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## Immediate Vesting

Effective July 1, 2012, the Pension Benefits Act (PBA) is amended to provide for immediate vesting of pension benefits.

A member who terminates employment on or after July 1, 2012 is entitled to a deferred pension in accordance with new PBA sections 36(1) and 37(1).

Note that under a multi-employer pension plan or jointly sponsored pension plan, a member is deemed to have terminated employment upon termination of plan membership, in accordance with section 38(2) of the PBA.

### Questions and answers regarding immediate vesting:

**Q1. If an employee joined a pension plan on April 1, 2012 and terminated employment on July 31, 2012, is the member entitled to immediate vesting?**

**A1.** Yes, any member who terminates employment on or after July 1, 2012 is immediately vested. -06/2012

**Q2. If an employee joined a pension plan on April 1, 2012 and terminated employment on June 30, 2012, is the member entitled to immediate vesting?**

**A2.** No, a member who terminates employment before July 1, 2012 is not entitled to immediate vesting unless the pension plan provides for it. The member would be entitled to a refund of contributions, if any had been made, plus interest. -06/2012

**Q3. Does the new immediate vesting rule apply to pension benefits earned before January 1, 1987?**

**A3.** Yes. If a member terminates employment on or after July 1, 2012, all benefits earned by the member on or after January 1, 1965 will vest immediately. -06/2012

**Q4. Does the immediate vesting rule also apply to part-time employees who are members of a pension plan?**

**A4.** Yes, the immediate vesting rule applies to both full time and part time members who terminate employment on or after July 1, 2012. -06/2012

**Q5. An employee is waiting to join a pension plan because he or she has not yet satisfied the eligibility requirements for plan membership. Does the immediate vesting rule apply to this person?**

**A5.** Immediate vesting does not affect pension plan eligibility requirements. Immediate vesting only applies once the employee joins the pension plan. -06/2012

**Q6. Do the plan terms have to be amended to provide for immediate vesting?**

**A6:** The plan terms should be amended to reflect immediate vesting. However, as immediate vesting is a minimum legislative standard under the PBA, a member who terminates employment on or after July 1, 2012, is entitled to immediate vesting whether or not the plan terms have been amended. -06/2012