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A Guide to Applying for Special Access

In Ontario, locked-in retirement savings accounts are subject to the federal Income Tax Act and Ontario's Pension Benefits Act (PBA) and regulations. Normally, you must wait until you turn 55 before you can start receiving payments from your locked-in account, and there are limits set on the minimum and maximum payments you can receive in any one year.

In certain situations, however, it is possible to gain special access to your account. If you have a locked-in account, this brochure will help you determine if you are eligible to apply for special access to that account under Ontario law, and how to go about it.

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[What is a locked-in retirement savings account?](#)

If you were entitled to a deferred pension at the time you terminated your membership in a registered pension plan, one of your options was to transfer the value of your pension benefit into a locked-in retirement savings account. This type of account is exclusively for money earned in a registered pension plan, and generally speaking, any money transferred into it must remain "locked in". This means that the money payable to you from this account can be used only to provide retirement income, which normally means that you must wait until you reach age 55. Also, while your money is locked in, it cannot be seized by creditors.

In Ontario, there are three types of locked-in accounts:

- Locked-in Retirement Account (LIRA),
- Life Income Fund (LIF), and
- Locked-in Retirement Income Fund (LRIF).

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[Important points to consider before you apply](#)

Before you apply for special access to your LIRA, LIF, or LRIF, please make sure that it is subject to Ontario law, and not to federal legislation or the law of another province or territory (another jurisdiction). For example:

- If you worked for a federally regulated industry such as banking, telecommunications, or airline transportation, your locked-in account is likely subject to federal law.
- If your pension was earned as a result of employment in another province, the money in your locked-in account is governed by the pension law of that province. It does not matter if the pension plan was registered in Ontario – what matters is where the pension was earned.

If your locked-in account is subject to the law of another jurisdiction, you will not be able to withdraw the money under Ontario law. Instead, you will have to seek information from that jurisdiction to see if it provides for special access. If you're not sure which law applies, check with your former pension plan or the financial institution that administers your locked-in account.

- Once your money is withdrawn from a locked-in account, it can be seized by creditors.
- Money withdrawn from your locked-in account is taxable, and income tax will be deducted at the time the withdrawal is made.
- Withdrawing money from your locked-in account may affect your eligibility for certain government benefits, such as social assistance.
- If you have a spouse, in most cases your application will require your spouse's signed consent to withdraw money from a LIRA, LIF, or LRIF.
- Your application must be received within 60 days of the date it is signed. Otherwise, it cannot be accepted.

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Under what circumstances can you apply for special access?

You may be able to gain special access to your Ontario locked-in account(s) if:

- You have an illness or physical disability that is likely to shorten your life expectancy to less than two years.
- You are at least 55 years old and the total value of the funds in your Ontario locked-in account(s) is less than 40% of the [Year's Maximum Pensionable Earnings \(YMPE\)](#).
- Your locked-in assets exceed federal Income Tax Act limits.
- [You are a non resident](#) of Canada and 24 months have passed since the date of your departure from Canada.
- You are facing specific types of financial hardship.

Shortened life expectancy

You can apply to withdraw some or all of the money in your LIRA, LIF, or LRIF if you have an illness or physical disability that is likely to shorten your life expectancy to less than two years. Your application must include a signed statement attesting to your condition from a medical doctor who is licensed to practise in Canada.

Some pension plans allow members to withdraw money in these circumstances on more generous terms than under the legislation. You might want to check if the terms of your former pension plan include this type of provision. If so, contact the financial institution which administers your LIRA, LIF, or LRIF to take advantage of those provisions.

The financial institution that administers your locked-in account will provide you with the appropriate application form and information. The form is also available from FSCO (Form 5), but you must apply to your financial institution, not to FSCO.

Age 55 and a minimal amount of money in your LIRA, LIF, or LRIF

If you are age 55 or older and the total value of the funds in all of your Ontario-regulated locked-in account(s) is less than a specified amount, you can choose to withdraw all of the money and close the account(s).

The specified amount changes each year and cannot be more than 40% of the [Year's Maximum Pensionable Earnings \(YMPE\)](#), a term used in the Canada Pension Plan. The YMPE is determined each year according to a formula based on average wage levels, and is published annually by the Bank of Canada.

The financial institution that administers your locked-in account will provide you with the appropriate application form and information. The form is also available from FSCO (Form 5), but you must apply to your financial institution, not to FSCO.

An amount that exceeds federal Income Tax Act limits

A locked-in account containing assets that exceeded the maximum transfer amount allowed under federal tax law is subject to a penalty payment each year. If you are in this situation, you can apply to withdraw the excess assets, and any investment income earned on those assets, in order to avoid paying a penalty in the future.

Your application must document the precise value of the excess amount of assets that were transferred from your former pension plan into your LIRA, LIF, or LRIF. You will need a letter that provides this information from either the administrator of your former pension plan or the Canada Revenue Agency.

The financial institution that administers your locked-in account will provide you with the appropriate application form and information. The form is also available from FSCO ([Form 5](#)), but you must apply to your financial institution, not to FSCO.

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Financial hardship

If you are the owner of a locked-in account and qualify under specific circumstances of financial hardship, you may apply for special access to the money in your Ontario LIRA, LIF or LRIF.

There are four categories of financial hardship:

1. low expected income;
2. payment of first and last months' rent;
3. arrears of rent or debt secured on a principal residence (such as a mortgage); and

4. medical expenses.

Your application must be made based on one of these four categories.

There are four **Forms**; one for each category of financial hardship. You can make applications under different categories but must use the form that applies to that category. You must make your application on the form for the calendar year in question. You cannot use previous years' forms in another year.

You must submit your completed application to the financial institution that holds your locked-in account(s). It is the responsibility of the financial institution to review the application and if it meets the requirements set out in the law, to approve the application and make the payment from the account in accordance with the Regulation. The financial institution will also determine if the application is to be refused because it does not meet the requirements of the law.

Contact your financial institution if you need any information or have questions about your application.

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Where do you apply?

If you are applying for special access under the category of financial hardship, you must make your application to the financial institution that holds the locked-in account(s). This may be a bank, a life insurance company, a credit union, a caisse populaire, or a trust company. Your financial institution will provide you with the appropriate application forms and information. The **Forms**, are also available on FSCO's website, but you must deal with your financial institution, not FSCO, in making this application.

Applications under all other categories (shortened life expectancy, age 55 and minimal amount, or amount exceeding federal tax limits) must be made directly to the bank, insurance company, or other financial institution that administers your LIRA, LIF, or LRIF. Your financial institution will provide you with the appropriate application form and information. This form (**Form 5**) is also available from FSCO and can be downloaded on FSCO's website, but you must deal with your financial institution, not FSCO, in making this application.

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Glossary

The application form for special access to an Ontario LIRA, LIF, or LRIF contains some terms that, for the purposes of the application, are defined as follows:

Spouse

You have a spouse if you and another person, at the time the application is signed, are:

- married to each other; or
- not married to each other and are living together in a conjugal relationship
 - continuously for a period of at least three years, or
 - of some permanence and you and the other person are the natural or adoptive parents of a child, both as defined under the Family Law Act.

Dependent family members

The dependant must be a child, grandchild, parent, grandparent, brother, sister, uncle, aunt, niece, or nephew of you or your spouse. The dependant must rely on you or your spouse for support during the calendar year that you make your application, or during the previous calendar year.

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