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## FAQs: Option to Transfer Money from a Locked-in Account to an Unlocked vehicle

This page addresses questions relating to the option to transfer money from a locked-in account to an unlocked vehicle.

### **Q1. How have the rules for transfers of locked-in accounts changed?**

**A1.** Effective January 1, 2008, owners of locked-in accounts have new transfer options in the following two situations:

1. If the owner of a locked-in account dies, his/her surviving spouse will be able to transfer the survivor benefit directly to his/her own RRSP or RRIF, where permitted by the federal Income Tax Act. (Under the previous rules, the surviving spouse could only take the benefit in a lump sum.)
2. If the owner of a locked-in account is older than 55 and has less than 40 per cent of the [Year's Maximum Pensionable Earnings](#) under the Canada Pension Plan in all of his/her locked-in accounts, the owner may transfer the entire amount directly to his/her own RRSP or RRIF, rather than receive it in a lump sum. - 07/07

### **Q2. When the owner of a locked-in account dies, is her/her surviving spouse required to take the full value of the survivor benefit in cash, or transfer it to an RRSP or RRIF? Is the surviving spouse allowed to take part of the survivor benefit in cash and transfer part of it to an RRSP or RRIF?**

**A2.** When the survivor benefit is paid, the surviving spouse is required to fully withdraw or transfer the entire amount of the locked-in account into his/her own RRSP or RRIF. The surviving spouse cannot withdraw part of the survivor benefit in cash and transfer the remaining amount to an RRSP or RRIF. - 05/10

### **Q3. Is the survivor benefit required to go to the surviving spouse, or can it go to a named beneficiary?**

**A3.** The survivor benefit must be paid to the owner's spouse. It can only be paid to the owner's named beneficiary in the following three situations:

- if the spouse waived his/her entitlement to a survivor benefit;
- if the owner of the locked-in account and his/her spouse were living separate and apart on the date of the owner's death due to a breakdown in their relationship; or
- If the owner of the locked-in account had no spouse when he/she died.

If there is no named beneficiary, then the survivor benefit would be paid to the owner's estate.

- 05/10

#### **Q4. Can I transfer 50 per cent of the funds from my New LIF to a spousal RRSP or a spousal RRIF?**

**A4.** Ontario's pension laws allow owners of New LIFs to transfer up to 50 per cent of the funds to any RRSP or RRIF. The law does not prohibit you to transfer that money to a spousal RRSP or a spousal RRIF. However, there may be restrictions under the federal Income Tax Act for such a transfer. Questions about the tax impact of this type of transfer should be directed to the Canada Revenue Agency's Individual Income Tax Inquiry Line at 1-800-959-8281 . - 05/10

#### **More information:**

- [FSCO Policies on Locked In Accounts](#)
- [FAQs on Rules for Ontario Locked-In Accounts](#)

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