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## FAQs on Old Life Income Funds (LIFs)

### Q1. I own an Old LIF. How will the changes to the rules for locked-in accounts affect me?

**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 Old LIF from any other sources.
- You can keep your Old LIF past age 80 and are no longer required to purchase a life annuity with the funds from your Old LIF.
- You can keep your Old LIF, but effective January 1, 2011 the rules for Old LIFs will be harmonized with those that govern New LIFs.
- As of January 1, 2011, the maximum amount of income paid each year from your Old LIF will be the greater of the amount you would have received under the formula in Schedule 1 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 Old LIF to a Registered Retirement Savings Plan (RRSP) or a Registered Retirement Income Fund (RRIF) using Form 5.3. - 12/2010

### Q2. Can I still buy an annuity with the funds from my Old LIF?

**A2.** Yes, you can buy an annuity with the funds from your Old LIF at any age. - 07/2007

### Q3. How do I calculate the maximum amount I can be paid from my Old LIF each year?

**A3.** For 2010, the maximum income payment is still based on the LIF formula in the regulations (LIF formula). This LIF formula takes into account the amount in your account as of January 1st multiplied by a percentage that changes each year based on your age. The percentage for each age can be found in a table that FSCO publishes in December of each year. Starting in 2011, your maximum income payment

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will be the greater of the amount earned under the LIF formula, or your Old LIF's investment earnings from the previous year. -05/2010

#### **Q4. What are my options if I want to transfer money out of my Old LIF?**

**A4.** You can transfer money from an Old LIF 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 Old LIF - January 1, 2011 to April 30, 2012. - 12/2010

#### **Q5. I want to use the money in my Old LIF to purchase a New LIF. How will my income payments from the Old LIF and New LIF be affected when I make the purchase?**

**A5.** Transferring money from your Old LIF to a New LIF does not affect the maximum amount of income that could be paid from the Old LIF 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 Old LIF, **before** you make the transfer.

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

#### **Q6. Can I transfer any money into my Old LIF?**

**A6.** No. You can no longer transfer money into an Old LIF, even if it comes from another Old LIF. - 05/2010

#### **Q7. Can I withdraw or transfer any money from my Old LIF in addition to my annual income payment?**

**A7.** 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 Old LIF to an RRSP or RRIF using Form 5.3. - 12/2010

#### **Q8. What happens if I own an Old LIF when I die?**

**A8.** If you own an Old LIF when you die, your surviving spouse is entitled to the full amount of money that is in your Old LIF. 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 if the transfer 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 Old LIF. - 05/2010

#### **Q9. At what age can I apply to withdraw the money in my locked-in account because it is a small amount?**

**A9.** 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

**Q10. 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)?**


**A10.** 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

**Q11. Does the change in the Canada Revenue Agency minimum withdrawal amount impact the maximum amount that can be withdrawn?**

**A11.** 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](#)

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