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Gender identity: Considerations for workplace pension and benefits programs

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Acceptance and understanding of gender diversity continues to evolve in Canada. This includes greater acceptance and recognition of transgender and nonbinary individuals. While individuals have been able to change their gender on birth and identity documents from male to female, or vice versa, since the 1970s, they are now able to select a third option for gender on federal and many provincial identity documents. With the 2021 census, Canada became the first country to collect data on both sex at birth and gender identification, with results indicating that one in 300 Canadians over age 15 identifies as transgender or nonbinary, with higher percentages among lower age ranges. This will impact costing of employee benefit plans, as existing risk assessment models use a binary model based on male/female. There is also an impact on pension plans, particularly those in Quebec, which has yet to allow use of unisex mortality tables.

This FYI provides background on the recognition of nonbinary gender identities in Canada, explores its effect on mortality and other assumptions, discusses its impact on pension and benefit plans, and gives employers and plan sponsors some steps to take to meet the needs of their transgender and nonbinary plan members.

Terminology

As terminology varies, it is important to define some key terms for the purposes of this discussion:

- **Assigned sex at birth.** The sex assigned to an individual at their birth, which typically corresponds to their anatomical and other biological characteristics — male, female, or intersex.

- **Gender identity.** An individual's deeply held sense of their gender, which may differ from their assigned sex at birth.
  - *Cisgender*. An individual whose gender identity is consistent with their assigned sex at birth.
  - *Transgender*. An individual whose gender identity does not correspond to their assigned sex assigned at birth. There is no requirement for medical/surgical intervention. For the purpose of this *FYI,* this term is used exclusively for individuals who have a gender identity that is either male or female (i.e., separate from nonbinary).
  - *Nonbinary*. An individual whose gender identity falls outside the traditional male/female binary.
- **Gender affirming care.** Medical (i.e., pharmaceutical or surgical) treatment provided to an individual to better align their physical characteristics with their gender identity.

The above definitions are not intended to be exhaustive, but rather to provide some context for the discussion below, particularly in relation to workplace benefits and their costing.

Background

All Canadian jurisdictions have allowed individuals to change their gender on their birth certificate, some as far back as the 1970s. However, such changes could only be from male to female (or vice versa) and required that the individual undergo gender affirmation surgery. Starting with Ontario in 2012, provinces and territories gradually removed the requirement for surgery.

Starting in 2018, some provinces and territories began allowing individuals to select a third gender identity (e.g., nonbinary, "other") on birth records and other civil documents. This is not yet available in all Canadian jurisdictions. Since June 2019, the federal government has allowed individuals who do not identify exclusively as male or female to use "X" for gender on their passports, travel documents, citizenship certificates, and permanent resident cards.

To gather data on gender diversity in Canada, the 2021 Census asked respondents questions about both their assigned sex at birth and gender identity. The resulting data indicates nonbinary rate of 0.01% to 0.43% of the population, depending on age group. Information from Statistics Canada shows that the proportions of transgender and nonbinary Canadians were between three and seven times higher for Generation Z and millennials (0.79% and 0.51%, respectively) than for Generation X, baby boomers, and those born in 1945 or earlier (0.19%, 0.15%, and 0.12%, respectively).

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Mortality, risk and gender

For actuarial purposes, individuals are currently classified as either male or female, including those who are transgender or nonbinary. Due to the impact of the traditional split of mortality data between male and female, “transfeminine” refers to individuals whose assigned sex at birth was male, but identify as female, while “transmasculine” refers to individuals whose assigned sex at birth was female but who identify as male. In mortality studies, transfeminine individuals have been traditionally grouped with cisgender females, with transmasculine individuals grouped with cisgender males.

Also, while transgender individuals are not required to receive gender affirming surgery or medication (e.g., hormones), mortality tables may distinguish between those who have and those who have not given the impact of certain care (particularly surgical gender assignment and hormone medication) on specific risk factors, including mortality.

In terms of group benefits, there was a disconnect in historic risk assessment practice between the information actuaries and insurers thought they were getting, and what they were actually receiving. Specifically, while the expectation was that group benefits were costed based on individuals’ sex at birth, costs were instead based on individuals’ identified gender. This is due to the above-noted ability of individuals to change the sex on their personal identification documents.

The increasing percentage of the population who identifies as transgender or nonbinary brings a new paradigm for risk assessment, as most of the costing methods have used a binary model differentiated based on a male/female split. This is the area where actual impacts, legal context and the position of the various parties involved are still evolving rapidly.

Based on 2021 Census data, approximately 0.1% to 0.3% of Canadian population identified as transgender or nonbinary, or one in 300 individuals over age 15 or over. As noted above, the percentages are higher for lower age ranges. When looking at the impact of this group on the development of mortality tables, this is a small group of individuals. It is therefore unlikely that any significant inference can be drawn on the risk factors for this population.

L’impact des soins d'affirmation de genre

As noted above, gender-affirming care refers to a range of medical services available to individuals to help better align their physical characteristics with their gender identity. This care is not required; it only represents one potential part of an individual’s gender transition process. While the rates of gender affirmation procedures have varied over time, data provided by Quebec’s Directeur de l’état civil in response to a request for information suggests that rates seem to be stable at around five procedures per 100,000 habitants in recent years (2016–2021). As individuals have been able to change their gender on birth certificates since the 1970s after undergoing gender reassignment surgery, there is more than 30 years of data available on this topic. We can therefore consider that the impact of gender-affirming care on the risk factors is fairly integrated in the published data.

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Additional complications are posed by data availability. Notwithstanding the 2021 Census, it is currently difficult to obtain both sex at birth and gender identity from industry data. Therefore, even if the size of the group was to warrant it, it would be difficult to obtain sufficient data to determine if a different adjustment is needed for this population than those made for traditional risk factors. There is some medical research, often from patient records in gender affirmation centers outside Canada (including the U.S., UK, Netherlands, and Denmark), which provides some information suggesting that there is a significant difference in mortality rates. Specifically:

- 48% of the transgender population age 26 and below has reported having attempted suicide (compared to 6% in the 16–24 age band overall population).
- Deaths reported in various studies with sample sizes ranging from 1,500 to 6.6M, and duration from a few years to 40 years have indicated:

	Cisgender female	**Cisgender male**
Transgender female	Higher mortality (2–3 times more deaths)	Higher mortality (1.5–1.75 times more deaths)
Transgender male	Higher mortality (1.25–1.5 times more death)	Unclear trend (0.6–1.1 times number of deaths)

Additional source: Gallagher LGBT+ Ally Guide

However, from an actuarial and underwriting perspective, this data is not considered sufficiently reliable to make significant adjustment to costing. Also, this data tends to over-represent individuals that have received some form of surgical gender-affirming care.

Impact on pension and benefit plans

On the pension side, the Canadian Institute of Actuaries (CIA) published the *Final Report – Gender Identity Task Force* (Report) in May 2023. The Report reviewed the potential actuarial implications of use of a gender other than male or female. In March 2024, the CIA also published a *Notice of Intent: Review of Standards of Practice with Respect to Gender Identity* (Notice). The Notice outlines planned changes to the CIA's *Consolidated Standards of Practice* (Standards) based on the Report. This includes clarifying that actuaries should understand whether data reflects assigned sex at birth or gender, and providing guidance in certain situations regarding mortality assumptions where there is a lack of information, or where only gender information is available.

Such adjustments are needed as the current wording of the Standards requires use of sex-distinct mortality tables. While pension standards legislation in almost all Canadian jurisdictions states that actuaries must use unisex mortality tables, Quebec instead requires the use of sex-distinct tables. As a result, legislative and regulatory changes will be required in that province following any changes to the Standards. Such amendments are already under consideration by the provincial government following the 2021 case *Attorney General*

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of Quebec c. Center for Gender Advocacy. The optional or mandatory use of unisex mortality in other Canadian jurisdictions will be a safeguard if a very large number of the population eventually has a gender that is either male or female.

On the benefits side, we have seen a similar pattern where most of the transgender and nonbinary individuals are costed on a unisex basis. Insurers are still grasping the concept and trying to improve their costing. A key consideration is the fact that traditional underwriting processes were based on male/female categorizations of sex. Individuals who identify as nonbinary therefore fall outside of these traditional categorizations, placing them in uncharted territory from an underwriting and costing perspective. There are fewer regulatory considerations in the benefits space, meaning that insurer alignment on this issue will be driven more by market pressures, and the desire to get the best pricing possible.

From a general research perspective, the relative lack of transgender specific research on medical implications means that it is currently difficult to accurately quantify the risk factors applicable to these individuals. For example, many studies currently group nonbinary individuals with transgender individuals in their data. However, there is a 2019 study that links the cause of death to either a biological component or a behavioral component; it indicates that 80% of mortality can be explained through the latter. While this does not resolve the fact that mortality study is broken down by male/female, it may resolve some underwriting limitations where available data (defined as sex at birth, but really gender, as discussed above) is not providing underwriters with sufficient information. Additional questions regarding risk-taking behavior in an underwriting questionnaire (e.g., bungee jumping, sky diving, driving a motorcycle, smoking, etc.) may allow underwriters to cost individuals based on sex-distinct or unisex mortality tables, or a blend of the two based on behavior, like what is already done for smokers and nonsmokers.

In closing

As shown above, this is an evolving issue. However, there are still four actions you can take today:

1. **Be – and stay – informed.** This *FYI* has hopefully provided you with an overview of the impacts of gender identity on pension and benefit plans. Continue to follow developments in this area, so you are aware of changes that may impact your plans and/or practices (particularly for pension plans in Quebec).

2. **Gather information.** Review your current forms (new hire, plan enrollment, benefits selection, beneficiary designation, etc.), tools, and systems that request the “sex” (really gender) of employees/members and their dependants to see how they talk about sex and gender. Make changes to facilitate collection of gender identity information and ensure transgender and nonbinary individuals can select an option that best fits their experience.

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3. **Revise language.** In connection with your review, look at the language and terminology in the above materials, as well as policies, employee booklets, etc. to ensure that it is inclusive and not gendered.

4. **Talk to your insurer(s).** Ask your carrier(s) how individuals who identify as other than male or female are costed, as there is currently no standard approach. Work with carriers to ensure that changes to terminology etc. are reflected on their end as well. Also, consider adding gender affirmation coverage (available from many carriers) and/or increasing other coverage maximums (e.g., psychological/counselling) to meet the needs of transgender and nonbinary employees/members and dependants.

This *FYI* was prepared with the assistance of Karen DeBortoli, B.A., LL.B. (Principal, Director – Knowledge Resource Centre) at Buck and Farzeen Mawji National Practice Leader, Inclusion & Diversity) at Gallagher.

For more information on this topic, and its impact on your plan, members, and/or organization, talk to your Buck consultant or contact the Knowledge Resource Centre at talktocanada@buck.com or +1 866 355 6647 .

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