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**From:** Keith Ambachtsheer  
**To:** Canadian Pension Observers  
**Re:** HAT GETS MEASURED GETS RESULTS: KEY PRIORITIES FOR CANADA'S RETIREMENT SYSTEM

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Canada's position in the **2025 Mercer CFA Institute Global Pension Index** rankings highlights both strengths and clear areas for improvement.

Canada gets a grade of B, ahead of countries like the United States, but lags the five top-tier A-grade pension systems: The Netherlands, Iceland, Denmark, Singapore, and Israel. The index quickly identified one of the central challenges in Canada's retirement income system: Low occupational pension coverage in the private sector.

This key finding demonstrates the value of effective benchmarking in the pensions field. Performance tends to improve when policy frameworks and organizational behaviour are measured transparently and consistently.

The development of Cost-Effective Measurement (CEM) for benchmarking pension investments in the early 1990s brought a disciplined approach to evaluating value-for-money in pension management. A recent CEM benchmarking **initiative** – assessing pension fund transparency in disclosing governance practices, costs, sustainability, and performance measurement – show notable year-over-year improvements by the 75 participating pension organizations.

Where measurement becomes public and comparable, management behaviour adjusts accordingly. The global pensions sector, including Canada's, benefits substantially from this principle. The Mercer CFA Institute Global Pension Index plays an important role here.

We noted above that Canada's ranking in global pension indices is constrained primarily by low occupational pension coverage in the private sector. A significant portion of workers lack access to well-structured employer plans, contributing to savings gaps and weaker retirement outcomes. Countries ahead of us in the rankings, notably No.1 Netherlands, have roughly **90 percent employer pension coverage**. Improving coverage is therefore essential to strengthening Canada's overall retirement system.

Policy options on this score could focus on employer incentives. Targeted tax credits could encourage firms – particularly small and medium-sized employers – to adopt high-quality occupational plans. Automatic **enrolment**, used successfully in the United Kingdom, represents another practical mechanism to increase participation and savings.

Quebec has a similar mechanism that compels small employers to offer voluntary plans to new employees, although it is not clear how well this measure is working. Nonetheless, expanding coverage is one of the most direct paths to improving Canada's ranking and long-term retirement security.

International comparisons, while useful, do not always capture the long-term sustainability of regulatory frameworks.

The Netherlands provides a notable example: Despite consistently high index rankings, its solvency-driven regulatory system required highly unpopular pension cuts when funding fell short of strict targets. The system has since undergone a major restructuring, shifting legacy defined-benefit promises into new defined-contribution arrangements. This has been a painful multi-year process that will not be completed until the late 2020s.

This experience highlights the need for global pension indexes to incorporate measures of regulatory durability and adaptability. Canada's evolution toward target-benefit approaches offers a model of maintaining collective risk-sharing while improving flexibility.

Future versions of global indices would benefit from assessing not only pension system implementation effectiveness, but also the resilience and sustainability of the pension system design itself, as well as its regulatory systems and practices.

In conclusion, when it comes to policy frameworks, only what gets measured gets improved. Canada's pension system has strong institutional foundations, but progress up the global rankings requires greater private-sector coverage by occupational pension plans.

With targeted policy action and continued leadership – not resting on our laurels – Canada can strengthen retirement outcomes and improve its standing internationally.

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*Keith Ambachtsheer is director emeritus of the International Centre for Pension Management, senior fellow at the National Institute on Ageing and executive in residence at the Rotman School of Management.*

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