



SECTION: Life Income Fund/Locked-In Retirement Account

INDEX NO.: L050-200

TITLE: Shortened Life Expectancy - Provision in Plan Text
PBA, 1990 s. 49, O. Reg. 909 c. 21(2)(d)

APPROVED BY: The Pension Commission of Ontario

PUBLISHED: Bulletin 6/3 (Winter-Spring 1996)

EFFECTIVE DATE: When Published [No longer applicable - replaced by L200-100 and L200-200]

Taken from the "Your Questions Answered" column published in the PCO Bulletin. Please see the disclaimer at the beginning of the directory.

The shortened life expectancy ("SLE") provision found at section 49 of the Act provides that a pension plan may allow for a variation in the terms of payment of a pension or a deferred pension if a mental or physical disability is likely to shorten considerably the life expectancy of a member or former member. Do the Act and the Regulations permit a SLE provision in a contract for an Ontario Locked-in Retirement Account ("LIRA")?

There is no blanket SLE provision under the Act and the Regulations that automatically applies to all Ontario LIRAs. Subsection 21(2)(d) of the Regulations provides that the contract for an individual planholder's LIRA may provide for the withdrawal of locked-in money as a payment or series of payments by reason of a SLE situation in only one circumstance that is, if the registered pension plan from which the locked-in money was originally transferred contains a SLE provision. This means that a SLE provision will not apply to an individual planholder's LIRA unless the financial institution receives confirmation from the pension plan administrator that the terms of the pension plan provide for the variation in payment.