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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.

## Beware of Scams Involving Your Retirement Savings, Regulators Warn

**TORONTO**, Sept. 23 /CNW/ - The Ontario Securities Commission and the Financial Services Commission of Ontario are warning people to beware of ads that promise early access to savings in locked-in retirement savings accounts.

In a time when markets offer relatively low returns on investments, you may be tempted to access funds in your Registered Retirement Savings Plans (RRSP).

However, if your RRSP is a Locked-In Retirement Account (LIRA), you might not be eligible to unlock your money. If you turn to the wrong person to help you access your retirement savings, you could lose it all and trigger serious tax consequences.

In most cases, you cannot withdraw money from a LIRA until you reach the designated early retirement age, which is usually 55. There are also limitations on how much retirement income you can be paid on a yearly basis using LIRA money. Con artists have found an opportunity to prey on individuals who are anxious to cash in their LIRA.

The financial impact of this scam on Canadian investors is in the millions of dollars. In some cases, collection agents who refer their desperate clients to companies that claim to help access locked-in funds have magnified the problem. Some reports show that these companies are charging people a fee to fill out forms when this service is actually provided free of charge by the Financial Services Commission of Ontario (FSCO).

If you apply to FSCO for assistance and you meet its financial hardship criteria, FSCO can help you unlock your LIRA; there is no need to seek assistance from any other company to make this application.

There are many different forms of RRSP and LIRA scams. In one form, newspaper advertisements state that a tax loophole allows fund holders to withdraw their locked-in funds. They make claims such as, "Take advantage of your RRSP now - no tax to pay," or "I will loan you \$5,000 to \$250,000 over five years if your RRSP is locked in."

In another scenario, promoters first advise you to use the cash in your LIRA to purchase shares in a start-up company. They then promise to lend you half the value of the investment, while they keep the balance as their fee.

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You are told that you can receive cash, with no tax consequences, and still own an investment in your LIRA.

The ugly truth is that the promised shares are worthless, and you may not receive any money at all. You may be liable for a loan on the books of the lending company, which could be troublesome if they declare bankruptcy. The tax loophole often turns out to be a violation of federal income tax law, so you may have to pay tax on the money that was unlocked even though you didn't receive any or all of it.

Use the following tips to avoid this type of scam:

- Visit the FSCO website <http://www.fSCO.gov.on.ca/> for more information on how to apply to unlock your LIRA.
- Understand the tax consequences of using the funds in your LIRA; consult with a tax specialist for additional information.
- Any person offering you investment advice must be registered to do so; check the registration status of your investment adviser online at <http://www.osc.gov.on.ca> in the Registrants List, or call the OSC toll-free at 1-877-785-1555
- Investigate the offer; see bulletin IT320R3 titled "Qualified Investments - Trusts Governed by Registered Retirement Savings Plans, Registered Education Savings Plans and Registered Retirement Income Funds" located on the Canada Revenue Agency website <http://www.cra-arc.gc.ca/> to check that they are RRSP eligible.

Make sure that the investment matches your tolerance for financial risk; ask a registered financial adviser if the investment is suitable for you.

The Ontario Securities Commission (OSC) regulates the capital markets in Ontario. The Financial Services Commission of Ontario (FSCO) regulates insurance, pensions, credit unions, caisses populaires, cooperatives, mortgage brokers and loan & trust companies. You can learn more about investment issues online at [www.investored.ca](http://www.investored.ca).

#### **For further information:**

For OSC Media Inquiries: Perry Quinton,  
Manager, Investor Communications, (416) 593-2348;

For FSCO Media Inquiries:

Rowena McDougall,  
Senior Manager, Public Affairs, (416) 590-7176;

For Investor Inquiries:

OSC Contact Centre, (416) 593-8314, 1-877-785-1555 (Toll Free)

