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## Full and Partial Wind Ups - Frequently Asked Questions

**Q1. I understand that partial wind ups have been eliminated. What does this mean and when did this take effect?**

**A1.** The Pension Benefits Act (PBA) was amended July 1, 2012 to eliminate any partial wind up with an effective date that is on or after July 1, 2012. A plan may still be wound up in part, if the effective date of the partial wind up is prior to July 1, 2012. The effective date of the partial wind up may be determined after July 1, 2012. The transition rules concerning partial wind ups can be found in sections 77.1 to 77.10 of the PBA. - 07/2016

**Q2. What is grow-in, and how does it affect the rights of members affected by a wind up (full or partial)?**

**A2.** Under section 74 of the Pension Benefits Act (PBA), a pension plan member is entitled to grow-in to certain benefits (referred to as 'grow-in benefits') if his or her pension plan provides defined benefits and he or she ceases to be a member in certain circumstances, including on the wind up of a pension plan. This includes plan members affected by a full wind up, or a partial wind up with an effective date prior to July 1, 2012.

Not all pension plans provide for enhanced or unreduced pensions prior to the normal retirement date under the pension plan. For those that do, grow-in rights entitle the eligible plan member to receive an enhanced or unreduced pension beginning on the date on which the member would have been entitled to such a pension if his or her employment or membership had continued to that date.

For a member to be eligible for grow-in benefits on plan wind up:

- he/she must be employed in Ontario at the time of wind up;
- his/her age plus years of continuous employment or membership in the pension plan at the effective date of wind up must equal at least fifty five (55); and
- he/she must not be a member of a Jointly-Sponsored Pension Plan (JSPP) or a Multi-Employer Pension Plan (MEPP) that has opted out of providing grow-in benefits.

For more information on grow-in benefits, please refer to [Questions and Answers on the New Grow-](#)

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**in Rules under Section 74 of the Pension Benefits Act.** - 07/2016

**Q3. On a partial wind up, does the Pension Benefits Act (PBA) require the plan administrator to purchase life annuities for members in the partial wind up group who are receiving pension payments or who chose or are deemed to have chosen an immediate or deferred pension?**

**A3.** No. Effective July 1, 2012, the Pension Benefits Act (PBA) does not require the pension plan administrator to purchase annuities for members in the partial wind up group who are receiving pension payments or who chose or are deemed to have chosen an immediate or deferred pension as part of a partial wind up.

However, the plan administrator may still purchase annuities in conjunction with the partial wind up if it determines it is prudent to do so.

Please also note, eligible members affected by a partial wind up retain the right to require the transfer of the commuted value of their pension benefit to an insurance company for the purchase of a life annuity under section 42(1)(c) of the PBA. In this case, the administrator is required to purchase annuities for such members. The amount of the annuity purchased in these circumstances would be that which can be purchased from the insurer with the commuted value, not necessarily the amount defined under the pension plan. - 07/2016

**Q4. What happens to the pension benefits if the plan administrator does not choose to purchase life annuities for members in the partial wind up group who are receiving pension payments or who chose or are deemed to have chosen an immediate or deferred pension?**

**A4.** If the plan administrator does not purchase life annuities for members affected by the partial wind up who elected or are deemed to have elected a pension or a deferred pension, the liabilities and supporting assets for this group will be transferred to the on-going portion of the pension plan. Affected members already in receipt of pension payments prior to the transfer will continue to receive pension payments from the pension fund. Affected members with a deferred pension will also receive pension payments from the pension fund when they retire.

Administrators who transfer the liabilities and supporting assets for a partial wind up group to the ongoing portion of the plan, should refer to FSCO's policy on [Distribution of Benefits on Partial Wind Up Where Immediate or Deferred Pensions are Not Purchased](#), for more information. - 07/2016

**Q5. Will affected members remain entitled to any surplus related to the partial wind up if the immediate or deferred pensions are transferred to the on-going portion of the plan?**

**A5.** Yes. If any surplus is to be paid to the members affected by the partial wind up, all affected members including retired and former members will be entitled to a portion of that surplus, regardless of what options they have chosen in respect of their pension benefits. - 07/2016

**Q6. Must annuities be purchased for pension plan members affected by a full wind up?**

**A6.** Yes. Since the pension plan will not be continuing on a full wind up of the plan, a plan administrator must purchase life annuities for retired members and for members entitled to a deferred pension who have not elected to transfer the value of the pension out of the plan. - 03/2010


**Q7. I was in a partial plan wind up and chose to leave my pension in the plan. Will I be entitled to any ad hoc increases or other retired members' benefits provided by the company?**

**A7.** Any entitlement to an ad hoc pension increase or other retired members' benefits is at the discretion of the company. - 03/2010

**Q8. I administer a pension plan that is being wound up. The plan has an active member affected by the wind up who has requested section 42(1) portability rights under section 73(2) of the Pension Benefits Act (PBA). The member is past the normal retirement age and is entitled to receive an immediate pension. Is my plan required to provide this member with portability rights under section 73(2)? Would the answer be the same for a partial wind up?**

**A8.** Yes. In a wind up situation, section 73(2) of the Pension Benefits Act (PBA) provides that all members, regardless of age, are entitled to section 42(1) portability rights except those actually in receipt of a pension on the effective date of the wind up. The answer would be the same for a partial wind up situation. - 07/2016

More information:

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**[FSCO Policies on Wind Up of a Pension Plan](#)**