



FIDELITY CANADA INSTITUTIONAL™

# Achieving better retirement outcomes with DC plans

## DC Plan Summit

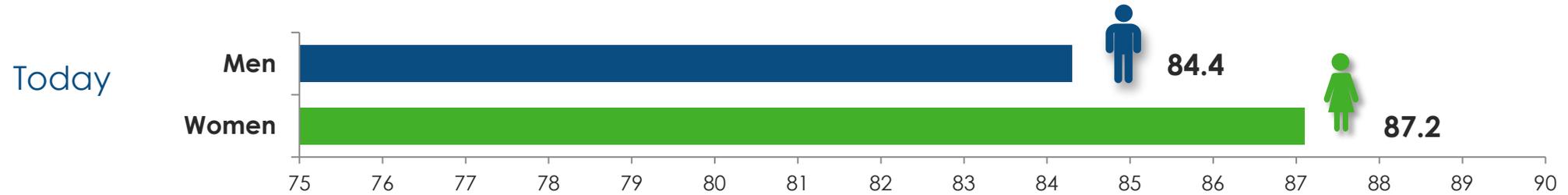
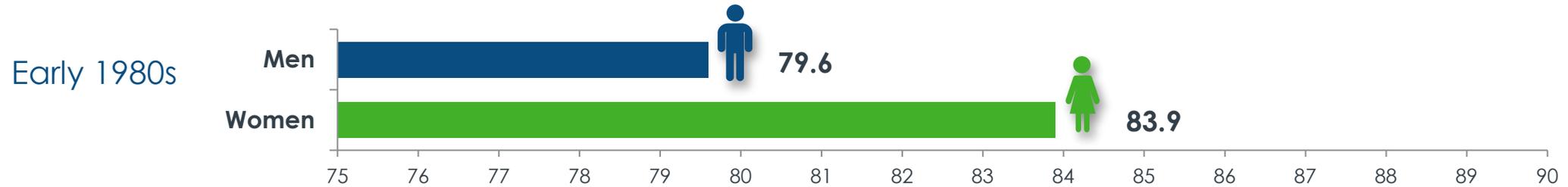
Peter Bowen  
Vice President, Tax and Retirement Research

29 February 2026

# Navigating the Retirement Roadmap

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# Life expectancy at age 65



Source: Statistics Canada. Table 13-10-0114-01 Life expectancy and other elements of the life table, three-year estimates, Canada, all provinces except Prince Edward Island. Latest data available as of January 13, 2026.

80s: 1980/ 1982, 90s: 1992/ 1994, Current: 2021/2025

# You could live longer than you expect

Retirees need to plan for possible longer life expectancies

At age 65



50% chance of living to

▶ 84

90

◀

25% chance of living to



50% chance of living to

▶ 88

93

◀

25% chance of living to



50% chance of at least 1 person living to

▶ 91

95

◀

25% chance of at least 1 person living to

Source: Statistics Canada. Table 13-10-0114-01 Life expectancy and other elements of the life table, Canada, all provinces except Prince Edward Island (2021—2023)

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# The outlook of retirees and pre-retirees has diverged over the last decade

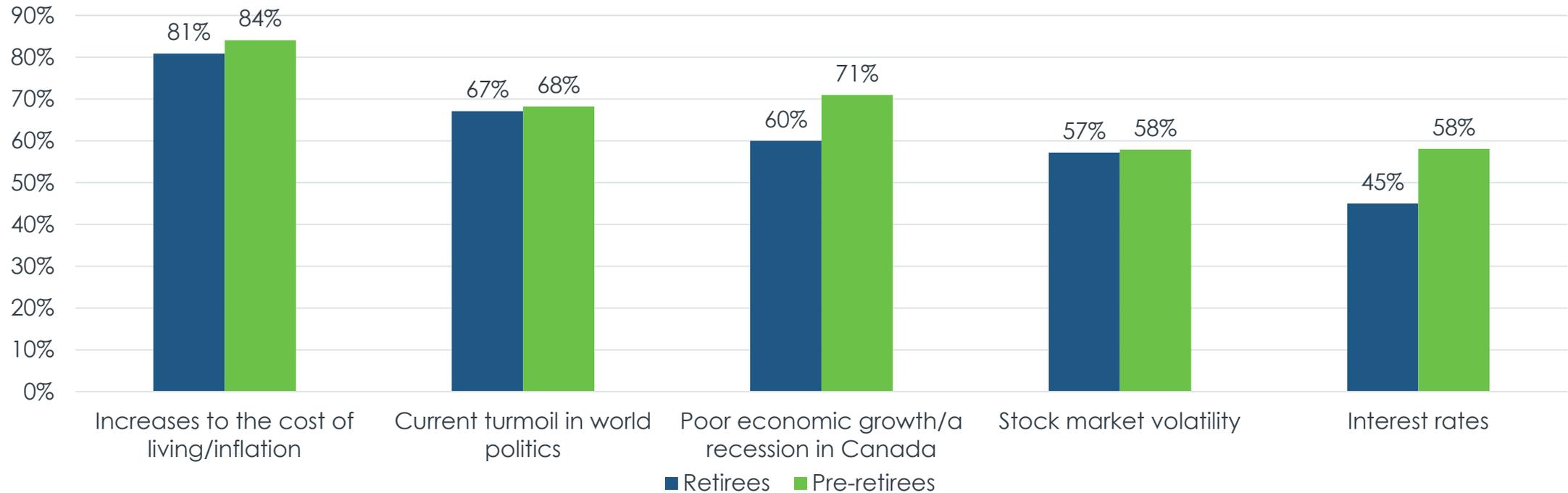
Thinking about retirement, which of the following reflects your outlook?  
Answer: Positive



Source: 2025 Fidelity Retirement Survey

# Financial impact of the political turmoil and economic uncertainty on retirement planning

Proportion of respondents indicating that a particular factor is having a negative financial impact on their retirements

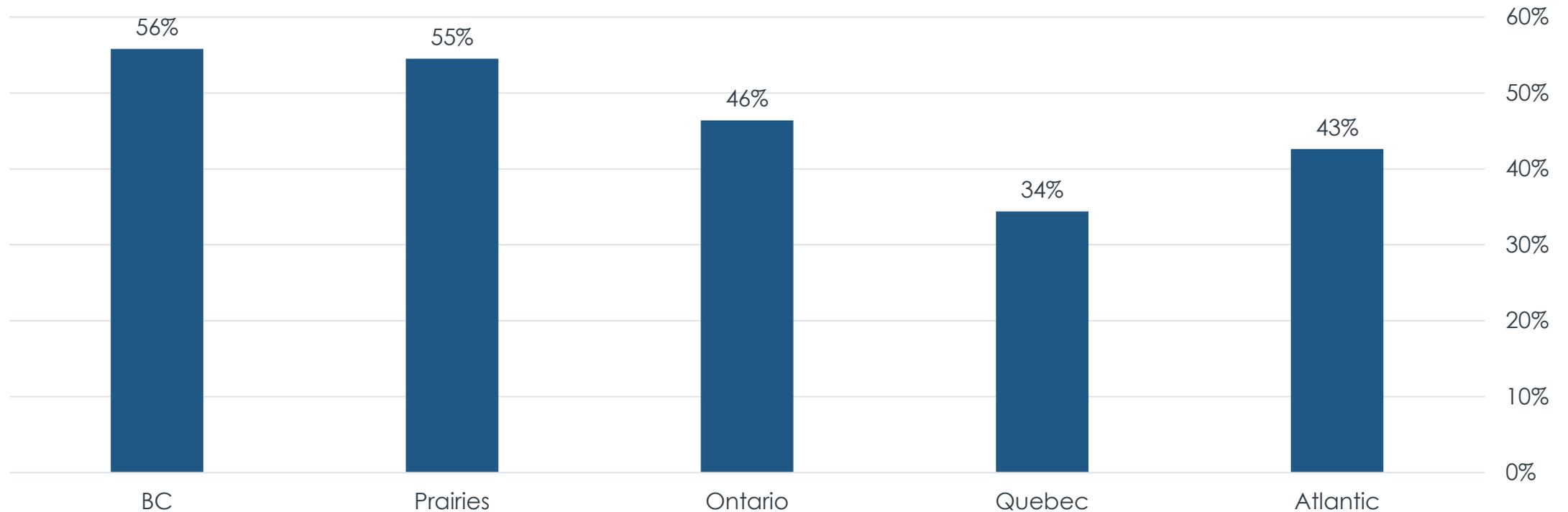


Source: Fidelity Retirement Survey 2025

# Influence of rising cost of living on retirement age

**46% of pre-retirees are planning to retire later than originally planned due to the rising cost of living**

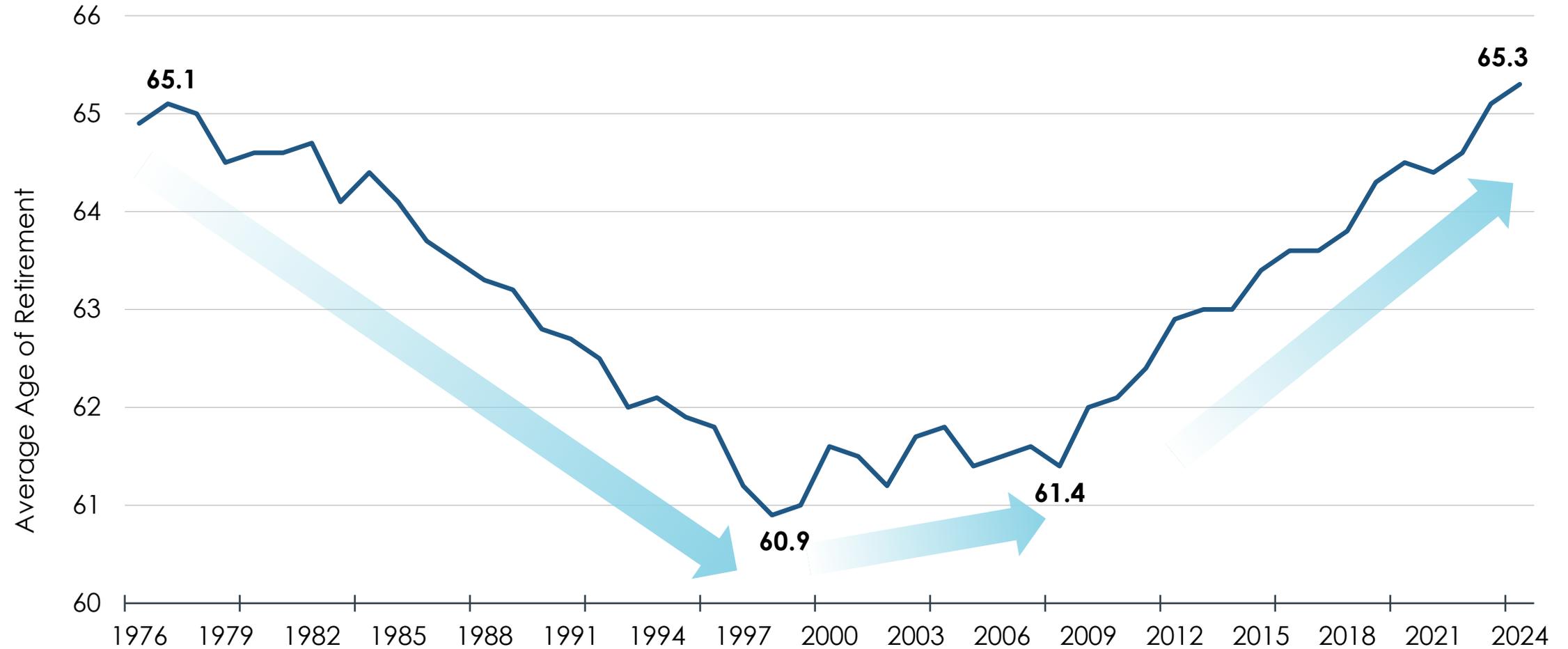
Share of pre-retirees who intend to retire later than originally planned due to the rising cost of living, by region



Q15A. Has the rising cost of living influenced when you think you will retire? Subsample: Pre-retirees

Source: Fidelity Retirement Survey 2025

# The changing retirement landscape



Source: Statistics Canada, 2023. Table 14-10-0060-01 Retirement age by class of worker, annual. Last checked July 8th 2025.

# Revisiting the 5 key risks to retirement income planning

**That can derail the success of a lifetime income plan**



**Longevity**



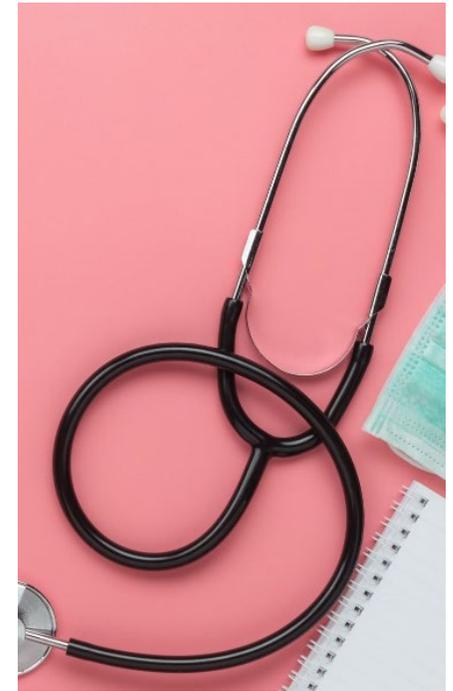
**Inflation**



**Asset allocation**



**Withdrawal rate**



**Health care**

Source: Fidelity Investments Canada ULC.

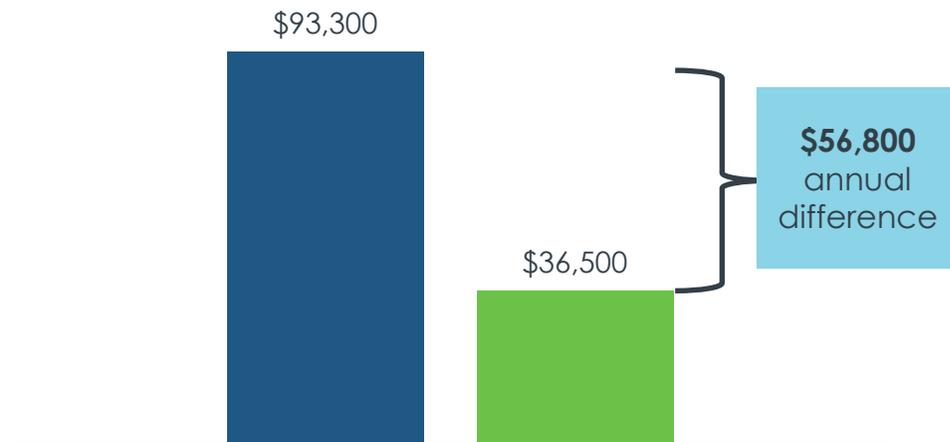
# The need for a retirement buffer

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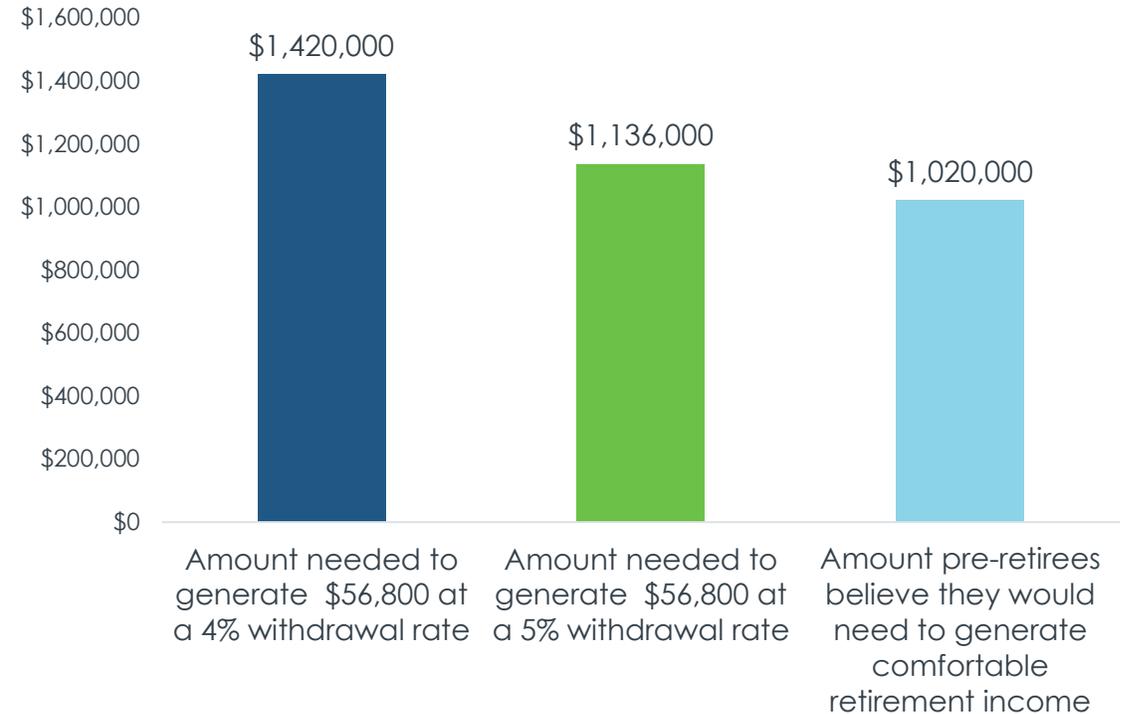
**Pre-retirees are not saving enough for retirement**

# Inflationary experience is causing adjustments to the amount of income Canadian's anticipate they will need in retirement

- Amount pre-retirees believe they need for a comfortable retirement
- Average government transfers to households 65+



## Canadian's may be underestimating their savings needs to maintain consistent standard of living in retirement



Source: 2025 Fidelity Retirement Survey, Statistics Canada (2023 figures adjusted to 2025 dollars)

Right Chart - And about how much do you feel you will need in order to generate that annual household income amount? [Pre-retirees].

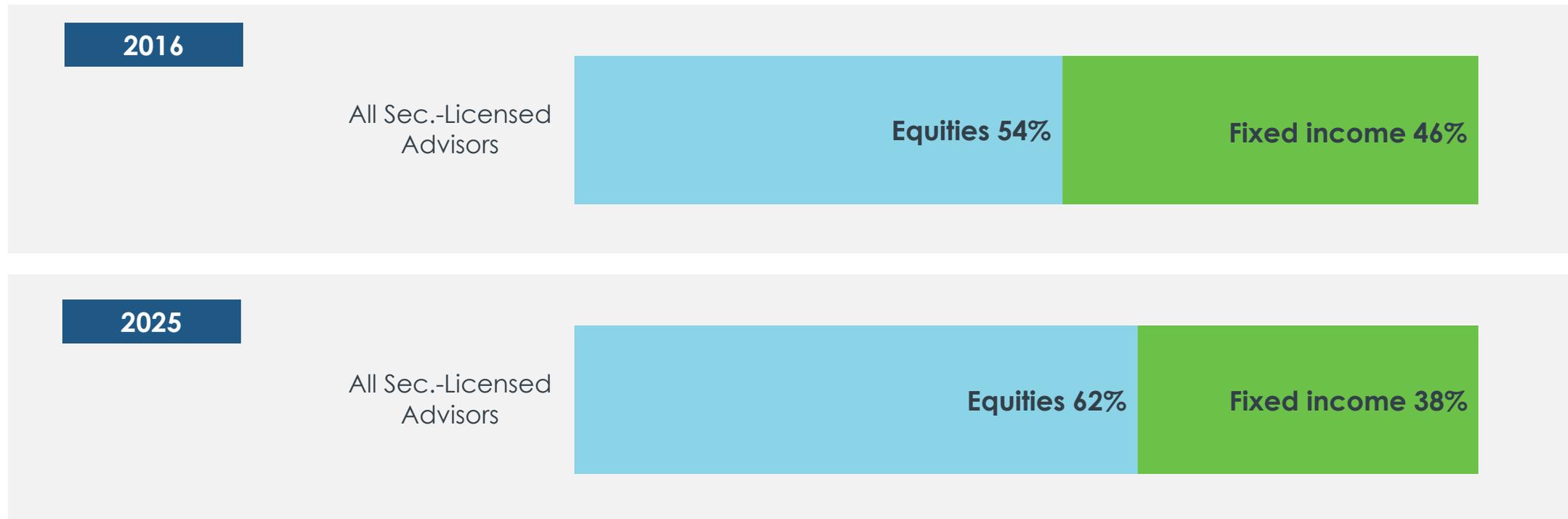
# Asset allocation in the advisor market

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**The advice that your plan members are receiving**

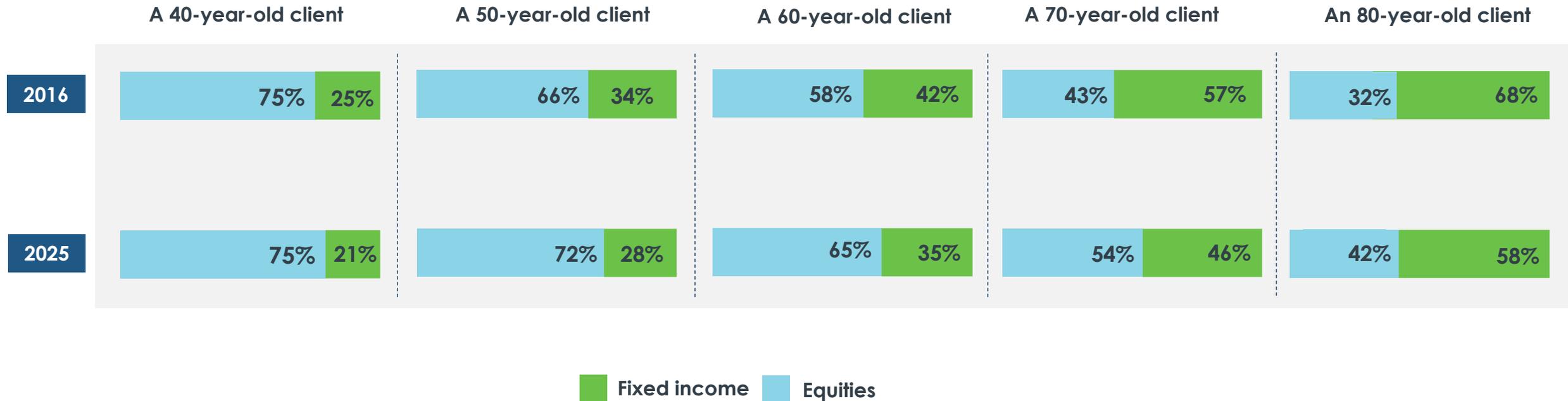
Based on the scenario, brokers allocate 62% of assets to equities and 38% to fixed income, up from 54% in 2016.

**Scenario: A 65-year-old client is about to retire and wants to transfer their defined contribution (DC) plan in the amount of \$500,000 to your firm. They are healthy, have no liabilities and have a medium/average risk tolerance. Assume you only have the option to allocate the individual's DC assets among equities and fixed income.**



Source: Fidelity, 2025 Advisor Asset Allocation Survey, July 2025

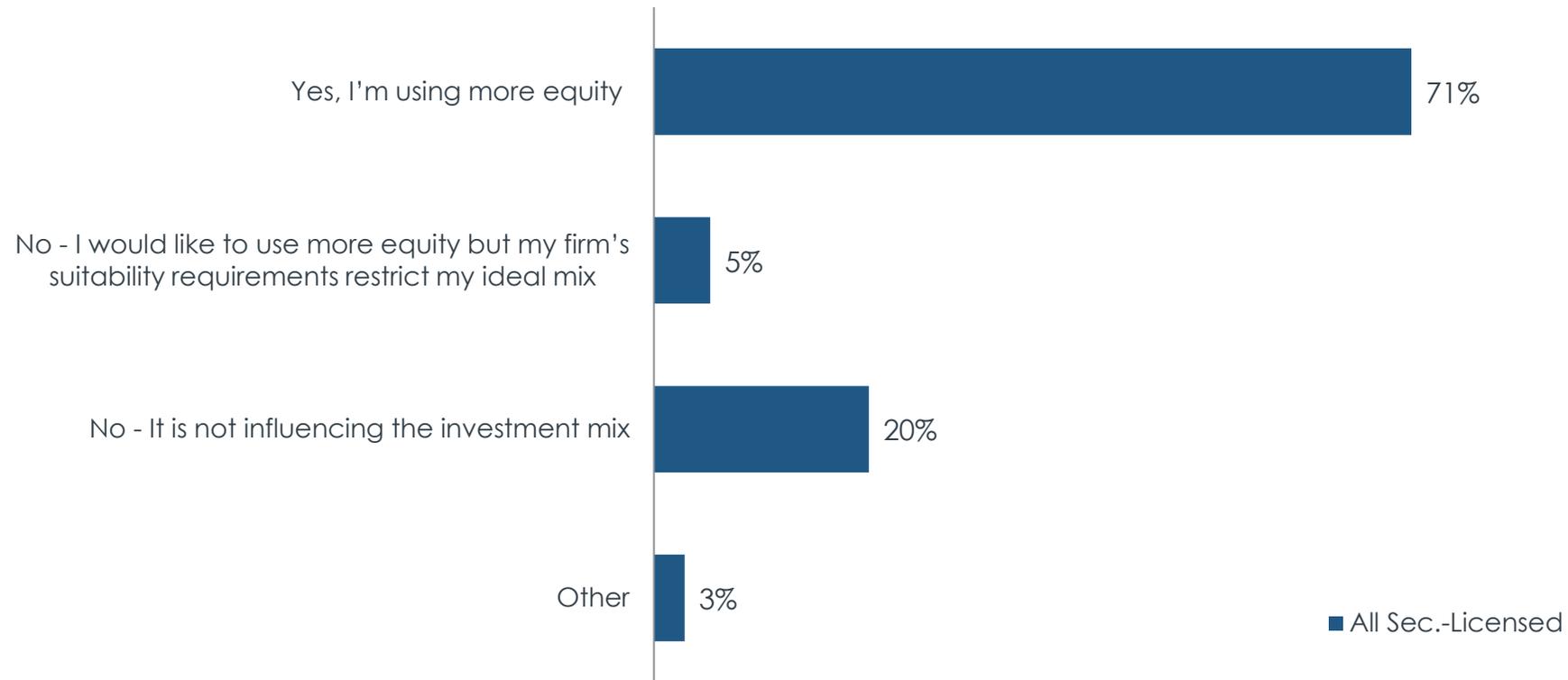
# Asset allocation now favours equities at almost all age levels as reliance on equities increases since 2016



Source: Fidelity, 2025 Advisor Asset Allocation Survey, July 2025

# More than two thirds say they are using more equities as a result of longer lifespans

## Impact of Longer Lifespans on the Mix of Equities vs. Fixed Income



Source: Fidelity, 2025 Advisor Asset Allocation Survey, July 2025

# An age-appropriate glide path

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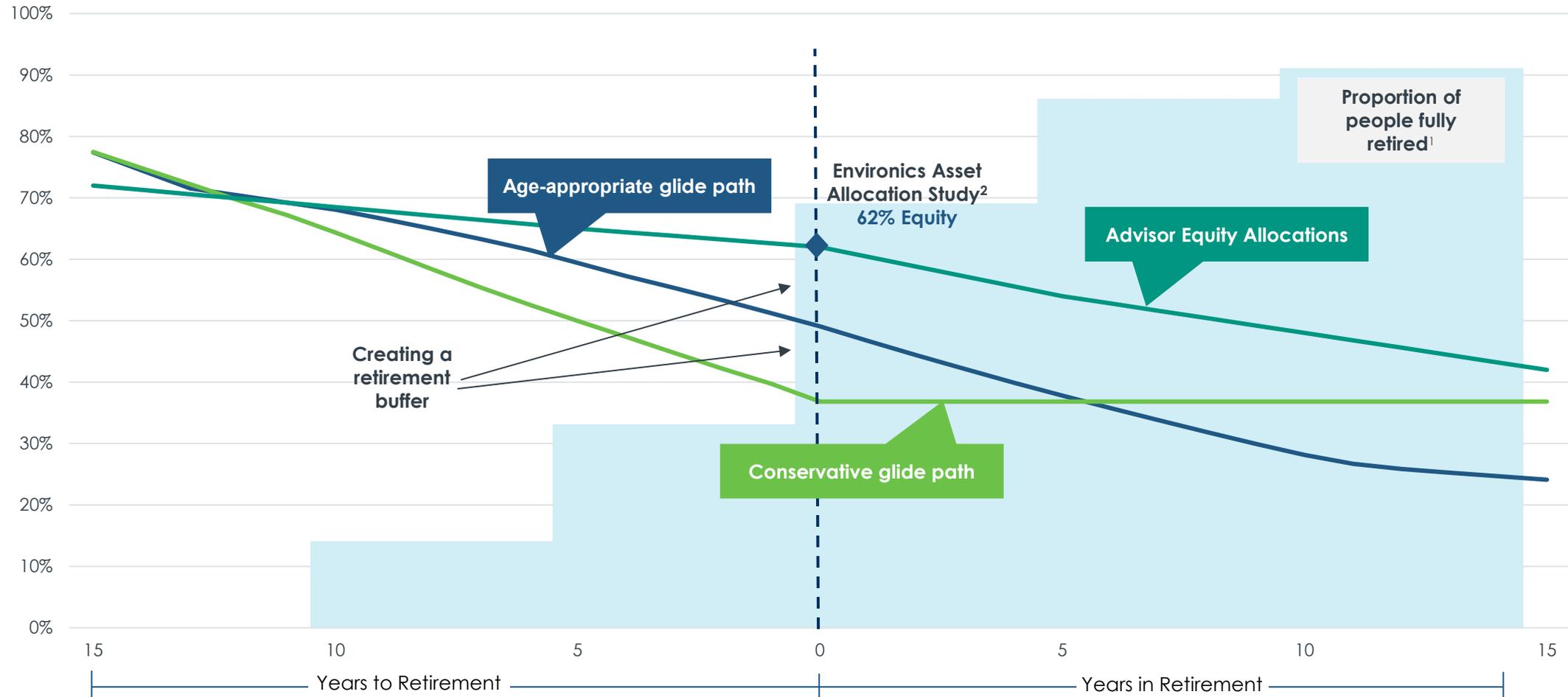
# Diversifying members' risk across their planning horizon

## Balancing distinct risks at each stage in the life cycle

RISK	CONCERNS AND SENSITIVITIES	YOUNGER INVESTORS	INVESTORS NEAR RETIREMENT	INVESTORS IN RETIREMENT
 <b>Longevity</b>	Need for returns to fund a lifetime	Higher	Medium	Lower
 <b>Market drawdown</b>	Loss of savings	Lower	Medium	Higher
 <b>Inflation</b>	Loss of purchasing power	Lower	Higher	Higher
<b>Strategic Asset Allocation Emphasis</b>		Total return	Risk adjusted returns	Capital preservation

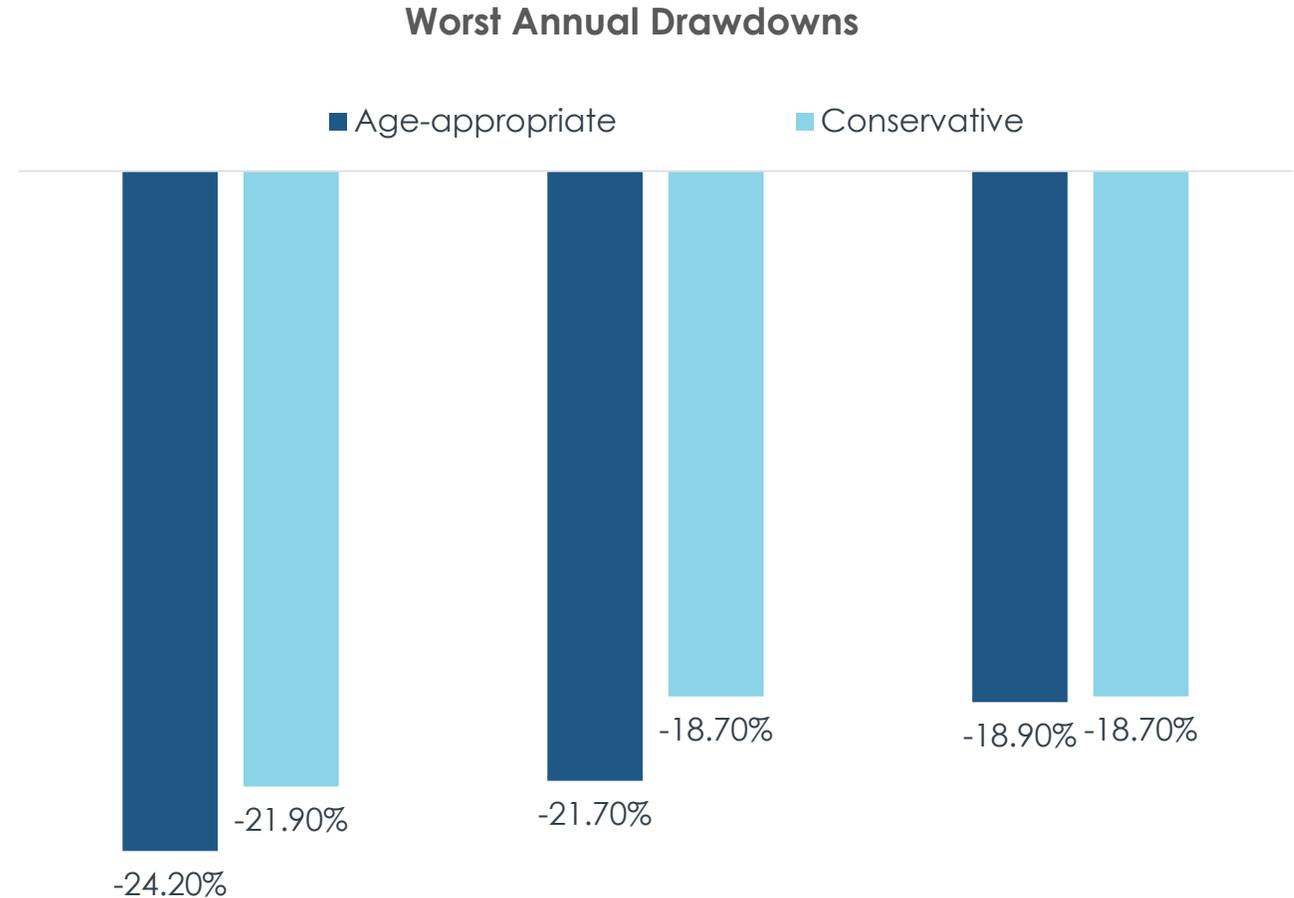
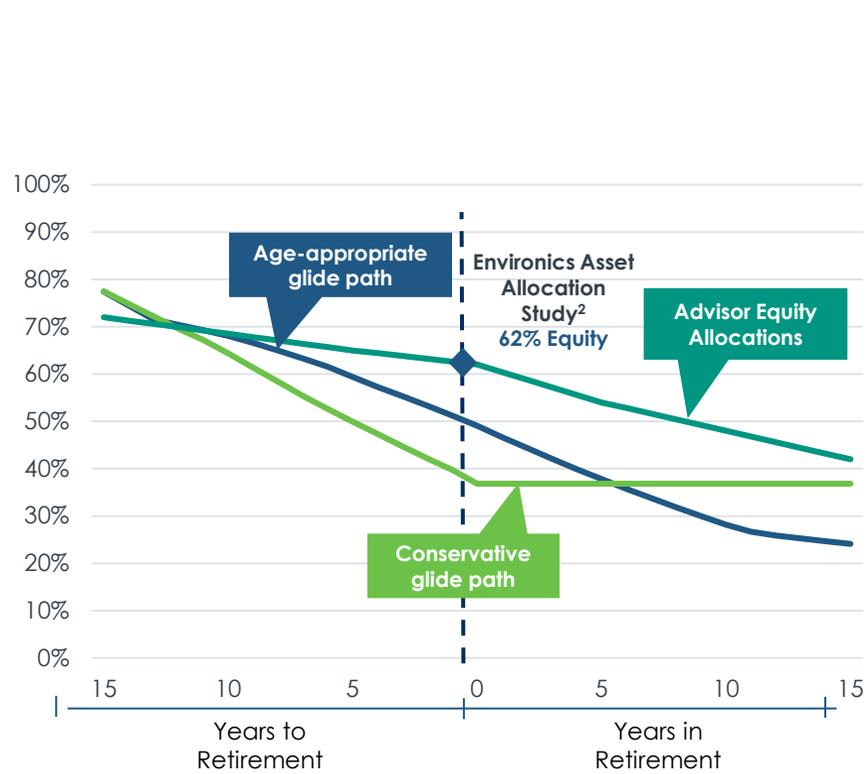
For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss.

# Asset allocation should evolve as members age



Charts are for illustrative purposes only and based on data provided by Fidelity as of 12/31/25. The conservative glidepath represents a blended composition of three Canadian target date managers that stop de-risking at retirement. Data for the conservative glidepath comes from Morningstar and is self-reported by each organization which are not affiliated with Fidelity. The age-appropriate glidepath is the actual glidepath for ClearPath. Assumes retirement age is 65. <sup>1</sup>Statistics Canada, June 2023 Labour Force Survey. <sup>2</sup>Source: Envionics Research, Fidelity Asset Allocation Study. Study sampled advisors from July 15<sup>th</sup> to July 27<sup>th</sup>, 2025.

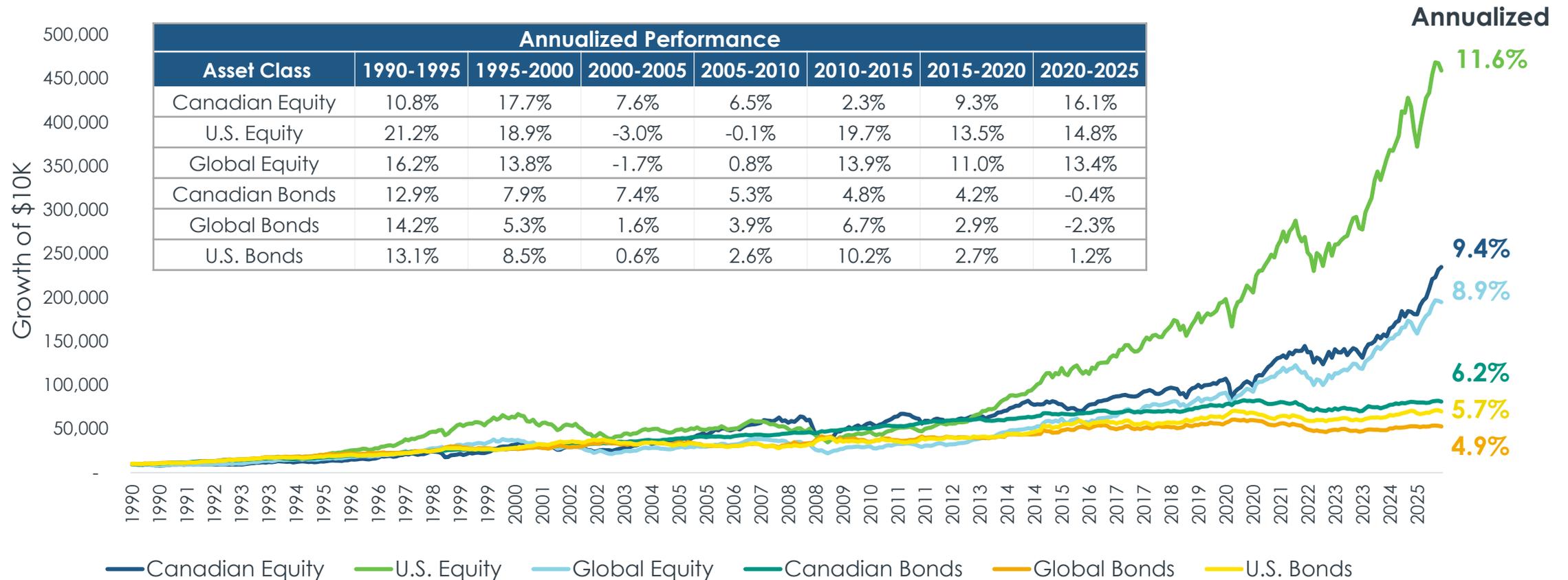
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# Asset allocation defines retirement

Asset allocation leading up to, and early after retirement, defines the financial quality of retirement



Source: Fidelity, Canadian dollars, monthly data as of December 31, 2025

# Important information

\*\*\*Macroeconomic environments are labeled in terms of their potential impact on asset returns and hence wealth accumulation. An example of a severe environment is a time series realization in which low growth and high inflation (stagflation) occur very often. As a result, both equity and bond returns were generally low, hampering wealth accumulation. On the other hand, a time series realization in which high growth and low inflation occur very often is conducive to wealth accumulation as both equity and bond returns were generally relatively high. Such an environment is thus labeled great.

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Structural State/Marketing Environment Work:

Financial market behavior changes abruptly. Although some changes may be transitory, the new behavior often persists for several periods after a change. Such structural shifts lead to adjustments in asset pricing via changes in their means, volatilities, and serial correlation over time that may remain stable within that structural state, until markets transition to a different state. We have lived through only "one sample" of realized history. Embedded within this one backward-looking window of history is a mix of different structural states (as well as state-conditional financial market regimes). The structural "states" could be thought of as referring to "Secular" phenomena. However, within any such structural state, financial markets could transition between different "regimes", which could be considered as "cyclical" trends that are reflected in asset pricing conditioned on the secular state. Markov chains (and models) have increasingly become a useful way of capturing the stochastic nature of many time series (the sequence of the four structural "states" as depicted, could be thought of as representing a four state Markov chain). Markov models are used to train and recognize sequential data, such as speech utterances, temperature variations, biological sequences, and more recently, financial time series data. In a Markov model, each observation in the data sequence depends on previous elements in the sequence. A Hidden Markov Model (HMM) not only accommodates a Markov chain, but also considers the uncertainty in which state the system may be in at any given time. The word, "hidden", in Hidden Markov Models means that market participants do not know with certainty which structural state the financial system may be in at any point in time, and has only some probabilistic insight on where it could be along the continuum of state transitions, given the observed behavior of (multi-class) asset returns. Hidden Markov processes have been widely employed for some time in many engineering applications e.g. speech recognition, and its effectiveness has now been well-recognized in modeling financial data. In an HMM, one does not know anything about what generates the observation sequence. The number of states, the state transition probabilities, and from which state an observation is generated is all unknown, and are all simultaneously estimated from data. Four states as described provided the best mathematical expression (statistically significant) of the asset returns data. Asset class performance in different market environments uses data from January 1950 to December 2022.

# Important information

## **Risks**

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money.

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The investment risk of each Fidelity ClearPath® Portfolio with a target date changes over time as its asset allocation changes. The nature of these risks will depend on the asset allocation decisions made in respect of these Portfolios. Due to the potential use of an active asset allocation strategy, investors may be subject to a different risk profile compared to the portfolio's neutral asset allocation strategy shown in its Glide Path. The portfolios are subject to the volatility of the financial markets, including that of equity and fixed income investments in Canada, the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-linked, and foreign securities. No target date portfolio is considered a complete retirement program and there is no guarantee any single portfolio will provide sufficient retirement income at or through retirement. Amounts invested are not guaranteed at any time, including at or after the portfolios' target dates.

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Index or benchmark performance shown does not reflect the deduction of advisory fees, transaction charges and other expenses, which if charged would reduce performance. Investing directly in an index is not possible.

Please note that the client performance inception period for the Fidelity Clearpath Index Plus Institutional Portfolios is set as February 13, 2024. Based on GIPS performance standards, we moved our ClearPath Index Plus portfolios from seeded pilot status to live status to align with external client funding flows into a few of the vintages at this date. Performance during pilot status is less likely to reliably reflect capabilities given start-up items such as scale, unopened markets and uncapped operating expenses. FIC is a GIPS compliant issuer and is subject to annual audit requirements on its performance reporting policies and procedures

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