FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

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Changes To The Rules For Ontario Locked-In Accounts - O. Reg. 239/09

On June 19, 2009, O. Reg. 239/09 under the Pension Benefits Act was filed. The Regulation makes numerous important changes to the rules governing locked-in accounts. Locked-in accounts include Locked-In Retirement Accounts (LIRAs), Old Life Income Funds (Old LIFs), New Life Income Funds (New LIFs) and Locked-In Retirement Income Funds (LRIFs). The following points summarize the key changes to the rules, indicate when these changes come into effect, and provide answers to some of the questions that are likely to arise as a result of these changes.

What are the key changes to the rules?

- From **January 1, 2011 to April 30, 2012**, owners of **Old LIFs and LRIFs** will have a one-time opportunity to withdraw in cash or transfer to an RRSP or RRIF up to 50% of the total market value of the assets of the fund.

- From **January 1, 2010 to December 31, 2010**, owners of **New LIFs** will have a one-time opportunity to withdraw in cash or transfer to an RRSP or RRIF an additional 25% of the total market value of the assets of the fund that were transferred into their New LIF account on or before December 31, 2009.

- After **December 31, 2009**, anyone who purchases a New LIF will have a one-time opportunity to withdraw in cash or transfer to an RRSP or RRIF up to 50% of the total market value of the assets of the fund.

- **On or before September 30, 2010**, financial institutions are required to give notice of these and other related changes to owners of Old LIFs and LRIFs.

- **On or before January 1, 2010**, financial institutions are required to give notice of these and other related changes to owners of New LIFs.

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- **As of January 1, 2011**, all of the rules that govern locked-in retirement accounts (LIRAs) are consolidated into Schedule 3 under the Regulation.

What changes come into effect on January 1, 2010?

- New LIF owners can withdraw or transfer an additional 25% of the assets that were transferred into their account on or before December 31, 2009.
- Anyone who purchases a New LIF can withdraw or transfer up to 50% of the assets.

What changes come into effect January 1, 2011?

- Owners of Old LIFs or LRIFs can apply to withdraw or transfer 50% of the assets in their account.
- Owners of New LIFs will no longer be able to withdraw or transfer an additional 25% of the assets that were transferred into their account on or before December 31, 2009.
- The rules for determining the maximum annual income payment from an Old LIF or an LRIF will become standardized with the rules under a New LIF: the greater of the investment earnings of the fund in the previous year, or the amount that would be paid using the LIF formula in the regulations.
- Owners of Old LIFs and LRIFs will no longer be able to transfer assets from those accounts to a locked-in retirement account (LIRA).
- The new Schedule 3 which sets out the LIRA rules comes into effect.

For more information, see **New Rules for Ontario Locked-in Accounts** that come into effect on January 1, 2011.

What changes come into effect May 1, 2012?

- Owners of Old LIFs or LRIFs will no longer be able to withdraw or transfer 50% of the assets in their account.

More Locked-In Account Changes - Questions and Answers

Previous Locked-In Account Changes

Scheduled Online Service Disruption Notice

Please consult our outage schedule for more details.

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

New Rules for Ontario Locked-in Accounts Come Into Effect on January 1, 2011

On January 1, 2011, several new rules for Ontario locked-in accounts will come into effect. These rules were passed in June 2009 under Ontario Regulation 239/09 and will affect old life income funds (Old LIFs), locked-in retirement income funds (LRIFs) and new life income funds (New LIFs). In addition, the rules that apply to locked-in retirement accounts (LIRAs) will be consolidated into one new schedule.

New Rules for LIRAs

The rules for LIRAs will be consolidated in Schedule 3 under Ontario Regulation 909. A number of provisions that are currently found in this regulation will be found in Schedule 3.

New Rules for Old LIFs, New LIFs and LRIFs

- The rules for Old LIFs (which are in Schedule 1) and LRIFs (which are in Schedule 2) will be harmonized with the rules for New LIFs (which are in Schedule 1.1.). All three schedules will remain in effect, but the provisions of each will be essentially the same.
- The rules for determining the maximum annual income payment from Old LIFs, New LIFs and LRIFs will be identical. The maximum income payment for all three funds will be the greater of the amount calculated under the LIF formula, or the fund's investment earnings from the previous year.
- After December 31, 2010, owners of New LIFs will no longer be able to apply to withdraw an additional 25 per cent of the money that was transferred into their New LIFs prior to January 1, 2010. As a result, FSCO pension Form 5.1.1 cannot be used as of January 1, 2011.
- After December 31, 2010, the option to withdraw or transfer up to 50 per cent of the money that was transferred into a New LIF will only apply to transfers from a LIRA or a registered pension plan. This withdrawal or transfer option will no longer apply to money that is transferred from an Old LIF or LRIF, unless the transfer was made in accordance with the terms of an order under the Family Law Act or a domestic contract as defined in Part IV of that Act.
- Between January 1, 2011 and April 30, 2012, owners of Old LIFs and LRIFs will be able to make a one-time application to withdraw or transfer up to 50 per cent of the total market value of these funds into a Registered Retirement Savings Plan (RRSP) or a Registered Retirement Income Fund (RRIF). Applications must be made to the financial institution that holds the money. Use the new FSCO pension form, Form 5.3, which will be available in December 2010. This withdrawal or transfer option will no longer apply after April 30, 2012.

Information that Must Be Provided by Financial Institutions

Financial institutions must provide the following information to every client who owns an Old LIF and/or LRIF **on or before September 30, 2010:**

- After December 31, 2010, no money can be transferred from an Old LIF or LRIF to a LIRA.
- After December 31, 2010, if money is transferred from an Old LIF or LRIF to a New LIF, the owner can no longer apply to withdraw or transfer a percentage of money that was

transferred into the fund. The only exception is if the transfer was made in accordance with the terms of an order under the Family Law Act or a domestic contract as defined in Part IV of that Act.
- Between January 1, 2011 and April 30, 2012, owners of Old LIFs or LRIFs can make a one-time application to withdraw or transfer up to 50 per cent of the total market value of their Old LIFs or LRIFs. The amount of the withdrawal or transfer must be based on the most recent statement that was provided to the owner of the Old LIF or LRIF. The statement must be dated within one year of the date that the owner signs the application.
- As of January 1, 2011, owners of Old LIFs or LRIFs can make a maximum of one withdrawal or transfer, and the application must be made on or before April 30, 2012.
- As of January 1, 2011, the amount of income that can be paid out of an Old LIF or LRIF cannot be greater than 1) the fund's investment earnings, including any unrealized capital gains or losses, for the previous fiscal year, and 2) the amount that is calculated using the formula in Schedule 1 (for Old LIFs) or Schedule 2 (for LRIFs) under Ontario Regulation 909.

Financial institutions should also be aware that they are required to include in their annual statements to their clients the amount of any withdrawals that were taken out of the fund in the previous year.

Frequently Asked Questions

Q: If I transfer money into a New LIF after January 1, 2011, will I be able to withdraw or transfer up to 50 per cent of the amount that was transferred into the fund?

A: It depends on where the money came from. The withdrawal or transfer option is not open to you if the money was transferred from an Old LIF, LRIF or another New LIF. If the money was transferred from a LIRA or a registered pension plan, you may apply to withdraw or transfer up to 50 per cent of the money that was transferred into the New LIF.

Q: If I transfer money from an Old LIF or LRIF to a New LIF after January 1, 2011, will I still be paid an annual amount?

A: Yes. During the year, you must be paid at least a minimum amount as income from the Old LIF or LRIF. When transferring money from an Old LIF or LRIF to a New LIF, you should ensure that you have been paid at least the minimum income amount from the Old LIF or LRIF before the transfer, or leave sufficient assets in the Old LIF or LRIF to be paid at least the minimum income amount from it that year. The income amount payable to you from the Old LIF or LRIF is not affected by the fact that you can no longer apply to withdraw or transfer up to 50% of the money that was transferred into the New LIF.

Q: Between January 1, 2011 and April 30, 2012, owners of Old LIFs or LRIFs may apply to withdraw or transfer up to 50 per cent of the total market value of the assets in the fund. How is this amount determined?

A: The total market value of the assets in the fund is based on the amount that is stated in the owner's most recent statement that was issued by the financial institution at the time of the application. The statement must be dated within one year of the date that the application is made.