

Consumer Advice

How to resolve a concern or question about a pension plan

(NC)—If you have a concern or question about your pension plan and have been unable to resolve it yourself, you can put that concern or question in writing and send it to the plan administrator. You should request that the response also be in writing.

To find out who administers your pension plan, you can log on to the website of the Financial Services Commission of Ontario (FSCO), the regulator of Ontario regulated pension plans, at www.fSCO.gov.on.ca click on *Pensions* and then click on *Pension Plan Information Access*. You will need your pension plan registration number, or the name of the plan or sponsor. You'll be able to learn the name and address of the administrator and the custodian of the plan, the effective date, the fiscal year end, the plan type, the benefit type and the total active membership.

If you are unable to resolve your question with your plan administrator, FSCO can help. Write to FSCO asking for a review to see if the matter can be resolved satisfactorily. FSCO's role in assisting with the resolution is to ensure

that the plan is being administered in compliance with the *Pension Benefits Act* (PBA) and Regulations, as well as the pension plan documents.

When writing to FSCO, outline the nature of your concern and include all relevant facts and documentation. You should also enclose a copy of any correspondence you have had with your pension plan administrator. In order to act on the request, FSCO often must share this material with the administrator. However, both the PBA and privacy legislation require FSCO to have your consent first, which you should provide in your letter to FSCO. Send your concern or question to: Financial Services Commission of Ontario, Pension Division, 5160 Yonge Street, 4th Floor, Box 85, Toronto, ON M2N 6L9.

When FSCO receives your request, you will get an acknowledgement and FSCO's staff will handle the issue as quickly as possible. You will be advised of the outcome of the review.

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Make sure you get the best value on your home insurance claim

(NC)—Sometimes, you and your insurance company simply don't agree, as in a case like this:

You file an insurance claim following a fire or break-in at your home, but the dollar value of your claim comes under dispute. You think it's worth more and the insurance adjuster thinks it's worth less. You are now at an impasse, so the time has come to enquire about your legal rights.

Instead of a costly battle in court, do take a look at what you are legally entitled to in your home insurance policy. Did you know that an appraisal clause is written into every homeowner's insurance policy sold in Ontario?

An appraisal is an alternative dispute resolution process that is incorporated in home insurance policies. An appraisal is made by a qualified expert who provides you with an unbiased professional opinion of your property's estimated value.

If you're interested in the appraisal process, the first step is to make a formal request.

"You have a right to an appraisal once you specifically demand it in writing," says Rowena McDougall, spokesperson for Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province. "It's a request that must come from you, the policyholder."

Once you receive your insurance company's authorization, you can hire an expert at your cost to perform a second appraisal. Your appraiser and the insurance company's appraiser will then meet to try and reach a decision. If they cannot agree on the value of your claim, an umpire is called in, and the umpire costs are split between you and the insurer. The umpire will review both appraisals and determine a fair price for your insurance claim. Since this is a quasi-judicial process, the umpire's decision is binding and you cannot appeal the decision in court later on.

Be Prepared in the Event of a Fire or Theft at Your Home

If you ever need to make a home insurance claim, it is helpful to have

a detailed list of all your household possessions. Take a look at FSCO's online tip sheet, *Take Inventory of Your Home*, for a valuable guideline. Here's a checklist, condensed from the tip sheet, with more details available at www.fSCO.gov.on.ca:

- Go through your house, room by room, including the garage, basement, attic and off-premises storage unit.
- Write down the content of each room, including clothes, jewelry, floor and window treatments, sporting equipment, furniture, electronics and cabinetry, appliances, artwork, antiques and other collectables. Where possible, include the manufacturer and brand, the serial number, the method of acquisition (purchased, inherited, or gift), plus the approximate cost/value and date acquired.
- Take photographs or a video recording of each room, with valuable items prominently displayed.
- Attach photocopies of receipts and appraisals for valuable items and other important family documents, such as wills, passports, and credit cards.
- Store your list, along with any supporting photographs, videos and documents in a fireproof and watertight safe or safety deposit box.
- Establish a simple method for recording all new major purchases and periodically update your inventory.

It is also important that you read and understand the terms of your insurance policy. You should understand exactly what your insurance policy covers, what is excluded and how your insurance company will calculate the value of your claim. With this knowledge and your detailed household inventory, you'll be well prepared if you ever need to file an insurance claim in the future.

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Frequently Asked Questions When and how can I unlock my LIF, LIRA or LRIF account?

(NC)—In Ontario, you may apply to the Financial Services Commission of Ontario (FSCO), the regulator of pension plans, to unlock your LIF, LIRA or LRIF account and withdraw money in certain situations.

What circumstances allow me to unlock my account based on financial hardship?

There are six qualifying circumstances for making an application to withdraw money from your locked-in LIF, LIRA or LRIF account, based on financial hardship:

1. **Low income** – Your expected total personal income before taxes for the following 12 months must be less than \$29,133.33 (in 2007). (Note: This amount changes every year.)
2. **Risk of eviction from your home** – You or your spouse have received a written demand from your creditor for money owed on a debt secured against your residence. You need the money in order to avoid eviction.
3. **Risk of eviction from your rented residence** – You or your spouse have received a written demand for the payment of rent owed, and need the money to avoid eviction.
4. **You need the money to pay the first and last months' deposits on a residence you wish to rent.**
5. **You need money to pay for medical treatment for you or your spouse, or any dependants of either of you** – The medical expenses you claim cannot be

covered by a provincial health plan, your private health insurance, or any other source. You may claim for expenses already paid or for expenses you will incur in the future. You must provide a doctor's letter stating that the medical treatment is necessary.

6. **You need money for residential renovations, alterations or construction to accommodate the use of a wheelchair, or other needs related to a disability or illness** – The illness or disability must affect you or your spouse, or a dependant of either of you. The renovations or alterations can be made to your home or the dependant's home. The money can also be applied to the cost of including features to accommodate an illness or disability in the construction of a new home. You must provide a doctor's letter stating the renovations, alterations or construction are necessary to deal with an illness or disability.

Where can I get an application form to unlock my account?

For application forms, guides and further information, log on to www.fSCO.gov.on.ca.

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Important changes to the rules for Ontario locked-in accounts

(NC)—If you own an Ontario locked-in account recent regulation changes may affect the way you manage your retirement income.

What is a locked-in account?

In general, any money transferred from an Ontario-registered pension plan into a locked-in account must remain "locked-in" and can only be used to provide retirement income. There are currently three types of Ontario-regulated locked-in accounts:

- Locked-in Retirement Account (LIRA)
- Life Income Fund (LIF)
- Locked-in Retirement Income Fund (LRIF)

What rules have changed?

The Government of Ontario has made several changes to enhance the flexibility of Ontario locked-in accounts.

If you own a LIF you will not be required to purchase an annuity at age 80. This change is effective immediately.

On January 1, 2008, a new Life Income Fund (new LIF) will be introduced. If you own an old LIF or LRIF, you'll have the option of transferring the funds in those accounts to a new LIF account.

If you own an old LIF or LRIF, you may want to transfer the funds to a new LIF account to take advantage of the following new features:

- You'll have a time limited option to withdraw up to 25 per cent of the funds that are transferred into the new LIF. These unlocked funds can then be transferred to a Registered

Retirement Savings Plan (RRSP), a Registered Retirement Income Fund (RRIF) or be paid out to you in cash.

- You will not be required to purchase an annuity at age 80.
- You can withdraw funds from the new LIF each year, up to an annual maximum.
- You can base your annual income withdrawal on your investment returns in the previous year.
- When you reach the age of 90, if there is any money left in your new LIF account, you'll be able to fully withdraw the balance.

If you become a widow or widower of a locked-in account owner, after December 31, 2007 you may be able to take advantage of an additional feature. After this date, surviving spouses will have the option of transferring the survivor benefit from their spouse's locked-in account directly to their own RRSP or RRIF, where permitted by the *Income Tax Act*.

If you have been a non-resident of Canada for over two years, you will have the option of applying for permission to withdraw all of the money in your locked-in account.

To learn more about the new locked-in account rule changes, visit the Financial Services Commission of Ontario's website at www.fSCO.gov.on.ca and click on *Pensions*, then select *Locked-in Accounts* and then choose *Changes to the Rules for Ontario Locked-in Accounts*.

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You may be able to unlock your LIF, LIRA or LRIF account in a financial emergency

(NC)—If you live in Ontario, you may be able to unlock a locked-in account which contains money transferred from your pension plan for certain expenses in times of serious financial hardship.

According to the Financial Services Commission of Ontario (FSCO), the regulator of pension plans, LIF, LIRA or LRIF account unlocking is a last resort and must be reserved as an alternative in particular circumstances when there is no other sufficient source of money. You cannot withdraw from your account for a trip to Europe, for example.

What is a locked-in account?

In general, any money transferred from an Ontario-registered pension plan into a locked-in account must remain "locked in" and can only be used to provide retirement income.

There are three types of Ontario-regulated locked-in accounts:

- Locked-in Retirement Account (LIRA)
- Life Income Fund (LIF)
- Locked-in Retirement Income Fund (LRIF)

When can I unlock my account?

Application for special access to these accounts may be made, using the appropriate FSCO unlocking form, in the following situations:

- You are facing specific types of financial hardship, such as the inability to pay your rent or mortgage.
- You have an expected income of \$29,133.33 or less (for 2007). This amount changes every year.
- Your life expectancy is two years or less, in the opinion of a physician

licensed to practice medicine in Canada.

- You are at least 55 years old and the total value of the funds in all of your locked-in accounts is less than \$17,480 (for 2007).

Is there a fee for unlocking my account?

Yes. To partially offset FSCO's administrative costs, successful applicants will be charged a fee equal to two per cent (minimum: \$200, maximum: \$600) of the amount the applicant is entitled to withdraw.

More information about unlocking your account, downloadable forms, and guides to filling them out are available on FSCO's website at www.fSCO.gov.on.ca.

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