

## Unlocking Of Pension Benefits - Summary

The *Employment Pension Plans Act* (the Act) and the *Employment Pension Plans Regulation* (the Regulation) have several provisions creating exceptions to the general rule that pension benefits must be “locked in”. These include new provisions introduced as amendments to the legislation effective August 10, 2006. This bulletin has no legal authority. The Act and Regulation should be used to determine specific legislative requirements.

### What is locking-in?

Locking-in is a restriction, imposed by the Act, on the use of funds accumulated originally in a pension plan. The purpose of locking-in is to ensure that a plan member’s pension account is used for the purpose originally intended: to secure a retirement income for that person and their pension partner (married or common-law spouse) for both of their lives. Locking-in applies to funds held in a pension plan, and also to those funds if they are transferred from the plan to an account with a financial institution, held in the former plan member’s or their pension partner’s name. Nonetheless, there are several exceptions to this general rule, and they are summarized below.

The reader is referred to [other Policy Bulletins and other publications containing more detailed information about each of the provisions](#). All are published on the Alberta Finance website address indicated in this Bulletin.

### 50% Unlocking at or After Age 50

A person who is at least age 50 and who wishes to transfer his or her funds from a pension plan or a Locked-In Retirement Account to a retirement-income producing account such as a life annuity, Life Income Fund, or Defined Contribution Retirement Income Account, has the one-time right to have up to half of those funds unlocked. For a transitional period ending December 31, 2007, the same option is offered to persons who held Life Income Funds and Locked-in Retirement Income Funds before November 1, 2006. See [Policy Bulletin #34 – 50% Unlocking](#).

<b>Maximum Commutable Amounts</b>	If an account has a small balance, it may be unlocked. <a href="#">Policy Bulletin #24, Maximum Commutable Amounts</a> , explains the circumstances under which this may occur and what constitutes a “small balance”.
<b>Non-Residency</b>	If a person satisfies Canada Revenue Agency that, under the federal <i>Income Tax Act</i> , he or she is no longer a resident of Canada, and can supply that proof to the pension plan or financial institution holding his/her locked-in account, the funds in the pension plan or the locked-in account may be unlocked. Details on the circumstances and the means of qualifying for this exception are found in <a href="#">Policy Bulletin #25, Commutation due to Non-Residency Status</a> .
<b>Shortened Life Expectancy</b>	If a person has a terminal illness or a disability that is likely to shorten his/her life considerably, as certified by a physician, that person may have their funds in a pension plan (if the plan permits it) or a locked-in account unlocked and paid to them as either a lump sum or a series of payments. For further information, consult <a href="#">Policy Bulletin #26, Commutation due to Shortened Life Expectancy</a> .
<b>Financial Hardship</b>	A person facing a financial hardship whose funds are in a Locked-In Retirement Account, Life Income Fund or Locked-in Retirement Income Fund may apply to the Superintendent of Pensions for permission to unlock funds to address that hardship. Only certain situations qualify as hardships, and only an amount demonstrably required to deal with the hardship may be unlocked. Please refer to the <a href="#">Application Form to Unlock Pension Funds due to Financial Hardship (Form 51)</a> and the related <a href="#">Instructions and Policies document</a> . Further information is available in EPPA <a href="#">Update 03-05, Alberta Financial Hardship Access</a> , in the “ <a href="#">Archived Updates</a> ” section of the website.
<b>Maintenance Enforcement Orders</b>	A person who is in arrears in paying their spousal or child maintenance, and who is subject to proceedings under the Maintenance Enforcement Act, may have money in, or withdrawals from, their locked-in account (LIRA, LIF or LRIF) attached or seized. Please refer to <a href="#">Policy Bulletin #36, Maintenance Enforcement Act Provisions</a> .

For further information please contact:

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