



SECTION: Life Income Fund/Locked-In Retirement Account

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TITLE: Direct Transfer from Plan to LIF,
Income Tax Act (Canada), s. 147.3

APPROVED BY: The Pension Commission of Ontario

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Update on Ontario's LIF Option and Revenue Canada

An article in the March 1993 issue of the *PCO Bulletin* 3/4, page 1, provided information concerning how proposed amendments to the *Income Tax Act* (Canada) (the "ITA") would permit a direct transfer of the value of a benefit from a registered pension plan to a Life Income Fund ("LIF").

The proposed amendments were part of the federal government's Bill C-92 which was given Royal Assent on June 10, 1993. Subsections 147.3(1) and (4) of the ITA now provide the authority to transfer a benefit value from a registered pension plan to a LIF on a tax-deferred basis. However, prior to proceeding with the direct transfer, administrators should ensure that the portability provisions in their plan documents contain wording which is acceptable to Revenue Canada.