



# EPPA Update 03-05

## Alberta Financial Hardship Access

Issued May 2003 / Revised December 2003

### Amendment to the Regulation

The Government of Alberta has passed an amendment to the *Employment Pension Plans Regulation* to permit individuals in possession of locked-in pension accounts to access their locked-in funds for situations of financial hardship that the owner of the locked-in money cannot address by other means.

The new regulation applies only to Locked-in RRSPs (established before 1987), Locked-In Retirement Accounts (LIRA), Life Income Funds (LIF), and Locked-in Retirement Income Funds (LRIF) that are subject to the provisions of the *Alberta Employment Pension Plans Act* (the Act) and *Regulation*. Monies still held in pension funds and/or locked-in funds subject to legislation other than Alberta's may not be accessed under financial hardship situations.

### Circumstance and Verification of Financial Hardship

To ease the application process, eligibility for unlocking funds will not depend on an "asset test". However, an individual applying to unlock funds must supply the Superintendent with certain documents, as listed below, that may be required to provide verification that the locked-in contract holder has encountered one of the following eight circumstances of financial hardship.

1. The account owner or their pension partner<sup>1</sup> risks eviction from their principal residence due to rent arrears.

*Verification:* Copy of the Notice of Eviction of Tenancy.

2. The account owner or their pension partner risks foreclosure on the mortgage on their principal residence due to a debt secured against the principal residence.

*Verification:* Copy of the Notice of Foreclosure.

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<sup>1</sup> A pension partner as defined in the Act means the individual who you are married to and have not been living separate and apart from for 3 or more years. If no one fits that description, your pension partner is the person you have lived with in a conjugal relationship for at least 3 years, or of some permanence if there is a child of the relationship (through birth or adoption).

3. The account owner or their pension partner requires first and last months' rent (or security deposit) on a principal residence.  
*Verification:* Copy of the Lease/Tenancy Agreement stipulating the monthly rental requirements (or security deposit) of the residence.
  
4. The account owner faces medical and dental expenses, including medication, which are not covered by any insurance and deemed reasonable by a medical professional to treat an illness or disability of the owner, pension partner or a dependent.  
*Verification:* Copy of the invoice issued which details the costs of the treatment and/or drug as well as written certification from a doctor certifying the treatment or medication is reasonable to treat their patient's condition.
  
5. The account owner requires alterations to a home due to an owner's, pension partner's or dependent's<sup>2</sup> disability.  
*Verification:* Copy of the contractor's invoice or estimate to perform the necessary alteration. An applicant will have to provide written confirmation that public homecare or a private insurance provider will not agree to fund the alteration to the primary residence. In addition, an applicant will have to provide written certification from a doctor certifying the owner, pension partner, or dependant has a disability.
  
6. The account owner's expected annual income is less than two-thirds (2/3<sup>rds</sup>) the Year's Maximum Pensionable Earnings. For the year 2004, the threshold income level is \$27,000.  
*Verification:* The applicant must complete the Statement of Expected Income section of the application form.
  
7. The account owner requires the funds for payment of income tax arrears.  
*Verification:* Copy of the writ of seizure or a copy of the Requirement to Pay from Canada Customs and Revenue Agency.
  
8. The account owner is facing a situation of financial hardship that is not captured by the above criteria, however the Superintendent deems that the situation facing the individual qualifies as financial hardship.  
*Verification:* Written explanation of the hardship situation, as well as any other supporting documents the applicant may possess. The Superintendent may require further documentation.

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<sup>2</sup> A dependant is a person who was dependant on the locked-in account owner (or their pension partner) at some time during the calendar year in which the application was signed or during the previous calendar year

In all circumstances, a copy of the most recent statement respecting the locked-in account must accompany the application form. Further, the pension partner of a locked-in account owner (if any) must agree to the withdrawal of these funds, but only if the account owner possesses the locked-in funds as the result of a transfer of their benefit entitlement from a pension plan, rather than as a result of marriage breakdown or the death of the original owner. The appropriate pension partner agreement is part of the application form.

#### Review of locking-in provisions

The provision of access to locked-in funds for reasons of financial hardship is a temporary measure, pending a review of the entire concept of locking-in. The locking-in rules were designed to strike a balance between recognizing an individual's personal financial needs and respecting an employer's intention to provide an income in retirement for their employees.

The review will be conducted via a public discussion paper to be released in the coming months.

#### **Other Information**

Click to download the appropriate [Application Form](#) or contact the Office of the Superintendent. All questions concerning the application of funds due to financial hardship may be directed to the Superintendent's Office at (780) 427-8322. That number may be accessed toll free in Alberta by first dialing 310-0000.