

STEPUP

Sales Tax Estate Planning Underwriting & Product Newsletter

Unlocking Locked-in Pension Accounts

Unlocking of pension entitlements is possible under certain circumstances. Some pension plans are regulated federally, and some are regulated by the province. Industries whose pension plans are regulated federally include aviation and airlines, banks, broadcasting and telecommunications, interprovincial transportation, marine navigation and shipping, and railways. The main objective of pensions benefits legislation (the act) is to protect employees' rights to the benefits that are promised under private pension plans.

The plan administrator must give members a termination statement containing specific information about your entitlements under the pension plan (including the transfer options described below) within 30 days of ceasing membership (e.g. termination of employment). The member then has 60 days to let the plan administrator know which option (if any) has been chosen. After the member provides the plan administrator with all the necessary documentation, the administrator processes the benefit according to the option chosen.

Contact the regulator of your pension plan to determine what you can do with your registered plan. Don't rely solely on information from your financial institution. Some provinces allow the "unlocking" of all or a portion of a Locked-in Retirement Account (LIRA), a Locked-in Income Fund (LIF) or Locked-in Retirement Income Fund (LRIF) under certain circumstances. Some of the circumstances include:

- small balances in the account, under a specified threshold amount
- becoming non-resident of Canada
- shortened life expectancy
- financial hardship
- spousal or child maintenance enforcement orders

Withdrawing money from a locked-in account may affect eligibility for certain government benefits, like social assistance. Some provinces allow the "unlocking" of all or a portion of a locked-in account without the above restrictions. For detailed information by province, follow the links in the table starting on the next page.



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Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He has provided 1000s of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As an accredited Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

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Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
Federal	Office of Superintendent of Financial Institutions (OSFI) - Pension Plans Section -Private pension plans under federal jurisdiction	Pension Benefits Standards Act, 1985 (PBSA)	<p>1. Small balance: Individuals 55+ with LIF holdings < 50% of YMPE able to wind up accounts with option to convert to tax-deferred savings vehicle, (RRSP , RRIF)</p> <p>2. Individuals 55+: entitled to one-time conversion < 50% of LIF holdings into tax-deferred savings vehicle with no maximum withdrawal limits</p> <p>3. Financial hardship: All who face financial hardship (low income, high disability or medical-related costs) able to unlock < 50% of YMPE each year</p> <p>Threshold in #'s 1 and 3 will change yearly as YMPE changes. See CPP/EI page for YMPE</p> <p>Other exceptions: If plan permits, may unlock when employment terminated:</p> <ul style="list-style-type: none"> • and amount of annual pension that would be payable to member at pensionable age is small (< 4% of the Year's Maximum Pensionable Earnings (YMPE) in year that employment ceases) or if shortened life expectancy <p>Non-residency: If cease to be resident of Canada for > 2 calendar years and have ceased employment with the employer. Considered resident of Canada throughout calendar year if stayed in Canada for 183+ days in the year.</p> <p>For more information about declaration of Non-Residency as required by CRA, please follow link www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/determining-your-residency-status.</p>
	Regulator	Legislation	Unlocking Summary
AB	Alberta Finance - Pensions Alberta Pensions Administration (APA) Corporation Alberta Treasury Board and Finance	Employment Pension Plans Act (EPPA), Regulations and Updates	<p>Unlocking <50% of value of pension plan benefit or locked-in account (Schedule 1.1 of the Regulation re: pension plans and LIRAs)</p> <p>Alberta public sector plans (the Public Service, Teachers, Management, Employees, Local Authorities, Special Forces, Provincial Court Judges and MLA Pension Plans) not subject to the Act, but any money transferred from them must be locked-in under the rules of the Act</p> <p>Available if person age 50+ and is either:</p> <p>a) withdrawing funds from pension plan due to termination, retirement, death or divorce and moving them to LIF, annuity, or Defined Contribution Retirement Income Account (DC RIA), or</p> <p>b) an original owner of LIRA or survivor pension partner of LIRA owner, or non-member pension partner owner of LIRA resulting from marriage breakdown division of benefit entitlement, and moving funds to LIF, annuity, or DC RIA</p>

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
AB (cont)			<p>May unlock if:</p> <p>person's funds are in pension plan or LIRA when about to transfer money out of pension plan or LIRA to LIF, life annuity or DC RIA</p> <p>unlocked amount may be paid in cash or transferred to that person's RRSP or RRIF, at option of account owner</p> <p>May not unlock if:</p> <ol style="list-style-type: none"> 1. member is receiving pension from the plan, or if plan does not allow member to transfer money out of plan <ul style="list-style-type: none"> • Under Employment Pension Plans Act, DB pension plans can restrict portability to people who are within ten years of normal retirement age. Only option available is to receive monthly pension from plan 2. Person already has funds in a LIF <ul style="list-style-type: none"> • No funds in LIF / Annuity / DC RIA may be unlocked <p>Amended LIF provisions (new LIF)</p> <p>NB. 50% unlocking option applies separately from amended LIF provisions. After November 1, 2006, 50% unlocking option must be offered any time LIF account is created regardless of whether or not that LIF is a new LIF</p> <p>Eligible funds</p> <ol style="list-style-type: none"> 1. Only funds subject to Alberta law (the Employment Pension Plans Act and Regulation). 2. Person who earned the money in their pension plan must have been working in Alberta just before employment terminated, retired, died or divorced 3. People who worked for Alberta public employers whose pension plans require locking-in under EPPA eligible for unlocking once funds moved to LIRA 4. If working in other provinces; federal, civil, military or police employees; and employees in federally regulated industries (banking, shipping, telecommunications, and inter-provincial transportation) not eligible

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	Regulator	Legislation	Unlocking Summary
AB (cont)			<p>Married or common-law spouse:</p> <p>Unlocking only if pension partner consents by signing waiver giving up entitlement to survivor pension. Pension partner includes same-sex partner See www.alberta.ca/pensions-forms.aspx</p> <p>3 yr. rule for cohabitation or separation</p> <p>Pension partner does not include new spouse/partner after death of previous partner or after marriage breakdown</p> <p>Consent must be signed in presence of adult witness and not in presence of owner</p> <p>No waiver required if account owner choosing unlocking has no pension partner or is a surviving pension partner, or ex-spouse of plan member</p> <p>Other Important Provisions of 50% Unlocking</p> <ul style="list-style-type: none"> • If person chooses to start LIF, must be offered option to unlock < 50% of locked in funds at the time the LIF is established • Once LIF established, cannot go back into a LIRA • If 50% unlocking option not used when first available, cannot request later • May withdraw < 50% of locked in funds but must be made at one time. If unlock < 50% cannot request balance up to 50% later • If funds in LIRA and person age 50+, then 50% unlocking available whenever pension “turned on” <p>Small amounts:</p> <ol style="list-style-type: none"> 1. If plan value <20% of YMPE, may unlock account regardless of age on any single LIRA or LIF. No special forms required. 2. For owners age 65+ on date of unlocking request, may unlock plan if value <40% of the YMPE (\$23,480 in 2020) <p>Financial Hardship effective Sept. 1, 2014 (financial institutions now responsible)</p> <p>Application details:</p> <p>Only owner can apply</p> <p>Same one used for all types of financial hardship unlocking.</p> <p>Application must be made on Superintendent approved form for year in which application is made.</p> <p>Date the completed application with all required documentation is received is date submitted.</p> <p>Owner may apply for more than one reason/category on same form</p> <p>One application per category per calendar year</p> <p>Cannot be dated >90 days before financial institution receives completed application</p> <p>Must be signed in presence of adult witness</p>

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	Regulator	Legislation	Unlocking Summary
AB (cont)			<p>Monies released no longer exempt from execution, seizure or attachment. Creditors may seize funds once released to Owner. If creditor wants to seize funds when application is approved but before paid to Owner, refer file to Financial Institution Legal Services.</p> <p>no minimum withdrawal amount prescribed</p> <p>Amount of withdrawal applied for is net of withholding tax and any applicable fees or charges. Withdrawal amount must be grossed up to cover withholding tax or any fees and charges. Withholding tax determined based on gross withdrawal amount and residence of owner at time of withdrawal. Applicable fees or charges determined based upon plan provisions from which monies being withdrawn.</p> <p>Maximum withdrawals allowed:</p> <p>Low income: (<\$39,133 in next 12 months (2020))</p> <p>lesser of (a) 50% of the Year's Maximum Pensionable Earnings (YMPE) in year application is being signed, or (b) amount calculated using formula, A – B in which, "A" is 50% of YMPE for year in which application is signed, and "B" is 75% of owner's expected total income from all sources, before taxes, for 12 months after date on which application is signed, (\$29,350 in 2020)</p> <p>or surrender value of policy/contract.</p> <p>Foreclosure: total amount of payments that are in default (amount required to rectify the default) plus associated legal fees</p> <p>or surrender value of policy/contract.</p> <p>Eviction: amount required to pay arrears in rent,</p> <p>or surrender value of policy/contract</p> <p>First month's rent and security deposit: amount required to pay first month's rent plus security deposit,</p> <p>or surrender value of the policy/contract.</p> <p>Medical costs: total of amount required to pay medical expenses incurred (and not already released in previous year) and to be incurred in 1 year period following date on which application is signed,</p> <p>or surrender value of policy/contract.</p> <p>Forms available only from Alberta Treasury Board and Finance web site at alberta.ca/treasury-board-and-finance.aspx. annually.</p> <p>If a person who is the owner of the account that is certified by a medical practitioner to be terminal or to likely shorten the person's life considerably, the person may, subject to and in accordance with the regulations, withdraw all or part of the money held in the account by way of a lump sum payment, or a series of payments for a fixed term, to that person;</p> <p>Non-residency</p> <p>If CRA determines owner or their surviving partner to be non-resident of Canada for tax purposes under the Income Tax Act, confirmed in writing, then owner or surviving partner may apply to unlock LIRA or LIF. Need to provide pension plan or financial institution copy of CRA letter and unlocking request form signed by pension partner</p>

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
BC	Financial Institutions Commission - Pensions Department Public sector pension plans - British Columbia Pension Corporation	Pension Benefits Standards Act [RSBC 1996] (PBSA) Pension Benefits Standards Act [SBC 2012] Bill 38 - 2012 Pension Benefits Standards Act BCFSAs web page on LIRA and LIF rules	<p>PBSA locking-in rules do not apply to LIRA LIFs and containing pension money:</p> <ol style="list-style-type: none"> 1. Transferred out of pension plan prior to 1993, or pension money transferred out after 1992 if relating to service before 1993. Locking-in Rules for these types of situations determined by rules of pension plan from which money originally transferred 2. If money transferred out of pension plan because person terminated employment while working in another province. PBSA provisions and Regulation governing RRSPs and LIFs apply only to persons who terminated employment in BC. Determination of which province's pension laws apply to locked-in pension money determined by which province person was working in when employment terminated vs. location of institution holding the money, person's subsequent place of residence, or where pension plan is registered (unless federally registered) 3. If money came from pension plan covering federal public sector employees, or plan covering private sector employees working in federally regulated industries or jurisdictions, and registered with O.S.F.I. <p>PBSA entitles person:</p> <p>Age 65+ to unlock their pension entitlements if value of any of LIRAs or LIFs they own is less than 40% of Year's Maximum Pensionable Earnings ("YMPE") under Canada Pension Plan (\$23,480 in 2020).</p> <p>A LIRA or LIF:</p> <p>Small amounts holding a total value not exceeding 20% of Year's Maximum Pensionable Earnings ("YMPE") under Canada Pension Plan may be released from locking-in conditions imposed by Pension Benefits Standards Act and Regulation. Threshold amount \$11,740 (2020).</p> <p>If pension money is under BC jurisdiction, must be administered according to PBSA provisions received seizure notice.</p>

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
BC (cont)			<p>Commutation for Shortened Life Expectancy</p> <p>unlock lump sum or series of payments from RRSP or LIF due to disability or terminal illness likely to considerably shorten person's life. No age limit. Owner must provide certification from physician that disability or illness likely to considerably shorten life. If person has a spouse, commutation can only be completed if spouse waives entitlements via completion of waiver in proper manner and copy filed with relevant financial institution</p> <p>Financial Hardship</p> <p>If LIRA or LIF owner has spouse and LIRA or LIF holds funds transferred from owner's pension plan, financial hardship unlocking can only be completed if spouse waives entitlements through completion of Form 1, in the proper manner, and copy filed with relevant financial institution. and a copy is filed with the relevant financial institution.</p> <p>Only one application for a withdrawal may be made in any calendar year</p> <ol style="list-style-type: none"> 1. You or pension partner risk eviction from principal residence due to overdue rent, or received seizure notice 2. You or pension partner risk foreclosure of mortgage on r principal residence due to a debt secured against that residence 3. You or pension partner requires first and last month's rent (or security deposit) on a principal residence. 4. You, pension partner or dependant face medical expenses not covered by any insurance, and physician certifies that treatment, medication or medical aid is reasonable to treat illness or disability 5. Your estimated income for next 12 months < 2/3 of Year's Maximum Pensionable Earnings (YMPE). (<\$58,700 for 2020) 6. CRA has started legal proceedings against you to pay overdue personal income taxes 7. You or pension partner are registered debtor under Provincial Maintenance Enforcement Act and child maintenance payments in arrears <p>Application to unlock Alberta funds due to financial hardship (Form 23) (cfr.forms.gouv.ab.ca/Form/FSRP0023.pdf)</p> <p>Non-residents of Canada</p> <p>In order to commute pension entitlement under this provision, LIRA or LIF owner must provide each financial institution with:</p> <ol style="list-style-type: none"> 1. Written evidence that Canada Revenue Agency has determined the person to be nonresident of Canada for tax purposes. 2. Statement signed by owner that they have been absent from Canada for 2+ years

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	Regulator	Legislation	Unlocking Summary
MB	Manitoba Pension Commission	Pension Benefits Act and Regulation: Policy Bulletin #4	<p>Financial hardship not cause for providing locked-in funds in a lump sum.</p> <p>Shortened life expectancy If pension plan permits, all or any part of money locked into pension or funds in LIRA or LIF may be withdrawn in lump sum or moved to an RRSP or RRIF if permitted by tax law. Need medical doctor to certify, in writing, that holder has considerably shortened life expectancy to 2 years</p> <p>Small amounts May unlock and receive lump sum pension if amount meets "small amount" definition in the act and pension plan membership ends If "small amount" held in LIRA or LIF, can be paid in lump sum Funds of an owner's LIRA or LIF is considered a "small amount" if the total of <ul style="list-style-type: none"> (a) the balances of all of the owner's LIRAs and LIFs; and (b) if the owner is less than 65 years old, interest on those balances, calculated and compounded annually at the rate of 6% per annum from December 31 of the year in which the application is filed to the end of the year in which the owner turns 65 years of age; is less than 40% of the YMPE for the year in which the owner applied for the withdrawal. </p> <p>Non-residents of Canada who have had that status for at least two years may withdraw lump sum from pension plan or locked-in RRSP, LIRA or LIF with written confirmation from the Canada Revenue Agency that the applicant is a non-resident of Canada. Proof of non-residency, Form NR73 - Determination of residency status</p> <p>Unlocking < 50% of funds</p> <ul style="list-style-type: none"> • Age 55+ may unlock 50% of pension funds if plan permits or if funds in LIF • one-time transfer < 50% of LIF or pension funds to a prescribed RRIF • prescribed RRIF same as RRIF but subject to certain rules under province's pension act and regulations. Funds in prescribed RRIF not locked in. (See Bulletin #3 for information on unlocking 50% of funds)

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
NB	Financial and Consumer Services Commission	Pension Benefits Act (pdf) Regulation 91-195 Under the Pension Benefits Act (pdf)	<p>Small Amount</p> <p>Possible if at least age 65 and the value of the plan is less than 40% of YMPE; or if less than age 65 and the value of the plan is less than 40% of YMPE divided by 1.06 for each year before age 65 (age 60 = \$17,546 (2020)). Pension Adjustment amount must = 0 for two years prior to application.</p> <p>Reduced life expectancy</p> <p>Owner of standard contract or member of pension plan may withdraw balance of money on account, in whole or in part, and receive payment or series of payments if a physician certifies in writing to financial institution that is party to contract or administrator of pension plan that owner or member suffers from a significant physical or mental disability that considerably reduces life expectancy. Physician must use bolded wording in order to comply with subsection 33(2) of the Pension Benefits Act and subparagraph 21(2)(d) regulation 91-195</p> <ul style="list-style-type: none"> • If the owner has a spouse or common-law partner, the owner delivers to the financial institution a waiver completed by the spouse or common law partner in Form 3.01; • Money must be transferred to ordinary RRIF that is not locked-in • Unlocking limited to one transfer during owner's lifetime. May occur at any time during calendar year • Amount to be unlocked based on fund amount at beginning of fund's fiscal year • One lump sum lifetime withdrawal = 3 times maximum annual withdrawal with respect to current year and may not exceed 25% of LIF balance. This is in addition to annual withdrawal Form 3.6 and Form 3.7 (Consent of Spouse or Common-Law Partner to Withdraw from a Locked-in Retirement Account, if applicable) <p>Non-residents of Canada</p> <p>may withdraw balance of money in pension plan, LIRA or LIF if meet all 3 of the following criteria:</p> <ul style="list-style-type: none"> • Neither you nor spouse or common-law partner are Canadian citizens • Neither you nor spouse or common-law partner are residents of Canada • Spouse or common-law partner (if applicable) signs spousal or common-law partner waiver (Form 3.5)

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
NL-LAB	Government Services - Pensions Pensions Administration Division (Public Service Pensions)	Pension Benefits Act and Regulations	<p>Lump sum unlocking Lump sum payment equal to value of entire contract on application by owner to financial institution for payment available if, at time that owner signs application, the following conditions are met:</p> <ul style="list-style-type: none"> a) value of all assets in all LIFs, LRIFs and LIRAs owned by individual and governed by Newfoundland pension benefits legislation < 10% of year's maximum pensionable earnings under CPP for that calendar year; or b) i) owner has reached earlier of age 55 or earliest date on which owner would have been entitled to receive pension benefit under the plan from which money was transferred, and ii) value of owner's assets in all LIFs, LRIFs and LIRAs governed by NFLD pension benefits legislation <40% of year's maximum pensionable earnings under CPP for that calendar year <p>Application for payment under Directive No. 4 shall be</p> <ul style="list-style-type: none"> a) on form approved by Superintendent, and b) accompanied by waiver by principal beneficiary of former member of a pension plan of joint and survivor pension entitlement, in form and manner required by Superintendent <p>Where commuted value of pension benefit transferred to LIRA was determined in manner that did not differentiate on basis of sex, then immediate or deferred life annuity purchased with funds in the arrangement shall not differentiate on basis of sex of recipient</p> <p>Where LIRA results from transfer of commuted value of pension benefit, arrangement shall contain statement as to whether commuted value was determined on basis that differentiated on basis of sex</p>

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
NL-LAB (cont)	Government Services - Pensions Pensions Administration Division (Public Service Pensions)	Pension Benefits Act and Regulations	<p>Effective, Mar 1, 2021, members allowed to unlock funds from LIRA, LIF and LRIF if:</p> <ul style="list-style-type: none"> • they face financial hardship. • legislation excludes people paying into pensions or receiving pension benefits. Public-sector pensions and teachers' pensions subject to other Acts. <p>Financial hardship</p> <ol style="list-style-type: none"> 1. Low income 2. Medical expenses incurred by account owner, spouse or dependent 3. Disability-related expenses incurred by account owner, spouse or dependent 4. Default of mortgage payments on principal residence 5. Rental arrears on account holder or spouse's principal residence 6. First month's rent and security deposit for account owner and spouse <ul style="list-style-type: none"> • unlocking amount determined through formula and income not exceeding 2/3 of YMPE (\$41,063 for 2021); subtract 75% of person's expected income from 50% of YMPE for year of withdrawal. • unlocking permitted once per year and requires spousal approval with provisions similar to BC, AB, NS and ON. <p>Non-resident of Canada</p> <ul style="list-style-type: none"> • may withdraw full amount if person has resided outside Canada for at least two consecutive calendar years and provides prescribed documentation, including spousal waiver if applicable

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
NS	Nova Scotia Pension Regulation Division Public sector pension plans - Nova Scotia Pension Agency	Pesion Benefits Act and Regulations	<p>Small amounts of pension benefits need not be locked in. Determined by plan administrator. Pension Benefits Act permits unlocking if benefit meets certain criteria. complete Form 11 may withdraw money at age 65 if amount of total assets at that age is small. Refer to locking-in for further information.</p> <ul style="list-style-type: none"> • Age 65+ <p>May unlock locked-in pension funds if sum of entitlements in every LIRA, LIF or defined contribution pension plan subject to pension legislation < 50% of year's maximum pensionable earnings under Canada Pension Plan. (In 2020 = amounts under \$29,350) Qualifiers under this provision may transfer money to RRSP or receive it as cash lump sum. Complete Form 10.</p> <ul style="list-style-type: none"> • Considerably Shortened Life Expectancy <p>LIRA or LIF may contain provision allowing for lump sum withdrawal due to shortened life expectancy. Physician must certify life expectancy likely to be shortened considerably due to mental or physical disability. Complete Form 11-6A2 Physician's Statement</p> <ul style="list-style-type: none"> • Financial Hardship <p>Following circumstances to apply under financial hardship: (a) mortgage default circumstance: owner or owner's spouse received written demand for payment from creditor which threatens eviction if debt no paid. (b) medical or dental expenses of owner, owner's spouse or a dependant has incurred or will incur medical expenses not covered by any other program; (c) rental arrears: owner or spouse received written demand from landlord regarding principal residence, and could face eviction if rent not paid; (d) reduced income circumstance: owner's anticipated total income from all sources before taxes for 12-month period immediately following signing date < 66 2/3% of YMPE for the year in which application is signed. To make an application under this provision, complete Form 12: " Application to withdraw Money based on Financial Hardship" following the Instructions for completing the form.</p> <ul style="list-style-type: none"> • Non-resident <p>An owner may apply to withdraw all or part of the money in their LIRA or LIF because they are no longer a resident of Canada if on the date the owner signs the application, they are a non-resident of Canada as determined by the CRA for the purposes of the ITA and the application is made 24 months or later after the date they departed from Canada</p>

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	Regulator	Legislation	Unlocking Summary
ON	<p>Financial Services Commission of Ontario</p> <p>FSRA actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs</p>	<p>Pension Benefits Act and Regulations</p>	<p>Special access has been expanded and applications can be made based on one or more of the following:</p> <p>Non-hardship:</p> <ol style="list-style-type: none"> 1. life expectancy shortened to < 2 years may withdraw up to total amount in Ontario locked-in account. Must include statement signed by physician licensed to practice medicine in a jurisdiction in Canada. - Form 5 2. owner is age 55+ and total value of funds in all of locked-in accounts < 40% of the YMPE (\$23,480 in 2020) - Form 5 3. amounts transferred into locked-in account exceed federal Income Tax Act limits - Form 5 4. owner has been non-resident of Canada for 24 months since departure date from Canada and applying to withdraw all money from Ontario locked-in account- Form 5 5. money transferred into Ontario LIF governed by requirements of Schedule 1.1 and, within 60 days of transfer, withdraw or transfer up to 50% of total money transferred to Schedule 1.1 LIF - Form 5.2 6. non-residents of Canada, as determined by CRA for purpose of federal Income Tax Act, may apply to unlock and withdraw money in accounts 2 years after departure from Canada 7. 50% withdrawal or transfer applies to each individual transfer of money into New LIF from LIRA, LRIF, Old LIF or pension plan. New LIF owner can apply to financial institution to withdraw or transfer < 50% of amount transferred into New LIF 60 days from date of last assets transferred if part of same transfer request. Need separate application for each withdrawal or transfer 8. retired members of Ontario regulated defined contribution plans offering variable benefits may transfer ≤ 50% of amount transferred to variable benefit account at time it was established to unlocked registered savings arrangement within 60 days of establishing variable benefit account. Spouse's consent required to establish variable benefit account <p>Financial hardship:</p> <ol style="list-style-type: none"> 1. low income: expected total income must be ≤ \$39,133.00 (2/3 of the 2020 YMPE), to qualify to withdraw money from locked-in account under this part. (Form FHU 4) 2. arrears of payment of rent or secured debt (mortgage) on any property that is or was your principal residence (Form FHU 2) 3. money needed for first and last months' rent for a principal residence (Form FHU 3) 4. money needed for medical expenses for owner, spouse, any dependants. Medical expenses claimed not covered any other source. Doctor's letter attesting to necessity of treatment already paid for or future expense (Form FHU 1)

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	Regulator	Legislation	Unlocking Summary
ON (cont)			<p>5. Medical expenses include expenses incurred or to be incurred for renovations or alterations to the owner's or dependant's principal residence and any additional expenses actually incurred in the construction of a principal residence, made necessary by the illness or physical disability of the owner, the owner's spouse, or a dependant of the owner or the owner's spouse.</p> <p>Doctor's letter required attesting to need for work. (Form FHU 1)</p> <p>New forms issued by FSCO annually. Applications must be made on form for year in which application is made and received by financial institution that same year.</p> <p>Minimum withdrawal amount is \$500.00. If owner requests withdrawal of < \$500.00 or if maximum amount calculated < \$500.00, then not eligible and application must be refused.</p> <p>Expectation that some of plan owner's assets be used to deal with hardship and value deducted from amount requested from LIRA, LIF, LRIF. If money needed for spouse or dependant's then same rules apply. Also need to withdraw >\$500. Exceptions include:</p> <ul style="list-style-type: none"> • principal residence, personally operated business (<\$50,000), motor vehicles, essential tools of trade, personal items like clothing and jewellery <p>Financial Hardship unlocking fees waived on financial hardship unlocking applications</p> <p>For all unlocking exceptions where spouse's consent required, signed consent must be included and obtained < 60 days before financial institution receives completed application.</p> <p>Withdrawals may affect eligibility for certain government benefits like social assistance</p> <p>Form FHU 1 - Application for medical expenses, including renovations to a principal residence for medical reasons;</p> <p>Form FHU 2 - Application for arrears of rent or secured debt (mortgage) on a principal residence;</p> <p>Form FHU 3 - Application for first and last months' rent for a principal residence; and</p> <p>Form FHU 4 - Application for low expected income</p> <p>New forms issued by FSCO annually. Applications must be made on form for year in which application is made and received by financial institution that same year.</p> <p>Other exceptions:</p> <ul style="list-style-type: none"> • may transfer money in locked-in account directly to unlocked account upon: <ul style="list-style-type: none"> • death of owner, or • the value of all assets held by an owner age 55 or older in all of the owner's Ontario locked-in accounts is < 40% of the YMPE for the calendar year in which the application is made (\$23,480 in 2020).

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
PEI	Public Service Commission		On November 21, 2012, Prince Edward Island Bill 12, the Pension Benefits Act, was introduced in the legislature but no legislation is currently in force.
QC	Quebec Retirement Portal Supplemental Pension Plans		<p>Age 65+: can withdraw entire amount in locked-in retirement account (LIRA) or life income fund (LIF) provided that total amount accumulated in retirement savings instruments mentioned below < 40% of maximum pensionable earnings under the Québec Pension Plan for year of application (\$23,480 in 2020)</p> <p>Savings instruments affected:</p> <ul style="list-style-type: none"> • LIRAs • LIFs • Defined contribution pension plans or the defined contribution component of a defined benefits pension plan • Simplified pension plans (SIPPs) • Locked-in RRSPs • Voluntary retirement savings plan (VRSPs) <p>Non-residents can demand balance refund of LIRA or LIF in single payment at any age, if:</p> <ul style="list-style-type: none"> • investments have come to their agreed-upon maturity and • holder has not lived in Canada for 2+ years <p>Reduced life expectancy Holders with reduced life expectancy because of physical or mental disabilities entitled to LIRA refunds, in part or in whole if they provide medical certificate to financial institution</p> <p>For refund, holders must meet the 2 following conditions:</p> <ul style="list-style-type: none"> • have physical or mental disability and health problems which affect ability to work • If disabled, cannot obtain a refund directly from LIF. Can obtain refund from LIRA must transfer LIF to LIRA before end of year in which owner turns age 71, and meet requirements entitling refund of LIRA due to disability. have reduced life expectancy because of that disability (the life expectancy does not necessarily have to be significantly reduced). <p>Financial institutions can neither tighten nor loosen those restrictions.</p> <p>Refund made in single or several payments</p> <p>Refunds in event of disability must be made regardless of agreed-upon term of investment. However, agreement may provide for penalties if investments withdrawn before maturity Clause does not apply in case of LIF, so holder deemed to be disabled can transfer LIF to LIRA for refund purposes no later than Dec. 31 of year in which holder reaches age 71</p>

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
SK	Saskatchewan Financial Services Commission - Pension Plan Members	Pension Benefits Act and Regulations	<p>Shortened Life Expectancy</p> <ul style="list-style-type: none"> • pension plan or LIRA may provide for payment of pension over fixed term or as lump sum if holder has considerably shortened life expectancy. Must be certified by duly qualified medical practitioner <p>Small Amount</p> <ul style="list-style-type: none"> • pension plan lump sum payment in lieu of pension if pension considered too small to administer on practical basis. i.e.: <ul style="list-style-type: none"> • commuted value (a lump sum payable today = future series of payments) of pension under defined benefit provision, or total value of defined contribution account < 20% of (YMPE); or • annual pension < 4% of YMPE <p>LIRA may provide for lump sum payment if total value of locked-in money too small to warrant being administered as a pension. i.e. total amount of all locked-in money from all sources < 20% of YMPE. LIRA administrator must include amounts in all LIRAs held by individual plus any deferred pension entitlements in RPP. (Deferred pension entitlement created when pension plan member terminates membership in pension plan and does not transfer pension entitlement out of plan)</p> <p>Non-residency status:</p> <p>pension plan may, and LIRA must allow pension to be unlocked if holder:</p> <ul style="list-style-type: none"> • is non-resident of Canada according to Income Tax Act (Canada); • has provided pension administrator or LIRA contract issuer with written evidence that CRA has determined holder is non-resident under the Act • has completed and filed non residency Form 4 with pension administrator or LIRA contract issuer • has not lived in Canada for 2+ consecutive years; and • if holder has a spouse, has obtained spouse's consent to withdrawal and waiver of entitlement (Form 5), and filed copy of completed form with pension administrator or LIRA contract issuer.

Unlocking Locked-in Pension Accounts

	Regulator	Legislation	Unlocking Summary
YT	Public service pensions - Yukon Public Service Commission - Pension Plans Private pension plans fall under federal jurisdiction - see Federal above		<p>Public Service Pension:</p> <p>Transfer Value –calculated lump sum value of future pension benefit (both employee and employer contributions), which may have 2 different types of payments, In Limit and Out Limit.</p> <ul style="list-style-type: none"> • IN Limit must be transferred to locked-in retirement savings vehicle or other annuity type of program with a financial institution • OUT Limit can be transferred to regular RRSP, subject to available RRSP room or can be taken as cash and taxed accordingly <p>Processing of Transfer Value payment can take up to 6 months from when paperwork received by Public Service Pension Centre</p> <p>Private pension plans fall under federal jurisdiction - see Federal above</p>
NT	Private pension plans fall under federal jurisdiction - see Federal above		Private pension plans fall under federal jurisdiction - see Federal above
NU	Private pension plans fall under federal jurisdiction - see Federal above		Private pension plans fall under federal jurisdiction - see Federal above

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