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1995 Maximum Withdrawal Table for an Ontario LIF

The annual amount which may be withdrawn from an Ontario Life Income Fund ("LIF") must be calculated at the beginning of each fiscal year of the LIF. (The fiscal year of a LIF must end on the 31st day of December and must not exceed twelve months.) No withdrawals from a LIF are permitted until the owner of the LIF has attained the age at which that individual would have been eligible to begin receiving retirement payments under the terms of the plan from which the locked-in money, now held in the LIF, was originally transferred. The date at which the owner would have been eligible to begin receiving retirement payments can be no later than 10 years before the normal retirement age identified in the applicable pension plan. For most individuals that would be no later than age 55.

The maximum withdrawal in a year is based on the number of years from January 1 of that year to December 31 of the year in which the individual turns age 90. If the CANSIM method which produces the greatest annual payout is used, the interest assumption used for the first 15 years cannot exceed the CANSIM Series B14013 interest rate for the preceding month of December. The interest assumption for the remaining years cannot exceed 6%. CANSIM Series rates are published by the Bank of Canada in the *Bank of Canada Review*. The Series B14013 interest rate for December, 1994 is 9.16%.

The following table, which identifies the maximum percentages of LIF balances which may be withdrawn in 1995, was prepared using the CANSIM method outlined above: 9.16% for the first fifteen years and 6% for the remaining years.

Life Income Fund - 1995 Withdrawals

Age at Start of Year	New Age During Year	Years to End of Year Plan Holder Turns 90	Maximum Withdrawal as a Percentage of the LIF Balance at the Start of Year
54	55	36	8.28808%
55	56	35	8.34601%
56	57	34	8.40830%
57	58	33	8.47535%
58	59	32	8.54760%
59	60	31	8.62555%
60	61	30	8.70973%
61	62	29	8.80079%
62	63	28	8.89940%
63	64	27	9.00638%
64	65	26	9.12262%
65	66	25	9.24915%
66	67	24	9.38717%
67	68	23	9.53804%
68	69	22	9.70334%
69	70	21	9.88494%
70	71	20	10.08500%
71	72	19	10.30610%
72	73	18	10.55131%
73	74	17	10.82430%
74	75	16	11.12952%
75	76	15	11.47243%
76	77	14	11.87171%
77	78	13	12.34055%
78	79	12	12.89651%
79	80	11	13.56354%

The applicable maximum withdrawal percentage in the table is applied to the balance of the LIF at the beginning of 1995. The dollar figure produced by the calculation is the maximum amount which may be withdrawn from a LIF in 1995.

To illustrate, for an individual who turns age 60 during 1995 (attained age is 59) and whose LIF has a balance of \$100,000 at January 1, 1995, the maximum withdrawal permitted in 1995 would be:

$$\$100,000 \times .0862555 = \$8,625.55$$

If the owner of a LIF has not attained, before January 31, 1995, the age at which he or she would have been eligible to begin receiving retirement payments under the terms of the plan from which the locked-in money was originally transferred, the full annual withdrawal for 1995 is not applicable. The annual amount must be prorated to recognize only the months during 1995 that the owner is eligible to receive payments.