

## Pensions and Employee Benefits: Trends for 2025

February 3, 2025

Looking ahead to 2025 in the area of pensions and employee benefits, several notable trends stand out. The following is a summary of the key trends for 2025:

1. **Pension De-risking Using Buy-in and Buy-out Annuities.** The use of buy-in and buy-out annuities to de-risk defined benefit pension plans shows no sign of slowing in 2025. With interest rates remaining higher than they have been in several years and with more defined benefit plans having surplus assets, it appears that the conditions will continue to be favourable for annuity purchases throughout 2025.
2. **Pension Surplus.** With more and more defined benefit pension plans being in a surplus funding position, plan sponsors have become increasingly interested in the options for accessing such surplus. We expect this trend to continue throughout 2025. We anticipate employers will want to continue exploring their ability to take contribution holidays and potentially withdraw surplus from ongoing or wound-up plans.
3. **Increased Emphasis on Pension Plan Governance.** During 2024, pension regulators were busy releasing many significant new guidelines, including the Canadian Association of Pension Supervisory Authorities' (CAPSA) Guideline for Risk Management for Plan Administrators and its updated Guideline for Capital Accumulation Plans. In addition, the Financial Services Regulatory Authority of Ontario (FSRA) released its IT Risk Management Guideline and Pension Plan Amendments Guideline. We expect plan sponsors and administrators to be busy in 2025 ensuring compliance with this new regulatory guidance.
4. **Decumulation Under Defined Contribution Pension Plans.** As pension standards legislation across Canada is amended to permit variable life benefits under defined contribution plans and plans that provide for additional variable contributions, we expect more sponsors of such plans to consider offering variable life benefits. 2025 could see a significant increase in interest in variable life benefits, particularly as the Ontario government has recently released a consultation document on variable life benefits.
5. **Pension Investments in Canada.** During 2023 and 2024, the federal government expressed a desire to incentivize Canadian pension plans to increase their investments in "Canadian entities" and announced an intention to remove the application of the "30 per cent rule" to such investments. The federal government has indicated that it will consult with provinces on the treatment of provincially-regulated pension plans as it develops the necessary regulatory amendments. We expect plan administrators, particularly those of very large plans, to consider whether there may be additional investment opportunities resulting from these proposed changes.
6. **Virtual Healthcare.** During the COVID pandemic, virtual healthcare became commonplace out of necessity. Post-COVID, virtual healthcare has continued to be available and, in connection with these emerging delivery models for health benefits, there are various tax and privacy law issues that we expect employers will continue to deal with during 2025.

If you have questions on any of the above topics, please contact any member of our [Pensions, Benefits & Executive Compensation](#) group to learn more.

Blakes and Blakes Business Class communications are intended for informational purposes only and do not constitute legal advice or an opinion on any issue. We would be pleased to provide additional details or advice about specific situations if desired.

For permission to republish this content, please contact the Blakes Client Relations & Marketing Department at [communications@blakes.com](mailto:communications@blakes.com).  
© 2025 Blake, Cassels & Graydon LLP

