

FOUR HR PRIORITIES SHAPING THE PENSION FUND WORKFORCE

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HR leaders are navigating several changes at once: tighter workforce conditions, growing pressure to understand future skills, rapidly expanding AI use, and greater pay transparency requirements.

Southlea's semi-annual Pension Fund HR Metrics Survey provides a view of human resources practices and workforce trends shaping major Canadian pension funds. Findings from the July 2026 Pension Fund HR Metrics Survey suggest that organizations are not responding to macro factors with organization-wide transformation. Instead, the prevailing approach is targeted and pragmatic.

Across the survey, four themes stand out:

1. Tighter hiring is putting focus on internal talent and mobility
2. The skills agenda is ahead of the infrastructure supporting it
3. AI adoption is accelerating and remains focused on productivity
4. Pay transparency is changing the conversation more than the outcome

Finding 1. Tighter hiring is putting focus on internal talent and mobility

With hiring under pressure, pension funds are taking a targeted approach to managing capacity rather than relying on broad workforce reductions. Southlea research finds that half of participating organizations reported a greater than 10% reduction in new hiring. Meanwhile, 70% are managing workforce levels through attrition (without refilling vacancies), and 70% are using contract or contingent workers.

Without additional hiring, internal talent is becoming an even more important part of the equation: 60% are using internal mobility as a workforce management tool, and 60% have increased their emphasis on internal mobility as an alternative to external hiring. This shift puts greater importance on understanding how talent is moving within the organization and what people programs and infrastructure are required to support effective internal mobility.

As part of workforce planning, all participating organizations report tracking promotions and 90% also report promotion rates to leadership and/or the Board. Only 20% set formal promotion targets, suggesting promotion data is used for information / visibility but not as an active level in the planning process.

SO WHAT? As external hiring becomes more constrained, internal mobility and talent development become increasingly important levers for meeting workforce needs. Integrating internal mobility, promotion and workforce planning can help organizations address critical workforce needs from within.

Finding 2. The skills agenda is ahead of the infrastructure supporting it

As organizations rely on internal talent, knowing which skills already exist in the workforce – and which are going to be critical in future – becomes increasingly important. Southlea’s research found that 70% of participating pension funds are still identifying their critical future skills, while the remaining 30% have identified them but have not yet integrated them into workforce planning.

The challenge is turning these priorities into usable workforce information. Most organizations still rely on informal or manager-driven knowledge to understand employee capabilities, with only 20% using a formal skills framework or taxonomy and only 10% tracking skills through an HRIS or talent management system. As a result, the ambition around harnessing future skills is developing faster than the infrastructure needed to identify, track, and deploy them across the organization.

Of the 20% of participating pension funds that are using skills taxonomies, they are being used for job levelling / career framework, promotion criteria, learning & development initiatives / investment, and succession planning. These frameworks can provide greater visibility into workforce capabilities and can support ongoing workforce planning; however, collecting, validating, and maintaining accurate skills data remains a challenge for most of the organizations.

SO WHAT? Defining future skills is only valuable if organizations can connect them to their people and workforce decisions. Building a structured view of employee capabilities can help turn the skills agenda into action, informing where organizations develop talent, move people internally and address critical capability gaps.

Finding 3. Artificial intelligence adoption is accelerating and remains focused on productivity

Southlea research found that 70% of HR and compensation teams are using AI either informally or more prescriptively, with formal governance, while 30% are still exploring or testing its applicability in their environments. At this time, no participants reported having AI embedded across most HR workflows.

Use today focuses on everyday productivity, including drafting, summarization, data analysis and quick responses to employee questions. Specialized applications such as benchmarking compensation levels, performance management and compensation modelling remain less common. Meanwhile, 80% of participants in the Southlea survey already have comprehensive organization-wide AI policies with approved tools.

SO WHAT? Many organizations have taken the steps to establish permissions and governance frameworks around the use of AI but have yet to fully redesign work around the tool. The next stage is less about adding another AI tool or simply making an existing task faster, and more about determining where AI can change an HR process, decision, or outcome.

Finding 4. Pay transparency is changing the conversation more than the recruitment outcome

Regional requirements are shaping pay transparency practices, with 90% of the participating pension funds now disclosing hiring ranges; however, most (80%) stop short of publishing the full salary range. The impact on recruitment outcomes has been limited, with 89% of respondents who disclose pay information in job

postings reporting no change in applicant volume or quality, and 100% reported no change in offer acceptance rates or timing.

A consequential impact has been observed inside the organization, with some participants reporting more discussion internally about where employees are positioned within disclosed ranges. Most organizations have supported enhanced compensation disclosure with manager training, employee communications, and updated FAQs.

SO WHAT? Pay transparency should not be viewed simply as a disclosure exercise. Even when recruiting metrics remain stable, transparency creates the requirement and opportunity to explain how pay ranges work, how individual positioning is determined and ultimate employee compensation how decisions are made. Organizations that prepare managers for those conversations are equipped to turn pay transparency into employee understanding.

In Summary

Pension funds are responding to workforce change on several fronts, from greater reliance on internal talent mobility and future skills to broader AI adoption and pay transparency. The findings suggest progress is well underway across several critical initiatives, with the next phase focused on translating these evolving practices into effective workforce decisions.

ABOUT US

Southlea Group is a national independent compensation advisory firm that provides global perspectives as a GECN Group company working with over 150 compensation professionals across six continents. We are headquartered in Toronto with offices in Montreal, Calgary, and Vancouver, and clients across Canada, representing all industries and organization structures. Our team of advisors is multi-disciplined with diverse backgrounds and experiences. We are proud to be a certified Women's Business Enterprise by WBE Canada and to be Rainbow Registered as an LGBT+ friendly organization.

We would be pleased to address any questions and/or explore how we can support your challenging compensation needs. Please email us at hello@southlea.com and we will follow up to set up a time to discuss further.