



You are here: [Home](#) > [Pensions](#) > [Locked-In Accounts \(LIFs and LIRAs\)](#) > Life Income Funds (LIFs)

[PRINT](#)

FAQs on New Life Income Funds (LIFs)

This page provides frequently asked questions that relate to new LIFs.

- [General Information on New LIFs](#)
- [Unlocking, Withdrawals and Transfers from New LIFs](#)
- [Additional 25 Per Cent Withdrawals or Transfers from New LIFs](#)
- [Transitional Information for Transfers to New LIFs between December 2009 and January 2010](#)

General Information on New LIFs

Q1. Who may purchase a New LIF?

A1. You may purchase a New LIF in the following three situations:

1. If you are the owner of an Old LIF, LRIF or LIRA, you may transfer the funds from this account into a New LIF.
2. If your employment ended and either your plan allows you to move the funds from your pension plan into a locked-in account, or the PBA permits you to move the funds from your pension plan into a locked-in account in certain circumstances (such as a plan wind up).
3. If you are the former spouse of a pension plan member who is entitled to transfer these funds, you may transfer the commuted value of the pension funds into a New LIF. -05/2010

Q2. What are the most significant features of the New LIF?

A2.

1. *The ability to keep the New LIF past age 80.* If you choose to receive the maximum income payment each year, the money in your New LIF will be used up by age 90. However, if any money remains in the New LIF at age 90, you may keep it and continue to withdraw income from it in the future.

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

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Consultations >

Family Law >

Asset Transfers	>
Financial Hardship	>
Legislation: Act & Regulations	>
Locked-In Accounts (LIFs and LIRAs)	▼
▶ Locked-In Accounts (LIFs, LRIFs and LIRAs)	
▶ Changes To The Rules For Ontario Locked-In Accounts - O. Reg. 239/09	
▶ Life Income Funds (LIFs)	
▶ FAQs on Rules for Ontario Locked-In Accounts	
▶ Pension Unlocking: Non-Hardship	
Enforcement Actions	>
Other Pension Information	>
Pension Policies	>
Plan Administrators	>
Publications & Resources	>
Archived	>
Careers	>

2. *A higher income payment.* The maximum annual income payment will be the greater of the amount you could be paid under the LIF formula and the New LIF's investment earnings from the previous year.
3. *The ability to withdraw or transfer money from the New LIF.* As of January 1, 2010, you can withdraw or transfer to an RRSP or RRIF up to 50 per cent of any amount that you transferred into the New LIF after December 31, 2009, if you apply to do so within 60 days of the transfer. (Before January 1, 2010, the maximum amount that could be withdrawn or transferred was 25 per cent of the amount that you transferred into the New LIF, if you applied to do so within 60 days of the transfer.)
4. *The ability to withdraw or transfer an additional 25 per cent before December 31, 2010.* You may apply to withdraw or transfer an additional 25 per cent of the total amount of money that was transferred into your New LIF before January 1, 2010. To qualify for this withdrawal, you must submit your application before December 31, 2010. - 05/2010

Q3. If I purchase a New LIF with money from a locked-in account (Old LIF, LRIF or LIRA), does my spouse need to consent to the purchase, if he/she already provided consent when the original locked-in account was purchased?

A3. Yes, you must get your spouse's consent. This rule applies any time you move money from one type of locked-in account (e.g., Old LIF, LRIF or LIRA) to another (e.g., New LIF). The only exception is if you move your money into the same type of locked-in account (e.g., you use money from a New LIF to purchase another New LIF). -05/2010

Q4. How is the maximum annual income payment calculated in the first year of a New LIF, taking into account the ability to withdraw or transfer up to 50 per cent of the funds?

A4. The maximum annual income payment for the first year is based on the amount of money you have in the New LIF at the start of the New LIF's fiscal year, regardless of any subsequent withdrawals. Example: a New LIF was purchased with \$100,000 that was transferred from a LIRA on the date of purchase. Fifty days later, the owner withdraws 50 per cent of the funds, which leaves \$50,000 in the New LIF. Based on this example, the maximum annual income payment would be based on \$100,000, as the fiscal year begins on the date money was transferred into the New LIF. However, it is important to note that if the money to purchase the New LIF came from an Old LIF, LRIF or another New LIF, the maximum annual income payment amount for the New LIF for that fiscal year would be zero. -05/2010

Q5. Does the New LIF allow me to carry forward any unused portion of the maximum annual income payment for future years (similar to what has been allowed under the LRIF)?

A5. No, the New LIF does not have a carry forward feature. -07/2007

Q6. What are my options if I want to transfer money out of my New LIF?

A6. You may transfer money to another New LIF or use the money to purchase an annuity. Note that you

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cannot transfer money from a New LIF to a LIRA. -07/2007

Q7. My retirement savings are currently in a locked-in account in the form of non-redeemable GICs that will not mature for a few years. Can I transfer this money to a New LIF in its GIC form?

A7. Under Ontario's pension laws, you are entitled to transfer money out of your locked-in account to another locked-in account (including a New LIF) without having to cash it in. However, you can only make this transfer if an "in-kind" transfer is allowed under the terms of your contract with your financial institution. You should check with your financial institution to find out what issues might arise. -07/2007

Q8. What is the date that my New LIF is established? Is it the date I signed the application, the date the financial institution deposits the money, or some other date?

A8. The New LIF is established on the date the financial institution accepts the application, as determined by the financial institution. This could be the same date that you signed the application, and it could precede the date on which money is actually transferred into the New LIF. -07/2007

Q9. Can an Old LIF simply be converted into a New LIF?

A9. No. The New LIF is a completely different type of locked-in account than an Old LIF, in the same way that an LRIF is a different type of locked-in account than a LIF. If an owner of an Old LIF wants a New LIF, he/she must purchase a New LIF by transferring money from the Old LIF into a New LIF. The Old LIF cannot simply be converted into a New LIF.

However, on January 1, 2011, the rules for Old LIFs, LRIFs and New LIFs will become harmonized. All three funds are essentially similar, except that owners of Old LIFs and LRIFs will have a one-time opportunity to withdraw or transfer up to 50 per cent of the money in their account. The rules for determining the maximum annual income payment from Old LIFs, LRIFs and New LIFs will be identical. The maximum income payment for all three funds will be the greater of the amount calculated under the LIF formula, or the fund's investment earnings from the previous year. - 09/2010

Q10. I want to transfer money from a New LIF to another New LIF. When must the financial institution transfer the money?

A10. The financial institution that administers a New LIF must agree to transfer money to another New LIF within 30 days of the date you made the application. Note that this does not apply to a transfer of assets that are held as securities and whose term of investment extends beyond the 30 day period. In that situation, you should discuss the transfer with your financial institution. -07/2007

Q11. If I transfer money into a New LIF after January 1, 2011, will I be able to withdraw or transfer up to 50 per cent of the amount that was transferred into the fund?

A11. It depends on where the money came from. The withdrawal or transfer option is not open to you if

the money was transferred from an Old LIF, LRIF or another New LIF. If the money was transferred from a LIRA or a registered pension plan, you may apply to withdraw or transfer up to 50 per cent of the money that was transferred into the New LIF.

Q12. If I transfer money from an Old LIF or LRIF to a New LIF after January 1, 2011, will I still be paid an annual amount?

A12. Yes. During the year, you must be paid at least a minimum amount as income from the Old LIF or LRIF. When transferring money from an Old LIF or LRIF to a New LIF, you should ensure that you have been paid at least the minimum income amount from the Old LIF or LRIF before the transfer, or leave sufficient assets in the Old LIF or LRIF to be paid at least the minimum income amount from it that year. The income amount payable to you from the Old LIF or LRIF is not affected by the fact that you can no longer apply to withdraw or transfer up to 50% of the money that was transferred into the New LIF.

Q13. Between January 1, 2011 and April 30, 2012, owners of Old LIFs or LRIFs may apply to withdraw or transfer up to 50 per cent of the total market value of the assets in the fund. How is this amount determined?

A13. The total market value of the assets in the fund is based on the amount that is stated in the owner's most recent statement that was issued by the financial institution at the time of the application. The statement must be dated within one year of the date that the application is made.

Q14. What happens if I own a New LIF when I die?

A14. If you own a New LIF when you die, your surviving spouse is entitled to the full amount of money that is in your New LIF. This money may be paid out as an unlocked lump sum after your death, or may be transferred to your spouse's own RRSP or RRIF, where it is permitted by the federal Income Tax Act. If you do not have a surviving spouse, or if your spouse has waived his/her entitlement to the death benefit payment on the date of your death, your named beneficiary or estate (if there is no named beneficiary) is entitled to receive the amount in your New LIF. - 05/2010

Q15. Will FSCO continue to publish a table that sets out the maximum annual income payment schedule?

A. 15. Yes. FSCO publishes a table of the maximum annual income payment percentages for different ages in December of each year. The maximum annual income amount that may be paid from a New LIF is the greater of the amount earned under the LIF formula and the New LIF's investment earnings from the previous year. The LIF formula takes into account the amount in your account as of the start of the New LIF's fiscal year, multiplied by a percentage that changes each year based on your age. - 05/2010

Q16. At what age can I apply to withdraw the money in my locked-in account because it is a small amount?

A16. You can apply to withdraw all the money in your locked-in account (LIRA, LIF or LRIF) under the

small amount category, on or after the day you become 55 years old. The small amount requirement means that the total value of all assets in all your Ontario locked-in accounts must be less than 40 per cent of the **Year's Maximum Pensionable Earnings (YMPE)** for that calendar year. -03/2014

Q17. Why are there only three columns in the 2016 Maximum Annual Income Payment Amount Table for an Ontario Old LIF, New LIF or LRIF in FSCO Policy L200-415 (instead of the 4 columns in prior years)?


A17. The maximum annual payment percentage is based on the age attained during the year in question. FSCO has, therefore, made minor changes to the table to streamline the information provided. -12/2015

Q18. Does the change in the Canada Revenue Agency minimum withdrawal amount impact the maximum amount that can be withdrawn?

A18. No. The Canada Revenue Agency's reduction of the minimum withdrawal amount has no impact on the maximum withdrawal amounts. The Pension Benefits Act provides the maximum amount that may be withdrawn from the locked-in account. Each year, FSCO publishes a policy that includes a table of percentages that must be used to calculate the maximum annual income amount that may be paid out from the locked-in account. -12/2015

More information:

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

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Unlocking, Withdrawals and Transfers from New Life Income Funds (LIFs)

This page provides frequently asked questions that relate to the unlocking, withdrawal and transfer from new LIFs.

Q1. How does the unlocking, withdrawal and transfer from the New LIF work?

A1. The owner of a New LIF has a time-limited option to withdraw in cash or transfer to an RRSP or RRIF a percentage of any money that is transferred into the New LIF. (This option will be referred to below as a “withdrawal or transfer”. See the next question for the percentage that may be withdrawn). The money that is transferred to the New LIF may be from an Old LIF, LRIF, LIRA, or a Registered Pension Plan (RPP). Fund transfers from another New LIF are not entitled to the unlocking, withdrawal or transfer option, unless the funds are transferred from the other New LIF due to a relationship breakdown between two spouses.

If money was transferred from an Old LIF or LRIF before January 1, 2011, the New LIF owner can withdraw or transfer an amount up to the prescribed percentage. However, no money can be withdrawn or transferred from the New LIF in relation to transfers from an Old LIF or LRIF that are made after December 31, 2010.

For transfers from a LIRA or RPP, the owner can withdraw or transfer an amount up to the prescribed percentage after every transfer.

However, if assets are transferred from one New LIF to another New LIF, or from an annuity to a New LIF, no money can be withdrawn or transferred from the New LIF that receives the money. - 05/10

Q2. If money was transferred into my New LIF, what percentage of the money may be withdrawn or transferred?

A2. Before January 1, 2010, the amount that could have been withdrawn or transferred was 25 per cent of the “total market value of the assets” that were transferred into the New LIF. Effective January 1, 2010, this limit was changed to 50 per cent of the “total market value of the assets” that were transferred into the New LIF.

Note: the questions and answers below use the 50 per cent limit unless noted otherwise. - 05/10

Q3. How is the "total market value of the assets" for the 50 per cent withdrawal or transfer determined?

A3. The "total market value of the assets" transferred into the New LIF is determined on the date the money was transferred into the New LIF. That date should be available from your financial institution. Any increase or decrease in the value of the New LIF after the transfer is not taken into account.

Example: You transferred a sum of money into your New LIF on January 9, 2010 and then applied to withdraw 50 per cent of the funds on February 1, 2010. In this example, the 50 per cent is based on the amount that was transferred into your New LIF on January 9, 2010. - 05/10

Q4. Is there an age restriction on who can apply for a withdrawal or transfer from the New LIF?

A4. No. However, a person's age does play a role in determining the earliest date on which that person could purchase a New LIF. An individual may purchase a New LIF at any time during the calendar year that precedes the year in which he/she would have been entitled to start receiving pension payments from the pension plan from which the money used to purchase the New LIF originated.

Example: if your pension plan starts providing pension payments at age 55, you could purchase a New LIF at any time during the year that you turn 54. - 05/10

Q5. Can a person who owns a New LIF and is under 55 years of age apply for a withdrawal or transfer to an RRSP of up to 50 per cent of the money (i.e., the total market value of the assets) transferred into the New LIF?

A5. Yes, as long as he or she makes the application within 60 days from the date the money was transferred into the New LIF from a registered pension plan or LIRA (or from the LIF or LRIF of a spouse or former spouse if the money was transferred under the terms of a Family Law Act order, family arbitration award or a domestic contract). However, there is an age-related restriction relating to the earliest date that an individual can purchase a New LIF. (For more information on this age restriction, please refer to the section on age restriction in FSCO's [Policy on New LIFs](#)). -02/13

Q6. What is the deadline for applying for a 50 per cent withdrawal or transfer from a New LIF? How and where do I apply?

A6. You must apply to the financial institution that administers the New LIF into which the money was transferred, within 60 days from the date the money was transferred. The application must be made using FSCO pension [Form 5.2](#), but it must be submitted to your financial institution (not to FSCO). - 05/10

Q7. What happens if I do not submit the 50 per cent withdrawal or transfer application within the required 60 days? Do I get another opportunity to submit the application?

A7. No. If you do not submit an application to withdraw or transfer 50 per cent of your money in a New LIF within the required 60 days, you will not have another opportunity to take advantage of this provision in relation to that transfer. - 05/10

Q8. What is the time limit for a 50 per cent withdrawal or transfer application?

A8. Every time money is transferred into a New LIF from a pension plan, LIRA, Old LIF or LRIF (but not from an annuity or another New LIF), you have 60 days to apply for a withdrawal or transfer of up to 50 per cent of the amount that was transferred into the New LIF. The 60 days begins on the date the money is transferred into the New LIF, not the date the New LIF was opened. If you are not sure about this date, please check with your financial institution. Your financial institution is required to make the payment or transfer to you within 30 days of receiving your completed application form and accompanying documents. - 05/10

Q9. Is the 50 per cent withdrawal or transfer from the New LIF in addition to the maximum amount that I can receive as income for the year?

A9. Yes. The 50 per cent withdrawal or transfer amount is in addition to the maximum amount that can be paid from the New LIF as income. The annual maximum and minimum income payment from a New LIF always relates to the balance of the New LIF at the beginning of its fiscal year. - 05/10

Q10. Does the 50 per cent withdrawal or transfer require any changes to the provisions of pension plans?

A10. No, the 50 per cent withdrawal or transfer under the New LIF does not require any pension plan changes. To apply for the 50 per cent withdrawal or transfer, you are required to submit an application to the financial institution that holds the New LIF — not the pension plan from which the money originated. - 05/10

Q11. Can the 50 per cent withdrawal or transfer be made from the existing locked-in account (e.g., LIRA, Old LIF, LRIF) prior to the transfer to the New LIF?

A11. No. The 50 per cent withdrawal or transfer must come from the New LIF after the money has been transferred into it. - 05/10

Q12. If an individual has already purchased a life annuity with locked-in money, is it possible to switch back to a New LIF to take advantage of the 50 per cent withdrawal or transfer?

A12. It may be possible to convert the unexpired part of a guaranteed life annuity and purchase a New LIF with the proceeds. However, the 50 per cent withdrawal or transfer option would not apply to the transferred money, as it only applies to money that is transferred into a New LIF directly from a pension plan, LIRA, Old LIF or LRIF — not to money that is transferred from an annuity or another New LIF. - 05/10

Q13. I own a New LIF with Company A. If I transfer all the money from the New LIF to another New LIF with Company B, can I apply to withdraw or transfer up to 50 per cent of the amount that was transferred into the New LIF with Company B?

A13. No. You cannot apply for a 50 per cent withdrawal or transfer for money that is transferred from one New LIF to another New LIF, unless the transfer was made under the terms of an order under the *Family Law Act*, a family arbitration award, or a domestic contract as defined in Part IV of that Act. - 05/10

Q14. I transferred \$100,000 from a LIRA into a New LIF on January 2, 2010. By the time I applied for the 50 per cent withdrawal or transfer, the value of the New LIF decreased to \$90,000. Which amount do I use to determine the withdrawal or transfer?

A14. The market value of the LIRA on the date that you transferred the money into the New LIF determines the amount that can be withdrawn or transferred. In this case, you can withdraw or transfer 50 per cent of \$100,000, which equals \$50,000. - 05/10

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Additional 25 per cent Withdrawals or Transfers from New Life Income Funds (LIFs)

This page provides frequently asked questions that relate to additional 25 per cent withdrawals or transfers from new LIFs.

Q1. Who is allowed to apply for an additional 25 per cent withdrawal or transfer from a New LIF and what are the circumstances?

A1. To apply for an additional 25 per cent withdrawal or transfer from a New LIF, you must have transferred money into your New LIF on or before December 31, 2009. The additional withdrawal or transfer is based on 25 per cent of the total market value of all assets that were transferred into the New LIF on or before December 31, 2009. In addition, the application must be submitted between January 1 and December 31, 2010. - 05/10

Q2. How do I apply to withdraw or transfer an additional 25 per cent from my New LIF?

A2. To apply, you must complete FSCO pension **Form 5.1.1** and submit it to the financial institution that holds your New LIF. Please do not send the application to FSCO. - 05/10

Q3. How do I determine the "total market value of all assets" for the additional 25 per cent withdrawal or transfer?

A3. The "total market value of all assets transferred into the fund on or before December 31, 2009" is based on the date the money was transferred into the New LIF. To determine that date, contact your financial institution. Note that any increase or decrease in the value of the New LIF after the transfer was made will not be taken into account.

Example: If you transferred \$100,000 into a New LIF in 2009 and then applied for an additional 25 per cent withdrawal in January 2010, the 25 per cent is based on \$100,000. - 05/10

Q4. I bought a New LIF in 2009, but missed the chance to withdraw or transfer 25 per cent of the money that was transferred into it. When I apply for the additional 25 per cent withdrawal or transfer in 2010, can I also apply for the first 25 per cent?

A4. No. You cannot also apply for the first 25 per cent withdrawal or transfer, since that application must have been submitted within 60 days of the transfer. That time period cannot be extended. - 05/10

Q5. I transferred money into a New LIF in 2009 and withdrew 25 per cent of the funds. Since my spouse consented to that withdrawal, does he/she also need to consent to the additional 25 per cent withdrawal or transfer?

A5. Yes, your spouse must consent to your application to withdraw or transfer an additional 25 per cent of the funds from your New LIF. - 05/10

Q6. I transferred \$40,000 into a New LIF with Company A in July 2009, and then withdrew \$10,000 (25 per cent of the funds) in September 2009. In January 2010, I transferred \$30,000 (the full amount of the funds from the New LIF) to a New LIF with Company B. Can I apply to withdraw or transfer an additional 25 per cent from the New LIF with Company B in 2010?

A6. No. The amount you can withdraw or transfer is based on the total of all amounts that were transferred into the New LIF with Company B **before 2010**. In this example you did not transfer any money into the New LIF with Company B before January 1, 2010. If you wanted to withdraw or transfer an additional 25 per cent, you should have applied for a withdrawal or transfer from the New LIF with Company A **before** the money was transferred to the New LIF with Company B. - 05/10

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Transitional Information for Transfers to New Life Income Funds (LIFs) between December 2009 and January 2010

These FAQs address some of the questions that arose from transactions in late 2009 and early 2010 as a result of the changes that came into effect on January 1, 2010.

Q1. I want to transfer money to a New LIF and then apply to withdraw or transfer a percentage of the funds in my New LIF. What determines whether I can apply for 25 or 50 per cent?

A1. The key date is **the date the money was transferred into your New LIF**. If money was transferred into your New LIF **before January 1, 2010**, you had 60 days from the date of the transfer to apply to withdraw or transfer up to 25 per cent of the funds that were transferred into the New LIF. Once the 60 day period expired, you could not apply for that original 25 per cent withdrawal or transfer. However, you can still apply to withdraw up to an additional 25 per cent of the funds in your New LIF. To apply, you need to complete FSCO pension [Form 5.1.1](#) and submit it to the financial institution that holds your New LIF no later than December 31, 2010.

If money was transferred into your New LIF **after December 31, 2009**, you can apply to withdraw or transfer up to 50 per cent of the funds that were transferred into the New LIF. To apply, you need to complete FSCO pension [Form 5.2](#) and submit it to the financial institution that holds your New LIF within 60 days of the date the money was transferred into your New LIF.

If you are not sure of the date that your money was transferred into your New LIF, check with your financial institution. - 05/10

Q2. I transferred \$50,000 into a New LIF on December 20, 2009. I applied for and obtained a withdrawal of 25 per cent of the funds (\$12,500) on December 22, 2009. In 2010, what application can I make and for how much?

A2. You can apply to withdraw or transfer up to an additional 25 per cent of the total amount that was transferred into your New LIF prior to January 1, 2010. Therefore, you may apply to withdraw or transfer \$12,500 (25 per cent of \$50,000). Any increase in the value of the New LIF is not taken into account for the purpose of this application.

To apply, you need to complete FSCO pension [Form 5.1.1](#) and submit it to the financial institution that holds your New LIF no later than December 31, 2010. - 05/10

Q3. I transferred \$50,000 into a New LIF on December 20, 2009. I did not apply for a withdrawal or transfer by the end of 2009. In 2010, what applications can I make and for how much?

A3. Since the money was transferred into your New LIF prior to January 1, 2010, you had the opportunity to make two separate applications.

For the first 25 per cent, you could have applied to withdraw or transfer up to 25 per cent of the money that was transferred into your New LIF on December 20, 2009. However, since the 60 day application period expired on February 18, 2010, you can no longer apply for the first 25 per cent withdrawal or transfer.

You can still apply to withdraw or transfer up to an additional 25 per cent of the money that was transferred into your New LIF on December 20, 2009. This 25 per cent is based on the amount that was transferred into your New LIF prior to January 1, 2010 ($\$50,000 \times 25 \text{ per cent} = \$12,500$). Any increase in the value of the New LIF is not taken into account for the purposes of this application. To apply, you need to complete FSCO pension [Form 5.1.1](#) and submit it to the financial institution that holds your New LIF no later than December 31, 2010. - 05/10

Q4. I arranged to open a New LIF in December 2009 and \$50,000 was transferred into it on January 5, 2010. I want to apply for a withdrawal or transfer in 2010. What application can I make and for how much?

A4. You can apply to withdraw or transfer up to 50 per cent of the amount that was transferred into your New LIF on January 5, 2010. Therefore, you may apply to withdraw or transfer \$25,000 (50 per cent of \$50,000). Any increase in the value of the New LIF is not taken into account for the purpose of this application. To apply, you need to complete FSCO pension [Form 5.2](#) and submit it to the financial institution that holds your New LIF within 60 days of the date the money was transferred into your New LIF (no later than 60 days from January 5, 2010). Once the 60 day period expires, you cannot apply to withdraw or transfer any money from your New LIF. - 05/10

Q5. I transferred \$100,000 into a New LIF with Company A in March 2008 and withdrew 25 per cent of the money (\$25,000) on April 1, 2008. From April 1, 2008 to September 1, 2009, the New LIF increased in value to \$80,000. On September 1, 2009, I transferred all the funds in the New LIF with Company A (\$80,000) to another New LIF with Company B. Starting in January 2010, can I apply for an additional 25 per cent withdrawal or transfer from the New LIF with Company B? Which form should I use, what is the deadline for my application, and what amount is the 25 per cent based on?

A5. You may apply to withdraw or transfer up to an additional 25 per cent from the New LIF with Company B. The 25 per cent is based on the total amount that was transferred into the New LIF with Company B before 2010, and includes any amount that was transferred from another New LIF. In this example, the total amount that was transferred into the New LIF with Company B before January 1, 2010 was \$80,000. Therefore, you can withdraw or transfer up to \$20,000 (25 per cent of \$80,000). To apply, you need to complete FSCO pension [Form 5.1.1](#) and submit it to the financial institution that holds your New LIF no later than December 31, 2010. - 05/10

Q6. I transferred \$40,000 into a New LIF with Company A in July 2009 and withdrew \$10,000 (25 per cent of the money) in September 2009. In January 2010, I transferred \$30,000 (the remaining money in the New LIF) to a different New LIF with Company B. In 2010, can I apply to withdraw or transfer an additional 25 per cent from the New LIF with Company B?

A6. No. The amount you can withdraw or transfer is based on the total of all amounts that were transferred into the New LIF with Company B **before 2010**. Since you did not transfer any money into the New LIF with Company B before January 1, 2010, you cannot withdraw or transfer an additional 25 per cent of the funds. If you wanted to withdraw or transfer an additional 25 per cent, you should have applied for a withdrawal or transfer from the New LIF with Company A **before** the money was transferred to the New LIF with Company B. -05/10

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