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SECTION: Life Income Fund/Locked-In Retirement Account

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TITLE: Spousal Pre-retirement Death Benefit,  
O. Reg. 564/92

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*Taken from the "Your Questions Answered" column published in the PCO Bulletin. Please see disclaimer at the beginning of the directory.*

**I am drafting a Life Income Fund ("LIF") document which will be marketed to:**

- **terminated pension plan members who have not yet transferred the benefit value\*;** and
- **former members who have already transferred the benefit value to a locked-in RRSP**

**(These members are entitled to transfer a locked-in benefit value in accordance with Ontario's PBA.)**

**My client wants to include a provision which will permit a surviving spouse to continue the LIF under the surviving spouse's name where the LIF purchaser dies prior to using the fund balance for an annuity purchase. Would a LIF which includes this provision be an acceptable retirement savings arrangement for pension plan members who have terminated employment in Ontario?**

A surviving spouse, who has not waived the pre-retirement death benefit, is a beneficiary under a LIF rather than a successor annuitant in accordance with section 8 of Schedule 1 of the LIF regulation. [The LIF regulation, O. Reg. 564/92 was filed on September 18, 1992, published in the *Ontario Gazette* on October 3, 1992 and published in the *PCO Bulletin* December 1992 issue, page 12.]

The surviving spouse is entitled to receive the balance of the LIF as a cash payment or as a tax-deferred transfer to any retirement savings arrangement on a non-locked-in basis. Pension monies which are locked-in under the PBA should not be used to purchase a LIF which continues to lock-in the balance of the LIF following the death of the purchaser.

\* *The term "benefit value" includes commuted values transferred from defined benefit plans and contributions, with interest, from defined contribution plans.*