

2026 Ontario Budget: Select Pension Measures

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On March 26, 2026, the Ontario government tabled its [2026 budget](#) (2026 Budget), which included a number of provisions related to pensions.

The following is an overview of the key pension provisions in the 2026 Budget and its accompanying *Bill 97, Plan to Protect Ontario Act (Budget Measures), 2026* (2026 Budget Bill), discussed in further detail below:

- [Doubling the Pension Benefits Guarantee Fund \(PBGF\) Guarantee Limit](#)
- [Consultations on Regulations to Eliminate Certain PBGF Premiums](#)
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Doubling the PBGF Guarantee Limit

The 2026 Budget and accompanying 2026 Budget Bill propose doubling the guarantee limit under the PBGF for eligible pension payments from C\$1,500 per month to C\$3,000 if the date of the wind-up is on or after March 26, 2026. The PBGF is a fund that protects beneficiaries of Ontario single-employer defined benefit pension plans (DB SEPPs) in the event of employer bankruptcy or insolvency where plan assets are insufficient to fully cover accrued pension payments. The PBGF guarantees monthly pension benefits payable up to a specified maximum. It is funded by employers who sponsor DB SEPPs (and who are not otherwise exempted under the PBA from PBGF coverage), who are required to make contributions set out in the PBA and its regulations.

The change is proposed to be effective on the day the 2026 Budget Bill receives Royal Assent.

Consultations on Regulations to Eliminate Certain PBGF Premiums

In tandem with the proposed increases to PBGF guarantee thresholds, the 2026 Budget also announced that the government will consult on regulations to assist with the consolidation of public and private-sector employers' pension plans into jointly sponsored pension plans (JSPPs). This would be achieved through the elimination of PBGF premiums paid by sponsors of DB SEPPs during the period after the applicable plan beneficiaries have consented to the consolidation with the JSPP but before regulatory approval for the consolidation is obtained.

Proposed Legislation for Variable Life Benefits

The 2026 Budget and accompanying 2026 Budget Bill propose legislation that amends the PBA to enable defined contribution pension plans or plans with additional voluntary contributions to offer Variable Life Benefits (VLBs). Such amendments include:

- Required characteristics of a pension benefit that is a VLB
- Requirements for who can transfer and what amounts can be transferred to a VLB fund established within the pension fund, along with other transfer requirements
- Providing for a death benefit payable to a designated beneficiary in respect of VLBs
- Rules permitting the partial wind-up of the part of pension plans that provide VLBs
- Other consequential amendments to the PBA in respect of VLBs

The 2026 Budget notes that enabling regulations would be required before pension plans in Ontario could offer VLBs, and proposed regulations would be informed by consultations that are planned for later this year. It also notes that the government is targeting January 1, 2027, for the date that eligible pension plans could begin to offer VLBs.

Expanded Unlocking Provisions

The 2026 Budget proposes expanding unlocking provisions to allow holders of locked-in accounts who have reached early retirement age under the terms of their pension plan to fully unlock their funds. This would also be permitted for locked-in account holders under age 55 where their total locked-in balances are below a prescribed amount, which would be set at C\$29,840 in 2026, and indexed annually. For reference, when a member leaves a pension plan before reaching early retirement age (and in some cases later), they can transfer the commuted value of their entitlement to a locked-in account offered by a financial institution.

Discharge Procedure for Certain Unlocatable Plan Members

The 2026 Budget and accompanying 2026 Budget Bill propose legislation to allow for the discharge of pension plan administrators in respect of certain unlocatable pension plan members. The proposed legislation amends the PBA to allow pension plan administrators to apply to the Financial Services Regulatory Authority of Ontario (FSRA) for a discharge in respect of unlocatable former members, retired members or other persons entitled to benefits under the plan who are (or would be, if still living) aged 100 and above. To receive this discharge, administrators would be required to conduct additional searches for such unlocatable persons and be subject to a prescribed waiting period. Following the discharge, the unlocatable member ceases to be a former member or retired member and ceases to be entitled to any rights or benefits under the pension plan and the PBA (even if those rights or benefits accrued before the discharge date). The proposed legislation provides that amounts related to such members' defined contribution benefits may be reallocated in a prescribed manner and amounts related to defined benefits or target benefits are to remain in the pension fund to be used for purposes of the pension plan or the pension fund.

Technical Amendments to the PBA

The 2026 Budget and accompanying 2026 Budget Bill propose legislation to clarify the application of the conversion framework from a single-employer pension plan that provides defined contribution benefits, or that provides defined contribution benefits and provides for the payment of variable benefits, to a JSPP, that were introduced in *Bill 68, Plan to Protect Ontario Act (Budget Measures), 2025 (No. 2)*.

For further information, please contact any member of our [Pension, Benefits & Executive Compensation](#) group.

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