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SECTION: Life Income Fund/Locked-In Retirement Account  
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**Subsection 8(2) of Schedule 1 under the Life Income Fund (the "LIF") regulation appears to prohibit the payment of a death benefit to a spouse if the spouse and the purchaser of the LIF have separated prior to the date of the purchaser's death. Does the Regulation to the PBA prevent the purchaser from providing survivor benefit entitlements to a spouse who is living separate and apart?**

That particular subsection of Schedule 1 refers to a spouse's *legislated right* to a *survivor benefit* under subsection 8(1) of Schedule 1. Subsection 8(1) provides that, on the death of the purchaser, the spouse is entitled to a benefit equal to the balance of the fund. This requirement must be provided for in writing in the LIF arrangement.

The intent of subsection 8(1) is not to deny a spouse who is living separate and apart any entitlement in accordance with an election made by the purchaser or, following the death of the purchaser, the purchaser's legal representative. Subsection 8(1) simply *revokes the legislated right* to a survivor benefit where the purchaser and the spouse are living separate and apart on the purchaser's date of death.