

BMO  | Insurance

# Canadian Pension Risk Transfer: Market Outlook

Because long-term commitments deserve long-term thinking.

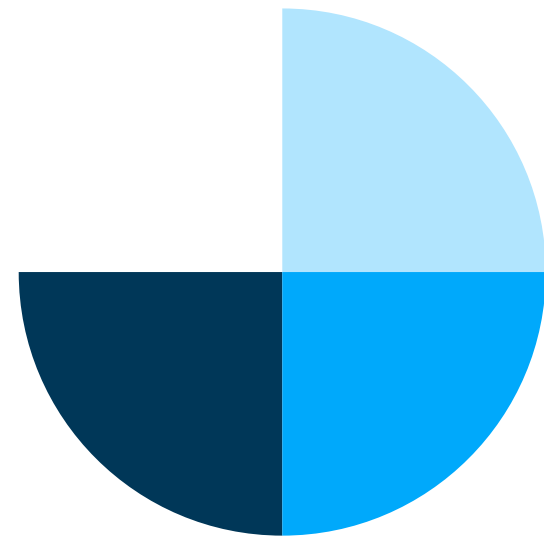
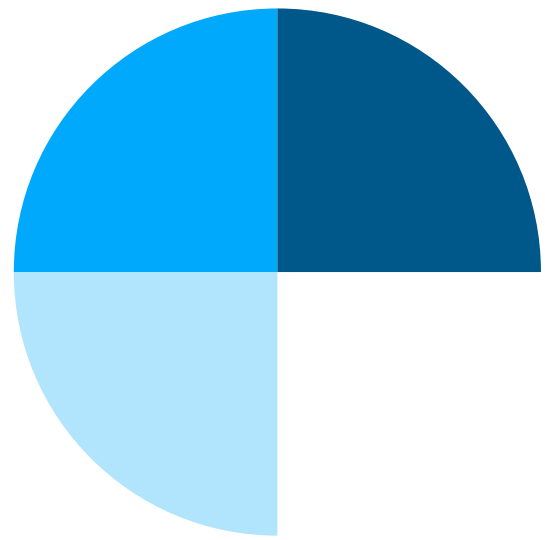


## A promise worth keeping.

Pensions aren't just financial obligations. They're part of the relationship employers have with the people who built their business, shaped its success, and trusted that their contributions would be honoured over time.

At BMO Insurance, pension risk transfer is about upholding that commitment with care, continuity, and long-term stewardship. It's about ensuring that as responsibilities evolve, they remain strong, supported, and built to endure; so the promises made years ago continue to hold, well into the future.





## A year of delivering on pension commitments.

2025 played out as a two-speed year for Canada's Pension Risk Transfer (PRT) market. Activity began cautiously as tariff uncertainty, geopolitical noise, and market volatility competed for sponsors' attention and slowed decision-making. Momentum rebuilt as the year progressed, with many sponsors returning to market and pushing transactions across the line as the calendar closed.

In this market, readiness turned uncertainty into opportunity.

That stop and go rhythm had a practical consequence for plan sponsors: **readiness mattered**. When the market was quieter, well-prepared plans could be more

intentional about timing and often saw stronger insurer engagement, particularly on smaller or more complex transactions that can be harder to place in a busier year. In several cases, quotes that might previously have attracted only a limited field saw broader participation and a more competitive bidding process as insurers looked to deploy capacity.

At the same time, the transactions coming to market continued to evolve. PRT increasingly extended beyond straightforward retiree-only blocks, with more deals involving meaningful deferred populations and plan features that require tailored structuring. That shift is raising the bar on execution. Clear decisions, strong documentation, and disciplined process are becoming as important as market conditions in delivering good outcomes for plans and members.

# Behind every number is a promise carried forward.

The Canadian pension risk transfer market continues to demonstrate its **scale, momentum, and impact**. The following highlights capture the breadth of activity, the engagement of plan sponsors, and the meaningful outcomes delivered for Canadians' retirement security.



**\$6.8B**

Total premium transacted across the Canadian pension risk transfer market

**120+**

Plan sponsors completed a risk transfer transaction exceeding \$2.5M

**40,000+**

Canadians had their lifetime retirement income secured through an insurance solution

**\$525M**

Largest single-day transaction in the Canadian market, a deal won by BMO Insurance

Source: LIMRA industry available market data and BMO Insurance.



# Canada's #1 Pension Risk Transfer provider.

Source: LIMRA industry available market data.

LIMRA, 2025 Canadian Pension Risk Transfer market, based on premium.

# A breakthrough year for BMO Insurance.

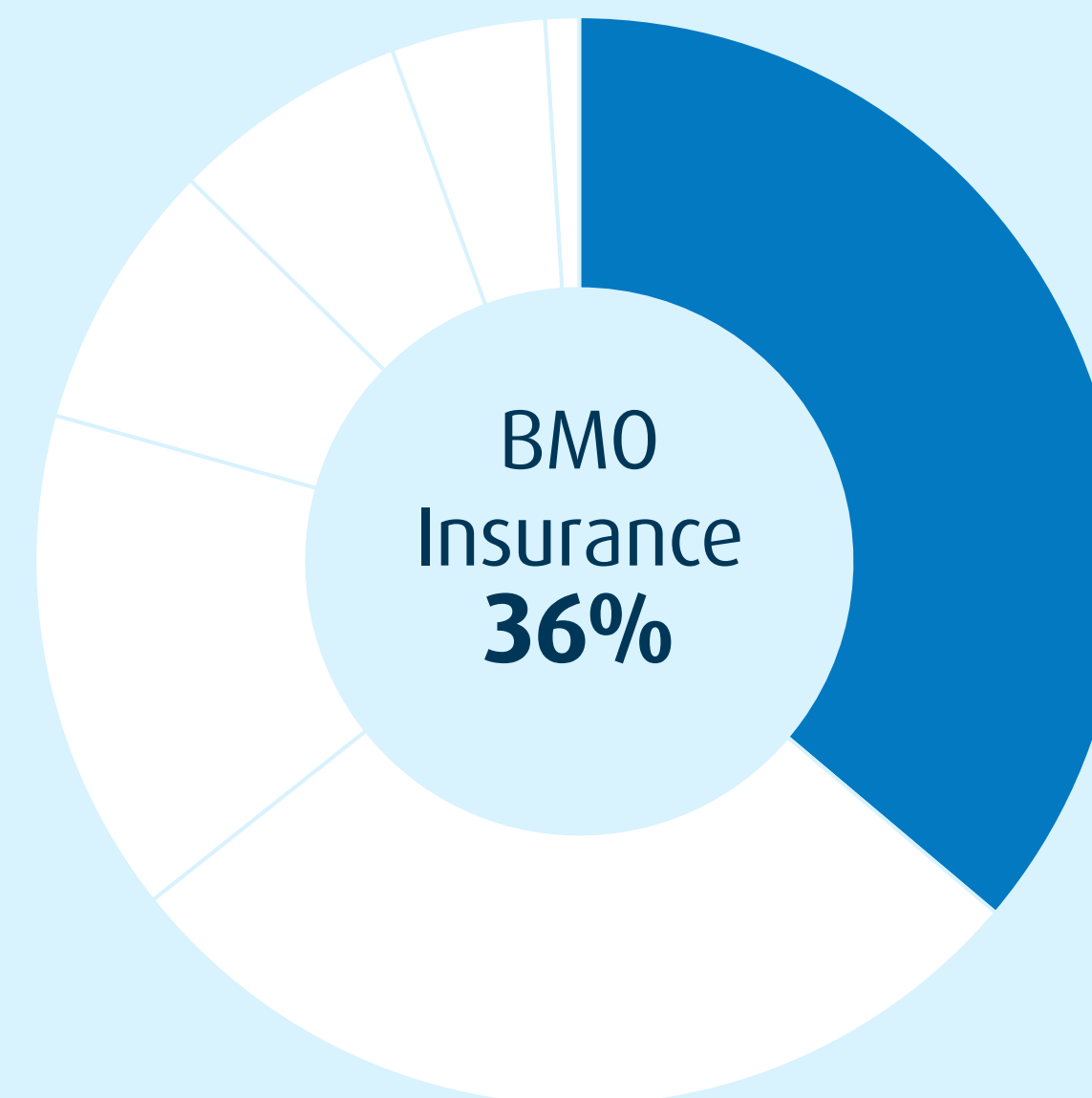
In 2025, BMO Insurance emerged as the leading insurer in the Canadian pension risk transfer market. This achievement reflects the strength of our platform and the trust placed in us by plan sponsors across the country. It also underscores our ability to deliver consistently in a dynamic and competitive market.

Our success was driven by a disciplined focus on execution, supported by expanded capacity and continued investment in talent. Scalable operating capabilities enabled BMO Insurance to support a broad range of transactions, across varying sizes and levels of complexity, while delivering reliable outcomes for plan sponsors and their members.

Looking ahead, we remain deeply committed to this business and to developing innovative solutions that strengthen retirement security for Canadian pensioners.



## 2025 Market Share



**\$2.5B**

Total premium transacted

**14,000+**

Canadians insured

Source: LIMRA industry available market data and BMO Insurance.

## Strength recognized across the market.

Canadian defined benefit pension plans remain well funded by historical standards. Many sponsors have responded by turning to the group annuity market to lock in this strength and achieve more durable pension outcomes. We expect this trend to continue in coming years.

For sponsors evaluating a risk transfer, success often depends on how clearly strategic objectives are translated into execution. Consultants play a critical role in the process by bridging sponsor and insurer, aligning objectives, pricing, and structure to support confident decision-making.

*“Annuity purchases can help validate the true size of a pension surplus, often uncovering a more favorable position than expected, and can free surplus assets that were previously inaccessible. We encourage plan sponsors to undertake a financing strategy to fully understand the opportunities available, as well as the implications associated with an annuity transaction.”*

**Marco Dickner**  
Managing Director and Retirement Risk Management Leader at WTW

## Canadian pension plans are holding strong

Consultants and regulators across Canada track pension plan performance through ongoing benchmarking. These figures reflect how those plans are holding up in today’s environment.

**124%**

Median Projected Solvency Ratio in Ontario as at December 31, 2025  
Per: [FSRA](#)

**118%**

Average Solvency Ratio as at December 31, 2025  
Per: [Normandin-Beaudry](#)

**69%**

DB Plans with Accessible Surplus as at December 31, 2025  
Per: [WTW](#)

**+0.7%**

Solvency Index as at February 28, 2026  
Per: [TELUS Health](#)

**123%**

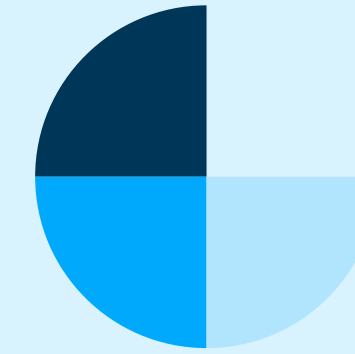
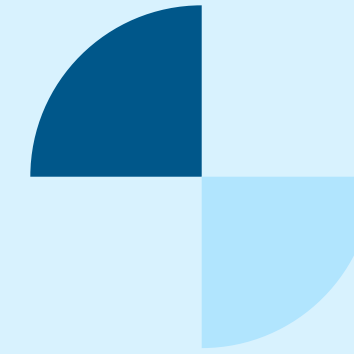
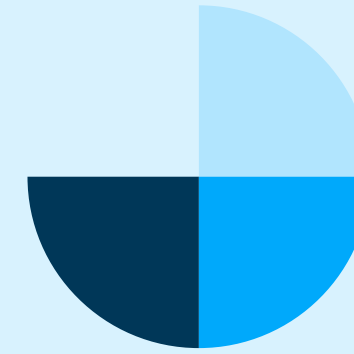
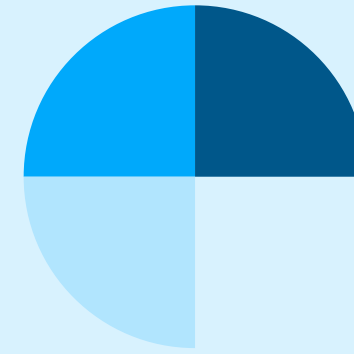
Median Solvency Ratio as at March 31, 2026  
Per: [Mercer](#)

# Putting strength to work: how risk transfer turns surplus into lasting outcomes.

Once surplus becomes accessible, the focus shifts from securing gains to making strategic decisions. Sponsors can then deploy that surplus in support of broader organizational goals.

The examples that follow highlight how Canadian plan sponsors have been using surplus in recent years.

*It is important to note that surplus usage is highly plan-specific and subject to legal, regulatory, actuarial, and stakeholder considerations. Sponsors should work closely with their advisors to evaluate options and determine whether—and how—a risk transfer fits within their broader surplus strategy.*



## Reduce plan contributions

For sponsors that continue to operate their pension plans, surplus can sometimes be used to reduce future contribution needs. How this is achieved varies based on plan structure and governing rules and may affect defined benefit or defined contribution funding.

## Enhance member benefits

Surplus could also be used to enhance member benefits. In some cases, this may include securing previously conditional benefits or providing discretionary benefit improvements, helping sponsors strengthen benefit security and improve outcomes for plan members.

## Share surplus with members

For plans that choose to close and wind up, there may be an opportunity to share any remaining surplus with members once plan obligations are settled. Increasingly, sponsors are transferring ahead of a wind-up to reduce exposure and establish clearer cost outcomes.

## How Assuris adds protection for members

One of the often-overlooked benefits of a pension risk transfer in Canada is the **added layer of protection** it provides to members. When pension obligations are transferred to an insurance company, benefits are further safeguarded through Assuris, an independent, not-for-profit, industry-funded organization dedicated to protecting Canadian policyholders in the unlikely event a life or health insurer fails. This added protection provides members with greater confidence and long-term retirement security.

It is important to note that Assuris protection is subject to defined coverage limits, which vary based on how a risk transfer is structured. In a buy-out transaction, coverage applies at the individual member level, while in a buy-in, coverage applies to the aggregate policy value. That said, plan sponsors can work closely with their advisors and insurers to thoughtfully structure transactions in a way that maximizes Assuris protection and enhances security for members.



Monthly Income Protection:

**\$5,000**  
per month

*or*

**90%**  
of monthly pension,  
whichever is higher



## Let's connect.

Interested in learning how a pension risk transfer could benefit your organization? Let's connect!

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