



---

SECTION:	Locked-In Accounts
INDEX NO.:	L200-305
TITLE:	Schedule 1 Life Income Funds (Old LIFs) - Regulation 909, Schedule 1
APPROVED BY:	Superintendent of Financial Services
PUBLISHED:	FSCO website (June 2013)
EFFECTIVE DATE:	June 1, 2013 [updated – January 2014]
REPLACES:	L200-301

---

This policy replaces L200-301 (Schedule 1 Life Income Funds (Old LIFs)) as of the effective date of this policy.

*Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.*

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca). All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

## **Introduction: The Old Life Income Fund**

Section 42(1)(b) of the PBA provides that a former member of a pension plan is entitled to require the plan administrator to pay an amount equal to the commuted value of the former member's deferred pension into a prescribed retirement savings arrangement (referred to in this policy as a "locked-in account").

The rules which prevent the unlocking of money in locked-in accounts are found in section 67 of the PBA. Section 67 states that a prescribed retirement savings arrangement resulting from a purchase or transfer under section 42 of the PBA is not capable of being commuted or surrendered, in whole or in part, during the person's life, unless otherwise provided under the PBA or Regulation.

This policy provides an overview of the main features and requirements of one such locked-in account, the Ontario life income fund (LIF) governed by Schedule 1 to the Regulation (Schedule 1), which we will refer to as the "Old LIF".

This policy has been updated to reflect the rules that apply to Old LIFs as of June 1, 2013. There were a number of significant changes to the Old LIF rules that came into effect on January 1, 2008. Old LIFs can no longer be purchased or sold, and money cannot be transferred to them as of January 1, 2009. This policy does not discuss certain provisions regarding the Old LIF that appeared in previous FSCO policies and are no longer relevant (e.g.,

rules on purchasing an Old LIF, transferring money to an Old LIF, the amount that can be paid out as income in the initial year of an Old LIF, etc.). To learn about these former provisions, please refer to FSCO's Old LIF policies that are currently archived on the [Inactive Pension Policies page](#).

An Old LIF is a personal retirement income fund for money that was earned in a pension plan and accumulates on an income tax-sheltered basis. It was first introduced in Ontario in October, 1992. A certain amount of income must be paid from the Old LIF each year, up to a maximum limit that changes each year. The amount paid out is taxable as income. The Old LIF is designed to provide annual income to the owner during his/her retirement up to age 90, at which time he/she may be paid the balance in the fund.

On January 1, 2008, a new type of LIF governed by Schedule 1.1 to the Regulation was introduced in Ontario. This became known as a "New LIF" and included new features that provided greater flexibility than the Old LIF. Effective January 1, 2011, the rules that govern Old LIFs and another type of locked-in account, known as a "locked-in retirement income fund" (LRIF), were largely harmonized with the rules governing New LIFs. For more information, please refer to FSCO pension policies L200-303 (New LIFs) and L200-501 (LRIFs).

## **General Provisions of the Old LIF**

### Income Tax Act Requirements and the Old LIF

Old LIFs may be structured in any manner, as long as they satisfy the requirements of the PBA and Regulation, and the registered retirement income fund (RRIF) requirements under the federal Income Tax Act (ITA). An Old LIF may be self-directed. All Old LIFs must qualify as RRIFs. In essence, all LIFs are RRIFs with additional requirements. For additional information regarding RRIFs, please contact the Registered Plans Directorate of the Canada Revenue Agency (CRA) at 1-800-267-3100 or visit the [CRA's website](#).

### Elimination of Old LIF Purchase and Fund Transfers

As of January 1, 2009, Old LIFs can no longer be sold or purchased. Owners of existing Old LIFs may retain their Old LIFs, but as of January 1, 2009 money cannot be transferred to an existing Old LIF (section 1, Schedule 1).

### Transferring Funds from an Old LIF

Section 7 of Schedule 1 provides that money in an Old LIF, including any accrued interest and any other investment earnings may only be transferred to a New LIF or to an insurance company for the purchase of an immediate life annuity. If money is transferred from an Old LIF to a New LIF, the owner cannot apply for the 50 percent withdrawal or transfer from the New LIF. The only exception is if the transfer to the New LIF was made in accordance with the terms of an order under the Family Law Act (FLA) [i.e., a family arbitration award or domestic contract, as defined in Part IV of the FLA (section 8(3), Schedule 1.1)]. Money cannot be transferred from an Old LIF to a LIRA, an LRIF or another Old LIF.

An Old LIF cannot be converted into a New LIF. The New LIF is a completely distinct locked-in account from the Old 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 the New LIF.

Money in an Old LIF may be transferred to a financial institution in another jurisdiction in Canada, if the transferee institution agrees in writing to administer the money in accordance with the PBA and Regulation. However, money in an Old LIF cannot be transferred to a financial institution outside Canada, as Ontario cannot enforce its legislative requirements outside Canada.

## **Annual Income Payments**

### Requirements for Annual Income Payments

Effective January 1, 2011, the rules for annual payment of income from Old LIFs, New LIFs and LRIFs were largely harmonized. However, certain rules that apply to New LIFs (e.g., the amount that may be paid out in the initial year of purchase), do not apply to Old LIFs and are not included in this policy.

A certain amount must be paid out of an Old LIF as income to the owner each fiscal year. The Old LIF's fiscal year must end on December 31<sup>st</sup> and may not exceed twelve months.

Income payments from an Old LIF must begin no sooner than the earliest date the owner would have been entitled to receive a pension under any pension plan from which money was transferred into the Old LIF, directly or indirectly. If the normal retirement age is 65, a member is entitled to receive an early retirement pension within 10 years of reaching the normal retirement date (i.e., age 55). Therefore, this individual is eligible to receive income payments from his/her Old LIF at age 55. If the plan's normal retirement age is 60, an individual may begin receiving income payments from his/her Old LIF at age 50.

If money from more than one pension plan has been transferred to an Old LIF, the earliest retirement date under any of these pension plans would determine the earliest date on which income payments from the Old LIF may begin. It is the owner's responsibility to provide the financial institution the earliest date on which income payments may begin based on the provisions of the former pension plans.

At the beginning of each fiscal year, the financial institution that administers the Old LIF must inform the owner of the following: the value of the assets in the Old LIF as of the beginning of the fiscal year, the minimum income amount that must be paid to the owner during the fiscal year, and the maximum income amount that may be paid to the owner during the fiscal year. The owner should then notify the financial institution of how much income he/she wishes to be paid for that year, and how these payments are to be made. If the financial institution is not notified, it will pay the owner the minimum amount required for that year under the ITA.

### Minimum Income Payment Formula

The minimum income that must be paid from the Old LIF each year is based on the formula for minimum RRIF payments, as prescribed under section 7308 of the federal Income Tax Regulations. For individuals who have not yet reached the age of 71 as of January 1<sup>st</sup> of a particular year, the minimum is calculated by dividing the balance in the Old LIF at the beginning of the fiscal year, by an amount equal to 90 minus the owner's age as of the beginning of the calendar year. For individuals who have reached the age of 71 as of January 1<sup>st</sup> of the year in question, the minimum amount must be calculated in accordance with the formula in the Income Tax Regulations.

If the Old LIF owner has a spouse, the owner may make a one-time election under the ITA rules to use the spouse's age to calculate the minimum income amount.

If the minimum income amount that must be paid is greater than the maximum income amount that may be paid for the year, then the minimum income amount must be paid.

### Maximum Income Payment Formula

Regular income payments from the Old LIF are subject to a maximum annual limit. The maximum that may be paid each year is the greater of:

1. The amount of investment earnings attributable to the Old LIF in the previous fiscal year, including any unrealized capital gains or losses of the fund; and

2. The amount determined under a prescribed formula, which is found in section 6(1) of Schedule 1 (the “LIF formula”).

**Amount of Investment Earnings Attributable to the Old LIF in the Previous Fiscal Year**

This amount can be calculated by:

1. Subtracting the balance of the Old LIF at the beginning of the previous fiscal year from the balance at the end of the previous fiscal year; and
2. Adding any amounts moved out of the Old LIF during the fiscal year (e.g., income payments, transfers to New LIFs, an amount withdrawn or transferred under the temporary unlocking option, and transfers made as a result of special applications).

For example, the balance of an Old LIF at the beginning of the fiscal year was \$50,000 and the balance of the Old LIF at the end of the fiscal year was \$60,000. During the fiscal year, the owner was paid \$5,000 from the account as income. The investment earnings attributable to that fiscal year would be the balance at the end of the year (\$60,000) minus the balance at the beginning of the year (\$50,000), plus the amount paid out during the year as an income payment (\$5,000), which equals \$15,000.

To put this example in a formula:

Balance at end of the year	\$60,000
(Minus) Balance at start of the year	- \$50,000
(Plus) Total amount paid, withdrawn or transferred out during the year	+ \$5,000
Total investment earnings attributable for the year	= \$15,000

**Amount Determined Under the LIF Formula**

This amount is calculated by dividing the balance of the Old LIF at the beginning of the fiscal year by an amount calculated using an actuarial formula (the present value at the beginning of the fiscal year of an annuity of \$1, payable annually in advance over the period from the beginning of the fiscal year until the end of the year in which the owner reaches 90 years of age).

The Regulation also prescribes certain interest rate assumptions that must be used for the actuarial formula (i.e., for the first 15 years, the greater of 6%, or the prescribed rate published for the November of the year before the beginning of the fiscal year in the *Bank of Canada Review* under identification number CANSIM V122487, and for the 16<sup>th</sup> and each subsequent fiscal year, 6%). These prescribed interest rates (CANSIM V122487 and 6%) are not the maximum percentages that may be paid out of the Old LIF each year, but are simply the factors used in the actuarial formula to determine the maximum income payment amount.

Each year in December, FSCO publishes a policy which includes a table of the maximum percentage of the Old LIF’s balance (as of the start of the upcoming fiscal year) that can be paid from the Old LIF as income that year under the LIF formula. Financial institutions can also determine this percentage when the November CANSIM V122487 rate is published.

**Transfer from an Old LIF to a New LIF**

When money is transferred from an Old LIF to a New LIF, or to purchase a life annuity, which results in no money in the Old LIF, no further income can be paid to the owner from the Old LIF for that fiscal year. To ensure that the owner receives the maximum income possible for the transfer year, he/she should arrange to receive all income payments from the Old LIF before the transfer. Alternatively, the owner should leave enough money in the Old LIF, so that he/she may be paid the rest of the maximum income for that year. In either case, the transfer should be

structured so that the owner is paid at least the minimum income from the Old LIF that year, as required under the ITA.

### **Spousal Death Benefits**

When an Old LIF owner dies, the owner's spouse at the time of death is generally entitled to receive a spousal death benefit. This is an amount equal to the value of the assets in the Old LIF at the time of death, and includes all accumulated investment earnings, as well as any unrealized capital gains and losses in the account, from the date of death until the date of payment (section 13 of Schedule 1).

However, if the Old LIF owner and his/her spouse were living separate and apart when the owner died due to a breakdown in their relationship, the spouse is not entitled to the spousal death benefit unless the spouse was named a beneficiary by the Old LIF owner.

The Old LIF owner's spouse may waive his/her entitlement to receive the spousal death benefit by delivering a completed and signed waiver on FSCO pension Form 4.1 (Waiver of Survivor's Benefits from an Ontario Locked-in Account) to the financial institution that holds the Old LIF. The spouse may cancel this waiver by delivering a written and signed notice of cancellation of the waiver to the financial institution before the death of the Old LIF owner. There is no prescribed form for the waiver cancellation.

If the Old LIF owner has no spouse at the time of death, or if the spouse waived his/her entitlement to the spousal survivor benefit, or if the Old LIF owner and spouse are living separate and apart when the owner died, due to a breakdown in their relationship, the Old LIF owner's named beneficiary is entitled to the death benefit. If there is no named beneficiary, the owner's estate is entitled to receive the death benefit.

The death benefit is not locked-in and may be received in cash. Alternatively, the surviving spouse may transfer the spousal death benefit directly to his/her own RRSP or RRIF, in accordance with, and if permitted by, the provisions of the ITA. However, the Old LIF comes to an end with the death of the owner. The surviving spouse cannot "step into the owner's shoes" and continue the Old LIF in the spouse's name. The spouse must be paid the value of the Old LIF, or transfer the money (or assets) to his/her own account.

### **Division of Money in the Old LIF upon the Breakdown of a Spousal Relationship**

Effective January 1, 2012, new provisions under the PBA and the FLA regarding the valuation and division of pension benefits upon the breakdown of a spousal relationship came into effect (sections 7(1.2)-1.2.3) of Schedule 1). These rules apply to the division of money in an Old LIF under a court order, family law arbitration award or domestic contract, made in accordance with the rules under the PBA and FLA.

An Old LIF owner and his/her spouse or former spouse may divide the money in the Old LIF in accordance with the court order, family law arbitration award or domestic contract, provided that no more than 50% of the money in the owner's Old LIF (as of the family law valuation date), can be assigned to the spouse or former spouse.

### **Other General Provisions**

#### No Commutation or Surrender

Money in an Old LIF cannot be commuted, withdrawn, or surrendered in whole or in part, except as permitted under the PBA or Regulation. However, this restriction does not prevent annual income payments from an Old LIF, or the following special applications (see the section below called **Withdrawals and Transfers from the Old LIF – Special Applications**):

- shortened life expectancy (section 10 of Schedule 1);

- small amounts for individuals who are at least 55 years of age (section 9 of Schedule 1);
- excess contributions above the ITA limit (section 22.2 of the Regulation);
- non-residents of Canada (section 9.1 of Schedule 1); and
- financial hardship (Regulation, Part III).

#### No Differentiation on the Basis of Sex

The contract for the Old LIF must contain a statement that indicates whether or not the amount transferred to it was determined in a manner that differentiated on the basis of the individual's sex (section 2(6) of Schedule 1). This is required because if an annuity is eventually purchased using the money in the Old LIF, the annuity cannot differentiate on the basis of the Old LIF owner's sex, unless the initial transfer amount was determined on a sex distinct basis (section 7(1.3) of schedule 1). Locked-in money that represents the value of the pension earned on or after January 1, 1987, must be determined in a manner that does not differentiate on the basis of sex.

### **Information for Financial Institutions**

#### Information that Must be Provided by the Financial Institution

A contract establishing an Old LIF must include the following (sections 2 and 15 of Schedule 1):

- the name and address of the financial institution that is providing the Old LIF;
- a description of the owner's powers (if any), regarding the investment of the money in the Old LIF;
- a statement that the owner agrees not to assign, charge, anticipate, or give as security, any money that is payable under the Old LIF, except if required by a court order under the FLA, a family arbitration award, or a domestic contract;
- a description of the method used for determining the value of the assets in the Old LIF;
- whether the commuted value of the pension benefit that was transferred into the Old LIF was determined in a manner that differentiated on the basis of sex; and
- the agreement of the financial institution to provide the information required by section 15.

At the beginning of each fiscal year, the financial institution administering the Old LIF must provide the following information to the owner with respect to the previous fiscal year (section 15(2)1 of Schedule 1):

- the sums deposited;
- any accumulated investment earnings, including any unrealized capital gains or losses;
- the payments made out of the Old LIF;
- the withdrawals taken out of the Old LIF; and
- the fees charged against the Old LIF.

At the beginning of the fiscal year, the financial institution must also provide to the owner the following (section 15(2)2, 3 and 4 of Schedule 1):

- the value of the assets in the Old LIF as of the beginning of the fiscal year;
- the minimum income amount that must be paid out of the Old LIF to the owner during the current fiscal year; and
- the maximum income amount that may be paid out of the Old LIF to the owner during the current fiscal year.

When money is transferred out of the Old LIF, the financial institution must provide the owner with the following information, as of the date of the transfer (section 15(3) of Schedule 1):

- the sums deposited;
- any accumulated investment earnings, including any unrealized capital gains or losses;
- the payments made out of the Old LIF;
- the withdrawals taken out of the Old LIF;
- the fees charged against the Old LIF;
- the value of the assets in the Old LIF as of the beginning of the fiscal year;
- the minimum income amount that must be paid out of the Old LIF to the owner during the current fiscal year;
- and
- the maximum income amount that may be paid out of the Old LIF to the owner during the current fiscal year.

When the owner dies, the person who is entitled to receive the money in the Old LIF must be given the following information, as of the date of the owner's death (section 15(4) of Schedule 1):

- the sums deposited;
- any accumulated investment earnings, including any unrealized capital gains or losses;
- the payments made out of the Old LIF;
- the withdrawals taken out of the Old LIF;
- the fees charged against the Old LIF;
- the value of the assets in the Old LIF as of the beginning of the fiscal year;
- the minimum income amount that must be paid out of the Old LIF to the owner during the current fiscal year;
- and
- the maximum income amount that may be paid out of the Old LIF to the owner during the current fiscal year.

#### Amending the Old LIF Contract

The financial institution that administers the Old LIF must agree not to amend the contract governing the Old LIF, if the amendment would result in a reduction in the owner's rights under the contract, unless the institution is required by law to make the amendment. In such a situation, the owner must be given the option to transfer the money out of the Old LIF under the terms of the contract, before the amendment is made. The institution must notify the owner of the nature of this amendment in writing and send it to the owner's address. The owner must be allowed at least 90 days after notice is given, to transfer all or part of the money in the Old LIF.

For amendments other than those described in the paragraph above, the financial institution must give the Old LIF owner at least 90 days prior notice of a proposed amendment (section 14 of Schedule 1).

### **Withdrawals and Transfers from the Old LIF – Special Applications**

#### General Requirements

An Old LIF owner can *only* apply for the special unlocking withdrawals and transfers under the rules described below, if the Old LIF is governed by Ontario laws. If the LIF is governed by the laws of another province or by the federal government, the special unlocking provisions are not applicable. If the owner is not sure which laws apply, he/she should contact the pension plan administrator from which the pension originated, or the financial institution that is administering the Old LIF.

Applications for unlocking based on shortened life expectancy, small amounts, amounts that exceed the ITA limits, and non-residents of Canada, must be made on FSCO pension Form 5 (Application to Withdraw or Transfer Money from an Ontario Locked-in Account). This form must be signed by the owner of the Old LIF, be accompanied by the spousal consent (if applicable), and any required supporting documentation. The completed application must be submitted to the financial institution that administers the Old LIF, not to FSCO.

Applications for financial hardship unlocking must be made to the financial institution which holds and administers the locked-in account, using the FSCO [Form](#) that applies (for more information see the next section).

If the Old LIF owner has a spouse on the date the application is signed, the spouse must consent to the application before the money can be withdrawn, except for applications for excess contributions above the ITA limit. The spouse is not obligated to consent to the application. If the spouse agrees to consent, he/she must complete Part 4 of Form 5, or Part 4 of the Financial Hardship Unlocking Form that applies, in the presence of a witness (a person other than the Old LIF owner).

The spouse's consent is not required if:

- the Old LIF owner and spouse are living separate and apart due to a breakdown in their spousal relationship on the date the application is signed by the owner; or
- all the money in the Old LIF resulted from the pension benefit of someone other than the owner (e.g., the owner's former spouse as a result of a breakdown in their spousal relationship).

The completed Form 5 must be submitted to the financial institution that administers the Old LIF within 60 days, after the date it was signed by the owner and his/her spouse (if applicable).

The financial institution determines whether the application meets the requirements for unlocking. If the applicant qualifies for the unlocking, the financial institution must pay the money within 30 days after it receives the completed application.

### **Applications for Withdrawal of Money from an Old LIF for Shortened Life Expectancy (Section 10, Schedule 1)**

In addition to the general provisions for special applications described above, the following provisions apply to "shortened life expectancy" unlocking applications.

#### (1) Applications under the Terms of the Owner's Former Pension Plan

If the pension plan (from which the money in the Old LIF originated) has a provision allowing for the variation of payment due to shortened life expectancy, the Old LIF owner can apply to unlock and withdraw money from the Old LIF under those terms. The owner is responsible for satisfying the financial institution (that is administering the Old LIF) that his/her former plan contained this provision, and that, based on medical evidence and the pension plan terms, the owner's life expectancy is considerably shortened. This is a question of fact.

It is up to the financial institution to determine the format in which the application should be made. Form 5 should *not* be used if the owner is applying for shortened life expectancy unlocking and withdrawal under the terms of the former pension plan.

#### (2) Applications under Section 10 of Schedule 1

An Old LIF owner may apply to the financial institution to unlock and withdraw some or all of the money in the Old LIF, if he/she is suffering from an illness or physical disability that is likely to shorten his/her life expectancy to less than two years.

The application must be made on FSCO pension Form 5, and should be accompanied by a spousal consent (if applicable). A signed statement is also required from a physician who is licensed to practice medicine in Canada. The physician should say that in his/her opinion, the Old LIF owner has an illness or physical disability that is likely to shorten his/her life expectancy to *less than two years*. The physician may either fill in Part 5 of Form 5, or provide an opinion on the owner's life expectancy in another written and signed format (e.g., a letter). If the



physician does not fill in Part 5 of Form 5, the letter must include a statement that the physician is licensed to practice medicine in Canada, and that, in his/her opinion, the Old LIF owner has an illness or physical disability that is likely to shorten his/her life expectancy to less than two years.

If the pension plan from which the money in the Old LIF originated, contained a variation of payment provision for shortened life expectancy, the Old LIF owner may:

- a) apply under the terms of section 10 of Schedule 1 (by using Form 5); or
- b) apply under the terms of the former pension plan provisions (Form 5 should not be used), if the plan contained a more generous shortened life expectancy criterion (e.g., a life expectancy of less than five years).

An individual who successfully applies for shortened life expectancy must unlock and withdraw the money from his/her Old LIF in cash (and pay any applicable income tax). The option of transferring the money to an RRSP or RRIF is not available for this unlocking application.

### **Applications for Withdrawal or Transfer of Money from an Old LIF for a Small Amount at Age 55 or Older (Section 9, Schedule 1)**

In addition to the general provisions for special applications described above, the following provisions apply to small amounts unlocking applications.

The owner of an Old LIF may apply to unlock and withdraw *all* of the money in the LIF, if:

- the owner is at least 55 years old when he/she applies; and
- the value of all assets held in all the owner's Ontario locked-in accounts is less than 40% of the Year's Maximum Pensionable Earnings (YMPE) for the calendar year that the application is made. (For the year 2013, this amount is 40% of \$51,100.00 = \$20,440.00).

The value of the assets held in each Ontario locked-in account must be based on the most recent statement given to the owner by the financial institution, and must not be dated more than one year before the date the application is signed.

An Old LIF owner who satisfies the requirements for a small amount unlocking application may either withdraw all the money in cash, or transfer all the money to an RRSP or RRIF, in accordance with, and if permitted by the ITA. The owner may not withdraw part of the money in cash and transfer the rest of the funds to an RRSP or RRIF.

The application must be made on FSCO pension Form 5 and be accompanied by a spousal consent (if applicable).

### **Applications for Withdrawal of Money from an Old LIF for an Amount that Exceeds ITA Limits (Regulation Section 22.2)**

In addition to the general provisions for special applications described above, the following provisions apply to amounts that exceed the ITA limits for unlocking applications.

The ITA imposes a limit on the amount that a former pension plan member may transfer from a registered pension plan to a locked-in account on a tax-sheltered basis, when he/she terminates employment or membership in the plan. Only amounts that do not exceed the ITA limit can be transferred to the locked-in account. If the commuted value of the individual's pension entitlement that will be transferred from a pension plan to a locked-in account, is greater than the amount allowed under the ITA for such a transfer, then the excess amount must be paid to the individual as a lump sum cash payment.

However, if an amount that exceeds the ITA limit has already been transferred to an Old LIF, or is currently being

held in an Old LIF, the owner may apply to the financial institution to unlock and withdraw the excess amount. It is up to the financial institution that administers the Old LIF to calculate the aggregate amount that will be withdrawn.

The application must be made on FSCO pension Form 5. It must include a written statement from either the administrator of the owner's former pension plan, or the CRA, that sets out the excess amount that was transferred into or currently held in the Old LIF. The consent of a spouse is not necessary for this application.

Questions regarding the ITA limit and rules should be made to the CRA's Registered Plans Directorate at 1-800-267-3100, or visit the [CRA website](#).

### **Applications for Withdrawal of Money from an Old LIF for Non-residents of Canada (Section 9.1, Schedule 1)**

In addition to the general provisions for special applications described above, the following provisions apply to unlocking applications from non-residents of Canada.

Previously, if an individual earned a benefit under an Ontario pension plan, then terminated employment and transferred the commuted value of the benefit to a locked-in account, followed by leaving Canada permanently, he/she could not withdraw and move this money outside of Canada. This created difficulties for individuals who lived in another country and had locked-in money in Canada.

Effective January 1, 2008, owners of all Ontario locked-in accounts, including Old LIF owners who are non-residents of Canada, may apply to unlock and withdraw *all* the money in their Old LIFs (and other Ontario locked-in accounts). However, the individual must have departed from Canada at least two years before making the application.

The application must be made on FSCO pension Form 5 and be accompanied by a spousal consent (if applicable), as well as a written determination from the CRA that the individual is a non-resident for the purposes of the ITA.

Information on the CRA's criteria for determining if a person is a non-resident is available on their website at [NR-73-Determination of Residency Status \(Leaving Canada\)](#) and [CRA's other information on residency status](#).

### **Applications for Unlocking and Withdrawing Money from an Old LIF for Financial Hardship (Regulation Part III)**

Individuals who qualify under specific circumstances of financial hardship may apply for special access to the money in their locked-in accounts. Effective January 1, 2014, all applications for financial hardship unlocking must be made to the financial institution that holds and administers the locked-in account(s). 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.

All applications must be made based on one of these categories, on the Form that applies. The Forms along with User Guides (and other resources on the rules and process) are available on [FSCO's website](#). The owner of the locked-in account must be the person who applies for financial hardship unlocking. An individual can make applications under different categories but must use the Form that applies to that category.