



You are here: [Home](#) > [Pensions](#) > [Legislation: Act & Regulations](#) > Immediate Vesting

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FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

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

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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

[Back to top](#)

Page: **3,000** | [Find Page:](#)

