# ICPP

IDEAL CANADIAN PENSION PLAN

## Annual Report 2025

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# Message from the Chair

The past year has been a transformative period for the Ideal Canadian Pension Plan (ICPP). As a collective, multi-employer defined contribution retirement savings arrangement, our mission is clear: to provide members with a high-quality, low-cost, professionally managed retirement program that supports strong long-term outcomes. This year, we advanced that mission in meaningful ways, strengthening our investment platform, enhancing our governance framework, and expanding the suite of retirement solutions available to members and participating employers.

## Strong investment performance supporting member outcomes

The ICPP delivered strong investment performance over the year, reflecting favourable market conditions and the disciplined execution of our long-term investment strategy. As a defined contribution arrangement, investment returns flow directly to member accounts, making performance a critical driver of retirement readiness. This year's results contributed positively to member balances and reinforced the value of our diversified, institutionally managed investment approach.

Our investment platform continues to emphasize broad diversification, cost efficiency, and long-term discipline. The portfolio demonstrated resilience in the face of ongoing market volatility, underscoring the strength of our strategic asset mix and the benefits of collective investment scale. While short-term market conditions will always fluctuate, our focus remains on delivering consistent, risk-aware performance that supports members throughout both the accumulation and drawdown phases of retirement.

## Strengthening governance through CAPSA Guideline No. 10 compliance

A major achievement this year was the adoption of a comprehensive risk management policy aligned with the Canadian Association of Pension Supervisory Authorities (CAPSA) Guideline No. 10. This policy formalizes our approach to identifying, assessing, and managing risks across all aspects of the Plan, including investments, operations, administration, and member services.

For a collective DC arrangement, strong governance is essential. Members rely on the Plan to provide a stable, well-managed platform for their retirement savings. The adoption of this enhanced risk framework reflects our commitment to transparency, accountability, and regulatory best practices. This work strengthens the foundation of the Plan and ensures we continue to evolve in step with the broader Canadian retirement landscape.

## Transition to an index-based investment structure

In support of our commitment to cost efficiency and operational simplicity, the Plan completed a significant transition to an index-based investment structure. This shift reduces investment management fees, enhances transparency, and simplifies the overall investment process. For members, lower fees translate directly into improved long-term outcomes, as more of each dollar invested remains in their accounts to compound over time. Index-based strategies also support consistent execution of our asset allocation policy and reduce reliance on active management in areas where index approaches are more effective. This transition represents a major step forward in ensuring that the ICPP remains a cost-effective, scalable, and modern retirement solution.

## Expanding member choice: Launch of the ICPP RRSP and DPSP

This year, we significantly expanded the ICPP's offering with the introduction of two new retirement savings programs:

- The ICPP Registered Retirement Savings Plan (RRSP) provides members with a flexible, tax-advantaged savings option that complements the core collective DC registered arrangement
- The ICPP Deferred Profit Sharing Plan (DPSP) offers participating employers an efficient and compliant mechanism to contribute to their employees' long-term financial well-being

These new programs broaden the ICPP's ability to support members across a wider range of retirement planning needs. By offering a cohesive suite of savings vehicles, we're better positioned to serve employers of all sizes and support members throughout their full financial journey, from saving early in their careers through retirement drawdown.

## Strengthening national reach through the People Corporation and GroupQuest partnership

To expand access to the ICPP and support sustainable growth, we launched a new distribution initiative in partnership with People Corporation and GroupQuest, both of which are respected national benefits distribution networks. This collaboration significantly enhances our ability to reach employers across Canada and ensures more organizations can benefit from the Plan's high-quality, low-cost retirement solutions.

The partnership with People Corporation and GroupQuest represents a strategic investment in the Plan's future. It strengthens our national presence, broadens our distribution capabilities, and positions the ICPP as a competitive and accessible option in the Canadian retirement savings marketplace.

## Looking ahead

The progress achieved this year reflects the dedication of our Board, management team, service partners, and participating employers. More importantly, it demonstrates our unwavering commitment to supporting members in building secure and sustainable retirement income. As a collective retirement savings and income solution, our focus remains on delivering strong investment performance, maintaining low fees, and providing members with the tools and support they need to make informed decisions throughout their retirement journey.

On behalf of the Board, I want to thank all members and employers for their continued trust in the Ideal Canadian Pension Plan. We remain committed to delivering a modern, resilient, and forward-looking retirement program that Canadians can rely on.

Andrew E. Gillies, FCIA, FSA
Chair, ICPP Management Board

# About the Plan

The Ideal Canadian Pension Plan (ICPP) is an innovative collective, multi-employer, defined contribution (DC) retirement savings program designed to provide Canadian employees with reliable, sustainable retirement income. Any Canadian employer, large or small, can join the Plan, making it a flexible and accessible solution for organizations across industries.

The ICPP is thoughtfully structured to address the shortcomings of traditional workplace retirement programs. It combines the cost efficiency of a DC program with the professional oversight, pooled investment scale, and lifetime income features typically associated with larger institutional pension arrangements.

Members benefit from a streamlined, professionally managed retirement solution that removes complexity and supports strong long-term outcomes. Employers benefit from a low-risk, low-cost, fully outsourced pension solution that reduces administrative burden and fiduciary exposure.

## Collective, multi-employer structure

The Plan operates as a cooperative framework that allows any Canadian employer to participate. This structure enables economies of scale, lower fees, and consistent governance across all participating organizations.

## Defined contribution with lifetime income

Members accumulate savings in a DC structure during their working years and benefit from a professionally managed drawdown approach in retirement, designed to deliver reliable lifetime income.

## Low fees and cost efficiency

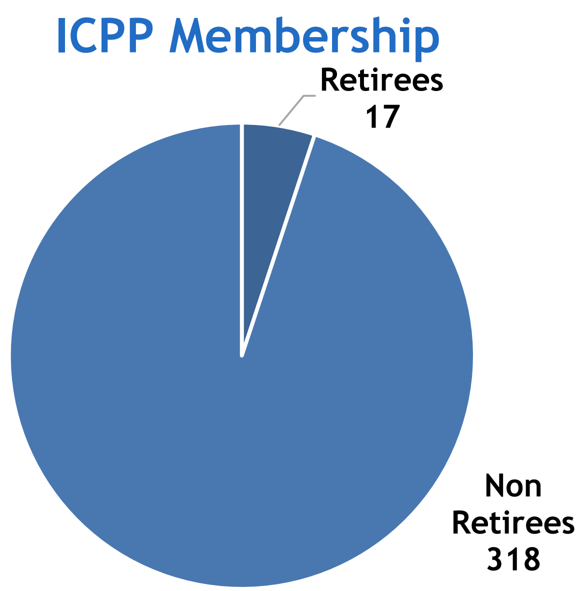
The Plan is intentionally designed to be more cost-effective than typical workplace retirement programs. Lower investment and administrative fees mean more of each member's contributions remain invested for long-term growth.

## Fully outsourced governance and administration

Employers face no balance sheet risk and minimal administrative burden. Governance, investment oversight, compliance, and member services are fully outsourced to experienced pension professionals.

## Professional oversight and member support

Members benefit from expert investment management, retirement planning support, and a governance model designed to operate solely in their best interest.




## ICPP Assets

Total assets: $29.0 Million

Annual contributions: $400,000

# Investment Performance

## ICPP Investment Strategy

Provide meaningful long-term exposure to growth assets during a member's accumulation years

Ensure a gradual reduction in investment risk as retirement approaches

Establish a balanced, diversified mix of equity and fixed income at retirement designed to support income stability and capital preservation in the decumulation phase

Minimize investment management fees

The ICPP uses a target date style asset allocation approach, adjusting the mix of growth and income assets within each member's account as the member's investment goals transition from retirement saving toward retirement income, otherwise known as a Glide Path strategy. This approach is designed to support long-term growth during a member's working years and gradually reduce risk as retirement approaches, while keeping investment costs low and diversification high.

For members with a long-term time horizon (10-40 years to their expected retirement age), the strategy maintains a 100% allocation toward equities to maximize growth during their accumulation phase. As members approach retirement, the strategy systematically reduces equity exposure by reallocating funds into fixed income, which can reach a maximum of 50% of the total portfolio at the member's expected retirement age. This transition is a de-risking measure intended to protect the member's accumulated balance from significant market downturns during the sensitive years immediately preceding and during their retirement.

The ICPP invests directly in low-cost, passive index funds managed by BlackRock, one of the world's largest global investment managers that has extensive experience managing index-based strategies for pension programs and institutional investors. The passive index-based investment strategy provides broad market diversification at low costs with consistent market exposure. This approach helps maximize the portion of investment returns that stays in members' accounts while reducing complexity and avoiding reliance on manager selection.

## Performance summary

Global financial markets delivered strong overall performance in 2025, driven primarily by continued economic resilience and easing inflationary pressures across major developed economies. Equity markets were the primary contributor to returns, with particularly strong performance in the United States, where large-cap technology and growth-oriented companies continued to benefit from sustained earnings growth and ongoing investment in artificial intelligence and digital infrastructure. International developed markets also produced solid gains, supported by improving economic conditions in Europe and stabilization in global trade.

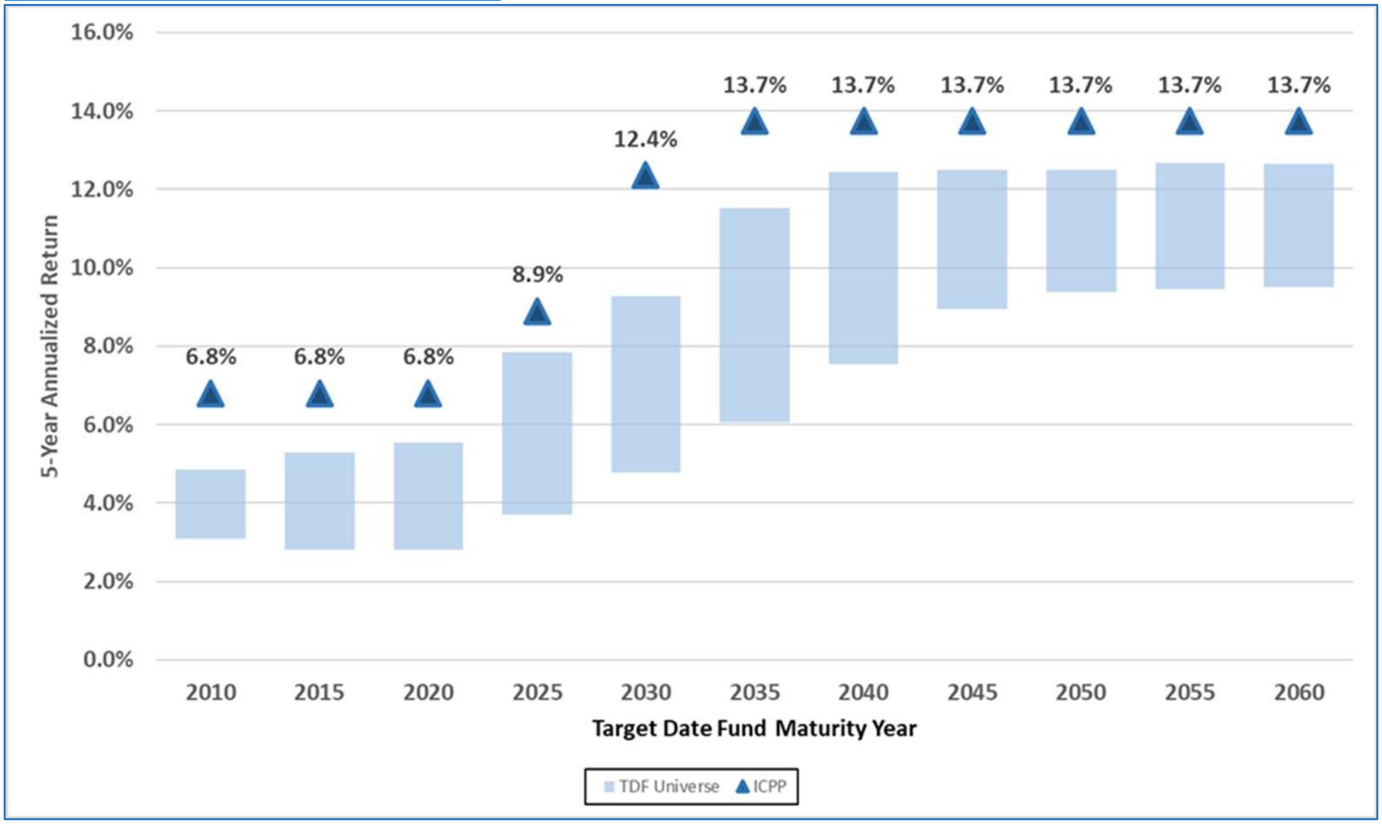
Canadian equity markets experienced more moderate but still positive returns during the year. Performance was supported by strength in financials and energy sectors, although gains were partially tempered by commodity price volatility and a relatively slower pace of domestic economic growth compared to the United States.

Fixed income markets delivered positive returns as central banks shifted toward a more neutral policy stance following the elevated interest rate environment of prior years. Bond yields stabilized over the course of the year, allowing for modest capital appreciation alongside continued income generation.

Overall, 2025 was characterized by a more balanced return environment compared to recent years, with both equities and fixed income contributing positively to diversified portfolios. Market volatility remained present but was generally lower than in the preceding period, reflecting increased investor confidence in the trajectory of inflation and monetary policy. For long-term investors including ICPP members, the year reinforced the benefits of maintaining a disciplined, diversified, and low-cost investment approach aligned with long-term retirement savings objectives.

Against this backdrop, the ICPP has continued to deliver strong, consistent results for its members. Figure 1 illustrates the ICPP's annualized returns over the five-year period ending December 31, 2025, across each target retirement maturity. Returns range from 6.8% to 13.7%, reflecting the ICPP's disciplined implementation of a low-cost, diversified, index-based investment strategy aligned with members' time horizons.

Figure 1




The blue rectangular ranges in the chart represent the distribution of returns across the broader universe of target date funds available in the market[1]. This provides a relevant benchmark for evaluating the ICPP's performance relative to comparable retirement solutions.

Notably, the ICPP's five-year returns exceed those of all comparable target date funds across every maturity segment shown. This consistent outperformance is primarily attributable to the plan's efficient fee structure, broad market exposure, and avoidance of unnecessary active management costs.

For members, this means the ICPP is delivering strong absolute returns and providing leading performance relative to industry alternatives. Over time, this level of performance advantage can have a meaningful impact on retirement outcomes, reinforcing the value of the ICPP's simplified and professionally managed investment approach.

[1] Peer group data is sourced from Morningstar Direct. Benchmarks are selected based on the same vintage to provide a fair comparison. We assume no responsibility for information provided to us from third parties. This information may not be reproduced for any purpose or provided to others in whole or in part without the prior written permission of Robertson, Eadie & Associates. All information and opinions indicated herein are subject to change without notice.

# Plan Administration and Governance

## ICPP Management Board Responsibilities

Providing overall oversight of the Plan's administration and operations

Setting and monitoring the investment strategy and performance

Ensuring compliance with applicable pension and tax legislation

Acting in the best interests of all members and beneficiaries

Overseeing risk management and key service providers

The Ideal Canadian Pension Plan (ICPP) is governed by the ICPP Management Board, which is responsible for the overall oversight, direction, and stewardship of the Plan. Acting in a fiduciary capacity, the Board ensures the ICPP is administered prudently and in the best interests of all members and beneficiaries, in accordance with applicable Canadian pension and tax legislation.

The Board's responsibilities include the oversight of plan administration, the establishment and ongoing review of investment policies, and the monitoring of investment performance relative to established benchmarks and objectives. In addition, the Board ensures appropriate governance frameworks, internal controls, and service provider oversight mechanisms are in place to support the effective and efficient operation of the program. Compliance with regulatory requirements remains a core priority, and the Board works closely with its advisors and service providers to ensure all aspects of the ICPP meet or exceed applicable legislative standards.

During 2025, the Management Board undertook several key initiatives to further strengthen the governance and operation of the Plan. The Board completed a comprehensive review and update of the Statement of Investment Policies and Procedures (SIPP) to reflect the transition to a passive, index-based investment structure and ensure continued alignment with industry best practices. Enhancements were also made to member communication tools, improving transparency and supporting better member understanding of their retirement savings and projected outcomes.

In addition, the Board formalized a Risk Management Policy in accordance with CAPSA Guideline No. 10, reinforcing its commitment to identifying, assessing, and managing risks across all aspects of plan administration and investment.

The year also marked the implementation and expansion of the ICPP structure to include Registered Retirement Savings Plan (RRSP) and Deferred Profit Sharing Plan (DPSP) components, providing increased flexibility for participating employers and members.

Finally, the Board supported a distribution initiative in partnership with People Corporation and GroupQuest, aimed at expanding access to the ICPP across a broader segment of Canadian employers. This initiative is expected to enhance plan scale over time, further supporting cost efficiency and long-term member outcomes.

Through these efforts, the ICPP Management Board continues to uphold strong governance standards while positioning the plan for sustainable growth and continued success.

# Looking Ahead to 2026

The ICPP Management Board remains focused on the continued evolution and long-term sustainability of the ICPP, with a clear objective of improving retirement outcomes for members while maintaining strong governance and cost efficiency.

A key priority for the coming year is the continued strengthening of the program's financial position. This will be achieved through disciplined investment management, ongoing cost control, and the benefits of increased scale as membership grows. As assets under management expand, the ICPP is well positioned to further enhance fee efficiency and maintain its competitive advantage relative to other retirement savings arrangements.

The onboarding of new participating employers will remain an important area of focus. Expanding the employer base increases access to the ICPP for Canadian workers, and reinforces the plan's multi-employer structure, improving sustainability and operational efficiency. The Board will continue to support distribution initiatives and strategic partnerships to facilitate this growth while ensuring all new entrants are integrated smoothly and in accordance with the program's governance standards.

Enhancing digital tools and member-facing technology is another key initiative for year ahead. Planned improvements include expanded self-service capabilities, more interactive retirement planning tools, and enhanced reporting through the member portal. These developments are intended to improve member engagement, provide greater transparency, and support informed decision-making throughout the retirement savings journey.

The Board will continue to actively monitor regulatory developments affecting Canadian pension plans, with particular attention to the evolving legislative framework for Variable Payment Life Annuities (VPLAs). Quebec has taken a leading role in this area, having adopted legislation to permit VPLA-style retirement income solutions within defined contribution pension arrangements. The ICPP continues to monitor developments in Ontario, where enabling legislation has not yet been finalized. The Board remains prepared to evaluate and implement appropriate retirement income solutions as the legislative environment evolves, with the goal of providing members flexible and sustainable income options in retirement.

Through these initiatives, the ICPP is well positioned to continue delivering strong value to members and participating employers in the years ahead.

> "We are encouraged by the continued progress of Variable Payment Life Annuity legislation across Canada, with Quebec taking a leadership role and Ontario announcing legislation coming in 2026. The ICPP is excited to be among the first plans positioned to adopt this innovative approach, enhancing retirement income solutions and delivering meaningful long-term benefits to all ICPP members."
>
> **Andrew Gillies**
> **Chair, ICPP Management Board**

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