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Transfers to a Registered Retirement Savings Plan (RRSP) or to a Registered Retirement Income Fund (RRIF)

Effective July 1, 2012, persons entitled to certain types of lump sum payment may direct the plan administrator to pay the unlocked amount directly to an RRSP or RRIF, and require the administrator to make the payment in accordance with the direction. The types of lump sum payments are:

- Excess Contributions [payable under PBA section 39(4)];
- Additional Voluntary Contributions [payable under PBA sections 63(2) and 63(7)];
- Spousal Pre-retirement Death Benefits [payable under PBA sections 48(1) and 48(2)];
- Pension Small Amounts [payable under PBA sections 50(1) and 50(2)]; and
- Spousal Survivor Pension Small Amounts [payable under PBA section 44(7)].

The timeframes for requesting the transfer and for making the payment are set out in section 22.1 of Regulation 909, which provides that:

- A person entitled to such a payment must direct the plan administrator to pay the amount within 90 days after receiving the option form setting out the entitlement.
- The plan administrator must pay the amount within 60 days after receiving the direction and all of the information required to make the payment.

Note that if the amount the plan administrator is directed to pay into the RRSP or RRIF exceeds the amount permitted to be transferred to the RRSP or RRIF under the federal Income Tax Act (ITA), it must pay the excess amount in cash.

Questions and answers related to these new sections:

Q1. Does the PBA or the Financial Services Commission of Ontario (FSCO) require that the direction to the plan administrator be in a specific form?

A1. No. There is no prescribed or FSCO required form. The plan administrator will provide an option election form that will tell you how to make your election and what information must be provided before the payment can be made. -06/12

Q2. What if the person does not deliver a direction to the plan administrator within the 90 day timeframe?

A2. If the person entitled to receive the payment does not deliver a direction within the 90 day timeframe, then the plan administrator may pay the amount in cash. -06/12

Q3. What if the plan administrator is directed to pay an amount into an RRSP or RRIF that exceeds the amount permitted under the ITA?

A3. If the plan administrator is directed to pay an amount into an RRSP or RRIF that exceeds the amount permitted under the ITA, it must pay the excess amount in cash. -06/12

Q4. What if the person does not give the plan administrator all of the information required to make a payment to an RRSP or RRIF?

A4. The plan administrator is not obligated to make the payment to an RRSP or RRIF if it has not received all of the information necessary to make the payment. For example, the plan administrator will require the RRSP or RRIF account number and the name and address of the financial institution that will receive the payment. The administrator will also inform you of any additional information it requires to make the payment. -06/12