Know your pension rights if you leave a company

(NC)—If your employment comes to an end before you reach retirement age, you should be familiar with the rules governing the money you may have accumulated in a registered pension plan.

It's important to know that the retirement income system in Canada is a blend of mandatory and voluntary arrangements. In Ontario, the Pension Benefits Act sets out the rights of individuals who are members of registered pension plans.

According to the Financial Services Commission of Ontario (FSCO), the regulator of employee pension plans in Ontario, you should be aware of your pension rights if you leave your employer before retirement age.

Information rights

Within 30 days of termination, the company pension plan administrator must provide you with a written statement that includes details about the benefits payable to you, the options you have, plus the deadline for any decisions. If you are entitled to a refund of your contributions, the statement must also provide information about your refund.

Transfer rights

If you are not yet eligible for early retirement under the terms of your pension plan when your employment ends, you have two choices:

- You can transfer the commuted value of your deferred pension (a lump sum that is equal to the current value of your future pension payments) out of the plan; or
- You can leave the funds you have accumulated in the plan, to receive the "deferred pension" that will be paid at retirement.

If you are eligible for early retirement when your employment ends, as set out in the plan, you cannot transfer the commuted value out of the plan, unless the terms of the plan specifically allow it.

If you choose to transfer funds from your pension plan, it is important to note that the transferred funds are still locked-in. The commuted value may be transferred to:

- Another employer sponsored pension plan that agrees to accept the transfer;
- One of two tax-assisted retirement savings accounts: a Locked-in Retirement Account (LIRA), or a Life Income Fund (LIF); or
- An insurance company for the purchase of a life annuity, payable at the time you would be entitled to pension payments.

To learn more about your pension rights, visit FSCO's website at www.fsco.gov.on.ca and click on *Pensions*.

- News Canada

You have pension rights if your employer sells the company

(NC)—Employees often ask about their pension benefits when a new owner arrives on the scene. For the most part, the answers depend on whether the new employer intends to provide its own employee pension plan.

In Ontario, it's important to note that the rights of all individuals who are members of employee pension plans are set out in the Pension Benefits Act. Information on this legislation is available on the website of the Financial Services Commission of Ontario (FSCO) at www.fsco.gov.on.ca. FSCO is the regulator of registered pension plans in Ontario, and its website provides useful information on employee pension plans.

Here's a snapshot of the information provided on the topic of a business sale:

- **If the new employer does not provide a pension plan to employees:** The former employer is responsible for paying the pension benefits that were accumulated to the date the business was sold.
- **If the new employer provides a pension plan to employees:** The effect on your accumulated benefits will depend on whether the new employer has agreed to assume responsibility for the funds in the former employer's pension plan, by transferring them (with authorization) into the new plan. At retirement you may receive pension benefits from both employers. It is important to note that:
    - Membership in your new employer's pension plan is continuous, and it includes the time you were a member in your old employer's plan; and
    - If a transfer does not happen, membership in your old employer's pension plan will include membership in your new employer's pension plan.

To learn more about your pension rights, visit FSCO's website at www.fsco.gov.on.ca and click on *Pensions*.

- News Canada

You may be able to gain access to your locked-in retirement savings account

(NC)—In times of serious financial hardship, you may be able to unlock money in your locked-in retirement savings account(s) to withdraw funds. According to the Financial Services Commission of Ontario (FSCO), the regulator of registered pension plans in Ontario, here are some things you should know:

In Ontario, when an individual's employment is terminated, the accumulated pension funds are often transferred into one of two locked-in retirement savings accounts:

- a Locked-in Retirement Account (LIRA), or
- a Life Income Fund (LIF).

Prior to 2007, you could also transfer pension funds into a Locked-in Retirement Income Fund (LRIF).

Funds from these accounts cannot be paid until you reach retirement age, which is normally age 55. There is a process, however, to obtain special access to these accounts if you qualify.

You may be able to gain access to your Ontario locked-in account(s) if:

- You have an illness or physical disability that is, in the opinion of a licensed medical professional, likely to shorten your life expectancy to less than two years.
- You are facing specific types of financial hardships such as low income, risk of home eviction, the inability to pay for family medical treatments, or necessary home renovations for an illness or disability.
- You are at least 55 years old and the total value of the funds is less than a specific amount ($18,520 for applications signed in 2009).
- You have been a non-resident of Canada (as determined by the Canada Revenue Agency), for at least two years.
- You have transferred money into an Ontario LIF, and within 60 days of this transfer you want to withdraw or transfer up to 25 per cent of the transferred money.

Exceptions

It is important to know that the federal Pension Benefits Standards Act applies to pension plans of most businesses that are federally regulated. This includes banks, airlines and telecommunications companies. The Ontario rules for access to locked-in accounts do not apply if your locked-in account was transferred from a federally regulated pension plan.

Terms and Tips

If you do access these funds, remember:

- Any money withdrawn may be immediately taxable.
- If you owe money, creditors can seize the funds you unlocked.
- Withdrawing this money may affect your eligibility for certain government benefits, such as social assistance.
- If you have a spouse, your application will usually require your spouse's signed consent.

For free assistance in filling out an application to withdraw funds from your locked-in retirement savings account(s), contact FSCO at 416-250-7250, or call toll-free at 1-800-668-0128. To learn more about locked-in retirement savings accounts, visit FSCO's website at www.fsco.gov.on.ca and click on *Pensions*.

- News Canada