Guidance

Title	Vested Benefits Payable to Terminating Employees
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Paragraph 17(1)(a) of the *Pension Benefits Standards Act, 1985* (PBSA) requires vesting of deferred pension benefits payable at pensionable age. A "pension benefit" is defined in the PBSA as a periodic amount to which a member is or may become entitled. "Pensionable age" is the earliest age at which an unreduced pension benefit is payable to a member under the terms of the pension plan without the consent of the administrator. Pensionable age varies from plan to plan and can be expressed as a specific age or a number of years of service or a combination of both.

If a pension benefit is payable under the terms of the plan upon reaching pensionable age, and if a vested terminating member has met the years of service requirement (if any), then the benefit must be provided to that terminating member. If there is no service component in the plan's pensionable age, then all terminating vested members are entitled to any benefit payable at pensionable age in accordance with paragraph 17(1)(a) of the PBSA. All members are assumed to grow into any minimum age requirement.

OSFI considers indexing and bridge benefits payable at pensionable age to be part of the member's periodic amount and, therefore, payable to a member or former member at pensionable age in accordance with paragraph 17(1)(a) of the PBSA.

Subsection 16(2) of the PBSA provides that members and former members are eligible to receive early retirement benefits ten years before pensionable age.

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