

INSTRUCTIONS TO COMPLETE THE APPLICATION TO WITHDRAW MONEY BASED ON FINANCIAL HARDSHIP

Issued Jan 2nd, 2008

PRIVACY STATEMENT

The personal information that you provide with this application during this process will be used for the purpose of administering the financial hardship provisions of the *Pension Benefits Act*. It is collected under the authority of Section 24 of the *NS Freedom of Information and Protection of Privacy Act*. If you have any questions about the collection or use of your personal information, you can contact the Information Access and Privacy Manager, NS Environment and Labour at (902) 424-8472 or care of the address listed at page 2 of these instructions.

General Information

To qualify for this type of withdrawal, your financial hardship **must** be due to one or more of the following reasons:

1. You or your spouse or common-law partner risk have defaulted on mortgage payments for your principal residence and risk eviction.
2. You have medical expenses (including medication) not covered by insurance, a benefit plan, a government program or any other source to treat an illness or disability of yourself, your spouse or common-law partner, or your Dependent.
3. Over the next 12 months, you expect to earn less than \$17,960.

The following types of applications are to be made directly to the financial institution that administers your locked-in account. You should contact your financial institution to find out how to make these types of applications. Please refer to PART TWO of the instructions.

- You want to apply to withdraw money from your locked-in account because you face shortened life expectancy
- You are between the ages of 54 and 65
- You are at least 65 years of age and the value of your locked-in account is less than \$17,960.

YOU CANNOT USE THE ATTACHED APPLICATION TO APPLY TO WITHDRAW MONEY FROM YOUR LOCKED-IN ACCOUNT IF:

- **The money you seek to withdraw is currently in the pension fund of your current or former pension plan.** You can only apply to withdraw money that is in a locked-in account [Locked-in Retirement Account (LIRA) or Life Income Fund (LIF)].
- **The money you seek to withdraw from your locked-in account is governed by the laws of the federal government or a province other than Nova Scotia.** You can only apply to withdraw money that is governed by the Nova Scotia *Pension Benefits Act*. If the Superintendent consents to a withdrawal based on the information provided in the Application and it subsequently becomes apparent that your locked-in account is not governed by the Nova Scotia *Pension Benefits Act*, **the financial institution that administers your locked-in account will not be able to release the money.**

- You **CANNOT** apply to withdraw money from your locked-in account for the same reason of financial hardship **until 12 months after your last successful Application under that category**.
- If you have previously unlocked funds to pay mortgage arrears on your principal residence, you will be unable to do so again as funds may be withdrawn for this reason **once in a lifetime only**.
- The Superintendent can only consent to the withdrawal of money from your locked-in account if the amount you are able to withdraw is **at least \$500**.
- If the Superintendent consents to the withdrawal of money from your locked-in account, you will have to pay an **application fee and withholding tax** on the money withdrawn.
- Any money withdrawn from your locked-in account **will no longer be exempt** under the *Nova Scotia Pension Benefits Act* **from execution, seizure or attachment by creditors**.
- **Any withdrawal from your locked-in account may have other tax consequences**. To find out more about any possible tax consequences, contact the Canada Revenue Agency at 1-800-959-8281.
- **Any withdrawal from your locked-in account may also affect your eligibility for certain government benefits**, such as the federal Guaranteed Income Supplement and Nova Scotia's Employment Support and Income Assistance. To find out more about the effect a withdrawal may have on your eligibility for government benefits, contact the government department or agency that provides those benefits.
- **You can only apply to withdraw money from one locked-in account at a time using the Application**. When you have completed the Application, send it and any other required documents to:

**Nova Scotia Department of Environment and Labour
Pension Regulation Division
PO Box 2531
Halifax NS B3J 3N5.**

- **Do NOT send the Application to the financial institution that administers your locked-in account**.
- If the Superintendent is not satisfied that the Application or the documents you attach to the Application meet the requirements for a withdrawal from your locked-in account, you may be required to provide additional information or documents to satisfy these requirements.
- Completion of the Application form does not immediately qualify you to withdraw the requested amount from your locked-in account. Your Application will be reviewed and you may be asked to provide additional information or documentation to support or verify the information you provided in the Application.

Definitions

Dependent - means any person who is dependent on the owner of the locked-in account or the owner's spouse or common-law partner on the date the application is signed by the owner or was dependent on the owner during the 12-month period immediately preceding the date the application is signed by the owner. The person **must** also be the child, grandchild, parent, grandparent, brother, sister, uncle, aunt, niece or nephew of

(a) the owner, or

(b) the owner's spouse (but **not** if the owner and the spouse are living separate and apart on the date the owner signs the Application).

Locked-In Account – means a Locked-In Retirement Account (LIRA) or a Life Income Fund (LIF) that is governed by the *Pension Benefits Act*, Revised Statutes of Nova Scotia 1989, Chapter 340, as amended.

Medical Expenses – means expenses for goods and services certified by a physician or dentist as necessary and reasonable to treat an illness or disability and that are not covered by insurance, a benefit plan, a government program or any other source.

Principal Residence - of an owner who makes an application means a property that is ordinarily inhabited by the owner on the date the owner signs the application.

Superintendent – means the Superintendent of Pensions, Nova Scotia.

PART ONE - General Information

Please complete all the contact details on part one. If you have applied to this program before, please select YES. Spousal information should be provided as well as dependent details(if required).

PART TWO - Locked-in Account Access Criteria

1. Withdrawing money from your locked-in account for reasons other than financial hardship

There are three situations where the funds in your locked-in account may be unlocked without completing the unlocking form – meaning transferred to an unrestricted RRSP/RRIF (on a tax-deferred basis) or withdrawn as cash / deposited into a bank account (reduced by applicable tax).

1. (a) As of the date of Application, do you have a considerably shortened life expectancy?

You can withdraw part or all locked-in LIRA or LIF fund if a doctor confirms in writing that you have a mental or physical disability that is likely to shorten considerably your life expectancy. *See Form 11: Application to a Financial Institution to Withdraw Money from a LIRA or LIF Because of Considerably Shortened Life Expectancy.*

(b) As of the date of Application, are you between 54 and 65 years old?

You may be able to withdraw temporary income from a LIF. See Form 9: Application to a Financial Institution for Payment of Temporary Income from a LIF

(c) As of the date of Application, are you at least 65 years of age and have locked-in funds totaling less than \$17,960?

If you are age 65 or older you may unlock locked-in funds if the total value of assets in all funds, including locked-in retirement accounts, life income funds and pension plans providing defined contribution benefits, is under \$17,960. See Form 10: Application to a Financial Institution to Withdraw Money From a LIRA or LIF at age 65.

All the forms can be found at: www.gov.ns.ca/enla/pensions/forms.asp

If you answered yes to any of the questions in Part Two, Question 1, you should contact your financial institution to find out how to make these types of applications. These applications are to be made directly to the financial institution that administers your locked-in account. Money will not be unlocked under the Financial Hardship Unlocking Program if you meet the criteria listed above.

PART THREE - Reasons for Financial Hardship

The *Pension Benefits Act* provides three reasons that may permit you to access your Locked-in Funds. You can apply under all reasons that relate to your situation but you must include the necessary supporting documents. **THERE WILL BE NO EXCEPTIONS TO THIS REQUIREMENT.** Refer to Page 4 of the Application.

REASON #1 – MORTGAGE ARREARS AND RISK OF EVICTION

You or your spouse or common-law partner have defaulted on mortgage payments for your principal residence and face risk eviction. You cannot withdraw more than the amount necessary for you or your spouse or common-law partner to pay the mortgage arrears (plus any additional amount required to bring the debt into good standing, if applicable) on your principal residence.

Supporting documents you **MUST** include:

1. A copy of the written demand for payment from the creditor stating the amount of mortgage payments in default and, if applicable, any additional amount required to bring the debt into good standing. It **cannot** be dated more than 12 months before the Superintendent receives it and it **MUST** show:
 1. The amount of outstanding mortgage payments and, if applicable, any additional amount required to bring the debt into good standing.
 2. The creditor has demanded payment of these amounts along with the due date.
 3. You could face eviction from your residence if the amounts remain unpaid.

Please Note: If you have previously unlocked funds to pay mortgage arrears on your principal residence, you will be unable to do so again as you may only withdraw funds for this reason **once in your lifetime.**

REASON #2 – UNCOVERED MEDICAL EXPENSES

You have medical expenses (including medication) not covered by insurance, a benefit plan, a Government program or any other source to treat an illness or disability of yourself, your spouse or common-law partner, or your dependent.

You cannot withdraw more than the amount that has been paid or will be paid over the next 12 months for the goods and services, based on receipts or estimates. The medical expenses you claim must be necessary and reasonable and cannot have been paid or be payable through any other source.

Supporting documents you **MUST** include:

1. Copies of receipts or estimates from the provider of the goods and services detailing the costs of the treatment and/or medication. A receipt must be dated, show the amount paid and to whom the amount was paid. An estimate must be dated, show the proposed amount to be paid, to whom the amount will be paid and the purpose of the payment.
2. A written opinion of a physician and/or dentist certifying the treatment and/or medication is necessary and reasonable to treat the illness or disability. See Part Six of the Application.

REASON #3 – REDUCED / LOW INCOME

Over the next 12 months, you expect to earn less than \$17,960 (before taxes). The maximum amount you are eligible to withdraw is calculated on page 4 of the Application.

Under *Step One*: How much income do you expect to earn, before taxes, over the next 12 months, **DO NOT INCLUDE** income from any of the following:

- income you expect to receive from the Application
- a refund or repayment of taxes paid to a Canadian jurisdiction
- a refundable tax credit
- a payment received by a foster parent under the *Children and Family Services Act*
- child support payments received under a court order or agreement
- the National Child Benefit
- the Child Tax Benefit component of the Canada Child Tax Benefit
- the Nova Scotia Child Benefit
- the Universal Child Care Benefit
- the Child Disability Benefit
- the Goods and Services Tax Credit
- Student loan(provincial or federal)

Supporting documents you **MUST** include for Reason #3:

1. A copy of your most recent income tax **notice of assessment** or **reassessment** as issued by the Canada Revenue Agency(CRA). (The Notice of Assessment is required if applying under Reason 3. Please ensure that the document from CRA says “ Notice of Assessment”. Any other alternate document from CRA is not acceptable. If you don’t have the original document, please contact CRA for a duplicate copy)
2. A copy of any documentation (stubs, statements or receipts) that shows all income received in the past 12 months and/or expected to be received in the 12 months following the date you sign the application including:
 - Employment Income
 - Canada Pension Plan or any other pension plan benefits
 - Employment Insurance benefits
 - Income or benefits from other government programs, including Employment Support and Income Assistance

Do not include the items listed on step one on page 5 of these Instructions.

3. Any other documentation that may assist in verifying your claim. For example, if you recently quit your job, or were receiving benefits that have ceased, provide documentation to demonstrate the reduction or anticipated reduction to your income.

Please note: Your Application will be processed more quickly if you include sufficient documentation to verify your anticipated income over the next 12 months.

PART FOUR - Locked in Account Information

Please provide details of the financial institution which holds the locked-in account. A copy of the most recent statement of your locked-in account **MUST** be included with the application. The statement should not be more than 12 months prior to the date of applying for the program. For question 3(a) of part 4, please note that you can only apply to withdraw money only if the pension money in your locked-in account is governed by the Nova Scotia *Pension Benefits Act*.

PART FIVE - Spouse or Common-Law Partner consent to the Withdrawal of Locked-in Funds due to Financial Hardship and Certification of Applicant

Part Five (A) **MUST** be completed by your current spouse or common-law partner, if any, unless you are living separate and apart on the date you sign the Application.

Part Five (B) **MUST** be completed by you, the Applicant.

These instructions are intended as a guide only. Part 4 of the *Pension Benefits Regulations* governs the circumstances under which money may be withdrawn from a locked-in account for reasons of financial hardship.