Locked-in Plans
Understanding the Quebec Pension Legislation

If you have funds in a "Locked-in" Plan governed by the Quebec pension legislation, the following will provide an overview of certain requirements and procedures for you to access your funds. It is important to note that the pension jurisdiction is determined by the pension administrator and is not dictated by your province of employment or residence. Therefore, you may hold locked-in funds from the same or different employers that are subject to different pension legislations.

It should be noted that these rules are subject to change at any time and the Quebec pension legislation should be reviewed prior to initiating an un-locking request. Where there is a discrepancy between the information contained in this article and the information provided by the applicable pension legislation, the latter takes precedence.

Please visit: https://www.rrq.gouv.qc.ca/en/services/publications/cri_frv/Pages/listeformpub.aspx

Year’s Maximum Pensionable Earnings (YMPE):Unlocking provisions are often based on the YMPE which for 2020 is $58,700.

Locked-in Retirement Account (LIRA): A LIRA is similar to a Registered Retirement Savings Plan (RRSP), however a plan holder cannot contribute additional funds to the account and will be restricted in how funds can be withdrawn. Funds are fully taxable when withdrawn. The plan holder may convert to a Life Income Fund (LIF) or purchase an annuity at any age and must do so no later than December 31st of the year in which they turn 71.

Life Income Fund (LIF): A LIF operates similarly to a Registered Retirement Income Fund (RRIF), with the main difference being that in addition to a minimum prescribed amount that must be withdrawn as income each year, there is also a prescribed maximum.

Minimum Retirement Age: No minimum.

One-time unlocking:
• This provision is not available under Quebec Pension Legislation.

Small balance:
• The plan holder must be 65 or over at the end of the year preceding the one in which he or she applies for the withdrawal, and
• The sum of all locked-in accounts is not more than 40% of the YMPE for the year of application, which is $23,480 for 2020.

Financial hardship:
• This provision is not available under Quebec Pension Legislation.
Non-resident withdrawal:

- The plan holder must be a non-resident for Canadian income tax purposes and obtain a written confirmation from the Canada Revenue Agency (CRA).
- The plan holder must not have lived in Canada for at least 2 years.
- The plan holder will be allowed to unlock the full value of their LIRA or LIF account as long as the investments have matured.

Reduced life expectancy:

- Permitted on LIRA accounts only, however if the account holder has not yet reached the age of 71 they can convert their LIF to a LIRA in order to proceed with this type of request.
- A duly qualified physician must provide a letter certifying that a mental or physical disability has considerably shortened the life expectancy of the plan holder.
- The plan holder can withdraw the funds in a lump sum, or in a series of payments. Withdrawals are subject to applicable federal, provincial or non-resident withholding taxes.

Temporary income:

Retraite Québec offers a simulation calculator [LIF Quick Calc](#) to assist in determining the life or temporary income that an individual can draw in their specific situation.

- Plan holder under the age of 54:
  - Must be under the age of 54 on December 31st of the year preceding your application.
  - Must only have one LIF, and
  - Not have income exceeding 40% of the YMPE in the 12 months following the application for a temporary income, which is $23,480 for 2020.
  - The plan holder must complete schedule 0.5 from the [Regulation respecting supplemental pension plans](#).

- Plan holder between the age of 54 and 64:
  - A temporary income can be drawn in each year if you were at least 54 and less than 65 on December 31st of the year preceding your application.
  - The plan holder must complete schedule 0.4, schedule 0.8 and schedule 0.9 from the [Regulation respecting supplemental pension plans](#).

At death:

- When a LIF or LIRA holder dies, the balance is paid on an unlocked basis, to his or her surviving spouse, or common-law partner, if there is none or if they have renounced it, to the heirs.
Considerations

Review the unlocking rules with your TD advisor and consider how unlocking may fit within your overall wealth plan and assist you in meeting your retirement goals. Ensure you also speak with a tax advisor about the implications of a withdrawal.