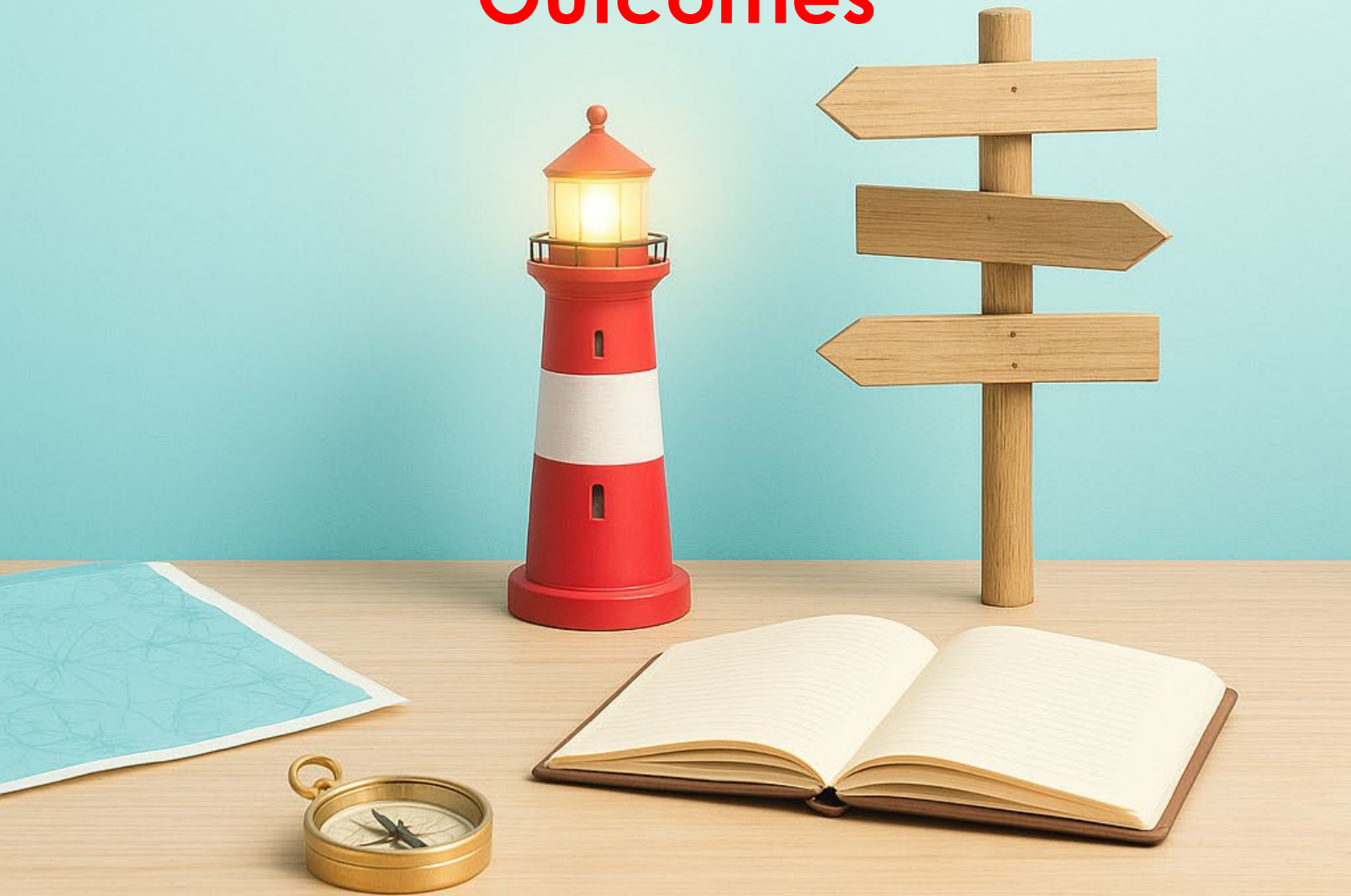


Informed Choices, Better Outcomes



**How Defined Benefit Pensions
Can Help Their Members
Navigate Financial Decisions**



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Having A Pension Helps – But It Doesn’t Guarantee Financial Wellness

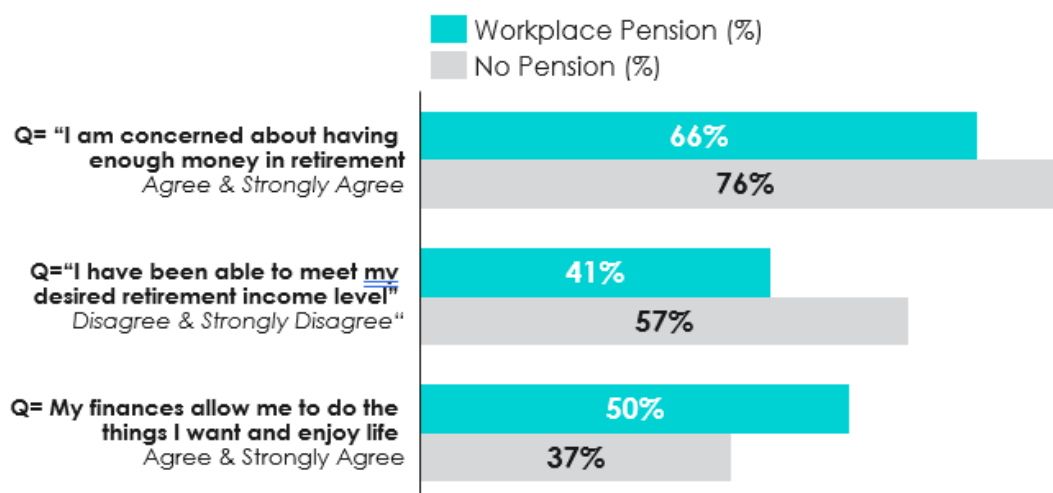
The Financial Consumer Agency of Canada (FCAC) defines financial wellness as “the ability to comfortably meet current needs and commitments while having the resilience to do so in the future, ultimately leading to financial freedom and peace of mind.”¹

Defined Benefit (DB) Pension Plans remain the gold standard for supporting financial wellness in retirement, offering a predictable and often inflation protected income stream for life. These pensions protect their members against some of the most significant risks faced by future retirees, including investment risk, inflation risk, and longevity risk. However, many of those privileged to be members of DB Pension plans will still experience significant threats to their financial wellness.

Our 2024 Fuse Financial Insights Study of over 2,500 Canadians demonstrates that, while those with workplace pensions are in aggregate in better financial situations than those who do not have them, there is significant room for improving the financial wellness of pension plan members.

HOOPP’s 2025 Retirement Survey² showed similar results, with 45% of participants with a workplace pension feeling fearful because of their financial situation and 45% saying their quality of life will decline in retirement. Notably, as was the case in Fuse’s study, the prognosis was less favourable for those without a workplace pension.

Figure 1: Selected responses from 2024 Fuse Financial Insights Survey



Source: Fuse Financial Insights Study

Interestingly over half of the senior pension administrators we spoke to volunteered personal examples where a close friend or family member had made a DB pension related decision that they later regretted. If those with privileged access to pension experts are making suboptimal choices, what hope does the average pension member have?

Why is it that millions of Canadians in the enviable position of workplace pension plan membership still have significant opportunities to improve their financial wellbeing?

There are many contributing factors that make navigating pension-related financial decisions challenging, including:

- Stubbornly low levels of baseline financial literacy in Canada;³
- The complexity of pensions and the communications they provide to members (although pension plans are working hard to make their communications more digestible);⁴
- The very human tendency to prioritize immediate needs over delayed gratification (including retirement), compounded by rapidly rising costs of living for everyday essentials;



Plans view
members'
financial success
as an important
measure of their
value.

- Individual plan members having significantly different financial contexts, behaviours, and even pension benefits; and,
- Pension plans having historically been reluctant to give members advice in navigating these decisions – with a common refrain of ‘seek independent qualified financial advice’. However, it is not always clear to plan members how and where trusted advice can be found

In preparing this report, Fuse held 17 research interviews covering a coast-to-coast sample of DB (and similar) pension plan administrators, as well as lawyers and Certified Financial Planners (CFP®) serving the pension industry. This report is intended as foundational research that provides a common fact base, catalyzes discussion, and serves as a launching pad for innovative solutions that improve retirement outcomes for DB pension plan members.

Common across our interviews was the fact that DB Pension plans care deeply about improving financial outcomes for their members; they view their members’ financial success as an important determinant of the value of their plans.

According to Statistics Canada over 25%⁵ of Canada’s actively employed workforce are covered by DB Pension Plans (as of 2023), so improving financial wellness for these members can materially impact outcomes for Canadians as a whole. The authors acknowledge that the financial stakes are often even higher for defined contribution or non-pension members; however, the focus of this research is on members of Defined Benefit Pension Plans.

In this report we first provide context for the most frequent and impactful pension-related financial decisions that members must make throughout their lifetimes. We then consider the spectrum of options that plan administrators have implemented or are considering to better support members in pension related financial decision making. Finally, we explore barriers and potential solutions at the plan and pension industry level and the implications for pension administrators.

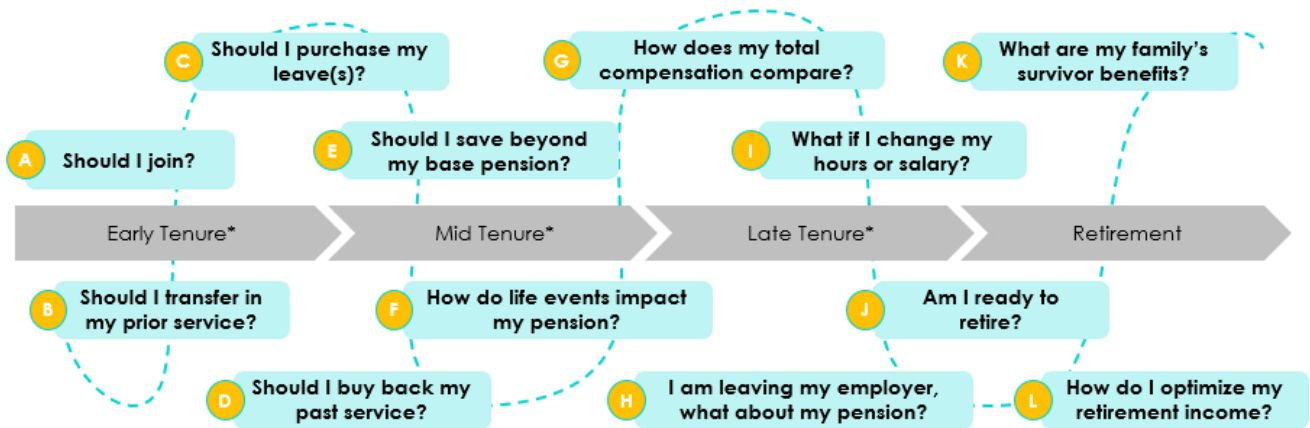
Fuse believes that by supporting members through complex pension-related financial decisions – in a customized way, consistent with the plan’s situation and risk appetite – administrators and sponsors can increase financial wellness for their members, ultimately enhancing the benefit they are providing.

When Guidance Matters Most: Critical Decision Points for DB Plan Members

While a Defined Benefit (DB) plan is as close to ‘set it and forget it’ as it gets in the financial world, there are still many significant financial decisions members must make throughout their lifetimes, pension-related and otherwise. Pension administrators recognize this and often tailor their education and interaction to these key decision points.

In speaking with over 15 pension administration leaders from a coast-to-coast sample of 11 of Canada’s DB (Including shared-risk plans) pension plans, we identified the most frequent and impactful decision points plan members face and leading examples of how pension plans are helping members make more informed financial decisions in those critical moments.

Figure 2: Pension-related financial decisions DB plan members face throughout their lifetime



Note: Each member's journey is unique and some decisions may repeat throughout their tenure as a pension plan member

Source: Fuse Research

Despite consistent efforts, administrators see many members making decisions that are unlikely to be aligned with their long-term financial wellness. All plans we spoke to had stories of members who approach retirement and say, ‘if I only knew x at the time I would be retired already.’ Plans observe that engagement and perceived value of the pension typically increases as members approach retirement; however, as demonstrated below, the many decisions throughout the member’s lifetime can have a significant impact on the amount of pension they ultimately receive.

It should be noted that everyone’s financial situation is unique and some of these decisions can require personal funds and access to resources and knowledge that may not be available to members. Pension Administrators also recognize they have limited visibility into members’ personal finances and can never say for sure what a ‘good’ or ‘bad’ decision might be for a particular member.

Figure 3: Key Decision Points DB Pension Plan Members Face

	Decision	Prevalence	Impact
A	Should I join the plan?	High	High
B	Should I transfer-in my past service?	Low	Very High
C	Should I purchase a past leave?	Very High	High
D	Should I buy back past service?	Medium	High
E	Should I save for retirement beyond my pension?	Very High	Very High
F	How do life events impact my pension plan?	Medium	High
G	How should I compare compensation between jobs?	High	High
H	I'm leaving my plan — what option should I choose?	Medium	Very High
I	What if I change my hours or salary within the plan?	Medium	High
J	Am I ready to retire?	Very High	Very High
K	What are my family's survivor benefits?	High	High
L	How do I optimize total retirement income and taxes?	High	High

Source: Fuse Research

Figure 3 summarizes the key decision points that DB members face, as cited in our research interviews.

Prevalence is an indicative estimate across the participating plans of the number of members who face this decision. Interestingly, most plans did not have robust data on these decision points available, so more specifically measuring their prevalence could be a future area of study.

Impact is an illustrative estimate of the financial impact to a typical member's financial wellbeing should they make a sub-optimal decision. A low impact decision could result in retiring a few months later or having a 2% lower pension amount, a very high impact decision could mean they are unable to retire and meet their financial obligations.

We have inferred our ratings based on the interviewer's guidance and Fuse experience; we did not have access to specific member case studies. It is worth remembering that each member's situation is unique, so the impact could vary significantly by situation.

Across our interviews, the decisions below were the most frequently referenced:

Areas where plans believe increasing education can help many members:

- **Joining the Plan:** Eligible part-time or contract employees sometimes choose not to join, missing early years of service that can be difficult or costly to purchase later.
- **Purchasing Eligible Leaves:** Members frequently forgo purchasing service after parental or other leaves, despite the cost being at its lowest during the initial window.
- **Understanding Beneficiaries:** Many members remain confused about the legislated order of entitlement, leading to situations where survivor benefits are paid in ways that may not reflect the member's intentions.



Top 3 Behaviour Gaps



Top 3 Highest- Impact Decisions

Areas where plans are focused on decision support for members' specific situation:

- **Commuted Value vs. Deferral:** One of the most consequential choices, where members can underestimate the risks of taxes, investments, and longevity.
- **Transferring in or Buying Back Past Service Early in the Member's Journey:** Missing the opportunity to consolidate or repurchase past service can permanently reduce lifetime benefits.
- **Saving Beyond the Pension:** Members must decide whether their pension alone will be sufficient; failing to supplement can leave gaps, while oversaving in certain vehicles can create tax inefficiencies.

To better understand these critical moments, we detail the decision context and emerging leading practice for each of the decisions interviewees identified in Appendix 1.

The Spectrum of Support: From Education to Financial Planning

100% of our interviewees agreed there is scope for improved financial decision making within their membership base and had a desire to support members in improving their financial wellness.

Many interviewees also felt that by providing more specific information or guidance to a member, the risk of misinforming a member and/or financial and reputational risk to the plan increased. Many were quick to highlight that “we do not provide financial advice” or “please seek qualified independent financial advice” is the standard guidance given by member service staff.

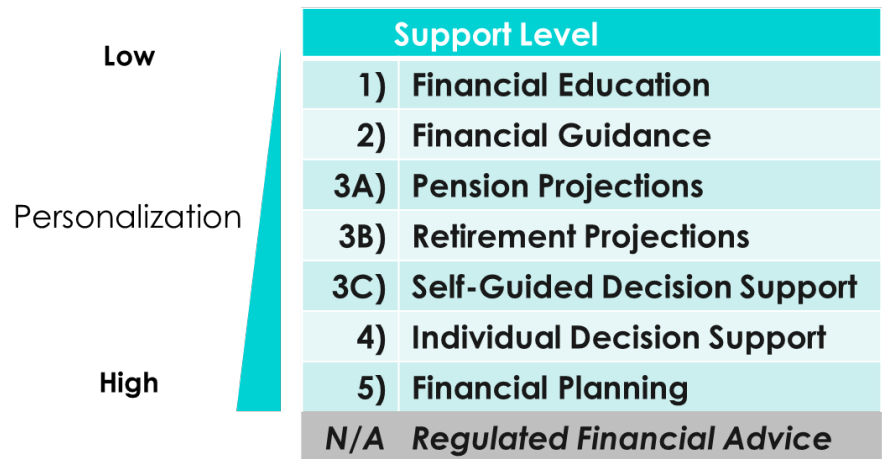
However, throughout our research, it became evident that the line between ‘financial advice’ and ‘general information’ can be a fine one with many nuanced considerations, including:

- Is the information provided purely factual or is some judgement applied?
- Does the member have sufficient financial literacy to understand the decision, and the information provided?
- How much is the information provided tailored to the member’s pension situation?
- Does it consider their non-pension financial situation?
- Does it consider the individuals financial goals (retirement and otherwise)?
- Is the impact of different potential choices specifically quantified for the member?
- What is the qualification/education of those delivering the advice?
- What level of trust does the member have in the plan to help them decide?

In all cases, the member remains responsible for the ultimate decision – but plans face important choices on how deeply and specifically they support members in navigating them.

It was critical to our research to define terms and ensure our participating plans were speaking consistently about the dynamics of pension decision-making: as we often say, taxonomy matters! As such, we identified five levels of financial decision support that plans were considering offering to members.

Figure 4: Participants' archetype of pension-related financial decision support for members



Source: Fuse Research

1. Financial Education

This term refers to general financial knowledge and awareness that is factual and not tailored to an individual. The purpose is to build awareness so members can apply the information to their own circumstances. The content must be broadly applicable, but it should also be carefully caveated to acknowledge potential nuances.

Example: A pension plan webinar on 'How your DB plan works' or a member handbook explaining the rules on how your earliest unreduced retirement date is calculated.

2. Financial Guidance

Financial guidance involves explaining the available options specific to an individual decision and outlining their potential consequences, without telling the member which option to choose. The emphasis is on clarity, education, and helping individuals understand the implications of their decisions. Guidance can be delivered in group settings, standardized communications, or through trained service representatives.

Example: An information session on plan members' options available when leaving the plan. The facilitator might highlight the pros and cons related to a specific option such as commuting the value of your pension but would not recommend whether a member should stay in the plan or take the commuted value.

3A. Pension Projections or Estimates

Self-serve tools that allow individuals to see how their estimated pension payment might change based on self-inputted assumptions. These models provide personalization through data entry (such as age and anticipated retirement date) but ultimately leave interpretation and decision-making with the individual. They are most effective when they clearly present assumptions, highlight limitations, and encourage users to seek additional guidance before making decisions.

Example: A pension estimator on the member portal that shows how a members' pension income in retirement would change if a member were to retire at age 60 versus age 65.

3B. Retirement Projections

Retirement projections are an extension of the above but where the tools provide the functionality to consider other sources of retirement income which may include Canada Pension Plan, Old Age Security, or private savings. Tools may also consider the impact of taxes and may even provide support in estimating retirement expenses.

Example: A retirement income estimator which automatically incorporates a members' expected pension income and allows them to input assumptions about their CPP, OAS, and private savings amounts to project their expected after-tax income in retirement. They may also be able to estimate their expenses and non-pension investment returns allowing them to forecast their ability to meet anticipated expenses.

3C. Self-Guided Decision Support

Interactive tools that help members make a specific decision considering their individual circumstances (based on user inputs). The tools adapt to user's answers to questions such as 'do you have a spouse?' allowing the tool to provide personalized guidance to a member for a decision.

Example: A member is evaluating what pension option to select to best protect them and their spouse in retirement, after answering a series of questions in digital tool the tool says "Based on the data you provided a joint life pension of \$X, and y% may be most appropriate for your situation."

4. Individual Decision Support

This bridges the gap between general guidance and financial planning. Decision support provides personalized recommendations on a specific financial decision based on an agreed set of assumptions. The scope is narrower than full financial planning: it is about giving a clear answer to a particular question while flagging the assumptions that underlie the recommendation.

Example: A pension administrator advising a member that, based on their specific situation, buying back 18 months of service appears to be financially advantageous to them at the current costing given their plan to retire at age 60 as a member of the plan.

5. Financial Planning

This refers to a structured and holistic process that integrates an individual's personal goals, current financial resources, and future needs into a cohesive strategy. Planning considers multiple domains — such as retirement, tax, insurance, investments, estate, and cash flow — to provide a clear picture of how different financial components interact for an individual's specific situation. The output is typically a written plan or projection and ongoing advice that helps an individual make informed decisions with confidence. There are accreditation bodies such as FP Canada that help establish minimum standards and certify professional financial planners.

Example: An in-house Certified Financial Planner (CFP®) at a pension administrator works with a member who is trying to decide what date to retire. The planner explores the members' other objectives such as desire to leave an estate or spend time with grandchildren within the next five years. With their planner they model their estimated retirement income and spending at different ages considering their pension, CPP, OAS, and personal savings, expense history and anticipated tax rates at different retirement dates. Based on the analysis they conclude that it's possible for the member to retire before their unreduced pension date and still have a 95% probability of leaving a significant inheritance.

Other: Regulated Financial Advice

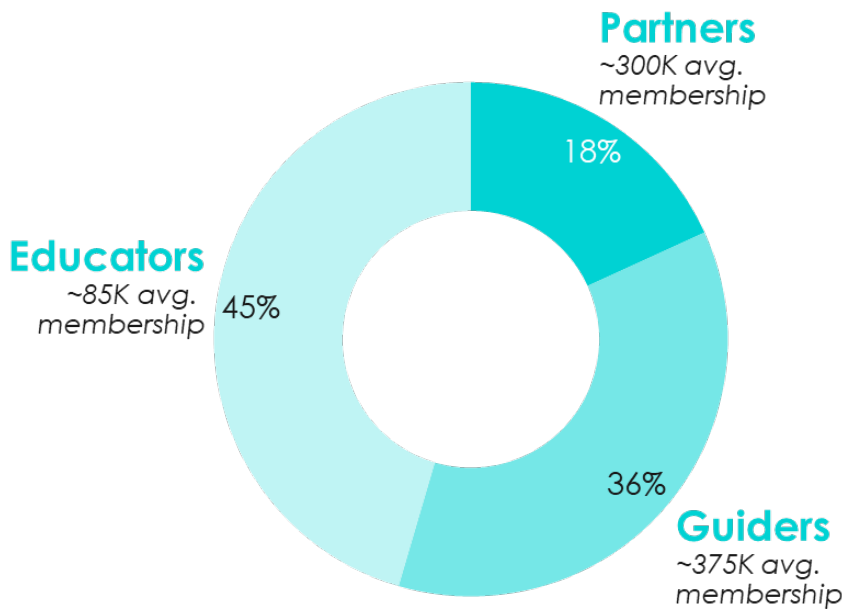
While regulated financial advice is not recommended, nor is it being explored by the interviewees at this time, it is important to include in the option set for completeness. Regulated financial advice involves providing personalized recommendations that include the purchase, sale, or holding of specific regulated financial products such as securities or insurance. Unlike education, modelling, or guidance, regulated advice requires a license and is subject to oversight by securities or insurance regulators.

Example: Buy 100 units of security X or purchase life insurance policy Y.

How Plans Are Stepping Up: The Evolving Role of Pensions in Financial Decision Support

The plans we interviewed can be categorized into three main archetypes based on their position on providing more tailored pension-related decision support to members and the levels of support in-place and planned. 100% of participating plans agreed there is significant opportunity to improve member outcomes through enhanced financial education and decision support, and 55% of plans were expanding their offering beyond education and basic financial guidance.

Figure 5: Participants’ archetype of pension-related financial decision support for members



Source: Fuse Research

The Educators*(45% of plans interviewed)*

These plans are firmly in the camp of “we don’t provide financial advice” but sought other ways to improve member outcomes. They are focused on ensuring members understand their pension as much as possible. They are also continually enhancing their tools, data, education materials and staff training but do not have explicit goals of improving members financial decision making. These plans tend to be the smaller plans in our sample (~85K average membership) and face many trade-offs on where to deploy scarce resources. These plans are particularly open to using shared resources or industry level solutions given they do not have the remit or funding to build internal financial decision support functions at this time.

The Guiders*(36% of plans interviewed)*

These plans are pragmatically increasing the depth of pension-related financial decision support for members. They have already or are evolving their service models to provided personalized support. Their tactics include self-serve estimators/calculators, focused investment in enhancing education resources for members (both pension literacy and general financial literacy) either through self-development or partnership, and more personalized and in-depth engagement with members around key milestones such as one-on-one retirement consults with members.

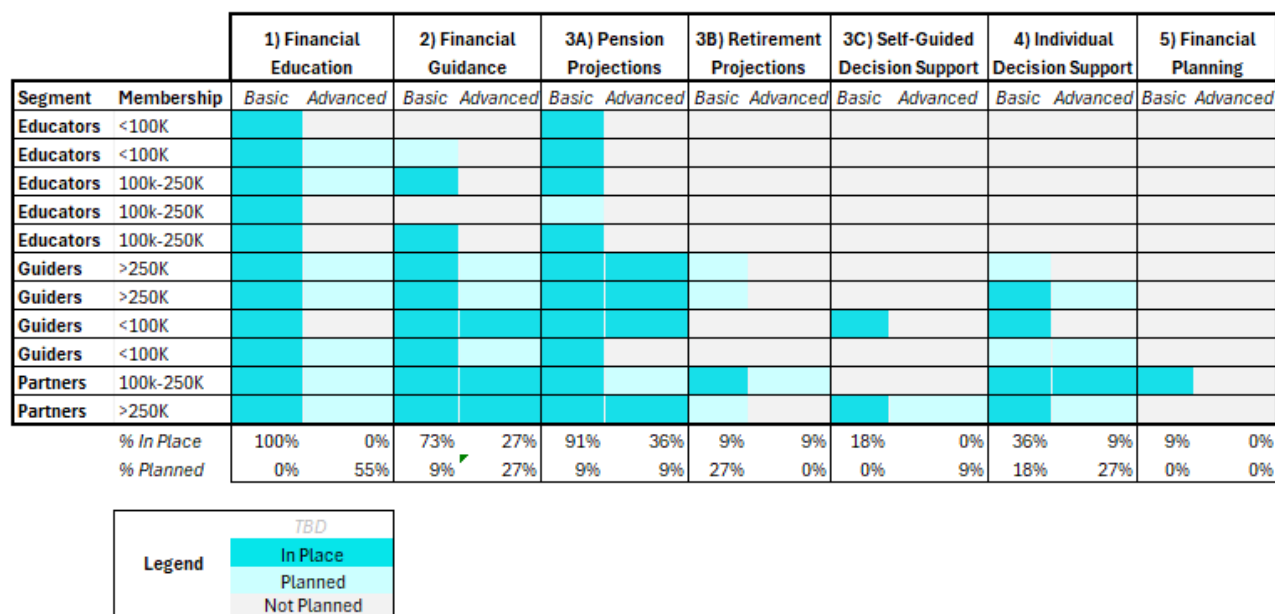
The Partners*(18% of plans interviewed)*

These plans view member financial wellness as an essential part of their mandate. They believe they are best positioned to support members in pension-related financial decision making. In addition to sophisticated tools and service model evolutions they are investing significantly in upskilling their staff and developing their educational resources and tools to support personalized financial decision support that deeply considers the members’ context. They have Certified Financial Planner(s) on staff and are focused on helping members reach resolution to their questions and pension-related

financial decisions rather than referring to members to external financial advice (except where specialized tax and legal considerations are required).

Plans already offer a baseline of support and Guiders and Partners are generally planning on increasing the depth of support offered through a mix of education, training, and tools. Figure 6 below outlines the current and planned level of support of the pension administrators we spoke to on an anonymized basis; learnings about activity at each support level are described below.

Figure 6: Current and Planned Financial Decision Support Levels of Administrators



Source: Fuse Research

1) Financial Education

All plans offer some form of basic financial education to their members. They also recognize that financial and pension literacy are prerequisites to offering valuable personalized decision support. Several plans were in the process of significantly revamping their financial education materials including increasing the simplicity and expanding the scope to include non-pension concepts and resources. Plans who were pursuing this were generally supportive of leveraging partnerships and/or existing high quality financial education resources available to the public. Several plans were taking this one step further by having a dedicated Certified Financial Planner on staff who was focused primarily on enhancing the education and guidance materials available to members and staff training.

2) Financial Guidance

Plans differed significantly in the depth of guidance their teams were empowered to provide to members. Some organizations were focused on providing purely factual information and had not empowered staff members to more deeply explore a member's context. In some cases, this was due to lower levels of training and comfort on the front-line staff. Plans who were investing in this area were focused primarily on tailored communications to specific events – for example, what to think about when considering buying back your past service.

3A) Pension Projections

All plans had or were planning at least a basic pension estimator tool. In most cases this estimator was linked to the member's profile behind a secure portal and allowed them to estimate their retirement income by toggling things like retirement date. Several plans had advanced features allowing them to support other pension related decisions; for example, visualizing how much your pension would increase if you repurchased a maternity leave or getting an initial estimate for buying back past service (both cost and pension impact). The data model and pension administration software used were key enablers to providing this level of support.

3B) Retirement Projections

36% of plans either had or were actively exploring self-guided tools which enable members to do integrated retirement income projections. Others are exploring online free tools that already exist in this realm such as the Canadian Retirement Income Calculator provided by the Government of Canada⁵. Basic calculators allow users to input their various retirement income sources and project after tax income in retirement. More advanced calculators can simulate non-pension investment returns, support varying levels of expenses, and provide probability-based estimates of when/if retirees are at risk of running out of money at a given spending level. (These features are all readily available in commercial financial planning software).

3C) Self-Guided Decision Tools

18% of the plans we spoke to already had at least one decision support tool in place. One plan was working on expanding the number of self-guided tools to cover additional decision points along the member's journey. The process of building and maintaining these tools can be quite involved, with significant interaction between pension policy, service delivery teams, and other subject matter experts. Once in place these tools provide a scalable way to address member questions and are a strong resource where frontline staff can refer members.

3) Personalized Decision Support

55% of plans either had in place or were planning to offer personalized decision support for at least some major pension decisions. These plans often had 'tiered' expertise levels within their member education/member service resources allowing for complex cases to be escalated. For example, in one plan, over 50% of their call center staff had completed the Registered Retirement Analyst (RRA) course, and they required completion of the Registered Retirement Consultant (RRC) course for certain promotions. Several plans had also re-designed their contact center service model such that a member would be in contact with the same representative throughout a transaction (such as deciding their retirement date) allowing for increased context building. These plans were prioritizing quality and

depth of service over response times and utilizing technology to help mitigate costs for “lower touch” transactions. These plans were generally pro-active around key moments, such as escalating a commuted value decision to include a discussion between senior staff and the member. These plans were also more explicit in their training; they encouraged their staff to ask questions to build context, rather than simply responding to the presenting question of members.

4) Financial Planning

9% of plans in our sample offered financial planning services to their members. They had a roster of in-house Certified Financial Planners (CFP®) whom members could meet with at no cost. The CFP’s work with members to understand their goals and objectives and quantify the trade-offs of the decisions they are facing.

The Challenges of Helping: What Holds Plans Back?

While there is a clear trend toward further supporting member outcomes with financial education and advice, many plans continue to have concerns about or constraints to doing more. Our research explored these challenges with plan administrators, asking why they were not already or planning to offer more personalized financial decision support to their members.

Concerns about potential complaints or legal challenges

“Seek qualified independent financial advice” is a popular refrain across the industry. Some plans couldn’t point to where in their training materials that advice is defined. There is a perception among some plans that by providing less personalized and specific information they are mitigating the risk of errors or omissions. Other plans had board members or senior leadership who had long been advised to “steer clear” of the realm of financial advice from their lawyers or other counsel. There was a general concern that delegating the provision of financial advice to a third-party that was endorsed by the plan would require significant due diligence and monitoring which may be difficult to execute.

Our view is that less specific guidance to members is also often less helpful, and therefore risk of adverse financial outcomes for the members may increase. Several plans we spoke to viewed staff education and the quality of advice provided to be the biggest mitigant to this risk. One organization we interviewed had provided personalized decision support to thousands of members without a single legal challenge. In researching this report, we could not identify specific regulation that prohibits pension plans from providing decision support to their members. That said, there is absolutely scope for plans to debate whether financial decision support is the best use of scarce resources and to have different risk appetites related to this topic.

Staff education, retention and culture

Providing more personalized financial decision support to members asks more of the plan and its frontline staff. Several plans we had spoken to were having to offer incentives to encourage upskilling of staff, with limited

avenues for growing professionals such as CFP's from within. There is a perception that working in a member call center is not a high-skill role, even though increasingly sophisticated knowledge is being demanded.

Other priorities

Several plans, especially smaller and more resourced constrained plans, cited other more-pressing priorities. They wondered whether their plan, given the current context, is best positioned to offer this type of guidance and preferred external solutions or partners.

Members' mindshare

Several administrators were wary of the frequency of communication with members. They were concerned about the potential of adoption for decision support should it be built out.

Member confidence and understanding of the plan

Some plans have mixed levels of trust and/or understanding from their members. In these situations, investing in baseline member education and service is believed likely to yield better returns than financial decision support.

Technology and data

Developing sophisticated member-facing tools can expose weaknesses and/or manual processes. Some plans were prioritizing pension administration modernization and building deeper data capabilities as required pre-work to member-facing tools.

Cost and consistency of service

Some administrators (especially those servicing multiple pension plans or diverse workforces) worried that, in making a more in-depth service model available, it would not be consistently used across the different plans potentially leading to miss-allocation of costs.

Looking Forward: Industry-Level Solutions That Can Help Plans & Members

At Fuse, we love big ideas and helping to foster pension innovation. Our research conversation with participants would not have been complete without the opportunity to brainstorm creative solutions that could enable and accelerate better DB member financial decision making – especially if there were opportunities to collaborate across administrators. Below, we share the most impactful ideas that we would love to see investigated further:

Creation of a national pension dashboard

Some research participants echoed the CD Howe’s recent recommendation⁷ for a national pension dashboard which aggregates an individuals’ various pension entitlements into a single place. International precedent exists and existing tools in Canada could serve as a launching point.

Collaborations on pension and financial literacy content

Participants acknowledged that, while there are plan specific considerations, much of the basic education on both pension and financial literacy could be DB plan agnostic. Imagine a curated set of 10-15 high quality educational videos that talked about the considerations of various pension decision points. DB plans could leverage these videos in their communications instead of re-inventing the wheel. Existing industry forums and collaboration channels should be a starting place. Plans have shown precedent of this type of work with the 2021 collaboration on *“What’s Important: Safe Guard Your Retirement” Video*.⁸

Another potential resource to be explored could be ‘what I wish I had known’ themed communications collateral where retired members of DB plans could talk about how the decisions they made when they were younger are impacting them today. Again, this could be plan agnostic.

For either of these options to be effective, a shared funding and governance mechanism would need to be established. An excellent example of

government funded shared-resources exists in the UK context with Money-Helper⁹ (which is primarily focused on DC pensions). FSRA's pension awareness day toolkit is another example of a public-facing foundation that could be expanded¹⁰. Where plans do not have existing content, we encourage them to redirect members to publicly available vetted sources of information.

Financial Planning Utility for Canada's DB pension plans

The cost and effort of hiring, upskilling, and retaining pension-fluent Certified Financial Planners is a significant burden for any individual pension administrator. Imagine a shared pool of resources with a common technology stack where pension plans could refer members and trust they would receive high-quality, unbiased financial advice related to their pensions. The conditions for success for this model include the ability to seamlessly share members' pension data with the utility, the utility building sufficient trust with the plans to refer members, and establishing equitable funding, governance, and risk sharing agreements across the membership organizations.

In Canada we already have examples of investment management (e.g., Investment Management Corporation of Ontario, British Columbia Investment Management Corporation) and pension administration utilities (e.g., British Columbia Pension Corporation, Alberta Pension Services). A parallel example from abroad is the Pension Wise¹¹ program in the UK (a subset of the previously mentioned Money-Helper umbrella). Pension Wise allows UK defined contribution plan members over the age of 50 to book individualized consults with knowledgeable professionals.

Tracking and Sharing Member Financial Decision Benchmarks

Throughout our interviews plan leaders found it difficult to provide specific estimates of how many of their members faced certain decisions and what the uptake of different options were. Imagine having a shared and anonymized database with metrics like percentage of members who take a leave and of those what percentage repurchase. This data could be combined with member segmentation and targeted outreach to test the effectiveness of various interventions.

Helping inform members who choose to seek independent advice

The administrators we spoke to made it clear that many Certified Financial Planners and/or other external financial advisors are not fluent in DB-pensions and it is challenging for members to identify sources of independent qualified financial advice. Plans were wary of playing a role in directing members to external financial advice providers – both from a liability and from a perceived bias standpoint.

There is value in expanding the knowledge base of external providers and potentially in creating signals that members could use to identify external providers who are experienced in pensions.

One option could be a supplementary credential to demonstrate that a Certified Financial Planner or other qualified financial advisor is also technically trained in defined benefit pension plans. This would need to be weighed against the costs of increased complexity in an already scattered credentials landscape.

Another avenue could be arming members with ways to evaluate potential financial advisors. FCAC's *Choosing a Financial Advisor*¹² website is a potential starting point.

Finally, there is an emerging field of Advice-Only Financial Planners¹³ whose clients pay them directly on an hourly or flat-fee basis (like lawyers or accountants) and who provide independent financial advice free from the potential conflict of commissions, referral fees, or asset-under-management fees. Plans who are particularly worried about potential biases in external advice could consider promoting this type of advice.

Conclusion: How Plans Should Continue on the Decision Support Journey

The increasing interest in providing financial planning support to members – and capabilities to do so – in the Canadian pension industry are very encouraging. As we have explored this topic through this research, the message from plans further down the maturity curve is clear: there is demand for this support, opportunity for positive impact, and the risks and concerns that often constrain us are perhaps not as scary as we think.

We will continue to monitor the industry's evolution in this area, and we urge:

- **Partners**, to continue to engage boldly with members around critical pension decisions and to consider targeting your financial support services to those among your membership who may need it most;
- **Guiders**, to translate your ambition into further action by maturing your tools and capabilities; and,
- **Educators**, to leverage existing tools and content that might free up capacity to drive a conversation among your stakeholders about expanding your mandate and impact.

And we believe all plans thinking about how to better serve members face 'no regrets' choices – opportunities to mature data capabilities and deepen member insights.

Well designed, governed and secured data infrastructure is a critical enabler to measuring and analysing the behaviour of members around key decision points and a foundational input into building tools or providing advice.

Member insight – enabled through structured, measurable human and digital interactions, surveys and feedback loops – is the one thing all plans have that no one else does. While there is an abundance of financial literacy and education material available, only a plan can combine that information with intimate knowledge of their memberships' knowledge levels, preferences, behaviours and views on retirement.

There are no right answers that will work for all, only good choices that pension plans can make on how to support members through complex

financial decisions. Each plan must consider how the opportunity to provide support fits into their overall strategy – and the integrated set of choices across aspiration, customers, products and services, and capabilities that can combine to provide this value to members.

At Fuse, we are confident the pension industry has the ambition, capability and role as trusted fiduciary to increase financial wellness for members, ultimately enhancing the benefit they are providing and improving retirement outcomes for Canadians. We hope this research further stimulates a conversation among plan administrators and financial planning stakeholders about how to work together to realize this potential.

Appendix 1: Implications of DB Pension Member Decisions & Leading Practice in Decision Support

Figure 7 summarizes the key decision points that DB members face, as cited in our research interviews. To better understand these critical moments, we detail the decision context and emerging leading practice for each of the decisions in this appendix.

Figure 7: Key Decision Points DB Pension Plan Members Face

	Decision	Prevalence	Impact
A	Should I join the plan?	High	High
B	Should I transfer-in my past service?	Low	Very High
C	Should I purchase a past leave?	Very High	High
D	Should I buy back past service?	Medium	High
E	Should I save for retirement beyond my pension?	Very High	Very High
F	How do life events impact my pension plan?	Medium	High
G	How should I compare compensation between jobs?	High	High
H	I'm leaving my plan — what option should I choose?	Medium	Very High
I	What if I change my hours or salary within the plan?	Medium	High
J	Am I ready to retire?	Very High	Very High
K	What are my family's survivor benefits?	High	High
L	How do I optimize total retirement income and taxes?	High	High

Source: Fuse Research

Prevalence is an indicative estimate across the participating plans of the number of members who face this decision. Interestingly, most plans did not have robust data on these decision points available, so more specifically measuring their prevalence could be a future area of study.

Impact is an illustrative estimate of the financial impact to a typical member's financial wellbeing should they make a sub-optimal decision. A low impact decision could result in retiring a few months later or having a

2% lower pension amount, a very high impact decision could mean they are unable to retire and meet their financial obligations.

We have inferred our ratings based on the interviewer's guidance and Fuse experience; we did not have access to specific member case studies. It is worth remembering that each member's situation is unique, so the impact could vary significantly by situation.

A) Should I join the plan?

For most DB plans membership is compulsory for full-time employees, however many plans have optional membership for part-time and contract workers. Pension administrators typically have limited data/visibility on potential members who have not yet engaged with the plan but who are eligible to join. Employers play a significant role in positioning the plan to these potential members and ensuring they have the information required to make this important decision.

Prevalence: High

Plans we spoke to had anywhere between 5-20% of their participating employers' workforces (by headcount) who were not members but who were eligible to join.

Impact: High

For part time employees with relatively low hours and who do not stay in the plan for many years, the decision can be less significant, but for long-term part-time workers – especially those who subsequently take on a full-time role – this can be one of the more impactful choices. Not joining forces a difficult choice into the future of accepting a pension that reflects only a portion of their work experience or purchasing past service at what is likely to be a much higher cost in the future.

Leading Practice for Plans

Many pension administrators we spoke to are focused on reducing the barriers to joining the plan for those who choose to do so. Often plan texts will contain minimum waiting periods, minimum hours or earnings, and/or restrict certain roles from joining. Plans recognize that employees' roles change over time and can often lead to full time work down the road. They are increasingly making pension membership available at the earliest

opportunity. One plan had over 10,000 new part-time members join their plan shortly after removing eligibility restrictions and has continued to significantly grow part-time membership since. They are also introducing a digital education tool that helps part-time members understand and evaluate the long-term value of joining for their situation, to support their decision-making.

B) Should I transfer-in my past service?

Upon joining a DB pension plan, members who have completed prior pensionable service in another registered pension plan (and have not received a return of contributions or commuted value) may have the option to consolidate their pension benefit under their new DB pension plan. Many DB pension plans have Reciprocal Transfer Agreements (RTAs) in place which govern these transfers, including a national RTA for public service pension plans, allowing pension portability across provinces. Transfers are sometimes possible even if a formal RTA is not yet in place. There is also typically a short window immediately upon joining where this decision is available to members. This is a complex and impactful decision for a member, and individual circumstances will vary significantly.

Prevalence: Low

To be eligible for transfers there needs to be prior pensionable service under another pension plan and the receiving and transferring plans must have an RTA or alternative arrangements in place.

Impact: Very High

Transferring in prior service can have significant advantages or limited potential advantages for a member depending on the specifics of the situation. The receiving plan's retirement formula and the specifics of the transfer/how it is valued will be important in the member's decision. If a member chooses not to transfer in service and later decides they prefer consolidated service under their new employer, they will often be subject to the buy back process which can be a more expensive way of purchasing the same service.

Leading Practice for Plans

In many cases awareness of the option to transfer in prior service is low

amongst members; this is a high-stakes decision made at an already busy time of starting a new role. Plans should be proactive in informing members about this potential opportunity and consider offering dedicated decision support for members facing this choice. Some plans ensure that members are aware of their options to transfer in previous service during the onboarding/ enrollment process, through a series of questions targeted at uncovering opportunities for a member to enhance their benefit under the new plan.

C) Should I purchase a past leave?

Most DB pension plans allow members to purchase pensionable service for periods when they were on approved leaves such as maternity/parental leave, disability leave, or other forms of unpaid leave. These leaves are relatively common during a member's career and, if unpurchased, can leave gaps in credited service and pensionable earnings that reduce final pension entitlements. The decision often arises at stressful times (such as welcoming a child) when members may not have the bandwidth to think about long-term implications and when available funds to buy service are constrained.

Plans often allow members to continue their contributions (out of pocket) during Employment Standards Act (ESA) covered leaves such as maternity leaves. Many plans also have specific time windows (~two to five years post-leave) where members can purchase past service by covering their 'missed contributions.' This can typically be done through a lump-sum payment or, in some cases, alternative arrangements such as installment plans. For ESA-covered leaves, there is often a cost-sharing agreement where employers fund their portion of the missed contributions.

Prevalence: High

Leave periods are very common. Most members take at least one parental or other statutory leave during their career. However, few members ultimately purchase the service. For example, one administrator estimated that over 40% of members would take some form of leave throughout their career, and fewer than 20% of those who were eligible end up buying-back past service during the initial purchase window forgoing the associated employer cost-sharing. Other plans we spoke to estimated this number to be 10% or less of eligible leaves.

Impact: High

Purchasing a past leave can materially increase a member's credited service and ultimately their lifetime pension, especially where early retirement eligibility depends on years of service. Early and mid-career professionals are often at a life stage where their ability to fund a leave purchase is challenged by other financial priorities. However, not buying back within the initial purchase window can lead to regret, as the cost-basis for repurchasing the leave typically changes from a contribution-based formula to an actuarial reserve cost formula once the repurchase window passes. In addition, the timing of the election can have tax-reporting implications: depending on when the purchase is made, the transaction may generate a Pension Adjustment (PA) or a Past Service Pension Adjustment (PSPA), each of which can affect a member's available RRSP contribution room. Several of the plans interviewed noted that the actual cost of buying back a leave after the initial purchase window could be three or more times as expensive as compared to repurchasing during the initial window.

Leading Practice for Plans

Consider proactively communicating buyback opportunities at multiple points — before, during, and immediately after a leave. One plan we interviewed is in the process of adding a new initiative for members to spread payments over two years through payroll deductions (interest-free), reducing the barrier of large lump-sum costs immediately upon returning from leave. Others are focusing their communications on the long-term pension impact in terms of estimated payout and earliest unreduced retirement date that repurchasing leaves can have. These important initiatives can help reduce the gender pension gap, which is often widened by leave periods.

D) Should I buy back past service?

In addition to the transferring in past service option previously discussed, new joiners may also have the option to buy back service. This decision is complex and plan specific, but eligibility can include past service with the current pension plan and sometimes other registered pension plans where contributions were returned, or the value was commuted. The timing

window for buying back past service can often be more flexible than transfers, however the cost of buying back past service will continue to evolve (generally getting more expensive over time) as actuarial assumptions and the member's service experience evolves.

Prevalence: Medium

Employees, especially the younger generations are less likely to stay with a single employer for their entire careers. The pensions we spoke to are also increasingly seeing a high number of "boomerang" employees who have left the pension and subsequently returned later. One plan had several thousand members use a recently launched self-serve calculator where members could estimate the cost of buying back past service and the impact on their pension.

Impact: High

Buying back past service can make a material difference in lifetime pension income. The cost of buying back past service is typically lowest immediately upon joining (or re-joining). Most plans we interviewed noted that it's typically closer to retirement date that members contemplate buying back past service and by that time the cost of buying back can several times the cost of what buying back earlier might have been. The same plan above that launched the calculation tool noticed that the follow-through on requesting formal estimates was low, as members were often surprised by the initial cost of the buy back estimated by the tool. This is a complex decision which varies significantly based on member situation and where independent financial and tax advice can be beneficial.

Leading Practice for Plans

Administrators should proactively notify returning employees of their buyback options at the point of hire, ideally with a plain-language explanation of the potential cost differences between acting now versus later. Providing estimators that show both the lump-sum cost, and the projected lifetime increase in pension helps members understand the trade-off. Financing options such as payroll deduction, phased repayment schedules, and working directly with members to ensure they understand potential available sources of funds (e.g. Locked-In Retirement Accounts (LIRAs), Registered Retirement Savings Plans (RRSPs) etc.) can help. One plan was having success with an education campaign focused on "the most cost-effective time to buy back is likely today."

E) Should I save for retirement beyond my pension?

While a DB pension provides a reliable foundation of retirement income, members will still need to decide whether additional savings are necessary to meet their retirement goals. Plan members will sometimes make a simplifying assumption that since they have a DB pension, they don't need additional retirement savings. This decision depends highly on household circumstances (e.g., whether both spouses have guaranteed retirement income (and how much), lifestyle expectations in retirement, and tax considerations). The interaction between pension contributions and RRSPs can also be confusing to members. A few pension plans also allow Additional Voluntary Contributions (AVCs), which are invested by the plan on behalf of members and used to enhance pension income and can function like RRSPs held outside of the plan. DB pension members already make significant contributions, and it can be challenging for members to save additional funds.

Prevalence: Very High

Every member faces the question of whether to save beyond their pension. All plan members will also have other savings vehicles available to consider (RRSP, Tax Free Savings Account (TFSA), and taxable accounts), though actual contribution rates vary widely. AVCs are available in some but not all DB plans and typically attract only a small percentage of members.

Impact: Very High

For households where both spouses have long-tenured DB pensions, little additional saving may be required. But for single-income households, those with relatively low estimated pension benefits, or members with higher retirement spending goals, choosing not to save outside the pension can leave gaps in retirement income. Conversely, saving significantly in non-pension vehicles can lead to inefficient outcomes such as higher marginal tax rates and OAS claw backs and overly sacrificing today's lifestyle.

Leading Practice for Plans

Several plans are working on (or have implemented) retirement income projection tools which account for multiple sources of retirement income. Plans can also consider directly measuring retirement income sufficiency through surveys or otherwise to better understand if pensions are fulfilling their desired purpose. Education should emphasize that while DB pensions

are generous, they are rarely a complete solution for all retirement goals. Ultimately, members benefit most when they understand how their pension fits into a broader financial plan and are encouraged to seek independent financial advice where needed. For plans that don't have a dedicated retirement planner, they could consider referring members to the Canadian Retirement Income Calculator⁶ provided by the Government of Canada.

F) How do life events impact my pension plan?

Disability events and marital breakdowns can significantly affect pension entitlements. Disability may allow continued service accrual or early access to benefits, but eligibility rules are complex and poorly understood. Divorce or separation often triggers pension division, yet many members underestimate the financial and legal implications.

Prevalence: Medium

Not all members experience these events, but they are common enough that plans receive regular inquiries. These types of events typically experience 'just-in-time' communication: members are learning about the journey and the impact to their pension while going through stressful times, making sound decision making a challenge.

Impact: High

Missing potential disability benefits can reduce lifetime pension income materially. Pension division in divorce can significantly reduce the benefit and even result in unintended outcomes if members do not properly update their beneficiaries.

Leading Practice for Plans

Provide simple, step-by-step resources on how disability and marital breakdown affect pensions. Proactively remind members to update beneficiary and spousal information before and after life events. Leading plans also train contact centres and employers to proactively identify these situations early and encourage members to seek support both from their pension plans and independent advice where needed.

G) How should I compare my compensation between jobs?

In today's highly mobile workforce, members are increasingly unlikely to stay in the same role for 30 years. When weighing a new job opportunity, members often focus narrowly on salary and take-home pay while overlooking the value of their pension. The guaranteed lifetime income, inflation protection, and survivor benefits offered by a DB plan are a critical part of total compensation. A role with a slightly higher paycheck but no pension may leave a member significantly worse off in retirement, even though the difference is not immediately visible in their pay stub.

Prevalence: High

Almost all members who consider moving to a new employer face this decision. Administrators consistently report that members underestimate the value of their pension until years later, when it is often too late to undo the trade-off.

Impact: High

A DB pension is one of the most valuable components of overall compensation. Years of service and contributory history are the biggest determinants of the pension benefit. For members who cut their service short their pension alone is unlikely to replace their pre-retirement income.

Leading Practice for Plans

Administrators can help by clearly and continuously presenting the pension as part of total rewards. The typical tools are member statements, calculators, and education sessions to highlight the value of lifetime income and indexing, alongside salary and other benefits. Framing the pension in these terms makes it easier for members to compare opportunities on an apples-to-apples basis and recognize what they may be giving up when moving to a non-pensioned role. Plans are also increasingly partnering with employers to support recruiting efforts, with some offering retirement planning support speaking with potential members to discuss the role and value of the plan in overall compensation.

H) I'm leaving my plan – what option should I choose?

When leaving a DB pension plan, members typically face two main options:

- 1) Defer the pension benefit and keep a guaranteed lifetime pension, often with indexing and survivor benefits, or
- 2) Take the Commuted Value (CV) as a lump sum, usually transferred to a LIRA or LIF, sometimes used to purchase an annuity, or partly received in cash.

This is one of the most complex and often the most consequential financial decisions a member will face. While the CV can look attractive because of its size, members often undervalue the guaranteed, inflation-protected income stream that comes from keeping the pension. Several interviewees shared personal stories of negative financial outcomes stemming from commuting a pension value. One common mistake includes an overly simplified comparisons (e.g., “7% investment return on this lump sum beats the pension”), ignoring longevity and investment risk, or underestimating the tax consequences of exceeding the Maximum Transfer Value (MTV), where excess amounts are paid in cash and taxed immediately. Where there is a material amount of cash contributions exceeding the MTV, members can be drawn to the immediately accessible cash not recognizing the impact on their future/retirement. External influences—such as financial advisors motivated to manage assets, or anecdotes from peers—can also sway members without reflecting their unique circumstances.

Prevalence: Medium

Most members who leave employment before retirement must make this decision, but recent data suggests fewer are opting for CVs. Two plans we spoke to had conducted recent research and found that, despite the popular perception that many members cash out, the vast majority (>90%) of those eligible and who had significant pension values in recent years had chosen to defer their pension instead. In addition, rising interest rates and regulatory changes—such as Several provinces’ shifts to calculating CVs on a more conservative going-concern basis—have lowered CV amounts, reducing their appeal compared to earlier periods.

Impact: Very High

This decision can shape retirement security for life. Choosing a CV can leave members with significant tax bills, investment risk, and the risk of outliving their savings. Deferring preserves valuable benefits such as lifetime income, inflation protection, and survivor coverage, all of which are difficult and costly to replicate outside the plan. There are specific circumstances where a member may be better-off commuting the value of their pension such as a shortened life expectancy, or plan solvency risks, as such this important decision needs individual attention.

Leading Practice for Plans

The pensions' reputation and brand become very important in managing this decision, if members perceive their pension to be "at risk" they are significantly more motivated to commute the value. Administrators should frame the choice around sustainable income rather than the size of the lump sum. Tools that model after-tax retirement spending under each option help members make more informed decisions. This is an excellent use case for personalized advisory and/or decision support. Some interviewees mentioned a potential benefit of having an impartial third party who could work with clients through this complex situation to avoid the appearance of bias. One plan had modified their workflow to ensure that all significant CV decisions trigger a direct outreach from a senior member of the staff to meet one on one with the member to talk through considerations. Plans should also provide baseline education such that members are prepared to question advice coming from an external financial advisor or 'water-cooler talk,' as they often find it can be too late to influence a member who has already made the decision to commute the value of their pension based on other sources of information. Deferred members can be a double-edged sword for plans, especially those who leave small balances in the plan and don't remain in contact. A widespread problem in the pension industry is searching for 'lost' members who have not maintained their contact information. This leads to significant cost for plans and missed benefits for members.

I) What if I change my hours or salary within the plan?

Members who shift from full-time to part-time, take on reduced duties as part of a phased retirement, or change roles within a plan often underestimate the impact these choices can have on their pension. Key considerations include understanding how the pension formula works (e.g., whether benefits are based on the final five years of salary or the best five years) and recognizing how reduced hours near the end of a career may lower lifetime pension income. This is an area where coordination between pension administrators and employers is particularly important, as decisions about workload and compensation are often made at the employer level.

Prevalence: Medium

The prevalence of this decision varies significantly depending on the sector, plan design, and whether phased retirement options are available.

Impact: High

For some members – especially those whose pensions are based on lifetime earnings – changes to hours or roles close to retirement may have minimal effect, but for others they can reduce pensionable earnings or service accrual, resulting in lower retirement income than expected.

Leading Practice for Plans

Ensure members have a clear understanding of their plan's benefit formula and provide illustrative scenarios that show how changing hours or roles affects future pension benefits. Working closely with employers to integrate pension education into HR processes can help members make better-informed decisions at these transitions.

J) Am I ready to retire?

Choosing a retirement date is one of the most visible and emotionally charged decisions members face. While DB pensions provide a stable foundation, members often struggle to determine whether their pension, combined with government benefits and personal savings, will allow them to retire with confidence. Many focus narrowly on reaching their plan's unreduced pension threshold (e.g., factor 85 or 30 years of service) and delay retirement until that point, even when other income sources would

have supported an earlier transition. This can lead to missed opportunities for a healthier, more fulfilling retirement. One financial planner recounted the sad story of a member who delayed retirement until reaching an unreduced benefit, only to pass away just before enjoying retirement.

Prevalence: Very High

Every member must make this decision, and nearly all plans reported frequent questions about retirement readiness.

Impact: Very High

Retiring too early can reduce lifetime pension income, while working longer than necessary may reduce quality of life and result in members missing years of retirement entirely. The financial stakes are significant, but the personal and emotional consequences can be just as important.

Leading Practice for Plans

Leading administrators are expanding the use of retirement income projection tools that integrate pensions with CPP, OAS, and personal savings, helping members see their total income picture. Some offer pre-retirement one-on-one consultations to walk through options and reinforce confidence in their decisions. Plans can also emphasize scenarios that illustrate both early and delayed retirement, helping members weigh financial trade-offs against lifestyle goals. By reframing retirement readiness around sufficiency and sustainability and life satisfaction, rather than solely the earliest unreduced date, plans can help members avoid regrets and make decisions that balance financial security with quality of life. Plans are increasingly considering helping members navigate the psychological impacts of retirement, helping members retire “to something rather than from their job.”

K) What are my family’s survivor benefits?

Pension survivor benefits and beneficiary designations are often misunderstood by members. Unlike an RRSP where a member can freely designate any beneficiary, DB pensions must follow a legislated order of entitlement and spousal survivor benefits may be mandatory unless a spouse waives their right. This means that a legal spouse will typically have first claim, regardless of whether the member has named someone else.

Many of the plans we spoke to had “nightmare stories” of plan members who were separated from their spouses but had not filed for divorce or notified the pension plan, subsequently passed away, and now the plan was required to pay the survivor benefits to the estranged spouse despite it appearing to be against the deceased member’s intention.

At retirement, members are also asked to make a significant choice: which survivor pension option to elect. Some plans have as many as 15 options — for example, three single-life pension options and up to a dozen joint-life pension options. The core trade-off is between a higher ongoing pension payment to the member while both are alive, versus a lower member pension but greater protection for the surviving spouse should the member predecease them. While the default choice (often 60% or 66% continuation to the spouse) is common, members can and do select higher or lower continuation levels depending on their household situation. Plans observe that members sometimes make decisions that may not align with their circumstances — for example, a younger female member electing a joint pension for a significantly older male spouse, resulting in a lower member pension over what could be decades of outliving their spouse.

Prevalence: High

Most plans allow for a decision on survivor benefit provisions at retirement, and many members face confusion about spousal entitlement rules.

Impact: High

Failing to update marital status or beneficiary records can result in benefits being paid to unintended recipients. Choosing sub-optimal survivor benefit options can materially reduce lifetime income for the member or surviving spouse or could unnecessarily result in a lower pension payment. Members and Canadians at large tend to significantly underestimate their longevity.

Leading Practice for Plans

Leading administrators have worked to simplify survivor benefit options and provide members with clear, plain-language explanations of both the order of entitlement and the trade-offs between higher member income vs. greater survivor protection. Two plans have introduced digital guided-discovery tools where members input household details and receive tailored recommendations or illustrative comparisons across multiple options. Plans can also reduce risk by proactively reminding members to

update marital and spousal information after life events and by educating members on the differences between pensions and other financial products such as RRSPs.

L) How do I optimize my total retirement income and taxes?

Even with a DB pension as a foundation, retirement income planning is complex. Members must integrate their pension with government programs (CPP, OAS), bridge benefits, personal savings, and other assets. Decisions about when to start CPP or OAS, how to spend down RRSPs or TFSA's, and how to balance lifestyle spending with estate goals all have significant implications. Inflation and changing spending rates over time further complicate the picture – many retirees front-load expenses in early retirement and face rising healthcare costs later in life. Knowledge in this area is limited and hard to access, it is not always obvious who members can turn to for trusted advice free from conflicts.

Most pension plans do not have visibility into members' other assets and traditionally have avoided providing guidance beyond the pension itself. This is beginning to change, with some plans experimenting with broader education and support. Still, many members are left to navigate tax and withdrawal strategies on their own, often relying on rules of thumb or inconsistent advice.

Prevalence: High

Every member who retires must consider how to integrate their pension with other sources of retirement income.

Impact: High

Poor integration can lead to higher taxes, OAS clawbacks, inefficient drawdown strategies, or reduced purchasing power due to inflation. Well-coordinated planning, on the other hand, can increase after-tax income and improve retirement security.

Leading Practice for Plans

Administrators are increasingly considering providing tools that project retirement income across multiple sources. Training staff to recognize when members need additional support, encouraging members to seek qualified external advice where appropriate, can bridge the gap between pension-

only guidance and full financial planning. One plan has a roster of eight certified financial planners who engage clients on in-depth retirement planning. By acknowledging that pensions are only one piece of the retirement puzzle, plans can help members make better-informed decisions about taxes, spending, and estate goals.



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