



SECTION: Membership
INDEX NO.: M100-500
TITLE: Mandatory vs Voluntary - PBA, 1987 c. 10(1)2, s. 26
PUBLISHED: Bulletin 1/2 (May 1990)
EFFECTIVE DATE: When Published [No longer applicable - replaced by M100-502 - March 2012]

Taken from the "Your Questions Answered" column published in the PCO Bulletin. Please see the disclaimer at the beginning of the directory.

Note: Due to legislative changes, the references to clause 10(1)2 and section 26 of the PBA, 1987 should now read clause 10(1)2, and section 25 respectively, of the PBA, R.S.O. 1990.

Is it mandatory that employees be members of the pension plan?

When a company establishes a pension plan, clause 10(1)2 of the Pension Benefits Act, 1987 (the "PBA") requires that the plan documents set out the conditions for membership. The plan can be established to make it either mandatory or voluntary for all employees to be members.

In the case of mandatory membership: it is mandatory for all employees in the class of employees for whom the plan is established - an individual employee does not have a choice of voluntary membership that the other employees do not have. Section 26 of the PBA, 1987 requires that the Administrator give the employees, in writing, an explanation of the plan and the rights/obligations that come with being members.

In the case of a voluntary plan: the employee can decide whether or not to join after having received from the Administrator all relevant information. It should be noted, however, that in a pension plan with voluntary membership, once a full-time employee has met any requirements for membership and chooses not to become a member he must still be permitted to become a member of the plan should he change his decision in the future.

Part-time employees may have to requalify should they defer joining. For information on voluntary suspension of membership, see "Commonly Asked Questions" in the *PCO Bulletin*, February 1990 issue, page 6 (index no. M100-700).