

INNOVATE TO LEAD

2026 Report

Where Insights Create
Actionable Solutions
for Benefit Plan Sponsors



AGA
BENEFIT
SOLUTIONS

THE **BEST OF PEOPLE**
AND **TECHNOLOGY**

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2026: BACK TO BASICS



As we enter a new year, the world economy seems to be in a constant state of turmoil, and Canada makes no exception. The first part of the decade has seen relentless pressure on employers: the COVID-19 pandemic, inflation, hybrid work, mental health issues, the rise of AI, tariffs... It's like being in a rollercoaster that never stops, and you can't exit the ride.



At AGA, we have the privilege of being in contact with **thousands of people managers** and **senior executives** across Canada. They (mostly) told us the same thing: the pace of change has kept on accelerating in the last few years, and they look for support to ensure their total rewards and human capital strategies remain optimal. They know offering solid group insurance and retirement savings plans is key to their competitiveness, but they face cost pressures and feel they don't have the time or the resources to ensure their plans remain effective.

However, they can't help but hear their employees' call for help. Numbers don't lie: 40% of Canadians report dealing with constant mental and financial stress¹, and 84% of Canadian plan members expect their employer to support their health and well-being beyond offering a benefits plan². In the Canadian marketplace, private benefits have always been a "security blanket" for workers who view their employer as a key element of the support system they need to achieve physical, mental and financial peace of mind.

40%

of Canadians report dealing with constant mental and financial stress

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of Canadian plan members expect their employer to support their health and well-being beyond offering a benefits plan



EMPLOYERS LOOK FOR SUPPORT TO ENSURE THEIR HUMAN CAPITAL STRATEGIES REMAIN OPTIMAL

¹ TELUS Mental Health Index, December 2024

² Benefits Canada 2025 Healthcare Survey

WHAT IF AMID THE
AMBIENT CHAOS,
THE 2026 MANTRA WAS
“BACK TO BASICS?”

With growing needs, changing priorities, and tight finances, plan sponsors need clear guidance. What if amid the ambient chaos, the 2026 mantra was “back to basics?”

Our experts have been successful with our clients when we asked fundamental questions and provided actionable recommendations.

- “Why are you offering a benefit plan?”
- “What are your employees expecting from you?”
- “What are your biggest benefit expenses, and how can we help you curtail them?”

Not having time to answer these questions leads to more problems, as plans become ineffective and undervalued.

We decided to share some pieces of advice in this first edition of our *Innovate to Lead* Report. In this document that we hope will become an annual required reading for the Canadian Group Benefits and Retirement market, we wish to share what we saw and what we did to simplify plan management, create more value for plan sponsors and plan members, and build a predictable cost structure through targeted measures. In this report, you will find:



How your group benefit plan must work hand-in-hand with a **wellness strategy** if you want to achieve **organizational performance** and **cost control**.



How companies of all sizes can reach some degree of **benefit personalization** to meet the needs of a **diverse workforce**, using data mining and AI to identify trends.



How simple and good governance for your **retirement** and **savings plans** will go a long way in meeting your objectives and securing your **employees' financial future**.



How experts envision the **shifting workforce demographics**, AI and the **global economy** to impact the **health and financial security** of plan members – with insights from collaborators at Russell Investments, TD Asset Management, Korn Ferry and TELUS Health.

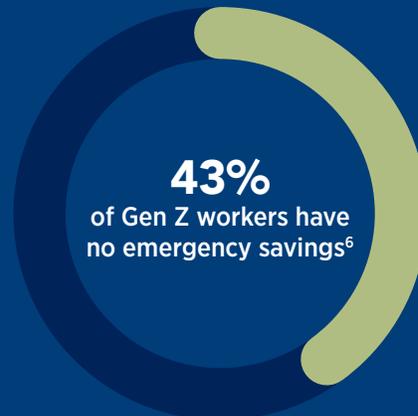
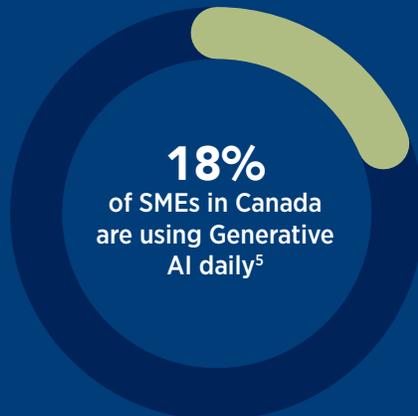
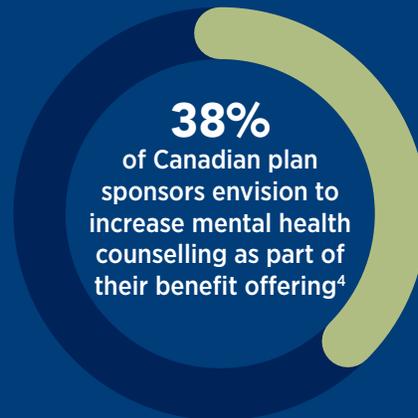


“Our *Innovate to Lead* Report is a ‘peek behind the curtains’ of our work with more than 7,000 clients and 500,000 plan members across the country. Through its unique third-party administrator/payor (TPA/TPP) model, AGA is well-positioned to get the pulse of the average Canadian plan member and use this information to help plan sponsors shape the future of work,” says Martin Papillon, our President and Chief Executive Officer.

Change won’t stop, but a focused, step-by-step and sustained approach is often the best way forward. We hope this Report will help you through the peaks and valleys and actually enjoy the rollercoaster ride.

WE HOPE THIS REPORT WILL HELP YOU THROUGH THE PEAKS AND VALLEYS AND ACTUALLY ENJOY THE ROLLERCOASTER RIDE

TRENDS IN NUMBERS



³ Statistics Canada: *Labour force characteristics by gender and detailed age group*, annual

⁴ *Benefits Canada 2025 Healthcare Survey*

⁵ *Digital Transformation: How small businesses in Canada are leveraging AI and technology for growth and productivity*, Canadian Federation of Independent Business, September 2025

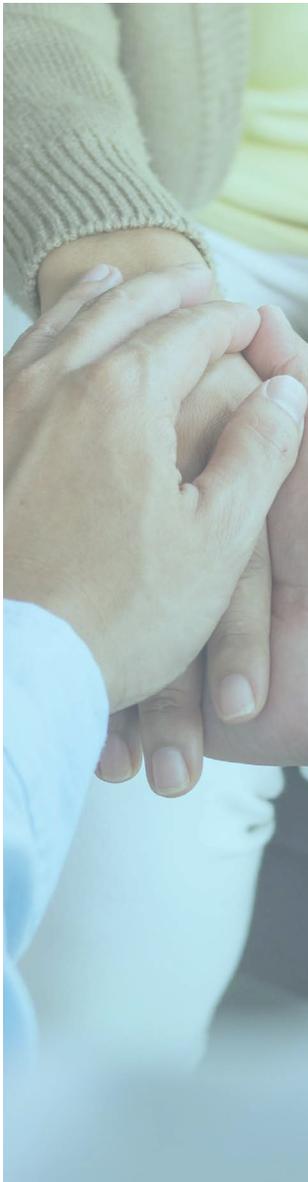
⁶ *TELUS Health Mental Health Index*, September 2025

EMPLOYEE WELL-BEING



EMPLOYEE WELL-BEING AND GROUP INSURANCE PLANS: AN ESSENTIAL AND STRATEGIC DUO FOR ORGANIZATIONAL PERFORMANCE

In 2026, Canadian businesses will once again face a major challenge: keeping their group benefits costs contained without sacrificing the employee experience. To achieve this, AGA is supporting a growing number of businesses that are looking to offer innovative solutions to promote their employees' well-being.



MENTAL HEALTH: MUCH MORE THAN DISABILITY MANAGEMENT

Mental health is a major source of concern for employees. Recent studies show a growing increase in absences due to psychological reasons, complex cases and burnout, which calls for more proactive strategies.

In Canada, a recent survey¹ found that **39% of Canadian employees reported feeling burnt out (compared to 35% in 2023)**. Organizations that invest in prevention significantly reduce the prevalence of these issues and the associated costs. The same survey also indicates that preventing burnout enables businesses to save \$3,400 per employee per year.

The focus on prevention is an irreversible trend. We are seeing the emergence of solutions that are delivering promising results, such as:

- **Budget shuffle:** Reviewing the group insurance plan and reallocating funds from less popular areas to mental health, starting with an increase in annual reimbursement limits for mental health specialists
- **Early detection:** Appropriately promoting the Employee and Family Assistance Program (EFAP) or implementing one to serve as a first line of defense
- **Technologies:** Incorporating digital solutions into mental health care
- **Persistence:** Providing ongoing mental health care and services
- **Broader approach:** Reviewing organizational policies (wellness days, flexible working hours, etc.)
- **Management contribution:** Raising awareness among managers (and supporting them) regarding their employees' well-being

¹ The Canada Life Assurance Company

INITIATIVES TO ADDRESS THE DIFFERENT STAGES OF LIFE

A growing number of businesses are understanding that group insurance plans should not be viewed in isolation. They need to be tied to human resources programs and policies in order to cover an employee's entire life cycle. This approach helps strengthen the "employer brand" and internal equity.

Several programs are being introduced to effectively meet the needs of employees through every stage of their lives:

- **Family-building support programs** (fertility, adoption, surrogacy, etc.)
- **Programs to assist caregivers** (virtual pediatric care, resources for parents, support for family caregivers, etc.)
- **Support programs for certain medical conditions** (cancer, weight management, chronic diseases, etc.)
- **Programs related to women's health** (pregnancy, maternity, menopause, etc.)
- **Disability prevention programs**

Sleep management is also becoming a key concern. Nearly half of the Canadian population currently suffers from a sleep disorder (insomnia, sleep apnea, etc.)². In groups where people have atypical or irregular schedules, the prevalence is often even higher. The effects of sleep deprivation are immediate on mood, general well-being, and, of course, in a work context, productivity. Employers can no longer ignore this reality.

Practical solutions exist to counter sleep disorders and maintain a safe workplace. Some providers are dedicated to the detection and treatment of insomnia and other sleep disorders, including insomnia related to atypical schedules and nightmares. Cognitive behavioural therapy programs for insomnia (CBT-I) that last several weeks and include a long-term support plan to prevent relapses are generally very effective.



² Robillard et al. (2021). Profiles of sleep changes during the COVID-19 pandemic: Demographic, behavioural and psychological factors. J Sleep Res.



OBESITY AND MEDICATIONS: ON THE RADAR OF PLAN SPONSORS

Obesity is on the rise in North America, and Canada is no exception. Not only does it cause serious health problems, but it also impacts workplace productivity. Currently, approximately 33% of adults and 11% of children in Canada are obese³.

Recognized as a chronic disease, obesity can be treated with a multidisciplinary approach, including new medications. Who hasn't heard of Ozempic®? Although approved by Health Canada solely for the treatment of type 2 diabetes, it also has weight-loss benefits. Since its launch, several other medications have been approved for long-term obesity management, including Wegovy® and Zepbound®.

While these medications contribute to improved health, they can also drive up the cost of private drug insurance plans. Since the introduction of these new drugs, the proportion of costs related to anti-obesity medications compared to total drug costs has been steadily increasing. Their impact on health care premiums is estimated at about a 3% increase. However, generic versions are expected to become available in Canada in 2026, which should help reduce prices.

Various cost-management measures (such as prior authorization and step therapy) can be implemented to properly frame changes to drug coverage and ensure the success of the initiative.

Finally, many plan sponsors have recently reconsidered their stance on covering obesity treatments because they understand that helping people with obesity improves overall health, reduces the burden on health care, and contributes to better workplace performance.

³ Statistics Canada, *The prevalence of overweight and obesity is on the rise in Canada: New results from the Canadian Health Measures Survey, 2022 to 2024*

CUSTOMIZING GROUP PLANS

Although it has been discussed for several years, customizing group insurance plans remains a very strong trend.

The one-size-fits-all model is gradually being replaced by more flexible benefits, such as health spending accounts (HSAs), wellness accounts and optional benefits. This allows plan sponsors to offer more choice while controlling costs. In some cases, these benefits can be paid for by the employee, who still benefits from group discounts negotiated by the plan sponsor. This type of customization increases engagement and the perceived relevance of the programs, particularly among diverse and multi-generational teams.

A wide range of add-ons are increasingly available on the market, expanding the offering and enabling businesses to effectively target the needs of their employees. Apart from EFAPs and telemedicine, the following are also available:

- **Virtual travel assistants**, financial wellness programs, product/service discount programs
- **Perinatal services**, pharmacogenetic testing
- **Fitness programs**, substance abuse support, nutrition programs
- **Pet coverage**



DATA AND ARTIFICIAL INTELLIGENCE (AI)

Given all these trends, how can you determine the right ones for your business? As in all other areas, your decision-making should be based on facts, not mere anecdotes. Insurance plan data is a gold mine for guiding any necessary adjustments and directions.

Here are some of the best ways to use it based on what we have seen:

- **Benchmarking** based on reliable data is particularly valuable to employers, not only to compare themselves with others, but also to stand out from the crowd.
- **In-depth analysis** of data can significantly boost your ability to identify current and future challenges. Data-driven projection models improve accuracy and reinforce renewal negotiations, reducing the gap between expectations and reality.
- **For larger groups, AI facilitates segmentation** and the creation of flexible options, promoting employee engagement and satisfaction.
- **Chatbots and virtual assistants**, powered by AI, also improve services by quickly answering employees' questions.

Employee benefits continue to evolve and, above all, adapt. Plan administrators have access to an increasing number of customized tools to ensure a level of coverage that is aligned with plan users. Significant technological advances in the coming years will enable this trend to continue, reflecting an increasingly proactive approach to group benefits, with a focus on prevention rather than the cure.



GROUP RETIREMENT AND SAVINGS



DRIVING RETIREMENT SUCCESS: THE INTENT-DRIVEN GOVERNANCE FRAMEWORK

If you're offering an employer-sponsored retirement savings option such as a Group Registered Retirement Savings Plan (Group RRSP), a Group Tax-Free Savings Account (Group TFSA), a Deferred Profit Sharing Plan (DPSP), a Defined Contribution pension plan, or, in Quebec, a Voluntary Retirement Savings Plan (VRSP), you already know that a strong governance framework is key to compliance and efficiency. For decades, the Canadian Association of Pension Supervisory Authorities (CAPSA) has been publishing and promoting its Capital Accumulation Plan guidelines ("CAP Guidelines") to support plan sponsors in implementing best practices for plan administration and risk management.

An [update to these guidelines](#), that sponsors were encouraged to follow and implement by January 1, 2026, have sparked numerous conversations related to plan management among plan sponsors. As we know, small and mid-sized employers don't need — and often can't support — full pension departments to run effective Capital Accumulation Plans (CAPs). What they do need is clarity of purpose, clearly defined roles, and a repeatable cycle of actions that drive results. Investment decisions should be made with intent, not by default.

At AGA, we encourage CAP sponsors to think in terms of means and ends:

MEANS:

robust processes, regular reviews, and thorough documentation.

ENDS:

informed members, sensible default options, reasonable fees, reliable providers, and ultimately, stronger retirement outcomes with lower business risk.

In a volatile environment, putting a tight framework in place is essential. Whether you contemplate starting a new plan or want to ensure your plan management checks all the right boxes, here is a primer on what to think about.

CAP FRAMEWORK: SIMPLICITY, CLARITY, AND PRUDENCE

Retirement plans face the inevitable: complexity markets shift, regulations evolve, technology advances, and member expectations rise. **Resilient plans rest on three guiding principles:**



Simplicity
reduces friction



Clarity
builds confidence



Prudence documents
sound decisions

Our proposed framework blends practical governance with principle-driven oversight, giving plan sponsors a defensible, member-friendly, outcome-focused blueprint.

SUCCESS BY DESIGN: CLEAR GOALS, BETTER OUTCOMES

Begin by articulating what success looks like for your plan!

A well-managed retirement plan gives employees the tools and confidence to make good choices. It includes a default investment option that's appropriate and regularly reviewed, clear and competitive fees, trustworthy providers who handle administration and data securely, and a documented review process that shows decisions are thoughtful and responsible.

Once the purpose is clear, structure the processes, reviews, and documentation to achieve it with discipline and without unnecessary complexity.

DEFINE ROLES, GOVERNANCE STRUCTURE, AND KEY TASKS

Unclear roles create risk. When everyone knows their responsibilities and follows a simple, consistent governance process, you avoid gaps, stay accountable, and make decisions that are easy to explain.

ROLES

- **Governance Lead**
Coordinates overall plan oversight and communication.
- **Governance Committee**
When appropriate (based on plan size or complexity), reviews plan design, investment options, compliance, tools and services, and member communications.
- **Independent Advisor**
Provides objective guidance, industry expertise, fee benchmarking, and regulatory insight.

TASKS

- **Periodic Review**
Evaluates default options, fees, provider performance, communications, and risk.
- **Document Action Items**
Link each action to objectives and assign clear accountability.



INVESTMENT DECISIONS WITH INTENT: PURPOSE, RELEVANCE, RESULTS

Purpose: The goal of a CAP is to accumulate assets that will provide income in retirement. We are not focused on percentage returns alone; we are focused on dollar accumulation over time.

A Shift in Approach: In a CAP, members do not invest a lump sum and let it grow. Instead, they contribute smaller amounts every two weeks and keep accumulating. This means fund returns alone are a limited indicator of success. Returns combined with volatility, especially during periods of negative performance or down market provide a more accurate picture of plan effectiveness.

When reviewing investments, focus on two key areas: relevance and quality.



RELEVANCE – THE SHIFT IN APPROACH

- Does the fund help members achieve the plan’s purpose of building assets for retirement income?
- Does it support steady accumulation through regular contributions?
- Does it improve diversification without adding unnecessary complexity?
- Is it aligned with member behavior and needs?



QUALITY ASSESSMENT: KEY FACTORS TO REVIEW

- **Portfolio:** Is the portfolio construction sound and diversified?
- **Policy:** Is there a clear, consistent investment policy guiding fund managers’ decisions?
- **Performance:** How has the fund performed across market cycles, and how does volatility impact outcomes?
- **People:** Does the management team have experience and discipline?
- **Fees:** Are fees reasonable and transparent relative to the value provided?



THE GOAL IS NOT JUST TO SELECT GOOD FUNDS, BUT TO ENSURE EACH OPTION CONTRIBUTES TO THE PLAN’S PURPOSE: **HELPING MEMBERS ACCUMULATE ASSETS FOR INCOME SECURITY IN RETIREMENT.**

STRENGTHEN MEMBER COMMUNICATION

A plan only works if members understand it. Keep messages simple and jargon-free and deliver them at the right time such as enrolment, annual reviews, contribution changes, and retirement planning. Use short, easy-to-read materials supported by practical tools like calculators, projections, and FAQs. Where possible, provide access to advice or digital guidance.

When communication is clear, engagement rises and outcomes improve creating a better experience for your employees.

PARTNERING WITH YOUR ADVISOR FOR EFFECTIVE PLAN OVERSIGHT

Recordkeepers manage day-to-day administration, but plan sponsors and advisors remain accountable for overall governance. Together, review:



Service quality
Including service levels, error reports, complaints, and resolutions



Cybersecurity and data protection
Ensuring member information is secure



Fees and value
Confirm competitiveness, accuracy, and quality of services for both sponsors and members, along with clear disclosures

Strong oversight demonstrates due diligence, protects your organization, and builds trust. Advisors add independent assessments, fee benchmarking, and compliance checks—giving you confidence your plan meets the highest standards.



KEEP PLAN DESIGN SIMPLE AND REVIEW REGULARLY

Every two to three years or after major organizational changes, revisit key elements of your plan design:

- Contribution formulas and eligibility rules
- Locking-in & vesting provisions (if applicable)
- Mix of plan types (RRSP, TFSA, DPSP, DC plan)
- Auto-features (enrollment, escalation, rebalancing)
- Decumulation options such as group Registered Retirement Income Funds (RRIFs) and variable payment life annuities (VPLAs) where available

Defaults and design should evolve with workforce needs, market conditions, fees, and product innovation without drifting into complexity that confuses members. A streamlined, well-reviewed plan keeps employees engaged and confident in their retirement journey.

**A STREAMLINED,
WELL-REVIEWED PLAN
KEEPS EMPLOYEES
ENGAGED AND
CONFIDENT IN THEIR
RETIREMENT JOURNEY.**

LARGE EMPLOYERS: GOVERNANCE MATTERS MORE THAN EVER

Bigger plans mean more members, more assets, and more regulatory scrutiny. Complexity multiplies with scale: multiple plan types, diverse workforces, and layered service providers.

Without a clear governance framework, even well-resourced teams risk gaps that can lead to compliance failures, reputational damage, and member dissatisfaction.

Large employers need the same fundamentals simplicity, clarity, and prudence but applied at scale. **That means:**

- Formal governance committees with documented charters and decision-making protocols
- Enhanced oversight cycles, including semi-annual reviews and deeper risk assessments
- Comprehensive communication strategies tailored to diverse employee segments
- Vendor management and benchmarking that go beyond Service Level Agreements (SLAs)

With these principles in mind, you have the tools at your disposal to create a resilient, defensible, employee-focused CAP that fulfills its ultimate purpose: helping your people retire well.



THE FUTURE OF WORK



A ROUNDTABLE

The world of work is undergoing profound transformation. The pandemic accelerated hybrid and remote work models, prompting employees to reassess their values and relationship with work. The resulting “Great Resignation” revealed shifting priorities around flexibility, purpose, and well-being.

At the same time, Canada’s workforce composition has shifted dramatically¹. Millennials now represent **35%** of workers, and together with Gen Z, they account for over **60%** of the labor force. Meanwhile, older workers remain active longer, with participation rates for those over 55 rising to **37%**, up from **25%** in 1998.

Rapid growth in AI and automation has become another key driver of change. In a survey² of over 500 global CEOs, **99%** agreed that AI will disrupt their industry. Yet, few feel fully prepared for the scale and speed of that transformation.



“Organizations without clear human capital strategies risk being left behind. Today, flexibility, resilience, and adaptability are no longer optional—they are strategic imperatives. Plan sponsors must anticipate demographic shifts, technological disruption, and evolving employee expectations to remain competitive, regardless of their company size.”

Massimo Nini, Senior Vice President, Consulting,
Underwriting and Actuarial Services, AGA Benefit Solutions

Because we’re *Stronger Together*—one of our corporate values—AGA held a roundtable discussion with leaders from Russell Investments, TD Asset Management Inc., Korn Ferry and TELUS Health. We were able to dig deeper on important trends influencing the future of work and share the expected impact on plan sponsors tasked with designing benefits that meet these new realities.

THE EROSION OF FINANCIAL RESILIENCE

Despite policy headwinds, the Canadian economy showed resilience in 2025, with GDP growth exceeding **1%**. Stock markets, fueled by optimism around AI and technology, reached record highs, lifting retirement and investment account values.

Yet, economic volatility continues to shape consumer behavior. Tariffs and inflationary pressures are straining household budgets, while **40%** of Canadians report experiencing constant mental and financial stress. Sixty-five percent³ of working Canadians have reduced spending due to financial uncertainty, rising to **75%** among Gen Z³. Alarming, **28%** have reduced or paused saving altogether to cover basic expenses³—a trend reflected in the national household savings rate, which declined from **5.9%** in 2024 to **4.7%** in 2025.

¹ TELUS Mental Health Index, December 2024

² Korn Ferry Institute

³ TELUS Mental Health Index, December 2025

Thirty percent of Canadian workers have no emergency savings, rising to **43%** among Gen Z—a clear sign of eroding financial resilience. Without this safety net, millions remain one unexpected expense away from crisis, making long-term financial planning nearly impossible. Economic stress, in turn, depresses engagement and productivity.

Plan sponsors now play a vital role in helping workers build both financial and emotional resilience. Organizations that expand financial wellness programs—offering tools, not just education—will stand out as employers of choice. Supporting financial literacy, budgeting, and long-term investment planning can help employees weather economic turbulence and regain a sense of control.

“Canadian investors, including those investing towards their retirement, would be well served by staying disciplined, and developing a long-term, diversified strategic investment plan that can help their portfolios be more resilient against near-term bumps.”

BeiChen Lin, Senior Investment Strategist & Head of Canadian Strategy, Russell Investments



TAKING LESS RISK = TAKING MORE RISK?

Recent labor market data still show slackening conditions: in October 2025, there were 3.3 unemployed people per job vacancy⁴. If weaker job creation or layoffs interrupt contributions, capital accumulation would slow down, and “time in market” would get shortened right when compounding matters most.

Volatility also changes behavior in ways that can delay retirement. When expected returns feel less reliable with increased volatility, people often de-risk into cash-like instruments, leaving return on the table. Canada has a clear post-pandemic example of this “cash parking”. High retail cash deposit and GIC balances and fast growth of Canadian money market mutual fund (assets grew ~180% since 2019)⁵ are all consistent with households leaning into cash yields during uncertain periods. The consequence is clear: lower equity exposure and lower contributions mean less capital at retirement, which pushes more people to work longer. Observed retirement timing already drifted later. Canada’s average retirement age has already increased and labor force participation rate for age 65 years and older moved up more than **2%** over the past 10 years⁶.



“On the upside, sustained growth pressure could accelerate policy and business responses, removing internal bottlenecks (productivity, housing, capital and labor flow) and nudging faster resolution of trade frictions. The same volatility that currently delays retirement could trigger reforms, improving medium-term growth and retirement outcomes.”

Haining Zha, CFA, Vice President & Director, Asset Allocation Research, TD Asset Management Inc.

⁴ Statistics Canada, *Payroll employment, earnings and hours, and job vacancies*, October 2025

⁵ Bank of Canada, *An update on the Canadian money market mutual fund sector*, October 2025

⁶ International Labor Organization, LSEG data

AI: READY... OR NOT

Few topics dominate leadership conversations as much as AI. Its influence touches every function—from operations to HR—and the pace of change is accelerating. Yet a readiness gap has emerged.

According to Korn Ferry⁷, **78%** of leaders believe they understand AI's implications, but only **39%** of workers agree. Among HR executives, **42%** report prioritizing AI adoption, yet only **5%** of their teams feel prepared to use it effectively. Forty-three percent of Canadian workers expect AI to alter their jobs, but perceptions vary widely by industry: **70%** of tech employees foresee transformation, while laborers and service-sector employees are nearly twice as likely as office workers to believe AI will not impact their roles. Bridging this perception gap is crucial to organizational cohesion. As Korn Ferry's *Human + AI* research shows, the biggest barriers to AI are human, not technical.

“When the transformation gets tough or the path isn't clear, AI-ready leaders are the anchor that holds the vision steady. Leaders must take responsibility for redesigning jobs and work structures to integrate AI, rather than simply providing tools like ChatGPT and expecting productivity gains without further action.”

Bryan Ackermann, Head of AI Strategy & Transformation, Korn Ferry



AI anxiety is also emerging as a significant mental health challenge. Workers who fear job loss or feel unprepared for AI-driven change report notably higher stress and lower mental well-being. The issue is not just technological but psychological. Transparency and communication from leadership are powerful antidotes—helping employees reframe AI as an enabler rather than a threat. Plan sponsors have a vested interest in expanding mental health coverage and access to counselling, coaching, and preventive care. Supporting employees through this technological transition is not only a moral imperative but also a driver of engagement and performance.

DESIGNING BENEFITS FOR A NEW WORKFORCE REALITY

Remember when we were told a younger workforce would not want employee benefits? Think again. Each generation brings distinct needs and stressors. Financial and health concerns are universal, but Millennials and Gen Z report unique pressures—ranging from cost-of-living challenges to self-esteem and social isolation.



“When 47% of Millennials/Gen Z feel overwhelmed by their responsibilities compared to 36% of working Canadians overall, and work issues are their primary source of feeling overwhelmed, we need to respond with benefits that address their actual lived experiences.”

Paula Allen, Global Leader, Research, Insights and Strategic Communications, TELUS Health

⁷ Korn Ferry Institute

Younger employees also approach wellness more holistically. They are **25%** more likely to want enhanced coverage for alternative therapies such as chiropractic, naturopathy, and massage, reflecting a more integrative view of health. Moreover, nearly one-third rank personal finances as their top stressor, highlighting an opportunity for employers to enhance financial wellness support—an area currently rated lowest across all benefit categories.

Mental health remains paramount. Millennials and Gen Z are nearly twice as likely as older colleagues to say their mental health affects productivity. Traditional benefits focused on crisis response are no longer sufficient. Plan sponsors must evolve toward preventive, accessible, and stigma-free mental health supports that blend into the daily employee experience.

NOTES AND ACKNOWLEDGEMENTS

RUSSELL INVESTMENTS is a leading global investment solutions partner providing a wide range of investment capabilities to institutional investors, financial intermediaries, and individual investors around the world. Since 1936, Russell Investments has been building a legacy of continuous innovation to deliver exceptional value to clients, working every day to improve people’s financial security.

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KORN FERRY is a global consulting firm that powers performance. We unlock the potential in your people and unleash transformation across your business—synchronizing strategy, operations, and talent to accelerate performance, fuel growth, and inspire a legacy of change. That’s why the world’s most forward-thinking companies across every major industry turn to us—for a shared commitment to lasting impact and the bold ambition to Be More Than.

TELUS HEALTH is on a mission to become the most trusted wellbeing company in the world by enhancing the overall efficiency of healthcare and championing workplace wellbeing. By integrating advanced healthcare technology with comprehensive employee support services, TELUS Health provides a holistic approach to primary and preventive health and wellbeing.

LEGISLATIVE UPDATE



A number of legislative changes related to employee benefits were made (or came into force) recently, while others are in the works for 2026 and 2027.

Below is a summary of the key changes over the past year, classified according to where they apply (federal and provincial level):

CANADA	CANADIAN DENTAL CARE PLAN	<ul style="list-style-type: none">• A federal program aimed at making essential dental care more affordable for eligible Canadians by covering a portion of the costs for residents who do not have private insurance.• The plan reimburses a percentage of eligible expenses at the rate established by the plan, in coordination with any other plan offered by another level of government.
	NATIONAL PHARMACARE	<ul style="list-style-type: none">• Federal program designed to ensure equitable and affordable access to prescription drugs for all Canadians.• A first phase covering certain contraceptives and diabetes drugs is currently in effect (only for British Columbia, Prince Edward Island, Manitoba and Yukon at the time of writing).• Some provinces (including Alberta and Quebec) would like to opt out of the plan, preferring to bolster their own existing programs.
	CAPITAL ACCUMULATION PLANS - Guidelines by the Canadian Association of Pension Supervisory Authorities (CAPSA)	<ul style="list-style-type: none">• Update to Guideline No. 3, adopting a broader approach to the regulation of capital accumulation plans (integration of TFSAs, FHSAs, VRSPs (in Quebec) and PRPPs).• The 2024 guideline introduced changes in several areas:<ul style="list-style-type: none">■ Governance framework for capital accumulation plans■ Supervision of service providers■ Costs and expenses■ Communications with plan members■ Investment advice and decision-making tools• Consequences are to be expected for plan sponsors, who were encouraged to implement the new guideline by January 1, 2026, at the latest.

**EMPLOYMENT
STANDARDS
AMENDMENT ACT,
2025 (BILL 11)**

- An act prohibiting employers from requiring a doctor’s note from employees for the first two health-related absences of up to five consecutive days in a calendar year.
 - A “health-related absence” includes absences related to the health, illness, or injury of the employee or their immediate family
- However, employers may request a medical certificate in certain situations:
 - An absence that lasts more than five consecutive days
 - An employee who has already taken two short-term leaves of absence for health reasons during the same calendar year
 - Medical information is required to assess an employee’s fitness to return to work
- Violations of the Employment Standards Act (including the amended rules regarding medical-note requests) may result in administrative penalties.

**ACT TO MODERNIZE
THE OCCUPATIONAL
HEALTH AND SAFETY
REGIME (BILL 27)**

- An act making it mandatory to include the prevention of psychosocial risks in a business’s management plan in order to treat stress, harassment, overwork and a lack of recognition in the same way as physical risks.
- It forces employers to assess, document and implement concrete measures to protect the mental health of workers, or risk potential sanctions.

**ACT MAINLY TO
REDUCE THE
ADMINISTRATIVE
BURDEN OF
PHYSICIANS
(BILL 68)**

- An act aimed at reducing the administrative burden of physicians through the following measures:
 - Insurers are prohibited from requiring a medical note for reimbursement of services provided by a health or social services professional (psychologist, physical therapist, occupational therapist, etc.) or for technical aids (canes, crutches, etc.)
 - Employers are prohibited from requiring a medical note from an employee for absences of 3 days or less
 - An insurer will no longer be able to impose a specific frequency of visits to the doctor for medical follow-up
- The act also allows the government to require doctors to use a single disability form.
 - The Canadian Health & Life Insurance Association (CLHIA) recently announced that insurers will soon adopt a harmonized disability medical form

Other Significant Legislative Changes Expected in 2026 and 2027

Here are the main changes known so far (subject to change), classified by their jurisdiction (federal and provincial levels):

ALBERTA	HEALTH STATUTES AMENDMENT ACT (BILL 11)	<ul style="list-style-type: none">● Scheduled for 2026, this bill aims to modernize practice rules for physicians, drug coverage, and health cards while implementing administrative changes. The main amendments are the following:<ul style="list-style-type: none">■ Employer-sponsored coverage past age 65<ul style="list-style-type: none">- Employers cannot terminate or reduce health coverage for employees aged 65 and over who are actively employed■ Dual practice model for physicians<ul style="list-style-type: none">- Changes to physician care through a more flexible public-private model- Alberta employers can offer employees access to private health services from a physician through their health plans■ Payor of last resort<ul style="list-style-type: none">- When a claim is eligible under both a private plan and a government-sponsored plan, the claim must be submitted to the private plan first (before government coverage is applied)
ONTARIO	BILL - PREFERRED PROVIDER NETWORKS (PPN)	<ul style="list-style-type: none">● Consultations were held on policy options regarding preferred provider networks (PPNs) in employer-sponsored drug plans.● Legislative measures were subsequently introduced in November 2025. If adopted, they would establish a membership framework for all willing providers and a standardized, transparent process allowing patients to request exemptions from PPNs when appropriate.● This framework would enable any pharmacy willing to accept the financial terms of a PPN to join, thereby promoting greater consumer choice and increased competition in the pharmacy sector while maintaining cost-effective access to medications.

**QDIPC -
REDEFINING GROUP
SIZE FOR 2027**

- The Quebec Drug Insurance Pooling Corporation (QDIPC) plans to review group size definitions in 2027.
- If implemented, the impact would vary by employer. For example, some employers could see their pooling threshold lowered but their premiums increased.

**QST ON INSURANCE
PREMIUMS -
INCREASE
SCHEDULED FOR
JANUARY 2027**

- Adopted on October 28, 2025 (Chapter 27), Bill 99 confirms an increase in the QST rate applicable to insurance premiums.
- Effective January 1, 2027, the QST rate on taxable insurance premiums will rise from 9% to 9.975%, aligning it with the general QST rate applied to most goods and services.

AGA closely monitors legislative changes for its clients and keeps them informed, whether through direct communications or via its blog and social media channels.



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