

**BULLETIN NUMBER:** PENS-07-003

**TITLE:** Maximum Pensionable Age

**LEGISLATION:** *Pension Benefits Standards Act*

**DATE:** December 2007

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## **PURPOSE**

This Bulletin provides information relating to the announcement by the Minister of Finance that the *Pension Benefits Standards Act* (“the Act”) will be amended, with retroactive effect, to increase the age by which a pension must commence from age 69 to age 71, matching the provisions of the *Income Tax Act* (Canada) (“the ITA”).

### **Existing Provisions under the Act**

Currently, subsection 38(9) of the *Pension Benefits Standards Act* (“the Act”) states that a pension must commence to be paid no later than the end of the year in which the plan member attains the age of 69 years. Section 29 of the regulation requires that money held in a locked-in RRSP must either be transferred to a life income fund or used to purchase a life annuity contract no later than the end of the year in which the owner of the locked-in RRSP reaches the age of 69 years.

Given the announcement by the Minister, the Superintendent of Pensions will not require that pensions commence at age 69. Administrators of pension plans may defer commencement of pensions until December 31 of the year in which the member or former member attains the age of 71.

Issuers of locked-in registered retirement savings plans (“RRSPs”) will not be required to transfer funds held in these vehicles to a life income fund (“LIF”).

Where an individual is over age 69 but under age 71 and money is held in a LIF, issuers may either:

- Permit the transfer of funds held in LIF to a locked-in RRSP, or
- Make no payment from the LIF, as permitted under the ITA.

For more information on the ITA rules relating to the minimum amount during the transition period, please review the information on the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/tax/registered/budget2007-e.html#minimum>.

## Registration of Plan Amendments

The Superintendent will not be able to register any amendments reflecting the increase in maximum pensionable age until the Act has been amended. Amendments that are submitted will be held, without review, until the required legislative amendment comes into force. As permitted by section 16 of the Act, plans may be administered in accordance with the provisions of the amendment.

## Changes to Locked-in RRSPs

The Superintendent will not acknowledge amendments to locked-in RRSP contracts reflecting the change in maximum pensionable age until the Act has been amended.

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The Superintendent of Pensions issues interpretation bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Pension Benefits Standards Act* and Regulations. While the comments in a particular part of an interpretation bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an interpretation bulletin generally applies as of the date on which it was published, unless otherwise specified.

If you have any questions with respect to the contents of this Information Bulletin, please contact:

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