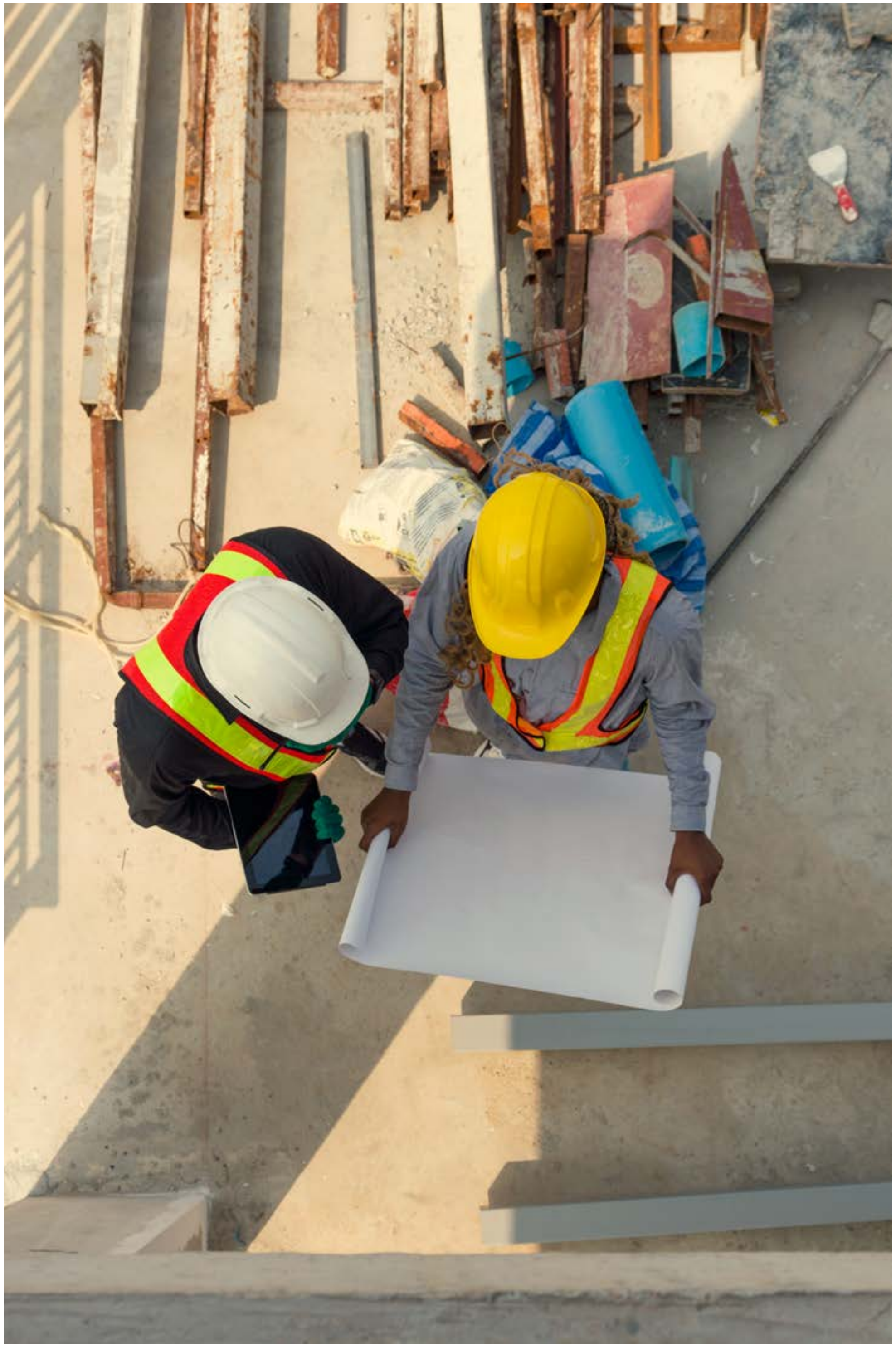


FIG 5.5: CONTRIBUTION SOURCE BY INDUSTRY AND PLAN TYPE

Industry	Combined contribution		Plan sponsor contribution only		Member contribution only	
	DCPP	RRSP	DCPP	RRSP	DCPP	RRSP
Academic	94%	43%	6%	–	–	57%
Affiliations	85%	70%	15%	2%	–	28%
Consumer discretionary	88%	55%	12%	2%	–	43%
Consumer staples	88%	47%	12%	1%	–	52%
Energy	82%	73%	18%	–	–	27%
Financials	82%	57%	18%	2%	–	41%
First Nation bands	98%	–	2%	–	–	–
Healthcare	86%	58%	14%	3%	–	39%
Industrials	89%	54%	11%	2%	–	44%
Information technology	80%	57%	20%	1%	–	42%
Materials	82%	46%	18%	1%	–	53%
Oil, gas & consumable fuels	56%	71%	44%	5%	–	24%
Professional services	93%	51%	7%	3%	–	46%
Public services	–	47%	–	2%	–	51%
Recreation	62%	46%	38%	–	–	54%
Telecommunication services	83%	44%	17%	–	–	56%
Utilities	93%	68%	7%	3%	–	29%



Average combined contributions rose in each province or territory from 2022 to 2024, except Saskatchewan. That province saw a decline in combined contributions, from $11,100 to $10,800.

FIG 5.6: AVERAGE COMBINED CONTRIBUTION (SPONSOR AND MEMBER) BY PROVINCE/TERRITORY

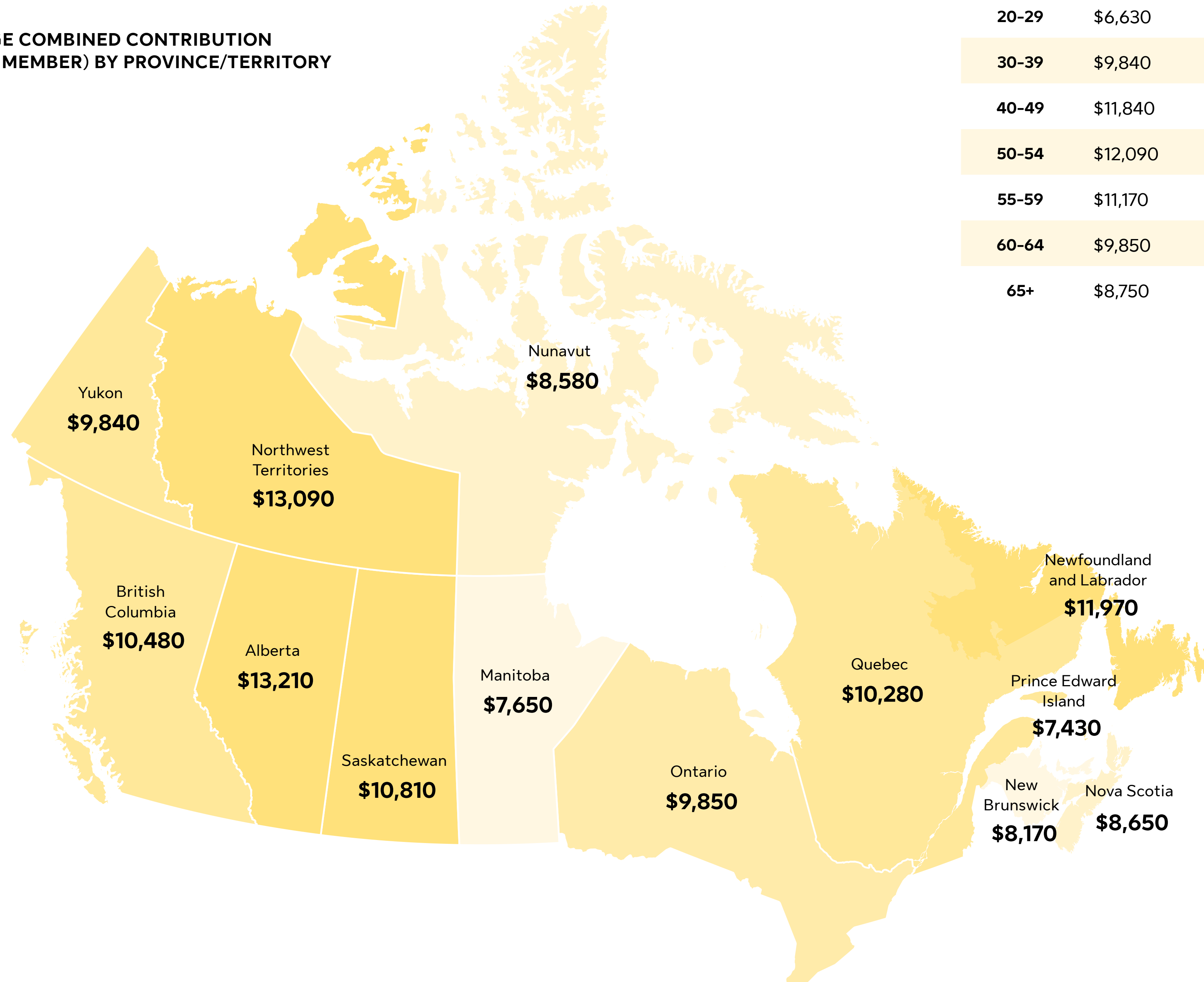
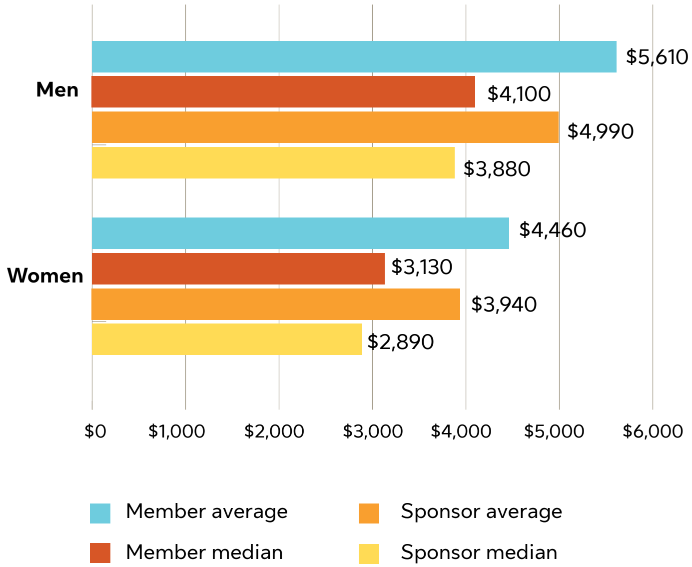


FIG 5.7: COMBINED SPONSOR AND MEMBER CONTRIBUTIONS BY AGE

Age band	Average	Median
20-29	$6,630	$5,100
30-39	$9,840	$7,580
40-49	$11,840	$8,910
50-54	$12,090	$8,920
55-59	$11,170	$8,010
60-64	$9,850	$6,890
65+	$8,750	$5,830

FIG 5.8: ANNUAL CONTRIBUTIONS BY SEX AT BIRTH



We continue to see a disparity in the contributions of men and women (based on sex at birth). Both employee and employer contributions for women are significantly lower than for men. The combined average employer and member contributions for men were $10,600 in 2024, while women came in at $8,400.

Part of this is due to the longstanding gender wage gap. In Canada, the average hourly gender wage gap among employees aged 25 to 54 has narrowed, although a gap persists. Women earned, on average, 88 cents for every dollar earned by men in 2024, compared with 81 cents in 1997.[12]

Another part of the variance likely comes from differing job categories across our plan member base.

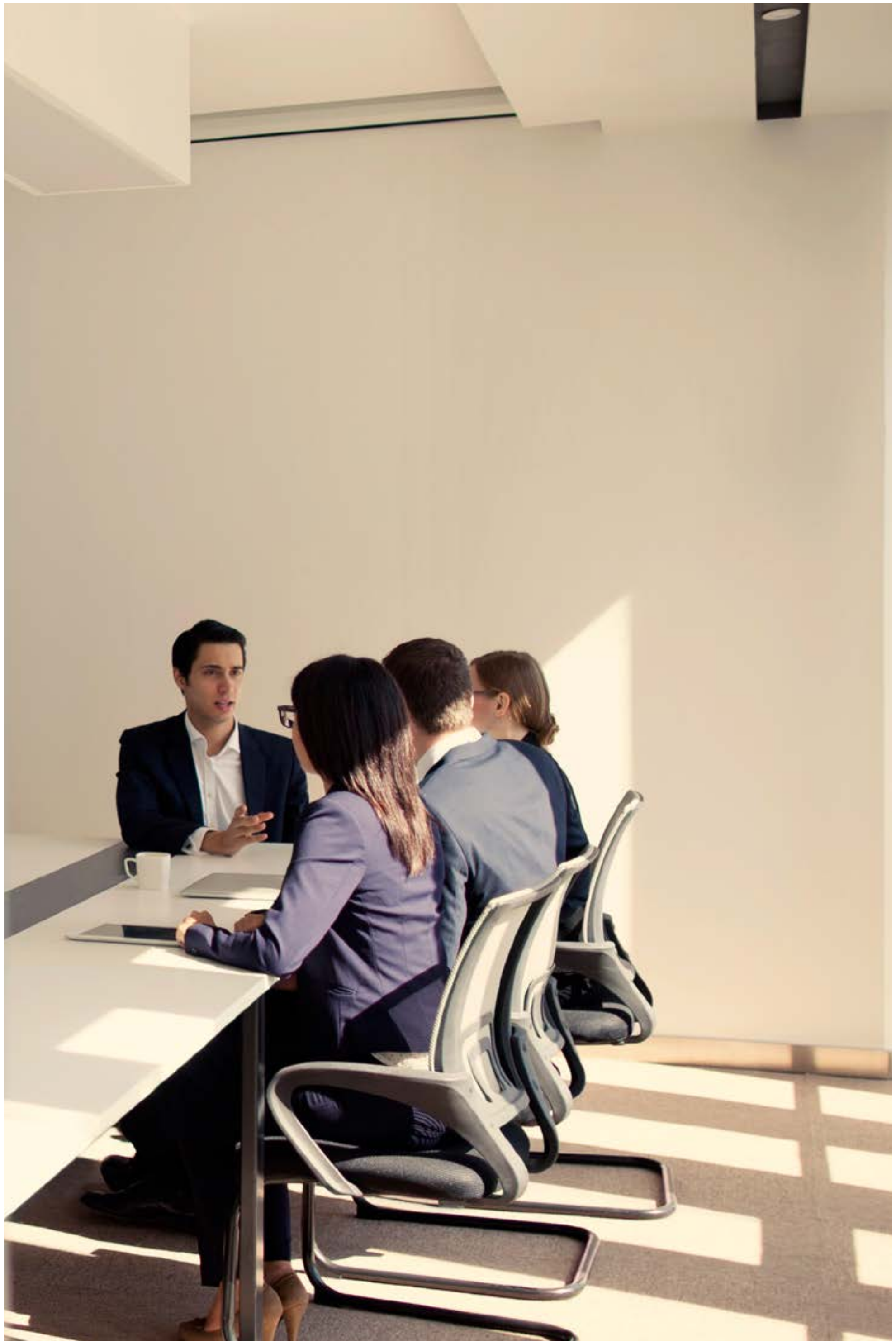
12 **Statistics Canada, *Marking International Women's Day*, 2025.**

FIG 5.9: MEDIAN MEMBER CONTRIBUTIONS BY PLAN TYPE AND PLAN ASSET SIZE

Plan asset size	DCPP	EPSP	NREG	RRSP	TFSA
Less than $2M	$2,810	$3,830	$6,730	$3,580	$2,710
$2M-$5M	$3,470	$1,910	$3,560	$4,720	$2,370
$5M-$10M	$3,910	$5,500	$7,250	$5,100	$3,530
$10M-$25M	$3,450	$7,960	$5,770	$4,880	$3,250
$25M-$50M	$4,510	$8,360	$6,100	$6,220	$3,290
$50M-$100M	$4,280	$5,970	$6,080	$6,190	$3,640
$100M+	$4,650	$9,440	$7,620	$5,670	$3,250

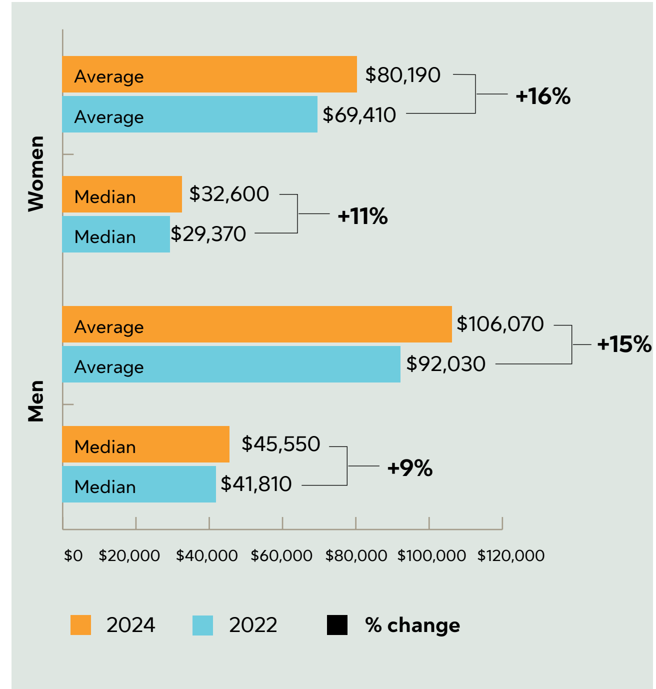
FIG 5.10: MEDIAN SPONSOR CONTRIBUTIONS BY PLAN TYPE AND PLAN ASSETS SIZE

Plan asset size	DCPP	DPSP	EPSP	NREG	RRSP	TFSA
Less than $2M	$3,100	$2,490	$3,580	$5,180	$2,850	$2,290
$2M-$5M	$3,690	$3,150	$1,060	$4,730	$3,740	$1,600
$5M-$10M	$4,420	$3,290	$2,750	$7,980	$3,960	$4,060
$10M-$25M	$4,010	$3,440	$5,580	$4,300	$3,750	$1,730
$25M-$50M	$5,760	$4,150	$3,830	$4,040	$3,970	$1,620
$50M-$100M	$5,570	$3,750	$7,300	$5,490	$5,780	$3,080
$100M+	$6,100	$3,650	$2,650	$3,920	$3,200	$1,330



06 Account balances

FIG 6.1: AVERAGE AND MEDIAN ACCOUNT BALANCE BY SEX AT BIRTH



Account balance growth for both males and females was about 15% since 2022.

Strong markets in 2024 have led to larger balances

With increases in both stock and bond markets in 2023 and 2024, wage and contribution growth, plan member account balances have risen across all age groups.

Balance increases from 2022 to 2024 were fairly consistent for those age 40 to 65+, with increases ranging between 16% and 18%.

Increases were highest in the age 20-29 cohort (21%) and the under age 20 group (107%). The under age 20 segment can vary significantly year-over-year, with a much smaller number of plan members. The higher balance increase in the age 20-29 group could reflect a greater exposure to high-performing equities during this time period.

FIG 6.0: AVERAGE AND MEDIAN BALANCES AND CONTRIBUTIONS

Age band	Average account balance	Average combined contribution	Median account balance	Median combined contribution
Under 20	$3,330	$1,750	$710	$410
20-29	$19,010	$6,630	$11,420	$5,100
30-39	$51,580	$9,840	$26,950	$7,580
40-49	$101,780	$11,840	$50,000	$8,910
50-54	$136,480	$12,090	$69,060	$8,920
55-59	$145,470	$11,170	$74,820	$8,010
60-64	$145,340	$9,850	$74,370	$6,890
65+	$128,150	$8,750	$57,710	$5,830

We saw the smallest increase (15%) in the age 30-39 segment.

FIG 6.2: AVERAGE AND MEDIAN ACCOUNT BALANCE BY SEX AT BIRTH, INDUSTRY

Industry	Average account balances		Median account balances	
	Female	Male	Female	Male
Academic	$147,620	$203,050	$75,890	$120,450
Affiliations	$50,780	$63,740	$24,280	$27,960
Consumer discretionary	$57,700	$79,420	$22,360	$32,220
Consumer staples	$61,450	$77,950	$25,490	$33,560
Energy	$78,990	$109,540	$38,920	$45,020
Financials	$78,850	$92,570	$32,480	$37,890
First Nation bands	$55,730	$52,550	$26,360	$23,260
Healthcare	$76,810	$103,830	$31,540	$45,800
Industrials	$69,060	$90,340	$27,530	$36,230
Information technology	$98,220	$125,030	$45,920	$60,230
Materials	$99,410	$127,750	$46,520	$64,780
Oil, gas & consumable fuels	$168,700	$191,960	$101,050	$127,420
Professional services	$95,700	$105,440	$39,580	$44,540
Public services	$67,180	$82,750	$27,410	$32,860
Recreation	$113,340	$158,190	$77,620	$108,170
Telecommunication services	$109,860	$156,830	$39,780	$68,270
Utilities	$111,170	$157,600	$53,740	$84,200

FIG 6.3: ACCOUNT BALANCES AND CONTRIBUTIONS BY INDUSTRY

Industry	Account balances		Combined contribution	
	Average	Median	Average	Median
Academic	$158,140	$84,610	$12,470	$10,540
Affiliations	$46,730	$21,290	$6,320	$4,730
Consumer discretionary	$63,050	$25,100	$6,840	$4,640
Consumer staples	$56,800	$23,960	$6,750	$4,800
Energy	$90,520	$39,940	$12,920	$10,260
Financials	$72,440	$30,260	$8,580	$6,740
First Nation bands	$46,390	$20,200	$6,570	$5,670
Healthcare	$70,550	$28,330	$9,470	$6,040
Industrials	$75,040	$32,030	$8,710	$6,630
Information technology	$100,040	$47,280	$12,230	$10,030
Materials	$102,710	$54,170	$13,080	$11,090
Oil, gas & consumable fuels	$160,340	$108,220	$19,380	$17,260
Professional services	$83,080	$31,810	$10,310	$7,790
Public services	$67,470	$24,720	$7,150	$6,040
Recreation	$120,090	$83,160	$5,990	$4,490
Telecommunication services	$128,750	$58,430	$15,710	$15,290
Utilities	$126,540	$84,030	$12,490	$11,500

07 Company stock, TFSAs and voluntary plans

Voluntary plans – such as company stock plans and TFSAs – are an excellent way to encourage plan members to save and invest more for the future.

The use of company stock plans remains a popular way to align the interests of plan members with the company they work for. Among members with access to stock plans, 70% choose to participate and these members have 32% of their assets in company stock.

In our Sun Life Choices Flex supplementary offering, which provides plan members access to additional savings accounts when these aren't available in their plans, we have seen an increase in members enrolling in plans. Among eligible members, 30% have started an enrolment, with 60% of new accounts being TFSA. As well, 78% of enrolled members set up recurring contributions in these accounts. The value of expanding voluntary contributions will have a significant impact for members who take advantage of this opportunity.

FIG 7.0: COMPANY STOCK ASSETS BY PLAN TYPE*

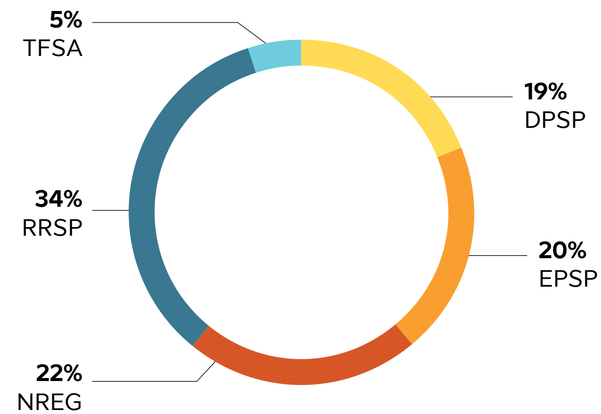


FIG 7.1: COMPANY STOCK ASSETS BY MEMBER OWNERSHIP*

Participation	Assets in stock
70%	32%

FIG 7.2: ACCOUNT BALANCE IN COMPANY STOCK*

Average	Median
$46,220	$9,560

**Among members with access to company stock plans.*

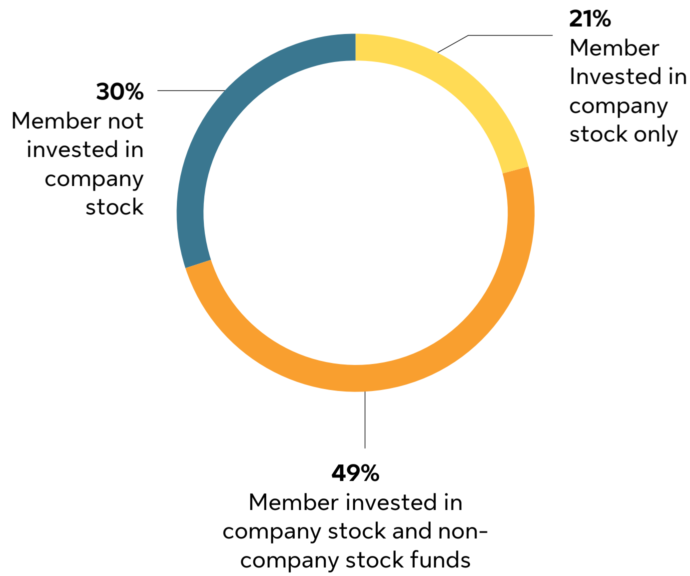
FIG 7.3: ACCOUNT BALANCE IN COMPANY STOCK BY INDUSTRY

Industry	Average	Median
Consumer discretionary	$23,080	$4,180
Consumer staples	$22,100	$7,140
Energy	$31,880	$15,900
Financials	$69,000	$15,990
Healthcare	$31,390	$6,970
Industrials	$32,500	$8,720
Information technology	$29,020	$6,400
Materials	$27,310	$8,170
Oil, gas & consumable fuels	$49,200	$14,240
Telecommunication services	$20,380	$6,830

FIG 7.4: MEMBER PARTICIPATION IN COMPANY STOCK BY INDUSTRY

Industry	Participation	Assets in stock
Consumer discretionary	89%	28%
Consumer staples	30%	7%
Energy	100%	92%
Financials	97%	79%
Healthcare	32%	6%
Industrials	47%	18%
Information technology	74%	25%
Materials	28%	5%
Oil, gas & consumable fuels	54%	13%
Telecommunication services	3%	<1%

FIG 7.5: INVESTMENT BEHAVIOUR OF MEMBERS IN COMPANY STOCK



TFSAs as an investment vehicle are still less than 20 years old. And their use as part of group savings programs has grown each year.

With tax-free investment gains and no tax upon withdrawal, TFSAs can be an important complement to other long-term retirement savings plans. However, many plan members are using these accounts to fund short and medium-term savings needs. With withdrawals common, a majority (56%) of plan members with a TFSA have a balance of less than $5,000. This compares to Canada-wide averages of roughly $10,000 for those aged 35-55.[13] Given plan members invest with accounts at multiple financial institutions, group plans are an important portion of this investment.

Among the headwinds impacting TFSA growth was the creation of the First Home Savings Account (FHSA) in 2023.

Later this year, we look forward to offering FHSA within our Sun Life Choices Flex offering.

FIG 7.6: TFSA MEMBER ACCOUNT BALANCES

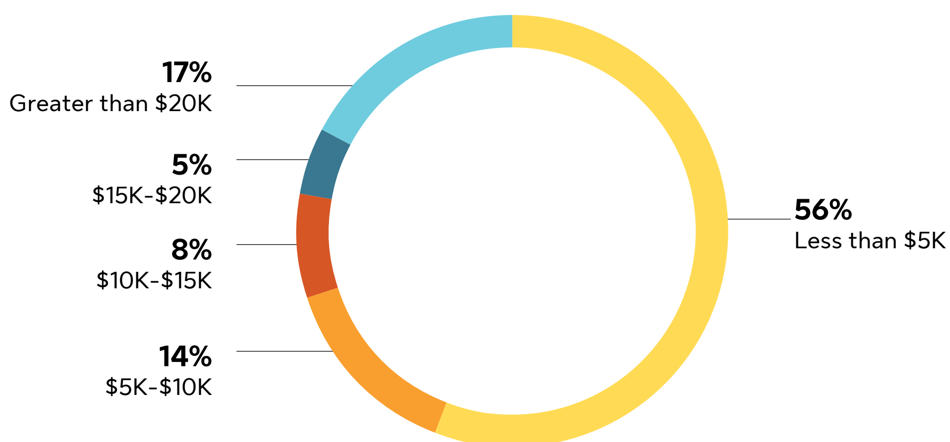


FIG 7.7: TFSA MEMBER CONTRIBUTION TYPES

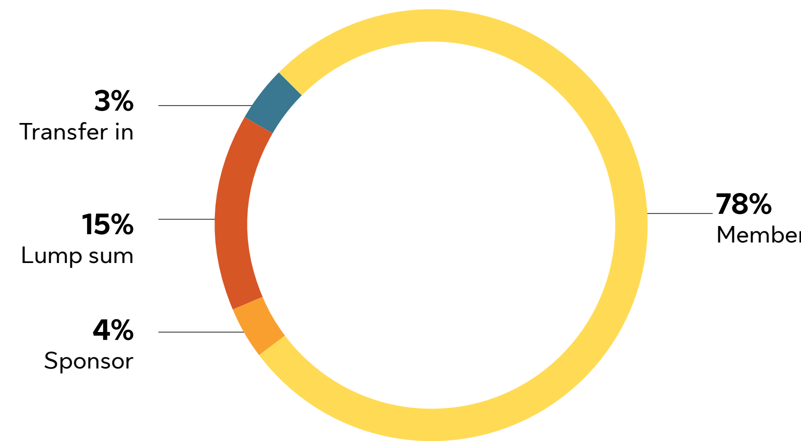


FIG 7.8: TFSA WITHDRAWALS BY AGE BAND

Age band	% of members making a withdrawal
Under 20	11%
20-29	21%
30-39	26%
40-49	30%
50-54	28%
55-59	28%
60-64	25%
65+	21%

Our 2022 report highlighted a high rate of TFSA withdrawals. At the time, almost every age band saw 30% or more of plan members make a withdrawal. That report covered the height of the pandemic, when many Canadians were experiencing financial stress.

In 2024, a lower percentage of plan members made a withdrawal, undoubtedly due to greater post-pandemic financial security. The age 40-49 group had the highest withdrawal rate at 30% - but this was down from 37% in 2022.

13 Statistics Canada. Table 11-10-0016-01 Assets and debts held by economic family type, by age group, Canada, provinces and selected census metropolitan areas, Survey of Financial Security (x 1,000,000)

FIG 7.9: PLAN WITHDRAWAL PERMISSION RULES

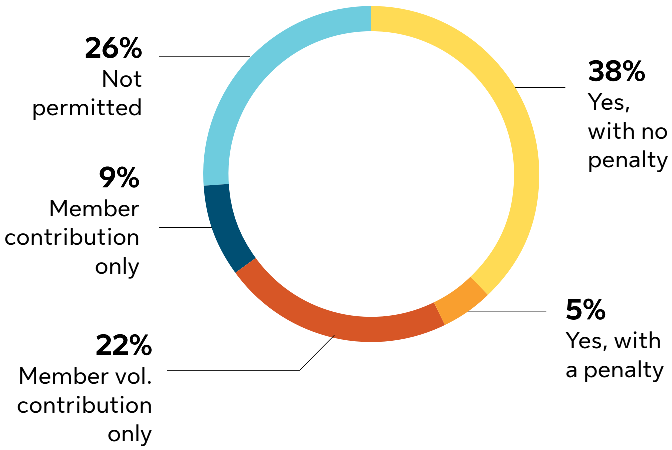


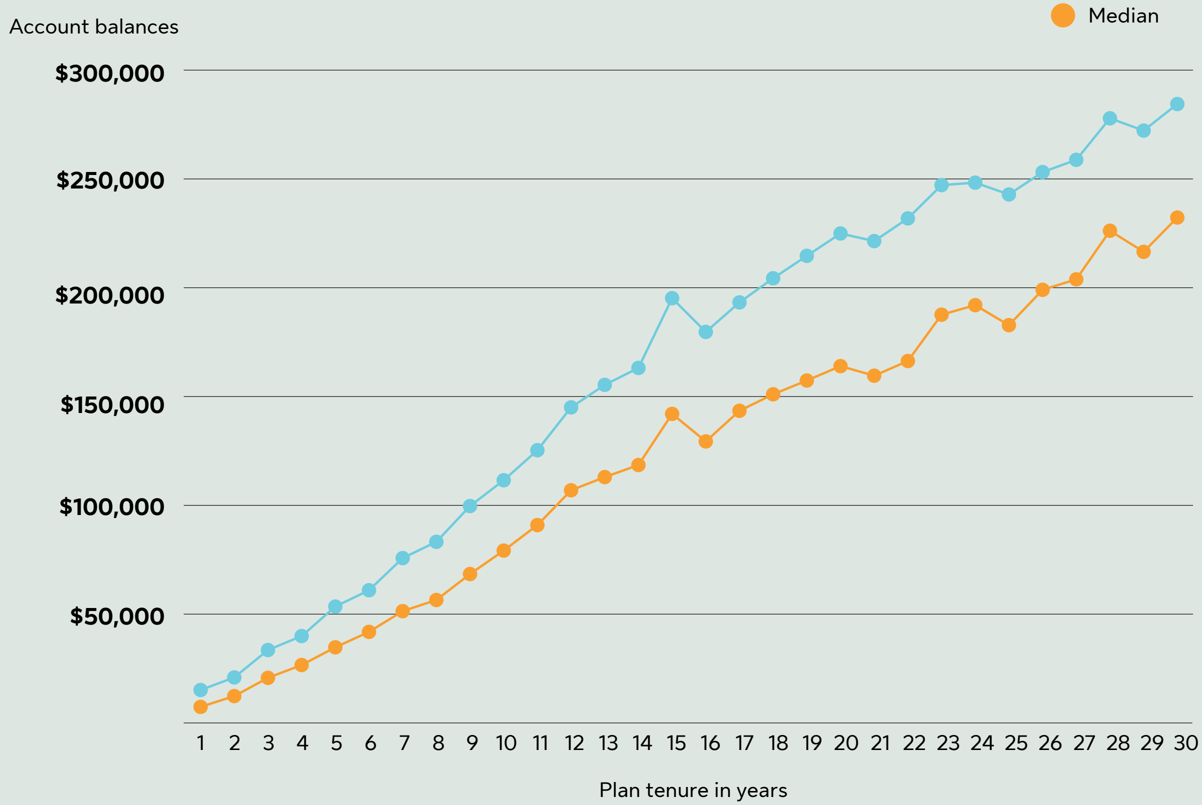
FIG 7.10: RRSP WITHDRAWALS BY AGE BAND

Age band	% of members making a withdrawal
Under 20	2%
20-29	7%
30-39	8%
40-49	9%
50-54	8%
55-59	8%
60-64	7%
65+	8%

FIG 7.11: HOME BUYER'S PLAN WITHDRAWALS BY AGE

Age band	% of members making a voluntary withdrawal
Under 20	1.9%
20-29	1.5%
30-39	0.4%
40-49	0.2%

FIG 7.12: ACCOUNT BALANCES BY PLAN TENURE (YEARS)



During the pandemic, the number of plan members making RRSP withdrawals increased across every age band. Increases ranged from 52% to 191%. With greater financial certainty post-pandemic, RRSP withdrawals are now down to their 2020 levels.

The power of long-term plan participation

There are many variables related to group retirement program participation – from contribution rates, to investments, to plan account choices. What's easy to overlook are the benefits of "time in plan" and dollar cost averaging during periods of uncertainty. There are many ways for plan members to participate in their employer's program – but participation itself pays enormous dividends over time. The line graph tracking the average plan member account balance between one and 30 years of plan tenure is virtually a straight line. The same is true of median account balances.

While most plan members will have multiple sources of retirement income, their workplace plan can play a significant role in their financial security for retirement. It all starts with the employer's role in offering a plan – and the employee's ongoing participation.

08 Decumulation

Decumulation – the drawing down of income in retirement – sounds like a simple process. But the planning can be complex, with many factors and options to consider.

Decumulating savings in retirement presents many challenges for plan members to address. These include:

- Ensuring they don't deplete their retirement assets if they live longer than expected
- Having adequate liquidity in case they need to access additional cash to meet a financial need
- Finding an investment mix that balances any equity market risk with other lower risk or non-correlated assets
- Having a plan to mitigate the impacts of potential high inflation and rising health-care costs.

Our report shows about 44% of retiring plan members keep their assets in the Sun Life ecosystem with competitive investment fees. However, 56% transfer to another financial institution.

In many ways, decumulation is a far more complex process than saving for retirement. And that's why so many plan members seek professional advice to navigate these complexities.

How Sun Life is meeting plan member decumulation needs

For plan members who stay with Sun Life in retirement, we've recently introduced three key supports that can help them navigate decumulation complexities and build a successful retirement income plan.

- **Sun Life MyRetirement Income.** Many Canadians (43%) don't know how much they should withdraw each year for retirement income.[14] Sun Life MyRetirement Income solves for this concern by providing income designed to last to a selected maturity age (from 85 to 100).

  The payment amounts are not guaranteed, but we engineered the solution to minimize fluctuations from year to year. The payments are automatically recalculated annually, adjusting for investment performance. And plan members can change their maturity age and payment frequency at any time. They also have full access to the entire account balance at any time, with the ability to withdraw or add money.

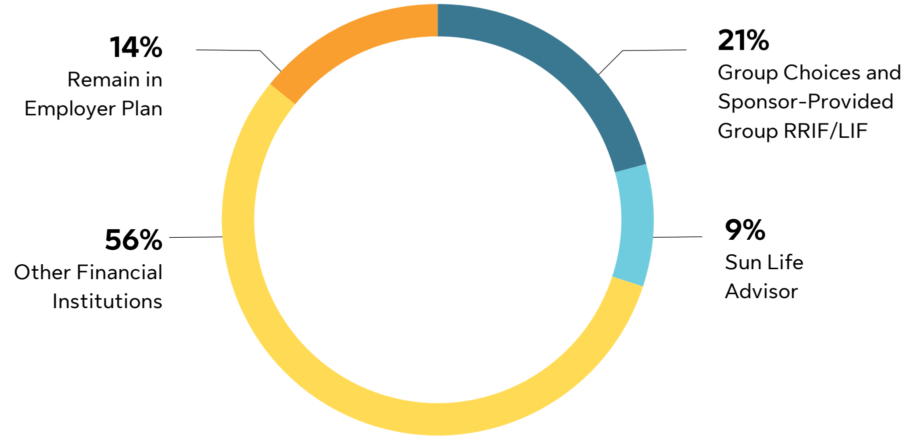
- **Sun Life One Plan.** Our robust planning tool isn't just for the retirement saving phase. It can provide an in-depth financial roadmap for a plan member's retirement as well.
- **One-to-one support through 360 Plan Advice.** 360 Plan Advice provides plan members with free access to personalized advice from licensed financial services consultants (registered as financial security advisors in Quebec). They can work with a consultant to review their retirement readiness and develop a robust retirement plan.

14 Blanchett, D., & Finke, M. (2024). Guaranteed Income: A License to Spend. Retirement Income Institute. Alliance for Lifetime Income.

This involves analyzing their retirement income options, exploring decumulation strategies, and using Sun Life One Plan, before and during retirement.

- Plan members want to ensure they have the money they need in retirement – and there is no "one size fits all" solution. Our decumulation focus ensures that every plan member can enjoy Sun Life support and solutions in making informed decisions both before and during retirement.

FIG 8.0: HOW ARE RETIREES DRAWING DOWN THEIR SAVINGS?[15]



About 44% of plan members age 55+ who retired or left their group plan kept their savings with Sun Life.

FIG 8.1: RETIREMENT AGE

Year	Average	Median
2023	62.7	63
2024	62.9	63

The average and median retirement ages in 2024 were nearly identical to 2022. The median retirement age of 63 for plan members was 2.1 years lower than the median retirement age for all Canadians, which was 65.1 for Canadians retiring in 2024.[16] This reflects the greater financial security that group plan membership can bring.

15 Retiree data in this section applies to member retirements among age 55+ in 2024.

16 Statistics Canada. Retirement age by class of worker, 2020-2024 annual.

FIG 8.2: AVERAGE ACCOUNT BALANCES IN RETIREMENT BY AGE BAND

Age band	Average account balance	Median account balance
<50	$62,370	$16,410
50-54	$181,350	$68,220
55-59	$201,600	$90,930
60-64	$196,400	$85,670
65-69	$180,450	$70,190
70-74	$192,720	$76,690
75-79	$205,850	$68,330
80-84	$295,720	$105,960
85-89	$220,610	$77,150
90-94	$119,360	$29,100
95+	$21,760	$9,060

Average balances in retirement were up significantly from 2022 in most age groups. Of note, those in their 70s saw lower account balances than 2022. This could be due to post-pandemic withdrawals for travel and other activities as the world returned to normal.

FIG 8.3: RETIRED MEMBERS BY AGE BAND

Age band	% of members
<50	<1%
50-54	<1%
55-59	6%
60-64	16%
65-69	24%
70-74	29%
75-79	16%
80-84	6%
85-89	2%
90-94	<1%
95+	<1%

The largest block of decumulating plan members – 29% – is between 70 and 74. That's down from 32% in 2022. But we saw increasing percentages in younger age ranges. The 55-59, 60-64, and 65-69 groups all saw increases from 2022.

FIG 8.4A: TOTAL ASSETS IN DECUMULATION BY AGE BAND

Age band	% of total
<50	<1%
50-54	<1%
55-59	6%
60-64	15%
65-69	22%
70-74	28%
75-79	16%
80-84	9%
85-89	2%
90-94	<1%
95+	–

FIG 8.4B: DECUMULATING MEMBERS PRODUCT PARTICIPATION BY AGE BAND

Product	Age band										
	<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95+
DCPP	52%	58%	47%	41%	28%	3%	–	–	–	–	–
EPSP	1%	<1%	6%	5%	5%	2%	2%	1%	<1%	–	–
LIRA	<1%	<1%	<1%	<1%	<1%	<1%	–	–	–	–	–
RRSP	9%	8%	14%	15%	12%	1%	–	–	–	–	–
DPSP	6%	6%	4%	2%	1%	<1%	–	–	–	–	–
LIF	10%	1%	1%	3%	8%	20%	17%	16%	8%	1%	0%
LRIF	0%	0%	0%	<1%	<1%	<1%	<1%	<1%	<1%	2%	<1%
RRIF	20%	11%	14%	25%	40%	72%	79%	82%	91%	85%	100%
NREG	1%	16%	14%	8%	5%	2%	2%	1%	1%	12%	0%
TFSA	<1%	<1%	<1%	1%	<1%	<1%	<1%	<1%	0%	0%	0%

FIG 8.5A: ANNUAL INCOME PAYMENT FROM LOCKED-IN ACCOUNT BY AGE BAND

Age band	Average	Median
<55	$3,710	$1,860
55-59	$6,480	$3,480
60-64	$6,740	$3,840
65-69	$7,610	$4,320
70-74	$9,610	$4,450
75-79	$11,030	$3,810
80-84	$12,210	$3,840
85-89	$10,150	$3,900
90+	$19,770	$3,810

The average payments out of locked-in accounts are trending lower across most age bands when compared to income amounts from 2020 and 2022.

FIG 8.5B: INCOME PAYMENT FROM LOCKED-IN ACCOUNT BY AGE BAND, ("%" RELATIVE TO OPENING BALANCE)

Age band	Average	Median
<55	7%	5%
55-59	8%	6%
60-64	7%	6%
65-69	7%	7%
70-74	7%	6%
75-79	7%	6%
80-84	9%	7%
85-89	13%	9%
90+	23%	12%

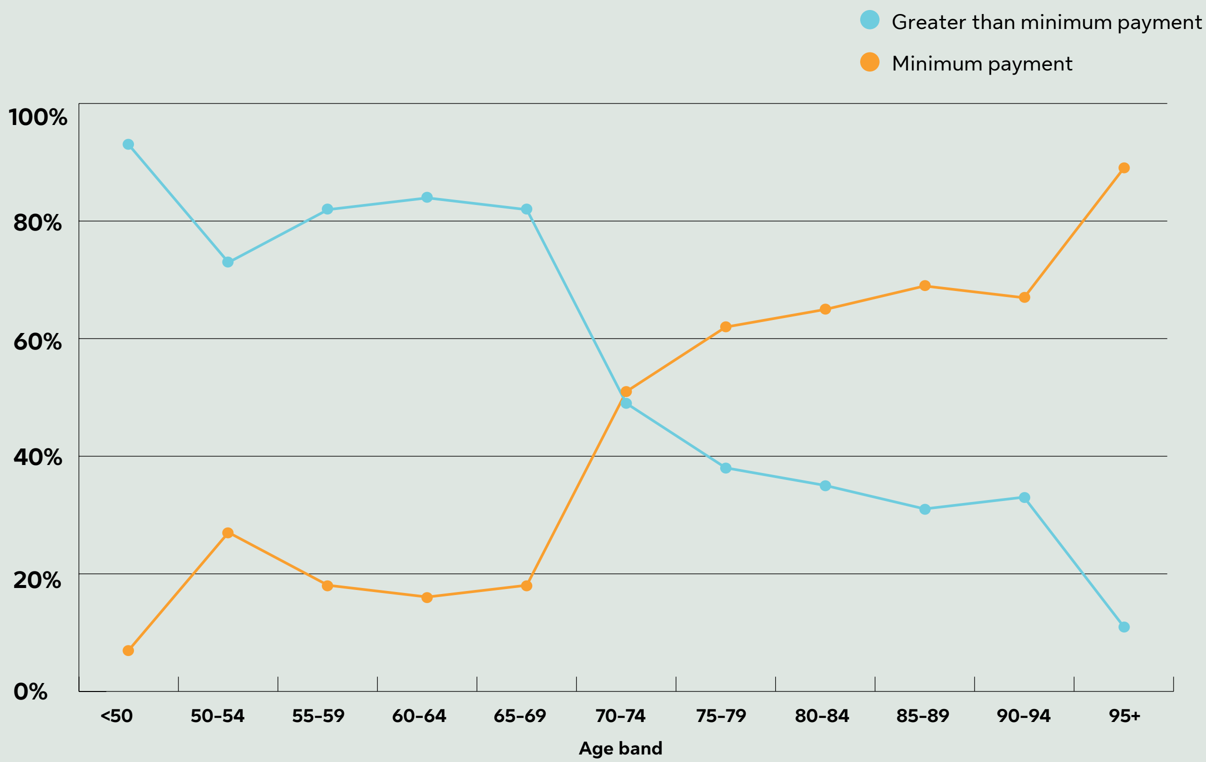
FIG 8.5C: ANNUAL INCOME PAYMENT FROM NON-LOCKED-IN ACCOUNT BY AGE BAND

Age band	Average	Median
<55	$11,440	$9,480
55-59	$20,256	$12,000
60-64	$18,314	$12,000
65-69	$13,506	$8,610
70-74	$10,688	$5,691
75-79	$10,456	$4,275
80-84	$14,642	$4,785
85-89	$15,440	$6,401
90+	$12,090	$3,740

FIG 8.5D: INCOME PAYMENT FROM NON LOCKED-IN ACCOUNT BY AGE BAND (% RELATIVE TO OPENING BALANCE)

Age band	Average	Median
<55	30%	3%
55-59	24%	10%
60-64	21%	10%
65-69	18%	8%
70-74	11%	5%
75-79	9%	5%
80-84	9%	6%
85-89	10%	8%
90+	16%	13%

FIG 8.6: RRIF WITHDRAWALS BY MEMBER AGE



The minimum required RRIF withdrawal increases with age. It increases from about 3% of assets at age 55 to 20% of assets at age 95.

Younger retirees, with lower percentage minimums, often withdraw more than this amount. They are in a more active phase of retirement. In addition, amounts withdrawn above the minimum can represent a relatively low percentage of overall assets.

As plan members age, concerns about making savings last for a lifetime become greater. Plan members are also often in a less active stage of retirement.

In 2024, the point where "greater than minimum" and "at minimum" withdrawals cross at the 50% mark has shifted from 2022. In 2022, this point occurred during the 80-84 years age band. In 2024, this point occurred in the 70-74 years age band. Plan members today are taking lower withdrawal amounts at earlier ages. This could reflect one of a number of factors: a greater concern about longevity, a reliance on assets outside of group plans until age 71, or a conservative approach to withdrawals in the face of economic uncertainty.

FIG 8.7: AVERAGE ANNUAL INCOME PAYMENT BY PROVINCE/TERRITORY

Province	Non locked-in product	Locked-in product
	Average	Average
Alberta	$10,850	$5,740
British Columbia	$16,520	$14,880
Manitoba	$12,880	$9,070
New Brunswick	$10,530	$6,680
Newfoundland and Labrador	$10,090	$7,590
Nova Scotia	$9,270	$9,620
Nunavut, Northwest Territories & Yukon	$13,540	$4,420
Ontario	$11,530	$7,180
Prince Edward Island	$6,920	$5,490
Quebec	$9,350	$11,360
Saskatchewan	$22,330	$5,290

FIG 8.8A: AVERAGE BALANCE AT RETIREMENT BY SEX AT BIRTH

Sex at birth	Average balance	Median balance
Female	$164,180	$64,650
Male	$224,710	$87,250
Combined	**$197,560**	**$75,530**

Average account balances at retirement increased for both men and women, but by very different amounts. The average account balance for women was up almost 17% from 2022, to $164,180. For men, the increase was just 5%, to $224,710.

FIG 8.8B: AVERAGE BALANCE IN RETIREMENT BY SEX AT BIRTH

Age band	Female		Male	
	Average	Median	Average	Median
<50	$51,790	$14,110	$66,500	$14,770
50-54	$135,870	$54,740	$218,850	$98,850
55-59	$175,820	$83,180	$222,700	$106,970
60-64	$175,160	$79,520	$215,480	$92,550
65-69	$160,930	$62,300	$195,220	$77,790
70-74	$167,990	$68,440	$214,390	$85,220
75-79	$145,410	$52,950	$249,810	$82,420
80-84	$199,980	$62,210	$347,880	$145,020
85-89	$140,500	$38,530	$265,290	$111,750
90-94	$46,880	$19,870	$167,850	$40,860
95+	$13,940	$4,540	$35,230	$15,610

FIG 8.9: INCOME PAYMENT FREQUENCY*

Payment frequency	% of members
Unscheduled	9%
Annual	29%
Monthly	66%
Quarterly	3%
Semi-annual	2%

**Figures do not add to 100%, as members can have multiple income products of varying payment frequencies.*

FIG 8.10: NUMBER OF FUNDS HELD BY RETIREES

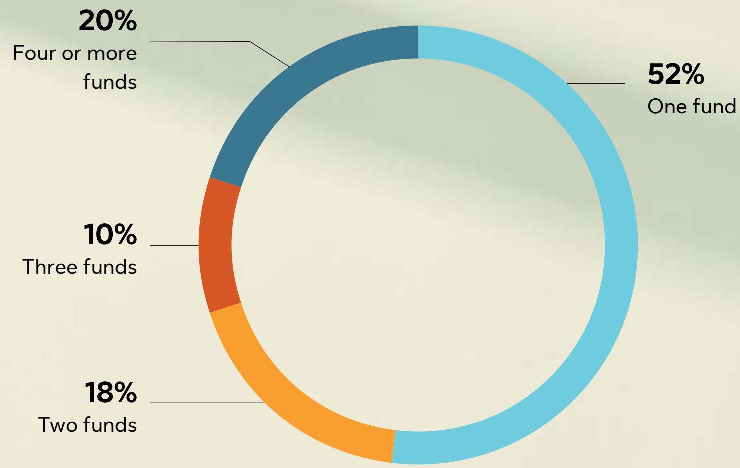
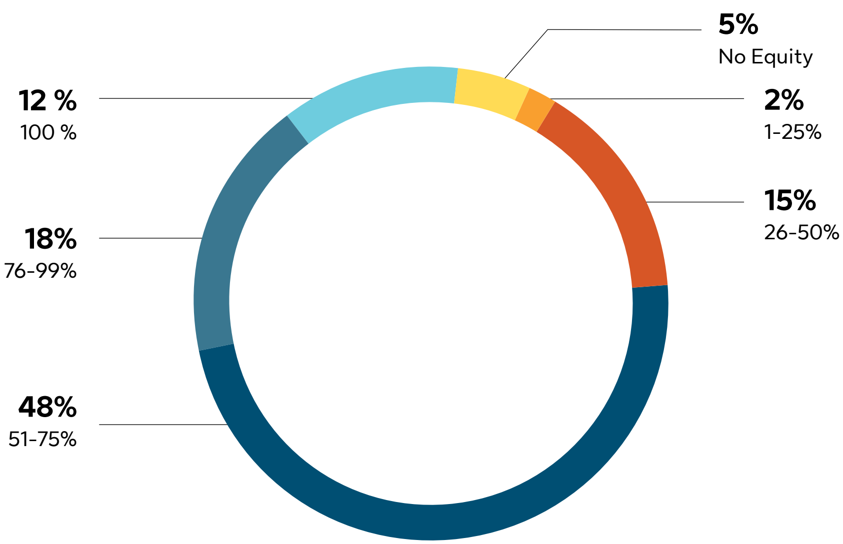


FIG 8.11: INCOME PLAN ASSET INVESTMENT ALLOCATION ASSET CLASS BY AGE BAND

Asset class	<55	55-59	60-64	65-69	70-74	75-79	80-84	85+	Total
Target date	32%	24%	19%	15%	11%	5%	2%	<1%	12%
Target risk	10%	9%	13%	18%	17%	18%	11%	9%	15%
Balanced	6%	8%	11%	17%	31%	40%	54%	52%	27%
Guaranteed	9%	7%	7%	9%	10%	7%	5%	9%	8%
Money market	2%	2%	2%	2%	1%	1%	1%	1%	1%
Fixed income	4%	4%	4%	4%	5%	6%	5%	6%	5%
Canadian equity	13%	13%	12%	10%	9%	8%	9%	10%	10%
US equity	10%	10%	12%	9%	8%	8%	6%	8%	9%
International equity	2%	2%	3%	2%	2%	2%	1%	1%	2%
Global equity	9%	8%	5%	4%	3%	3%	5%	2%	4%
Alternatives	–	<1%	<1%	<1%	<1%	–	–	–	<1%
Company stock	4%	13%	12%	10%	3%	2%	1%	1%	6%

FIG 8.12: DECUMULATION ASSETS BY EQUITY EXPOSURE



09 Group retirement plan education and advice

Plan member education: the shift towards digital learning

Education is the foundation for building plan member financial literacy. By providing saving, investing and financial planning knowledge, we help plan members identify a path to improved financial wellbeing. This knowledge also enhances their ability to use our planning tools and leverage financial advice.

The pandemic created a significant shift in the ways people engage and learn – from in-person to online. While the move to digital engagement had begun before 2020, the slow trickle quickly became a waterfall. We now deliver most of our plan member education through digital channels. As a result, we've seen significant increases in participation and knowledge retention based on direct plan member feedback.

- **Knowledge retention.** Our surveys revealed that members retained only 5% of what they learned during in-person education sessions. But when we delivered sessions digitally, participant knowledge retention rose significantly to 75%.
- **Participation.** Plan member attendance at our virtual webinars is 227% higher than our in-person sessions. And the average attendance at our Financial Wellness Webinar series is up 204% since 2022.

There are several reasons why plan members prefer online education – and get more out of it:

1. They're able to watch education sessions at their convenience – when their motivation and concentration are optimal.
2. Many plan members view financial matters as private. With live webinars, they can participate and ask questions through the chat function anonymously.
3. With greater numbers of plan members working at home or remotely, they don't have to visit their workplace to attend a session.

With the shift to digital, we're also better able to measure responses and adapt our content for greater effectiveness. For example, we saw that many members began to tune out of presentations after 10 minutes. So, we've shortened many of our presentations to focus on micro-learning. As a result, the highest engagement on financial wellness videos is on those that are two minutes or less.

We've also provided more specific descriptions of the presentation subject matter. This gives plan members a better understanding in advance of the topics that may be of interest to them.

Digital planning meets personalized guidance

We launched our innovative planning tool – Sun Life One Plan – and our 360 Plan Advice channel in 2023. As such, we're still in the early stages of gathering data on their use. And we continue to increase our promotion of these supports to plan members.

As of May 2025, plan members had created over 250,000 One Plans:

- 36% of plan members increased contributions within 3 months of starting their One Plan
- Members revisit their One Plans once every 40 days
- 5% of plans were created through the 360 Plan Advice channel, with the help of our licensed financial services consultants.[17]

We found that some plan members who created their own plan still required a degree of support or advice. About 60% of the plan members who reached out for support after using the self-serve channel said they were looking for additional confirmation or reassurance from a professional. The other 40% had more complex financial needs or wanted to explore additional strategies.

The next chapter

To date, the use of Sun Life One Plan and 360 Plan Advice has been predominantly retirement focused. Many advice calls recently have centred on the rise in economic uncertainty, with discussions about delaying retirement. Such actions can have profound impacts for both the plan member and their employer.

17 Registered financial security advisor in Quebec.

Professional advice can be a valuable support in navigating such far-reaching decisions during turbulent times. And plan members see this value. We regularly survey plan members who seek advice. More than 90% of those who used our 360 Plan Advice service said they were satisfied with their overall experience in building a financial roadmap with a consultant. In addition:

- 55% **strongly agreed** that they were confident that their financial roadmap would help them achieve their financial goals
- 53% **strongly agreed** that they understood how to use their financial roadmap to make decisions to achieve their financial goals.

Our data also showed that the likelihood of a member taking a positive financial action increases by 70% for members who engaged with an advisor vs. those who did not.

Positive financial actions include:

- increasing contributions
- making changes to maximize matching contributions
- opening voluntary savings plans
- consolidating assets to improve financial planning visibility and benefit from lower fees.

10 Methodology

The following key considerations were included in our analysis:

Active plan members with an account balance greater than $0 at the end of each applicable year.

Average and median calculations are based only on members who were actively participating in the plan for the full reference year cited. Members participating for only part of the year are excluded from calculations.

Unless otherwise noted, data is as of December 31 of each calendar year. Percentages may not total 100% in all tables due to rounding.

Sex at birth assignment in this analysis is as it appears in our recordkeeping system. This may vary from how individuals identify on a gender basis.

Changes in data methodology

The data contained herein is subject to periodic methodological refinements and sampling adjustments implemented to enhance representational accuracy of group savings plan aggregates. Such methodological evolutions may render year-over-year comparative analyses potentially misleading or statistically inappropriate for certain data elements.

Significant statistical variances observed between reporting periods may be attributable to these methodological modifications rather than substantive market developments or performance shifts. This disclosure is provided to ensure proper contextual interpretation of any apparent statistical anomalies and to preclude erroneous conclusions regarding longitudinal data trends. The aforementioned methodological adjustments are implemented in accordance with industry best practices and statistical optimization protocols.

Industry breakdown

ACADEMIC

School Boards
Universities/Colleges
Other

ABORIGINAL BAND ASSOCIATION (FIRST NATIONS)

AFFILIATIONS

Not-for-Profit
Religious Association
Other

CONSUMER – DISCRETIONARY

Auto Components
Automobiles
Distributors
Hotels, Restaurants & Leisure
Media
Specialty Retail
Other

CONSUMER – STAPLES

Beverages
Food & Staples Retail
Food Products
Household Products
Personal Products
Other

ENERGY

Energy Equipment & Services
Oil, Gas & Consumable Fuels *(This sub-sector appears as an industry for certain data points)*
Other

FINANCIAL SERVICES

Banking
Diversified Financial Services
Insurance
Real Estate Management & Development
Other

HEALTHCARE

Biotechnology
Cannabis & Related Companies
Healthcare Providers & Services
Healthcare Equipment & Supplies
Pharmaceuticals
Other

INDUSTRIAL

Aerospace & Defense
Air Freight & Logistics
Airlines
Building Products
Commercial Services & Supplies
Construction & Engineering
Electrical Equipment
Industrial Conglomerates
Machinery
Marine
Road & Rail
Trading Companies & Distributors
Transportation Infrastructure
Other

INFORMATION TECHNOLOGY

Communications Equipment
Computers & Peripherals
Electronic Equipment & Instruments
Internet Software & Services
IT Services
Software
Other

MATERIALS

Chemicals
Construction Materials
Containers & Packaging
Metals & Mining
Paper & Forest Products
Other

PROFESSIONAL SERVICES

Financial (consulting/accounting)
Legal
Medical
Other

PUBLIC SERVICES

Federal
Municipalities
Provincial
Other

RECREATION

Entertainment
Professional Sports
Other

TELECOMMUNICATION SERVICES

Diversified Telecommunication Services
Wireless Telecommunication Services
Other

UTILITIES

Electric Utilities
Gas Utilities
Multi-Utilities
Water Utilities
Other

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