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FAQs on Locked-in Retirement Income Funds (LRIFs)

Q1. I have an LRIF. What will happen to it as a result of the changes to the rules for locked-in accounts?

A1. As a result of the changes to the rules that govern locked-in accounts:

- As of January 1, 2009, you cannot transfer any money into your LRIF from any other source.
- After December 31, 2010, you will no longer be able to carry forward any unused maximum income payment amounts to future years and add it to future maximum income payment amounts.
- You can keep your LRIF, but effective January 1, 2011 the rules for LRIFs will be harmonized with those that govern New LIFs.
- As of January 1, 2011, the maximum amount of income paid each year from your LRIF will be the greater of the amount you would have received under the formula in Schedule 2 under Regulation 909, or the investment earnings from the previous year.
- From January 1, 2011 to April 30, 2012, you will have a one-time opportunity to withdraw or transfer up to 50 per cent of the money in your LRIF to an RRSP or RRIF using Form 5.3. -12/2010

Q2. How do I calculate the maximum amount I can be paid from my LRIF each year?

A2. For 2010, the maximum income payment is based on the LRIF's investment earnings for the previous year. Starting in 2011, the maximum income payment will be the greater of the amount earned under the LIF formula or your LRIF's investment earnings for the previous year.

Starting in the 2011 fiscal year, you will no longer be able to carry forward any unused maximum income payment amounts to future years' maximum income payment amounts. -05/2010

Q3. What are my options if I want to transfer money from my LRIF?

A3. You can transfer the money that is in your LRIF to a New LIF, or to an insurance company to purchase a life annuity. Effective January 1, 2011 you can withdraw or transfer up to 50% of the money in an LRIF - January 1, 2011 to April 30, 2012 . -12/2010

Q4. I want to use the money in my LRIF to purchase a New LIF. How will my income payments from the LRIF and New LIF be affected when I make the purchase?

A4. Transferring money from your LRIF to a New LIF does not affect the maximum amount of income that could be paid from the LRIF during the year of transfer. To ensure that you receive the maximum income payment possible for that year, you should arrange to receive **all** payments that you are entitled to get from the LRIF, **before** you make the transfer.

After you purchase the New LIF with the funds from your LRIF, the amount of income you can be paid from your New LIF for the rest of the year is set to zero. -05/2010

Q5. Can I transfer money into my LRIF?

A5. No. You can no longer transfer money into an LRIF, even if it comes from another LRIF. -05/2010

Q6. Can I withdraw or transfer any money from my LRIF in addition to my annual income payment?

A6. From January 1, 2011 to April 30, 2012, you will have a one-time opportunity to apply to withdraw or transfer up to 50 per cent of the money in your LRIF to an RRSP or RRIF using Form 5.3. -12/2010

Q7. What happens if I own an LRIF when I die?

A7. If you own an LRIF when you die, your surviving spouse is entitled to the full amount of money that is in your LRIF. This money may be paid out as an unlocked lump sum after your death, or may be transferred to your spouse's own RRSP or RRIF, where it is permitted by the federal Income Tax Act.

If you do not have a surviving spouse on the date of your death, or if your spouse has waived his/her entitlement to the death benefit payment, your named beneficiary or estate (if there is no named beneficiary) is entitled to receive the amount in your LRIF. -05/2010

Q8. At what age can I apply to withdraw the money in my locked-in account because it is a small amount?

A8. You can apply to withdraw all the money in your locked-in account (LIRA, LIF or LRIF) under the small amount category, **on or after the day you become 55 years old**. The small amount requirement means that the total value of all assets in all your Ontario locked-in accounts must be less than 40 per cent of the [Year's Maximum Pensionable Earnings \(YMPE\)](#) for that calendar year. -03/2014

Q9. Why are there only three columns in the 2016 Maximum Annual Income Payment Amount Table for an Ontario Old LIF, New LIF or LRIF in FSCO Policy L200-415 (instead of the 4 columns in prior years)?

A9. The maximum annual payment percentage is based on the age attained during the year in question. FSCO has, therefore, made minor changes to the table to streamline the information provided. -12/2015

Q10. Does the change in the Canada Revenue Agency minimum withdrawal amount impact the maximum amount that can be withdrawn?

A10. No. The Canada Revenue Agency's reduction of the minimum withdrawal amount has no impact on the maximum withdrawal amounts. The Pension Benefits Act provides the maximum amount that may be withdrawn from the locked-in account. Each year, FSCO publishes a policy that includes a table of percentages that must be used to calculate the maximum annual income amount that may be paid out from the locked-in account. -12/2015

More information:

- [FSCO Policies on Locked In Accounts](#)
- [FAQs on Rules for Ontario Locked-In Accounts](#)