

# Canadian CAP members increasingly investing in TDFs: report

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Canadian capital accumulation plan members are increasingly allocating their investments to target-date funds, according to a new report by Sun Life Financial Inc.

The report analyzed 8,600 employer-sponsored CAPs in Sun Life's database, representing 7,500 plan sponsors and 1.5 million plan members. It found two-fifths (42 per cent) of CAP members opted for TDFs, representing 52 per cent of plan member contributions.

**Read: [Report calls for more illiquid assets in DC pension plans' target-date funds](#)**

Since 2022, plan members' participation in TDFs increased across all age groups, including those aged 20 to 29 (66 per cent, up from 59 per cent), aged 30 to 39 (55 per cent from 49 per cent) and those aged 40 to 49 (45 per cent from 40 per cent).

Three-quarters (75 per cent) of CAP members hold only one or two investment options and more than half are invested in a single target-date or target-risk fund.

Seven in 10 (71 per cent) of CAP sponsors said they use a fixed matching percentage based on an employee's contributions as a percentage of earnings. Only six per cent said they apply a flat dollar cap to their matching amount.

**Read: [Use of custom TDFs increasing among U.S. DC pension plans: report](#)**

Two-fifths of plan sponsors said they offer an automatic employer contribution and, among these plans, 40 per cent provide a contribution rate of less than four per cent of income and 37 per cent contribute between four per cent and 5.9 per cent of income.

Plan sponsors were divided over voluntary (54 per cent) and mandatory (46 per cent) CAP participation. The average level of employee participation in voluntary plans declined to 71 per cent, down slightly from 73 per cent in 2023.

Among members with access to stock plans, 70 per cent have chosen to participate and these members have 32 per cent of their assets in company stock.

**Read: [Focusing on TDF glide paths as migration from DB to DC plans continue](#)**

