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TITLE: No Provision for Small Amounts

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Section 50 of the Act provides that the terms of a pension plan may permit the payment of the commuted value of an annual pension payable at normal retirement date as a lump sum amount if that pension is less than two (2) per cent of the Year's Maximum Pensionable Earnings in the year of the plan member's termination. Does this provision also apply to a LIF and a life annuity purchased with money transferred from a LIRA or a LIF?

No. The application of section 50 is limited to the terms of a pension plan. If a pension plan does contain the "small amounts" provision, the decision about whether the value of a benefit entitlement is available as an unlocked lump sum amount will be made by the plan administrator before any money is transferred out of the pension plan. There is no authority under the Act or the Regulations which would permit a financial institution to administer a small amounts provision on the basis of the annualized payout from a LIF or a life annuity purchased with money transferred from a LIRA or a LIF.