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## Eligibility for Financial Hardship Access to Locked-In Funds - Archived

### Archived Content

The following content is no longer accurate.

It has been archived.

This information is provided for historical reference.

### Ministry of Finance

Queen's Park  
Toronto ON M7A 1Y7

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TORONTO - Those facing serious financial hardship who have a locked-in retirement account will now be able to apply to access the money they need to ease their financial burden, Minister of Finance Ernie Eves announced today.

"We are fulfilling our commitment to help people who find themselves in dire financial straits," Eves said. " These pension amendments will act as a bridge to help people through difficult times when they need it."

Individuals will need to demonstrate that they have an immediate and pressing financial need. Qualifying applicants will be able to supplement their income through withdrawals from their locked-in accounts.

Those suffering from financial hardship can apply to obtain the consent of the Superintendent of Financial Services for the Province of Ontario. If an individual meets the prescribed financial hardship criteria, the Superintendent of Financial Services will approve a withdrawal.

These amendments fulfill the Government's commitment to pension reform which was contained in Bill 27, the Pension Benefits Statute Law Amendment Act, 1999.

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## **BACKGROUND**

### **FINANCIAL HARDSHIP: PENSION WITHDRAWALS**

Amendments to the Pension Benefits Act, 1990 and its regulations, effective May 1, 2000, will allow Ontarians who qualify to withdraw funds from locked-in accounts in cases of serious financial hardship. More flexible access to locked-in funds was announced in both the 1997 and 1998 Ontario Budgets. With the passing of Bill 27, the Pensions Benefit Law Amendment Act, 1999, Ontario made a commitment to enact the necessary regulations to provide more flexible access to these accounts for those facing financial hardship.

This amendment to Regulation 909 fulfills the Government's commitment to these unlocking provisions.

#### **Financial Hardship Access**

To be eligible for financial hardship access, applicants must meet one of the following circumstances:

- Facing eviction from a principal residence as a result of arrears of rent.
- Facing eviction from a principal residence as a result of debt secured on a principal residence (e.g. a mortgage or taxes).
- Reasonable non-reimbursed medical expenses for the treatment of illness or medical disability.
- Reasonable expenses for renovations or alterations of a principal residence made necessary by illness or physical disability.
- Requiring first and last months' rent to obtain a principal residence.
- A total income from all sources before taxes of less than \$25,000 per year.

Applicants will be limited to making one application per criteria per year. The minimum amount that can be applied for is \$500.

#### **Expenses Claimed**

Applications can be made for expenses already incurred or for estimates of future expenses. Original receipts and estimates must be provided.

#### **Medical**

- For medical expenses and medically related home renovations, an applicant may claim expenses made on behalf of a spouse, a same-sex partner or a dependent.
- If the medically related expenses are for a person with a disability, a statement from the doctor indicating that the applicant requires treatment or medically related home renovations must also be provided.
- The expenses claimed must not be subject to reimbursement from any other source (e.g. insurance or OHIP).

## **Financial Disclosure of Assets and Liabilities**

Applicants must provide a complete list of their and their spouse's or same-sex partner's assets and liabilities, other than excluded assets and liabilities. Assets and liabilities of dependents will also be considered in circumstances where the dependent is the intended beneficiary of the withdrawal.

### **Examples of Included Assets and Liabilities**

- A secondary residence, cottage or vacation home or tract of land.
- An insurance policy, stock, bonds, and money in bank accounts or investments.

### **Excluded Assets and Liabilities**

- The applicant's principal residence, motor vehicles and personal effects.
- Tools of the trade essential to the applicant's employment.
- Up to \$50,000 equity in an owner-operated business or farm.

## **Calculating Eligible Withdrawals**

### Calculation One: Assets and Liabilities

The amount of the net assets, after exclusions and deductions, will be deducted from the amount requested.

### Calculation Two: Low Income Applicant

When an application is based on low income, of less than \$25,000 before taxes, the amount that can be released will be 50 % of the CPP Year's Maximum Pensionable Earnings (YMPE, currently \$37,600) less 75 % of income. The maximum withdrawal for an applicant with no other income would be \$18,800 this year.

## **How To Apply**

Individuals facing financial hardship who own either a Locked-In Retirement Account (LIRA), a Life Income Fund (LIF) or a Locked-In Retirement Income Fund (LRIF) may apply to the Superintendent of Financial Services for the Superintendent's consent to withdraw funds necessary to meet their financial need.

Any application for consent to withdraw funds must be in writing using the application form provided by the Financial Services Commission of Ontario (FSCO) and must be accompanied by:

- A list of assets and liabilities.
- Original receipts and estimates.
- The written consent of the applicant's spouse or same sex partner agreeing that funds can be withdrawn from the account.

For more information, contact FSCO at (416) 226-7889 or 1-800-668-0128 ext. 7889, TTY 1-800-387-0584 or visit the FSCO web site @ [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca).

## **Administrative Fee**

Applicants will be charged an administrative fee to partially offset administrative costs at FSCO.

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