



Montcalm & Associates

Financial Group

*Changes to the Rules governing
the Pension Benefits Act*

Ontario Locked-in Accounts

Please Read the Following Screens Carefully

The information listed in this presentation is not readily known by bankers or other individuals who do not specialize in pension legislation within the retirement planning industry.

Errors have occurred since the government made changes to pension legislation and Revenue Canada does not permit anyone in any financial institution to reverse or correct them.

We strongly encourage you to speak with our offices prior to signing any document to transfer any monies out of your pension plan. It will be our pleasure to ensure that you understand these changes and are given the opportunity to benefit from them.

We can be reached at 1 877-999-8521.

Information listed here has been reproduced in part from the website of the Financial Services Commission of Ontario. www.fsco.ca

Finally - Great Pension Reform

- The first change legislated in 2007 became effective January 1st, 2008. The main benefit provided by the government through this regulation is the one-time opportunity to un-lock a portion of your account. In 2008 the change allowed for 25% of your account to be unlocked. The second benefit provided by the government through this regulation is the ability to access account growth.
- In 2009 the un-locking percentage was increased to 50% effective January 1st, 2010.
- We anticipate the government to continue to increase un-locking percentages to 100% over the next few years. These changes are significant as they allow you to choose a much larger pension payment.

Ontario Regulation 416/07, Updated June 19, 2009

- Ontario Regulation 416/07 made numerous changes to the rules governing locked-in accounts.
- On June 19, 2009 Ontario Regulation 239/09 made additional important changes to the rules governing locked-in accounts.

Key changes in effect 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.

Key changes in 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.

Key changes in effect January 1, 2011:

- 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.

Key changes in effect January 1, 2011:

- 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 set out the LIRA rules comes into effect.

Key changes in 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.

Income Payments:

- Regular income payments from the New LIF are subject to a maximum annual limit, which is the greatest of the following:
- The amount determined under a prescribed formula, which is the same formula used to calculate the maximum annual income that may be paid from an Old LIF.
- The amount of investment earnings attributable to the New LIF in the previous fiscal year.

Income Payments:

- An allowance has been made for the fiscal year following a transfer into a New LIF from an Old LIF, to allow investment earnings attributable to the Old LIF in the fiscal year up to the date of transfer + earnings on the New LIF for the remainder of the fiscal year after the date of transfer.

Survivor Benefits:

- The owner's spouse at the time of death is entitled to receive a spousal survivor benefit equal to the value of the assets in the New LIF at the time of death.
- If the New LIF owner and his or her spouse are living separate and apart at the time of the owner's death due to a breakdown in their relationship, the owner's spouse is not entitled to the spousal survivor benefit unless the spouse has been named a beneficiary by the owner.

Survivor Benefits:

- The survivor benefit is not locked-in and may be received in cash. Alternatively, the survivor benefit may be transferred to the spouse's or beneficiary's RRSP or RRIF, if so permitted by the provisions of the Income Tax Act.

Special Applications:

Special Applications can be made for the withdrawal of money from a New LIF for:

Shortened Life Expectancy (less than two years)

Small Accounts at Age 55, or later

Amounts that Exceed Income Tax Act Limits

Non-residents of Canada

Financial Hardship

Financial Services Commission of Ontario

- See www.fsco.ca for additional information and updates
- Give our office a call 1 877-999-8521.