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| SECTION:        | Locked-In Accounts   |
| INDEX NO.:      | L200-416   |
| TITLE:          | 2017 Life Income Fund (LIF) and Locked-In Retirement Income Fund (LRIF) Maximum Annual Income Payment Amount Table |
| APPROVED BY:    | Superintendent of Financial Services   |
| PUBLISHED:      | FSCO website (December 2016)   |
| EFFECTIVE DATE: | January 1, 2017<br>[No longer applicable – replaced by L200-417 – January 1, 2018]                                 |
| REPLACES:       | L200-415   |

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This policy replaces L200-415 (2016 Life Income Fund (LIF) and Locked-In Retirement Income Fund (LRIF) Maximum Annual Income Payment Amount Table) as of the effective date of this policy.

*Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.*

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca). All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

## **Purpose**

The rules for determining the maximum annual income payment for an Ontario life income fund (LIF) that is subject to Schedule 1 to the Regulation, a LIF that is subject to Schedule 1.1 to the Regulation and an LRIF that is subject to Schedule 2 to the Regulation became harmonized on January 1, 2011. This policy describes how to calculate the 2017 maximum annual income payment for each.

For the purpose of this policy, a LIF that is subject to Schedule 1 of the Regulation will be referred to as an 'Old LIF', and a LIF that is subject to Schedule 1.1 of the Regulation will be referred to as a 'New LIF'. An LRIF that is subject to Schedule 2 of the Regulation will continue to be referred to as an LRIF.

For additional information about specific rules that apply to the maximum annual income payments in certain circumstances, including under the federal *Income Tax Act* (Canada), please refer to FSCO pension policies L200-305 (Old LIFs), L200-303 (New LIFs) and L200-501 (LRIFs).

### **Maximum annual income payments from an Old LIF or LRIF for 2017**

After December 31, 2008, individuals could not purchase an Old LIF or LRIF and money could not be transferred to existing Old LIFs or LRIFs. Section 6 of Schedules 1 and 2 of the Regulation provides that the maximum income amount that may be paid from an Old LIF or an LRIF for any fiscal year is the **greater** of the following amounts:

1. The investment earnings, including any unrealized capital gains or losses, of the Old LIF or LRIF in the previous fiscal year; and
2. The amount calculated using the formula,

C/F, in which

'C' is the value of the assets in the Old LIF or LRIF at the beginning of the fiscal year, and

'F' is the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which the owner reaches 90 years of age.

### **Maximum annual income payment from a New LIF for 2017**

Section 6 of Schedule 1.1 of the Regulation provides that the maximum income amount that may be paid from a New LIF for any fiscal year is the **greatest** of the following amounts:

1. The investment earnings, including any unrealized capital gains or losses, of the New LIF in the previous fiscal year;
2. The amount calculated using the formula,

C/F, in which

'C' is the value of the assets in the New LIF at the beginning of the fiscal year, and

'F' is the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which the owner reaches 90 years of age.

and

3. If the money in a New LIF is derived from money transferred directly from an Old LIF, another New LIF or an LRIF, and if the income is being paid out of the receiving New LIF in the fiscal year following the fiscal year in which the receiving New LIF is established, the sum of:

(a) the investment earnings, including any unrealized capital gains or losses, of the transferring Old LIF, New LIF or LRIF in the previous fiscal year, and

(b) the investment earnings, including any unrealized capital gains or losses, of the receiving New LIF in the previous fiscal year.

### **Maximum Annual Income Payment Table for 2017**

The table at the end of this policy identifies the percentages for use in calculating the maximum income payment amount for 2017 under the formulas in point 2 in each of the sub-headings above. For the table, the interest rate assumptions used in determining the value of 'F' in the formula are:

(1) 6.00%, which represents the greater of the CANSIM V122487 rate (the long-term Government of Canada bond rate) for November 2016 and 6.00%, for the first 15 years, and

(2) 6.00% for the sixteenth and each subsequent fiscal year.

Percentages shown in the table must be prorated for the initial fiscal year if less than twelve months. Part of a month is treated as a full month.

**2017 Maximum Annual Income Payment Amount Table for an Ontario Old LIF, New LIF or LRIF  
(Using C/F formula in Section 6 of Schedules 1, 1.1 and 2 of the Regulation)**

| <b>Age attained during 2017</b> | <b>Number of years to the end of year in which age 90 is attained</b> | <b>Maximum payment as a percentage of the Old LIF, New LIF or LRIF balance at start of fiscal year*</b> |
|---------------------------------|---|---|
| 41                              | 50  | 5.98531%  |
| 42                              | 49  | 6.00600%  |
| 43                              | 48  | 6.02808%  |
| 44                              | 47  | 6.05167%  |
| 45                              | 46  | 6.07687%  |
| 46                              | 45  | 6.10382%  |
| 47                              | 44  | 6.13265%  |
| 48                              | 43  | 6.16350%  |
| 49                              | 42  | 6.19655%  |
| 50                              | 41  | 6.23197%  |
| 51                              | 40  | 6.26996%  |
| 52                              | 39  | 6.31073%  |
| 53                              | 38  | 6.35454%  |
| 54                              | 37  | 6.40164%  |
| 55                              | 36  | 6.45234%  |
| 56                              | 35  | 6.50697%  |
| 57                              | 34  | 6.56589%  |
| 58                              | 33  | 6.62952%  |
| 59                              | 32  | 6.69833%  |
| 60                              | 31  | 6.77285%  |
| 61                              | 30  | 6.85367%  |
| 62                              | 29  | 6.94147%  |
| 63                              | 28  | 7.03703%  |
| 64                              | 27  | 7.14124%  |
| 65                              | 26  | 7.25513%  |
| 66                              | 25  | 7.37988%  |
| 67                              | 24  | 7.51689%  |
| 68                              | 23  | 7.66778%  |
| 69                              | 22  | 7.83449%  |
| 70                              | 21  | 8.01930%  |

**2017 Maximum Annual Income Payment Amount Table for an  
Ontario Old LIF, New LIF or LRIF  
(Using C/F formula in Section 6 of Schedules 1, 1.1 and 2 of the Regulation)**

| <b>Age attained during 2017</b> | <b>Number of years to the end of year in which age 90 is attained</b> | <b>Maximum payment as a percentage of the Old LIF, New LIF or LRIF balance at start of fiscal year*</b> |
|---------------------------------|---|---|
| 71                              | 20  | 8.22496%  |
| 72                              | 19  | 8.45480%  |
| 73                              | 18  | 8.71288%  |
| 74                              | 17  | 9.00423%  |
| 75                              | 16  | 9.33511%  |
| 76                              | 15  | 9.71347%  |
| 77                              | 14  | 10.14952%   |
| 78                              | 13  | 10.65661%   |
| 79                              | 12  | 11.25255%   |
| 80                              | 11  | 11.96160%   |
| 81                              | 10  | 12.81773%   |
| 82                              | 9   | 13.87002%   |
| 83                              | 8   | 15.19207%   |
| 84                              | 7   | 16.89953%   |
| 85                              | 6   | 19.18515%   |
| 86                              | 5   | 22.39589%   |
| 87                              | 4   | 27.22561%   |
| 88                              | 3   | 35.29338%   |
| 89                              | 2   | 51.45631%   |
| 90                              | 1   | 100.00000%  |

\* The maximum annual income payment percentage is calculated on the basis of a twelve-month fiscal year to December 31, 2017, using the interest rate assumptions on page 3 of this policy.