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An advisor guide to effective plan management

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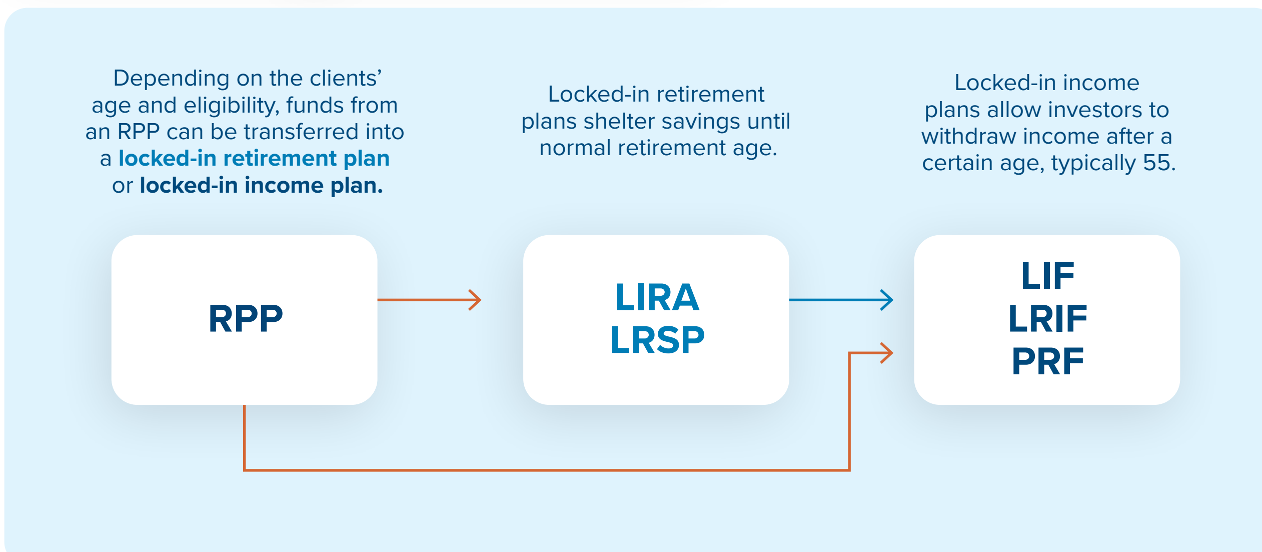
Overview of locked-in plans

Locked-in plans are essentially pension plans that have been transferred to an individual account when an employee leaves a company. Because each locked-in plan may be governed by different pension regulation, they can be confusing for clients. To help you answer client questions and manage the complex administrative requirements for locked-in plans, this guide contains the key information and resources you will need.

Many of your clients may work at firms that offer **Registered Pension Plans (RPP)**, which are funded by their employer, the employee themselves or both, to provide a pension at retirement. After a certain period of time, the money in the plan becomes fully vested, which means the employee is entitled to the money.

When employment is terminated, the employee has the option of leaving the money in the pension plan or transferring the funds to a locked-in plan,* where they can invest according to their own objectives. However, money cannot be withdrawn from a locked-in plan until normal retirement age (or earlier, if the RPP permits).

Employment is terminated → **Proceeds of RPP are locked in*** → **Funds must be transferred to a locked-in plan***



How locked-in plans are governed

All locked-in retirement plans are governed by pension regulation in the province in which the client was employed. If a client was employed by a federally regulated industry, by the federal government or worked in one of the three territories, the plan would be regulated by the federal *Pension Benefits Standards Act* (PBSA). Prince Edward Island currently does not have legislation in place regarding locked-in plans.

*Some of the proceeds of an RPP may not require being locked-in depending on the terms of the plan.

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Account types offered by jurisdiction

Because locked-in plans are governed by provincial or federal regulations, similar plans may have different names. The following table describes the different types of locked-in retirement plans and locked-in income plans, and provinces in which they are offered.

Account type	Definition	Offering by pension jurisdiction									
		BC	AB	SK	MB	ON	QC	NB	NS	NL	FED
LIRA	**Locked-in Retirement Account:** an RRSP designed to shelter Registered Pension Plan (RPP) savings until normal retirement age or earlier if the RPP permits. (Similar to an LRSP)		✓	✓	✓	✓	✓	✓	✓	✓	
LRSP	**Locked-in RRSP**: an RRSP designed to shelter Registered Pension Plan (RPP) savings until normal retirement age or earlier if the RPP permits. (Similar to a LIRA)	✓									✓
RLSP	**Restricted Locked-in RRSP:** a locked-in RRSP designed to accept transfers from RLIF for clients who are younger than age 71.										✓
LIF*	**Life Income Fund:** a form of RRIF in which a client can transfer savings from an RPP, LIRA or LRSP in order to receive income payments.		✓		✓	✓	✓	✓	✓	✓	✓
LRIF**	**Locked-in Retirement Income Fund:** a form of RRIF, similar to a LIF in which a client can transfer savings from an RPP, LIRA or LRSP in order to receive income payments.									✓	
PRIF	**Prescribed Retirement Income Fund:** a form of RRIF, similar to a LIF in which a client can transfer their RPP or LIRA account to in order to receive income payments. The PRIF differs from a LIF or LRIF in that there is no annual maximum amount limit.			✓	✓						
RLIF	**Restricted Life Income Fund:** a form of RRIF in which existing LIF or locked-in assets from a federally regulated plan can be transferred to (at age 55 or older), where a client can unlock up to 50% of the existing assets and transfer the unlocked amount to an RRSP or RRIF. The transfer must occur within 60 days of establishing the RLIF.										✓

*LIF plans may exist for Saskatchewan but new plans are no longer offered.
**LRIF may exist for Ontario but new plans are no longer offered.

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Transferring a locked-in plan to Mackenzie Investments

This administrative guide refers to the applications and forms below.

Multi-plan Application

To open a Locked-in Account at Mackenzie Investments

Form AP1008

Direct transfer of a single amount under Subsection 147(19) or Section 147.3

Transfer from a Registered Pension Plan (RPP) to Mackenzie Investments

CRA Form T2151

Transfer Authorization for Registered & Non-registered accounts

Transfer between different financial institutions in Canada

FM1307

Steps to transfer from an RPP to a Mackenzie Investments locked-in account

1. Client contacts the RPP administrator of their former employer to obtain and complete administrator's required forms.
2. Complete CRA form T2151 to transfer from an RPP to a locked-in plan.
   - Each pension jurisdiction requires a spousal waiver be completed prior to transferring out of an RPP. Forms are available on the Pension Commission's website listed on Page 11.
3. Complete a Mackenzie Multi-plan Application (AP1008).
4. Mackenzie Investments sets up the new locked-in account.
5. Assets are transferred from the RPP administrator to Mackenzie Investments and funds are deposited.

Steps to transfer a locked-in plan from another financial institution to Mackenzie Investments

1. Complete Transfer Authorization form (FM1307) to transfer a locked-in plan.
   - A copy of the spousal waiver used to establish the account at the relinquishing financial institution is to be provided to the receiving financial institution or a new spousal waiver must be completed and can be obtained from the Pension Commission's website listed on Page 11.
2. Complete a Mackenzie Multi-plan Application (AP1008).
3. Mackenzie Investments sets up account.
4. Assets are transferred from the other financial institution to Mackenzie Investments and funds are deposited.

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Age of conversion: retirement plans to income plans

Once a client reaches a certain minimum age, they can choose to convert their locked-in retirement plan into a locked-in income plan, which allows them to start withdrawing money from the plan.

While the minimum age depends on their jurisdiction, all clients must convert their locked-in retirement plan to a locked-in income plan by the end of the year they turn age 71.

Pension jurisdiction	Account type(s)	Minimum age	LIF required to convert to life annuity at age 80
FED	LIF	None	
	RLIF	55	
BC	LIF	55*	
AB	LIF	50	
SK	LIF	None	✓
	PRIF	55*	
MB	LIF	None	
	PRIF	55*	
ON	LIF	55*	
	LRIF	None	
QC	LIF	None	
NB	LIF	55	
NS	LIF	55*	
NL	LIF	55*	
	LRIF	55*	✓

*Age can be less than minimum age if RPP permits.

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Annual minimum payout

Once a client has converted their locked-in retirement plan into a locked-in income plan, the income plan must start paying out the required minimum on an annual basis, by the end of the year.

To determine the minimum amount that must be paid out, use the formulas below.

Age of client[1]	Formula to determine minimum amount
71 and younger	Account value divided by (90 minus client age)
72 and older	Account value multiplied by a prescribed percentage[1] (see table below)

As we noted above, if your client is 72 years and older, the formula to determine the minimum amount to be paid out annually is: **Account value multiplied by a prescribed percentage.**

Age at start of year	Prescribed percentage[2]
72	7.48%
73	7.59%
74	7.71%
75	7.85%
76	7.99%
77	8.15%
78	8.33%
79	8.53%
80	8.75%
81	8.99%
82	9.27%
83	9.58%
84	9.93%
85	10.33%
86	10.79%
87	11.33%
88	11.96%
89	12.71%
90	13.62%
91	14.73%
92	16.12%
93	17.92%
94+	20.00%

[1] Except for New Brunswick, all jurisdictions will permit the minimum amount to be based on the owner's age or a spouse's age.

[2] For RRIFs, income plans and locked-in plans set up after the end of 1992

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Annual maximum payout

If your client has a locked-in income plan, there may be a limit on how much money can be paid out in a year. The Canadian Socio-Economic Information Management System (CANSIM) rate is set annually by the Government of Canada high yield bond rate at the end of November. The rate is used in the formula to calculate clients' maximum payments.

The method of determining the annual maximum payout varies by account type and jurisdiction:

Account type	Maximum formula method	Jurisdiction	Maximum must be pro-rated
LIF	Maximum is the greater of the value determined by CANSIM rates or prior year investment earnings	BC	Yes
		AB	Yes
		MB	No
LIF/LRIF	Maximum is the greater of the value determined by CANSIM rates or prior year investment earnings	ON*	No
LIF/RLIF	Maximum is the value determined by CANSIM rates	QC	No
		NB	No
		NS	No
		NL	Yes
		FED	No
LRIF	Greater of prior year or lifetime investment earnings	NL	Yes
		SK**	Yes
PRIF	No maximum	SK	N/A

Some jurisdictions may permit the full maximum payment in the year the plan was established, while others may require the maximum be prorated based on the remaining months in the year. For example, if a client established a LIF in November in a jurisdiction that required the maximum be prorated, the client would be permitted to withdraw up to 2/12 the annual maximum.

*No new LRIF are offered but existing accounts are subject to maximum.

**No new LIF and LRIF are offered but existing accounts are subject to maximum.

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Special unlocking provisions

While locked-in plans can be strict with regards to withdrawals, certain jurisdictions may permit access to funds that are locked-in if any of the following situations apply:

Jurisdiction	Shortened life		Non-resident		Financial hardship	Temporary income	Small balance
	Prescribed form required*	Physician certification	Prescribed form required*	CRA acknowledgement[1]	Prescribed form required*	Prescribed form required*	Prescribed form required*
FED	✓	✓[3]	✓	✓	✓		
BC	✓	✓[3]	✓	✓	✓		
AB	✓	✓[3]	✓	✓	✓		
SK[2]	✓	✓[3]		✓			
MB	✓	✓[4]	✓	✓			
ON	✓	✓[4]	✓	✓	✓		
QC	✓	✓[3]	✓	✓		✓[5]	✓
NB	✓	✓[3]	✓	✓	✓		
NS	✓	✓[3]			✓	✓[5]	✓
NL	✓	✓[3]				✓[5]	✓

*Prescribed forms are available on the website of the applicable jurisdiction. See page 11 for a list of websites.

[1] Written acknowledgement from CRA on non-resident status is required.

[2] Special unlocking applies to LIRA accounts only. Existing LIF accounts can transfer to PRIF which do not have limits on withdrawals.

[3] Physician certification must indicate that life expectancy has been shortened due to a terminal illness or disability.

[4] Physician certification must indicate that life expectancy has been shortened to less than two years due to a terminal illness or disability.

[5] Temporary income applies to LIF and LRIF only. Not available on LIRA.

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One-time unlocking options

Certain jurisdictions may permit a client to unlock a lump sum amount as a one-time event if the following circumstances apply:

Jurisdiction	Unlock from			Circumstances and requirements
	LIRA/LRSP	LIF	RLIF	
FED			✓	50% may be unlocked within 60 days of establishing an RLIF if owner is age 55 or older. **Requirements:** • Prescribed form*
AB	✓		N/A	50% may be unlocked from LIRA at the point when a client is transferring to a LIF if owner is age 50 or older. **Requirements:** • Prescribed form*
SK	✓			100% of a LIRA can be unlocked by transferring to a PRIF account. **Requirements:** • Prescribed form*
MB		✓	N/A	50% can be unlocked from a LIF and transferred to a PRIF if owner is age 55 or older. **Requirements:** • Approval from Superintendent of Pensions • Prescribed form*
ON		✓	N/A	50% can be unlocked within 60 days of establishing a new LIF if owner is age 55 or older. **Requirements:** • Prescribed form*
NB		✓	N/A	25% of market value or three times the current year LIF maximum can be unlocked and transferred to an unlocked RIF. **Requirements:** • Prescribed form*

*Prescribed forms are available on the website of the applicable jurisdiction. See page 11 for a list of websites.

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Locked-in plans at marriage breakdown

On marriage breakdown, the various pension acts may require that the funds remain locked-in when transferred to a spouse. They may also place limits, typically 50%, on the amounts that can be transferred from one spouse to another.

*The *Pension Benefits Standards Act* does not contain a limit; however, *BC's Family Relations Act* contains a default provision of 50%. A higher percentage can be transferred if stipulated by a court order.

Jurisdiction	Funds remain locked-in	Maximum division of pension benefit credit
FED	✓	No limit
BC	✓	50%*
AB	✓	50%
SK	✓	50%
MB	✓	50%
ON	✓	50%
QC	✓	50%
NB	✓	50%
NS	✓	50%
NL	✓	50%

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Jurisdiction	Pension authority	Web address*
FED	Office of the Superintendent of Financial Institutions	https://www.osfi-bsif.gc.ca/en
BC	BC Financial Services Authority	https://www.bcfsa.ca/
AB	Treasury Board and Finance	http://finance.alberta.ca/business/pensions/index.html
SK	Financial and Consumer Affairs Authority	https://www.fcaa.gov.sk.ca/
MB	Office of the Superintendent Pension Commission	gov.mb.ca/labour/pension
ON	Financial Services Regulatory Authority of Ontario	https://www.fsrao.ca/
QC	Régie des Rentes Québec	https://www.rrq.gouv.qc.ca/en/services/services_en_ligne/rcr/Pages/consultation_rrs.aspx
NB	Financial and Consumer Services Commission	https://www2.gnb.ca/content/gnb/en.html
NS	Government of Nova Scotia	https://www.novascotia.ca/finance/en/home/pensions/
NL	Department of Finance of Newfoundland Labrador	https://www.gov.nl.ca/dgsnl/pension-regulation/

*Web addresses are subject to change.

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General inquiries

For all of your general inquiries and account information please call:

English: 1-800-387-0614
Bilingual: 1-800-387-0615
Asian Investor Services: 1-888-465-1668
TTY: 1-855-325-7030
Fax: 1-866-766-6623
E-mail: service@mackenzieinvestments.com
Web: mackenzieinvestments.com

Find fund and account information on-line through Mackenzie Investments' secure AdvisorAccess. Visit mackenzieinvestments.com/advisor for more information.

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