



Guide

Title	Pooled Registered Pension Plans - Guide for Ontario Members
Publication type	Guide
Topics	Multi-jurisdictional pension plans
Plans	Pooled registered pension plan
Year	2018

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This Member Guide has been prepared for employees and self-employed persons in Ontario who are members of a federally registered pooled registered pension plan (PRPP) and whose employment falls under Ontario's jurisdiction.



1. Introduction

A pooled registered pension plan (PRPP) is a type of pension plan in which your contributions and your employer's contributions are deposited into an account in your name. Employer contributions, however, are not mandatory. A PRPP pools contributions together for investment and cost efficiency purposes. Investment earnings are credited to your PRPP account and accumulate on a tax deferred basis, meaning you do not pay income tax until your funds are withdrawn from the PRPP. The amount of money that accumulates in your PRPP account depends on how much you contribute, how much your employer contributes, and the investment income generated by your investments.

Your PRPP account is transferable, meaning that you have the flexibility, should you leave your job, to transfer the funds in your PRPP account to another PRPP, to a pension plan, or to a permitted retirement savings plan. You also have the option to leave the funds in your PRPP account.

This Member Guide has been prepared for employees and self-employed persons in Ontario who are members of a federally registered PRPP and whose employment falls under Ontario's jurisdiction.

2. Application of Pooled Registered Pension Plans Legislation

Responsibility for regulating workplace pension plans in Canada is shared by the federal and provincial governments. For pension plans linked to most types of employment, the government of the province in which the members of the pension plan are employed is responsible for establishing the rules under which the pension plan operates and for its supervision. However, certain areas of employment, such as work in connection with navigation and shipping, banking, inter-provincial transportation, and communications, fall under federal jurisdiction, and so too do the regulation and supervision of pension plans linked to that employment. As discussed in the next section, the government of Ontario has entered into an agreement with the federal government and a number of provincial governments to streamline the rules that apply to PRPPs and give the federal Office of the Superintendent of Financial Institutions responsibility for supervising PRPPs.



3. Multilateral Agreement Respecting Pooled Registered Pension Plans

The government of Ontario has entered into an agreement with the federal government and a number of provincial governments to streamline the regulation and supervision of PRPPs across Canada called the Multilateral Agreement Respecting Pooled Registered Pension Plans and Voluntary Retirement Saving Plans (PRPP MLA). Pursuant to the PRPP MLA, the Office of the Superintendent of Financial Institutions is responsible for supervising federally registered PRPPs, including those that have members subject to Ontario's jurisdiction.

Under the PRPP MLA, federally registered PRPPs that include Ontario members are subject to provisions of federal PRPP legislation¹ for most aspects of their operation and to Ontario's PRPP legislation² for certain matters related specifically to Ontario members' participation in the PRPP. For example, federal PRPP legislation applies to such things as how contributions are invested, the requirement to provide a PRPP to members at a low cost, and communications with members. The matters for which the Ontario PRPP legislation applies in respect of Ontario members are set out in Schedule C of the PRPP MLA. Schedule C of the PRPP MLA generally covers such matters as

- provisions relating to the definition of spouse;³
- the locking-in, withdrawal and surrender of funds from a PRPP account;
- rules respecting the transfer of funds from a PRPP account;
- rules respecting variable payments from a PRPP account; and
- rules regarding agreements or arrangements to transfer, charge, anticipate, assign, give as security or surrender any rights or interests in
 - funds in a PRPP account; and
 - funds transferred from a PRPP account.

Federally registered PRPPs that include members subject to Ontario's jurisdiction are therefore subject to the provisions of both federal and Ontario PRPP legislation. This Member Guide refers to this combination of federal and provincial PRPP laws as the "PRPP Framework" and describes how the PRPP Framework applies to members of a federally registered PRPP who fall under Ontario's jurisdiction.

4. Your Employer's Role

An employer is not required to provide a PRPP to its employees. However, if it does, the employer must choose a PRPP from a licensed administrator (Administrator) and enter into a contract with that Administrator to provide the PRPP to its employees. The contract will outline the terms of how the employer will participate in the PRPP, including whether they will contribute to the PRPP, and if so, how much. The Administrator is responsible for the overall design and operation of the PRPP. See Section 5 - The Administrator's Role.

Generally, employers who choose to offer a PRPP will have to

- evaluate and select an Administrator;
- enrol employees in the PRPP;
- notify employees of their enrolment (unless the Administrator agrees to do this);
- deduct and remit member contributions and employer contributions (if the employer chooses to contribute); and
- notify the Administrator when a member: terminates membership by opting out of the PRPP, terminates employment or dies.

Self-employed persons resident in Ontario can enter into a contract with an Administrator to join a PRPP. PRPPs provided to self-employed persons are subject to the requirements of the PRPP Framework.

5. The Administrator's Role

A corporation must be licensed by the Office of the Superintendent of Financial Institutions (OSFI) to be an Administrator to offer PRPPs. In considering whether to issue a licence authorizing a corporation to be an Administrator, OSFI will review, among other things,

- a five-year business plan that describes the reasons why the PRPPs that the corporation intends to offer will be sustainable and how the corporation intends to meet the requirement to provide the PRPPs to its members at low cost;
- the corporation's financial resources;



- the procedures in place to identify, manage and control the risks associated with a PRPP; and
- the corporation's operational capability to administer a PRPP.

An Administrator must register the PRPP with OSFI and the Canada Revenue Agency (CRA) before it can enter into contracts with employers or self-employed individuals.

Under the PRPP MLA (described in Section 3), corporations that hold an authorization granted by the Autorité des Marchés Financiers (AMF) to act as the administrator of a voluntary retirement savings plan in Quebec are exempt from the requirement to obtain a licence and may register a PRPP under the federal PRPP Act.

The Administrator is responsible for the day-to-day administration of the PRPP, which means it must

- register the PRPP and file plan amendments;
- provide information to members;
- respond to member questions about the plan;
- prudently manage the plan and its assets; and
- file the required documents with OSFI and the CRA.

The PRPP Framework provides that the Administrator has the duties of a trustee in respect of PRPP members, which means that the Administrator must act in the best interests of members. In investing the funds in members' accounts, the Administrator "...must exercise the degree of care that a reasonably prudent person would exercise in dealing with the property of another person and the diligence and skill that it possesses, or ought to possess, taking into account the administrator's business".

6. Membership in a PRPP

Employers do not have to provide a PRPP to their employees. However, if your employer provides a PRPP, and you are an eligible full-time employee in the class of employees to whom membership in the PRPP is offered,⁴ you will automatically be enrolled in the PRPP provided by your employer.

Every part-time employee⁵ in a class of employees whose employer provides a PRPP to that class will automatically be a member of the PRPP once the employee completes 24 months of continuous employment with the employer,



or earlier if the PRPP permits.

An employer can choose to provide a PRPP for all its employees or only for certain groups or classes of employees. A class of employees is usually determined by the terms and nature of employment. For example, although not an exhaustive list, any of the following groups could constitute a class:

- salaried employees
- hourly employees
- unionized employees
- non-unionized employees
- supervisors
- managers
- executives/corporate officers
- employees at a specific location or in a specific division

6.1 Self-employed Individuals

A PRPP may permit self-employed individuals to become members of the PRPP. To become a member of a PRPP, a self-employed individual can enter into a contract directly with an Administrator.

6.2 Advance Notice to Employees

At least 30 days before entering into a contract with an Administrator to provide a PRPP to a class of employees, the employer must notify in writing each employee of that class of its intention to enter into the contract along with other information that is set out in Section 7.1 of this Guide.

6.3 Notice of Plan Membership and the Right to Opt Out

The PRPP Framework provides that all members must be given the opportunity to terminate their membership in the PRPP within 60 days after receiving their notice of plan membership. You also have the right to notify your employer at any time that you object to being a member of a PRPP because of your religious beliefs.



To terminate your membership in the PRPP within 60 days of being notified of your plan membership, you must provide written notice to your employer that includes the date of the notice, your date of birth and signature, and a statement that you have decided to terminate your membership in the PRPP.

If you do not terminate your membership in the PRPP within 60 days of being notified of your plan membership, you cannot terminate your membership while you are still employed with the employer who is providing the PRPP (except, as noted above, in a situation where you object on the basis of your religious beliefs). Your employer is not permitted to deduct contributions to the PRPP from your remuneration until after the expiry of this 60 day period. You may set your contribution rate to 0% if 12 months have passed since you began making contributions to the PRPP. See Section 9.1 - Contribution Rates.

A self-employed individual may terminate their membership in the PRPP at any time by notifying the Administrator.

6.4 Options after Terminating Membership

If you are no longer employed by the employer who is participating in the PRPP or you are a self-employed individual who has terminated membership by providing notice to the Administrator, you will be provided with options regarding the funds in your PRPP account. These options include

- maintaining your membership in the PRPP by leaving your funds in your PRPP account;
- transferring the funds to another PRPP;
- transferring the funds to a registered pension plan, if that plan allows the transfer;
- transferring the funds to a locked-in retirement savings plan; or
- using the funds in your PRPP account to purchase an annuity.

Further details on the options available are set out in Section 12 - Options on Termination of Membership or Employment.

7. Information Provided to Plan Members

As a member of a PRPP, you have the right to receive certain information from the Administrator on request, and at specific times.

The following tables outline the various documents and notices that must be provided to you and your spouse at certain times before and during your membership in a PRPP and when you terminate your membership:

7.1 Before and on Becoming a Member of a PRPP

Document/notice	Description	Information that must be included in the document/notice
Advance notice to employees	An employer who intends to provide a PRPP must notify employees, in writing, at least 30 days before entering into a contract with an Administrator to provide a PRPP.	<ul style="list-style-type: none">• The employer's intention to enter into the contract• The expected effective date of the contract• Employees will be automatically enrolled and become members of the PRPP once the employer enters into the contract• Employees will receive a notice of plan membership• Any existing business relationship the employer has with the Administrator• The right of any employee to object to being a member of the plan because of their religious beliefs

Document/notice	Description	Information that must be included in the document/notice
Notice of plan membership	As soon as possible after an employer enters into a contract with an Administrator to provide a PRPP, or as soon as feasible after the employer hires an employee who becomes a member of the PRPP, either the employer or the Administrator must notify each employee in writing of their membership in the PRPP.	<ul style="list-style-type: none"> • A member's right to terminate their membership within 60 days of receiving the notice of plan membership (including a termination form that an employee wishing to terminate their membership can fill out) • An explanation of an employee's right to opt back into the PRPP • If an Administrator offers investment choices to members and a member has not communicated an investment choice within 60 days after receiving the notice of plan membership, contributions will be invested in the default option • A description of each investment option that indicates the following: <ul style="list-style-type: none"> ◦ its investment objective ◦ the type of investments and the degree of risk associated with it ◦ its top ten holdings by market value ◦ its performance history ◦ a statement that its past performance is not necessarily an indication of its future performance ◦ the name and a description of the benchmark that best reflects the composition of the investment option ◦ the cost associated with the investment option, expressed as a percentage or a fixed amount ◦ its target asset allocation • The contribution rates offered to members • The default contribution rate if a member does not make a choice • The employer's contribution rate (0% if the employer does not contribute to the PRPP)

7.2 While a Member of a PRPP

Document/notice	Description	Information that must be included in the document/notice
Explanation of the plan	The explanation shall be provided on a website and, on request, directly to the member.	<ul style="list-style-type: none">• An explanation of the provisions of the plan and any applicable amendments

Document/notice	Description	Information that must be included in the document/notice
Annual Statement	The main form of disclosure to members is the annual statement. Each member of the plan must be given an annual statement within 45 days after the end of the year, unless a longer period is specified by the Superintendent.	<ul style="list-style-type: none"> • The investment option(s) to which the member is contributing • For the current year, the opening balance, any contributions, the change in the investments' value – net of costs – and the closing balance • A summary of any transactions in the year. If not included in the annual statement, the details of your transaction history should be made available to you upon request. This includes: the date of any transaction, the transaction type (e.g., transfer between investment options), dollar amount of the transaction, the unit price or interest rate and the number of units purchased, transferred or withdrawn • The name and description of the benchmark(s) that best reflects the composition of the member's investment option(s) as well as an explanation of the choice of that benchmark • The historical performance of the investment option(s) compared to that of the benchmark • The degree of risk associated with the investment option(s) • A statement that past performance of the investment option is not necessarily an indication of future performance • Any costs, expressed as a percentage or a fixed amount • Any fees, levies or other charges triggered by the member's actions • The member's and employer's contributions for the year • The name of the member's spouse or designated beneficiary, if any

Document/notice	Description	Information that must be included in the document/notice
	Additional information for a member who has elected to receive variable payments.	<ul style="list-style-type: none"> • The date of birth used to determine the minimum variable payment⁷ • The date the variable payment began to be paid • The minimum and maximum allowable variable payments as well as the variable payment that the member is to receive • The investment options from which the variable payments were made and in what proportion they were made from each option • The payment frequency over the year • An indication of how the member may change their election regarding the amount to be paid during the year and from which investment option the amount is to be paid • A list of the transfer options that are available as described in Section 12 - Options on Termination of Membership or Employment
Variable payments eligibility notice	If the PRPP offers a variable payment option, each member shall be given a statement no more than 18 months before and no fewer than 6 months before the day on which the member reaches age 55.	<ul style="list-style-type: none"> • The member's right to elect to receive variable payments starting at age 55 • How more information in relation to variable payments may be obtained

7.3 On Termination, Death or Employer Ceasing Participation in a PRPP

Document/notice	Description	Information that must be included in the document/notice
Termination Statement	A termination statement must be provided within 30 days after a member terminated their membership or ceased employment with an employer that is participating in the plan or where the Administrator terminates the PRPP.	<ul style="list-style-type: none"> • For the current year, the opening balance, any contributions, the change in the investments' value – net of costs – and the closing balance on the date of the termination • The amount of any variable payments made from the account during the year • A statement that the balance on the date of termination is not final and may change due to investment performance • A summary of any transactions in the year. If not included in the annual statement, the details of your transaction history should be made available to you upon request. This includes: the date of any transaction, the transaction type (e.g., transfer between investment options), dollar amount of the transaction, the unit price or interest rate and the number of units purchased, transferred or withdrawn • The transfer options available and information on how to transfer the funds
Statement on the death of a member	The survivor, designated beneficiary or estate is to be provided with a statement within 30 days of the Administrator being notified of the member's death.	<ul style="list-style-type: none"> • This statement must contain the same information as provided in the termination statement above
Notice of employer termination of participation in the PRPP	Written notification from the Administrator to plan members employed by the terminating employer.	<ul style="list-style-type: none"> • The effective date of the termination (a termination statement that is described above will also be provided)

7.4 Information Available on Request

Document/notice	Description	Information that must be included in the document/notice
Regulatory Filings	Each member of the plan and their spouse, may once in each year, request from the Administrator copies of documents or information filed with OSFI. The Administrator may charge a reasonable fee for the copies.	<p>These documents include:</p> <ul style="list-style-type: none">• A copy of the plan and any document that creates or supports the plan and any amendments to these documents along with the Administrator's declaration of compliance• Annual information returns and financial statements

8. Electronic Disclosure

You and your spouse can consent to receive any required information under the PRPP Framework by way of an electronic document. Consent can be given to the Administrator in writing (paper or electronic form) or orally. Consent may be revoked at any time either in writing (paper or electronic form) or orally. You and your spouse are responsible for informing the Administrator of any changes to electronic contact information.

If an electronic document is provided on a generally accessible information system, such as a website, the Administrator must provide you and your spouse with written notice that the electronic document is available and where it can be found.

If the Administrator has reason to believe that you or your spouse did not receive the electronic document, then the Administrator must mail a paper copy of the document to the mailing address that they have on file.

9. PRPP Contributions

9.1 Member Contributions

Maximum amounts that can be contributed to a PRPP

Contributions can be made to your PRPP account up to your Registered Retirement Savings Plan (RRSP)/PRPP deduction limit (often called your contribution room) for the year. Your PRPP contributions plus your employer's PRPP contributions are counted against this deduction limit. Therefore, contributions that you make to your personal RRSP or that you make on behalf of your spouse to a spousal RRSP will reduce the amount that you can contribute to your PRPP account. If you make RRSP and PRPP contributions, you should make sure that your total contributions do not exceed the maximum annual RRSP/PRPP deduction limit specified by the *Income Tax Act* (Canada) (ITA). More information about your PRPP contribution room can be found on your notice of assessment issued by CRA. The [CRA website](#) has further details on this maximum annual deduction limit.

Contribution rates

Your PRPP may provide for one contribution rate or it may allow you to select a contribution rate from a range of rates that are offered. The PRPP may also allow for gradually increasing your contribution rate over time. If you are permitted to choose your own contribution rate, but you do not make a choice, the default contribution rate set by the Administrator will apply to you.

You may set your contribution rate to 0% if 12 or more months have passed since your contributions to your PRPP account began. Your contribution rate may be set to 0% for a period of between 3 and 60 months. There is no limit on the number of times you may set your contribution rate to 0%.

Additional voluntary contributions

A PRPP may allow you to make contributions in addition to the contributions that are automatically deducted from your pay. All contributions to a PRPP, including any additional contributions, are locked-in. All contribution amounts are subject to the maximum annual RRSP/PRPP deduction limit specified by the ITA. See Section 11 – Locking-in Rules for PRPPs.



Transferring money into a PRPP from another plan

A PRPP may allow you to transfer funds from other plans into your PRPP account. Once funds are transferred into your PRPP account, all funds in your PRPP account are locked-in and can only be withdrawn under certain limited circumstances. See Section 11 – Locking-in Rules for PRPPs.

Contributions are locked-in

All funds in your PRPP account (including contributions, investment earnings and any transfers in from non locked-in accounts, such as a Registered Retirement Savings Plan (RRSP)) are locked-in and can only be withdrawn under certain limited circumstances. See Section 11 - Locking-in Rules for PRPPs.

9.2 Employer Contributions

Employers are not required to contribute to a PRPP. If your employer contributes to your PRPP account, it must remit its contributions to the Administrator at least monthly and no more than 30 days after the end of the period in respect of which the amount is required to be paid under the PRPP.

An employer must remit contributions deducted from your pay to the Administrator no later than 30 days after the end of the period for which the contributions were deducted.

Your employer must ensure that it keeps separate and apart from its own money all amounts deducted from your pay, amounts of employer contributions and any other amounts that are required to be remitted to the Administrator but have not yet been remitted. The employer is deemed to hold these amounts in trust for members of the PRPP.

9.3 Investment Options

The PRPP Framework allows for different approaches to the investment of contributions. A PRPP can let you make your own investment choices from among investment options offered by the Administrator or make the Administrator responsible for investing the funds in your PRPP account.



If your PRPP lets you make your own investment choices, the Administrator may offer up to six investment options. The investment options offered must be of varying degrees of risk and expected return and allow a reasonable and prudent person to create a portfolio of investments that is appropriate for retirement savings. If you do not make an investment choice within 60 days of being notified of your plan membership, then the investment option chosen by the Administrator as the default investment option will apply to your account. The default investment option must be either a balanced fund or a portfolio of investments that takes into account a member's age, such as a target date fund.⁸

If the Administrator is responsible for investing the funds in your PRPP account, the Administrator must invest the funds in a manner that a reasonable and prudent person would apply in respect of a portfolio of investments appropriate for retirement savings.

9.4 Creditor Protection

The funds in your PRPP account must not be assigned, charged, anticipated, given as security or surrendered and are exempt from execution, seizure or attachment. Any transaction that purports to assign, charge, anticipate, give as security, or surrender the funds in your PRPP account is void. For example, the funds in your PRPP account cannot be seized by creditors and you are prohibited from assigning or giving the funds in your PRPP account as security for a loan. One exception to this rule is for the division of funds in a PRPP account due to a spousal relationship breakdown.

For more information, see sections 2 (definition of "spouse"), 10 and 11 of the Ontario *Pooled Registered Pension Plans Act*.

10. PRPP Costs

A PRPP must be provided at a low cost to members. The PRPP Framework provides that costs must be at or below those incurred by members of defined contribution plans that provide investment options to groups of 500 or more members. The legislative requirement to provide a PRPP at a low cost to members is an ongoing requirement. This means that a PRPP must be offered to members at a low cost as long as they remain members of the PRPP.



PRPP costs fall into two categories:

1. The first category is 'costs' as they are defined in the PRPP Framework, which "means all fees, levies and other charges that reduce a member's return on investment other than those that are triggered by the member's actions." Costs that fall under this category may include an investment management fee and other administrative fees. Only costs in this first category are subject to the low cost requirement of the PRPP Framework.
2. The second category includes fees, levies and other charges triggered by the actions of a member. This could include fees for such things as investment advice, transferring funds out of a PRPP, or requesting copies of documents. These fees, levies and other charges are not subject to the low cost requirement set out in the PRPP Framework.

PRPP costs that are subject to the low cost requirement are posted on the website of the [Financial Consumer Agency of Canada](#) and must be the same for all members of the PRPP.

11. Locking-in Rules for PRPPs

The PRPP Framework provides that the funds in your PRPP account, including any additional voluntary contributions, are locked-in. This means that, as a general rule, the funds cannot be withdrawn from your PRPP account. Also, as discussed in Section 12, in situations where funds are permitted to be withdrawn, such as when you terminate employment, the funds cannot be withdrawn but instead must be used to provide you with a retirement income. However, lump sum withdrawals may be permitted from your PRPP account in the following situations:

- **Shortened Life Expectancy:** A PRPP may allow you to withdraw the funds in your PRPP account if you suffer from a disability. "Disability" is defined as a "mental or physical condition that a physician has certified as being likely to shorten considerably the life expectancy of a member".

- **Small Balance:** If the balance of your PRPP account is considered a small balance, your PRPP may allow the balance to be withdrawn as a lump sum when you terminate your membership or when you are no longer employed by an employer who is participating in the PRPP, or after your death. Under the PRPP Framework, a “small balance” is one that is less than 20% of the Year’s Maximum Pensionable Earnings (YMPE) for the year in which the member is no longer employed by an employer that is participating in the PRPP or the year in which the member dies.

The YMPE means the maximum earnings on which the Canada Pension Plan / Quebec Pension Plan contributions and benefits are calculated. The YMPE changes each year according to a formula using average wage levels. The YMPE is set by the Canada Revenue Agency (CRA) and is available on the [CRA website](#).

- **Non-Residency:** If you have not been a resident of Canada for at least two years and you are no longer employed by the employer who is participating in the PRPP, you can withdraw the funds in your PRPP account.

If you wish to unlock and withdraw the funds in your PRPP account under any of the options described above, you should contact the Administrator.

Withdrawals are immediately subject to withholding tax.⁹ In addition, the amount that is withdrawn is included in your taxable income for the year.

If you are at least age 55, you may be eligible to receive variable payments from your PRPP account. Variable payments are described in Section 13 - Variable Payment Option for PRPP Members. The options that may be available to you when you terminate your employment or membership in the PRPP are described in Section 12 - Options on Termination of Membership or Employment.

Home Buyers’ Plan or Lifelong Learning Plan

Funds held in a PRPP account are not eligible for withdrawal under the Home Buyers’ Plan, or under the Lifelong Learning Plan.



12. Options on Termination of Membership or Employment

If

- you terminate your employment with an employer that is participating in a PRPP,
- your employer no longer participates in a PRPP,
- you are a self-employed member who has provided notice to terminate your membership, or
- you are a member of a PRPP that has been terminated,

then contributions to your PRPP account will stop and you will have the following options:

- leave the funds in your PRPP account. Your PRPP account will continue to earn investment income. Each year you will be sent an annual statement. If the PRPP offers a variable payment option, you may elect to receive variable payments from the funds in your account as early as age 55 (see Section 13 - Variable Payment Option for Members). At age 71, the *Income Tax Act* (Canada) requires that your PRPP account be converted to an income generating financial vehicle such as a Life Income Fund (see Section 12.2), with a financial institution, or the funds in your PRPP account may be used to purchase an immediate life annuity (see Section 12.5).¹⁰
- transfer the funds in your PRPP account to a Locked-in Registered Retirement Savings Plan, Life Income Fund or a Restricted Life Income Fund (see Sections 12.1, 12.2 and 12.3)
- transfer the funds in your PRPP account to an account with another PRPP
- transfer the funds in your PRPP account to a registered pension plan, if that plan allows the transfer
- use the funds in your PRPP account to purchase an immediate or deferred life annuity (see Section 12.5)
- if you have a small balance in your account, the PRPP may allow the small balance to be withdrawn and paid to you as a lump sum. Withdrawals are immediately subject to withholding tax.¹¹ In addition, the amount that is withdrawn is included in your taxable income for the year. A “small balance” is one that is less than 20% of the Year’s Maximum Pensionable Earnings (YMPE) for the year in which you are no longer employed by an employer that is participating in the PRPP.

The funds that are transferred from your PRPP account continue to be locked-in (except if you have transferred a small balance as described above) and are subject to the rules that apply to the PRPP, registered pension plan, annuity or locked-in retirement savings vehicle into which the funds have been transferred. These various transfer options are described below.

12.1 Locked-in Registered Retirement Savings Plan

A Locked-in Registered Retirement Savings Plan (Locked-in RRSP) is an investment account that is similar to a Registered Retirement Savings Plan (RRSP) (i.e. contributions are considered to be made on a pre-tax basis and income tax is deferred until funds are withdrawn), except that the funds in a Locked-in RRSP generally cannot be withdrawn except to transfer them to

- another Locked-in RRSP;
- a Life Income Fund (see Section 12.2);
- a Restricted Life Income Fund for the purpose of pursuing the one-time 50% unlocking option, which is available to individuals who are age 55 or older (see Section 12.3);
- a PRPP;
- a registered pension plan, if that plan allows the transfer; or
- a life insurance company to purchase an immediate or deferred life annuity (see Section 12.5).

Funds in a locked-in RRSP can be withdrawn in a lump sum only under the following situations:

- **financial hardship:** if you are experiencing financial difficulties because of low income, and/or high medical or disability-related costs relative to income
- **shortened life expectancy:** if you have a shortened life expectancy (as certified by a physician) due to physical or mental disability
- **small balance:** you may apply to unlock a small balance in your locked-in RRSP, if, in the calendar year in which you turn age 55 or in any subsequent year, the total value of all your locked-in funds are below the minimum threshold of 50% of the YMPE
- **non-residency:** if you have not been a resident of Canada for at least two years

To make a withdrawal due to financial hardship, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 1.¹²

For a small balance withdrawal, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 3.¹³

These forms are also available from the financial institution that holds your Locked-in RRSP, and the completed forms must be submitted to that financial institution.

Withdrawals are immediately subject to withholding tax.¹⁴ In addition, the amount that is withdrawn is also included in your taxable income for the year.

12.2 Life Income Fund

Funds in a Life Income Fund (LIF) can generally only be accessed in the form of regular retirement income. A minimum amount (determined under the Income Tax Regulations (Canada)) must be withdrawn from the LIF every year. Withdrawals are also subject to a maximum amount (determined under the PRPP Framework) with the aim of ensuring that retirement income lasts until at least age 90. There is no minimum age requirement in order to establish a LIF.

The amount transferred to a LIF continues to grow with investment earnings on a tax deferred basis. Only amounts that are withdrawn are taxable.

The funds in a LIF can be transferred to

- another LIF;
- a Restricted Life Income Fund for the purpose of pursuing the one-time 50% unlocking option, which is available to individuals who are age 55 or older (see Section 12.3);
- a Locked-in RRSP provided the account holder has not reached age 71 (see Section 12.1); or
- a life insurance company to purchase an immediate or deferred life annuity (see Section 12.5).

Funds in a LIF can be withdrawn in a lump sum only under the following limited situations:



- **financial hardship:** if you are experiencing financial difficulties because of low income, and/or high medical or disability-related costs relative to income
- **shortened life expectancy:** if you have a shortened life expectancy (as certified by a physician) due to physical or mental disability
- **small balance:** you may apply to unlock a small balance in your LIF if, in the calendar year in which you turn age 55 or in any subsequent year, the total value of all your locked-in funds held are below the minimum threshold of 50% of the YMPE
- **non-residency:** if you have not been a resident of Canada for at least two years

To make a withdrawal due to financial hardship, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 1.¹⁵

For a small balance withdrawal, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 3.¹⁶

These forms are also available from the financial institution that holds your LIF and the completed forms must be submitted to that financial institution.

Withdrawals are immediately subject to withholding tax.¹⁷ In addition, the amount that is withdrawn is also included in your taxable income for the year.

12.3 Restricted Life Income Fund

A Restricted Life Income Fund (RLIF) is a locked-in vehicle that is similar to a LIF with additional features and transfer restrictions. An RLIF is the only locked-in vehicle from which you may take advantage of the one-time 50% unlocking option. An RLIF is restricted because you can only exercise this option one time, and once your funds are in an RLIF, your transfer options, as described below, are limited. Funds held under a locked-in vehicle including funds held in a PRPP account may be transferred directly to an RLIF for unlocking.

If you are at least age 55 you may transfer up to 50% of the balance of your RLIF to an RRSP or a Registered Retirement Income Fund (RRIF), as long as the transfer happens within 60 days of the creation of the RLIF. After the 60 day period has expired, the RLIF will be subject to the same limits concerning maximum and minimum annual



withdrawals as a LIF. In order to unlock and withdraw these funds you must obtain the consent of your spouse and complete Form ON-2 and provide the completed form to the financial institution which holds your RLIF.[18](#)

Once you have made a transfer out of an RLIF or the 60 day period for making a transfer has expired, you are not permitted to transfer funds that remain in the RLIF back to a LIF, nor can the funds be transferred to a locked-in RRSP. Should you wish to transfer the funds held in an RLIF, they may only be transferred to another RLIF, a restricted locked-in savings plan or the funds may be used to purchase an immediate or deferred life annuity.

In addition to the one-time 50% unlocking option, you may apply to unlock and withdraw some or all of the funds in your RLIF as a result of

- **financial hardship:** if you are experiencing financial difficulties because of low income, and/or high medical or disability-related costs relative to income;
- **shortened life expectancy:** if you have a shortened life expectancy (as certified by a physician) due to physical or mental disability;
- **small balance:** you may apply to unlock a small balance in your RLIF if, in the calendar year in which you turn age 55 or in any subsequent year, the total value of all your locked-in funds are below the minimum threshold of 50% of the YMPE; or
- **non-residency:** if you have not been a resident of Canada for at least two years.

To make a withdrawal due to financial hardship, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 1.[19](#)

For a small balance withdrawal, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 3.[20](#)

These forms are also available from the financial institution that holds your RLIF and the completed forms must be submitted to that financial institution.

Withdrawals are immediately subject to withholding tax.[21](#) In addition, the amount that is withdrawn is also included in your taxable income for the year.



12.4 Restricted Locked-in Savings Plan

A Restricted Locked-in Savings Plan (RLSP) is an investment account that can only be established as a result of a transfer of funds from an RLIF. You may want to transfer your money into an RLSP if you would like to further transfer those funds into a registered pension plan or a PRPP. This is because, as mentioned above, transferring funds directly from an RLIF to a registered pension plan or a PRPP is not permitted.

Funds in an RLSP cannot be withdrawn in a lump sum, and can only be transferred to another RLSP, a RLIF, a registered pension plan that is willing to accept the transfer, a PRPP, or to an insurance company to purchase an immediate or deferred life annuity.

You may apply to unlock and withdraw some or all of the funds in your RLSP as a result of

- **financial hardship:** if you are experiencing financial difficulties because of low income, and/or high medical or disability-related costs relative to income;
- **shortened life expectancy:** if you have a shortened life expectancy (as certified by a physician) due to physical or mental disability;
- **small balance:** if in the calendar year in which you turn age 55 or in any subsequent year, the total value of all your locked-in funds are below the minimum threshold of 50% of the YMPE; or
- **non-residency:** if you have not been a resident of Canada for at least two years.

To make a withdrawal due to financial hardship, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 1.[22](#)

For a small balance withdrawal, you must obtain the consent of your spouse and complete Form ON-2 and PRPP Form 3.[23](#)

These forms are also available from the financial institution which holds your RLSP and the completed forms must be submitted to that financial institution.

Withdrawals are immediately subject to withholding tax.[24](#) In addition, the amount that is withdrawn is also included in your taxable income for the year.



12.5 Life Annuity

You may use the funds in your PRPP account to purchase an immediate life annuity or a deferred life annuity that provides income guaranteed for your lifetime and could provide continued payments to a survivor upon your death. While an immediate life annuity begins making payments within one year after its purchase a deferred life annuity provides you with the option to delay receiving income payments until you choose to receive them.

There are many types of life annuities, but two common types are what are referred to as single life and joint life annuities.

A single life annuity provides, at a minimum, guaranteed payments for your lifetime.

A joint life annuity provides guaranteed payments for your lifetime and, in the event of your death, payments continue in whole or in part to your survivor for their lifetime.

An annuity may also have a guarantee period, which specifies the number of years that the full annuity payment will be paid with initial payments made to you, and, if you should die prior to the end of the guarantee period, payments will continue to your beneficiary or survivor before either ceasing or adjusting the survivor benefit.

13. Variable Payment Option for PRPP Members

A PRPP may offer you a variable payment option payable from your PRPP account once you have reached age 55. The variable payment option can start at age 55, or later, even if you are still employed with the employer through which the PRPP is provided. If you elect to receive a variable payment, you can choose the amount you wish to withdraw from your PRPP account as annual income, subject to the minimum amount required by the Income Tax Regulations (Canada) and the maximum amount determined under the PRPP Framework. The funds in your PRPP account will continue to grow on a tax deferred basis until the funds are withdrawn.

At least once each year, or more frequently if the terms of the PRPP permit, while you are receiving variable payments, you may elect, by providing written notice to the Administrator, to transfer the funds in your account to a

- PRPP;



- registered pension plan, if that plan allows the transfer;
- Locked-in RRSP (see Section 12.1);
- Life Income Fund (see Section 12.2);
- Restricted Life Income Fund for the purpose of pursuing the one-time 50% unlocking option, which is available to individuals who are age 55 or older (see Section 12.3); or
- life insurance company to purchase an immediate or deferred life annuity (see Section 12.5).

14. Death of a Member

The PRPP Framework provides that, on your death, your surviving spouse is entitled to the funds in your PRPP account. The term “surviving spouse” is defined in the PRPP Framework to mean your spouse at the time of your death.

Your surviving spouse is entitled to transfer the funds in the PRPP account to a

- Locked-in RRSP (see Section 12.1);
- Life Income Fund (see Section 12.2);
- Restricted Life Income Fund for the purpose of pursuing the one-time 50% unlocking option, which is available to individuals who are age 55 or older (see Section 12.3);
- PRPP;
- registered pension plan, if that plan allows the transfer; or
- life insurance company to purchase an immediate or deferred life annuity (see Section 12.5).

If your death occurs while you were receiving variable payments, and you had a spouse when your variable payments commenced, your surviving spouse is entitled, in addition to the transfer options listed above, to elect to receive variable payments from the funds in your PRPP account after your death. For the purposes of receiving variable payments, “surviving spouse” is defined in the PRPP Framework as your spouse at the time variable payments commenced and at the time of your death. See Section 13 – Variable Payment Options for PRPP Members. The options listed above would then also be provided at least annually to your surviving spouse.

A PRPP may provide that if the funds in your PRPP account are less than 20% of the Year's Maximum Pensionable Earnings (YMPE) for the year in which you die, the funds in your account may be unlocked and withdrawn by your surviving spouse in cash or transferred to an unlocked registered vehicle such as a Registered Retirement Savings Plan (RRSP) or a Registered Retirement Income Fund (RRIF).

A PRPP may provide that your surviving spouse may surrender, in writing, their right or interest in the funds in your account to a beneficiary who is their or your dependent as defined in subsection 8500(1) of the Income Tax Regulations (Canada).

If you die without leaving a surviving spouse, or your surviving spouse has surrendered their right or interest in the funds in your account, the funds in your account are to be paid to your designated beneficiary. If you have not designated a beneficiary, the funds in your account will be paid to your estate. Funds payable to a beneficiary or estate are not locked-in.

Your surviving spouse, designated beneficiary, executor or administrator of your estate, as the case may be, is entitled to receive from the Administrator, within 30 days after the day on which the Administrator received notice of your death, a statement of the funds in your account. See section 7 – Information Provided to Plan Members.

15. Family Law Matters – Breakdown of a Spousal Relationship

The PRPP Framework requires the Administrator to value and divide the funds in your PRPP account upon the breakdown of a spousal relationship.

In order to divide PRPP funds, you and your spouse must proceed through the following steps:

Step One	Member or member's spouse submits Application for Family Law Value (Ontario PRPP Form ON-A) to the Administrator
Step Two	Administrator sends Statement of Family Law Value (Ontario PRPP Form ON-C) to both member and spouse within 60 days
Step Three	Member and spouse decide, or a court or arbitrator orders, whether or not PRPP funds are to be divided
Step Four	If PRPP funds are to be divided, spouse submits Application to Transfer the Family Law Value (Ontario PRPP Form ON-D) to the Administrator
Step Five	Administrator makes a lump sum transfer to the spouse within 60 days
Step Six	Administrator adjusts the funds in the member's account after the lump sum transfer

For more information on how to complete the steps listed above please see the User Guides for the forms, which are available on the Financial Services Commission of Ontario's Pooled Registered Pension Plans - Family Law website.

Your spouse has the option to transfer their portion of the funds in your PRPP account to a

- Locked-in RRSP (see Section 12.1);
- Life Income Fund (see Section 12.2);
- Restricted Life Income Fund for the purpose of pursuing the one-time 50% unlocking option, which is available to individuals who are age 55 or older (see Section 12.3);
- PRPP;
- registered pension plan, if that registered pension plan permits the transfer; or
- life insurance company to purchase an immediate or deferred life annuity (see Section 12.5).

16. Additional Information

If you require additional information concerning your PRPP, you should contact your PRPP Administrator.

Questions concerning the PRPP Framework can be sent to OSFI at the following email address: information@osfi-bsif.gc.ca.

- 1 The federal PRPP legislation is the *Pooled Registered Pension Plans Act* and the Pooled Registered Pension Plans Regulations.
- 2 Ontario's PRPP legislation is the *Pooled Registered Pension Plans Act, 2015* (PRPP Act) and Regulation 359/16 to the PRPP Act.
- 3 "spouse" means, except in sections dealing with family law matters, either of two persons who,

 1. are married to each other, or
 2. are not married to each other and are living together in a conjugal relationship,
 1. continuously for a period of not less than three years, or
 2. in a relationship of some permanence, if they are the parents of a child as set out in section 4 of the *Children's Law Reform Act*;

For family law matters "spouse" has the same meaning as in section 29 of the *Family Law Act*. See subsection 16(1) of the *Ontario Pooled Registered Pension Plans Act, 2015*.
- 4 The PRPP Framework defines full-time as engaged to work throughout the year all or substantially all of the normally scheduled hours of work established for persons in that class of employees.
- 5 The PRPP Framework defines part-time as engaged to work on other than a full-time basis.
- 6 You may set your contribution rate to 0% if 12 months have passed since you began making contributions to the PRPP.
- 7 Under subsection 8506(5) of the Income Tax Regulations it is permitted to use the age of the member's spouse to determine the minimum variable payment.
- 8 Target-date funds are also referred to as "lifecycle funds," "retirement date funds" and "age-based funds".
- 9 See CRA: [withholding tax rates for lump sum payments](#).
- 10 An immediate annuity is defined as an annuity that commences periodic payments within one year after its purchase.

- 11** See CRA: [withholding tax rates for lump sum payments](#).
- 12** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account. PRPP Form 1 of the Schedule to the federal PRPP Regulations-[Certification Regarding Withdrawal Based on Financial Hardship](#).
- 13** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account. PRPP Form 3 of the Schedule to the federal PRPP Regulations-[Certification of Total Amount Held in Locked-In Plans](#).
- 14** See CRA: [withholding tax rates for lump sum payments](#).
- 15** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account and PRPP Form 1 of the Schedule to the federal PRPP Regulations-[Certification Regarding Withdrawal Based on Financial Hardship](#).
- 16** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account. PRPP Form 3 of the Schedule to the federal PRPP Regulations-[Certification of Total Amount Held in Locked-In Plans](#).
- 17** See CRA: [withholding tax rates for lump sum payments](#).
- 18** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account.
- 19** Form ON-2-Certification(s) Regarding Spouse- Withdrawal / Transfer from a Locked-In Account and PRPP Form 1 of the Schedule to the federal PRPP Regulations-[Certification Regarding Withdrawal Based on Financial Hardship](#).
- 20** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account and PRPP Form 3 of the Schedule to the federal PRPP Regulations [Certification of Total Amount Held in Locked-In Plans](#).
- 21** See CRA: [withholding tax rates for lump sum payments](#).
- 22** Form ON-2-Certification(s) Regarding Spouse - Withdrawal / Transfer from a Locked-In Account and PRPP Form 1 of the Schedule to the federal PRPP Regulations-[Certification Regarding Withdrawal Based on Financial Hardship](#).

- 23 Form ON-2-Certification(s) Regarding Spouse / Withdrawal or Transfer from a Locked-In Account and PRPP Form 3 of the Schedule to the federal PRPP Regulations-[Certification of Total Amount Held in Locked-In Plans](#).
- 24 See CRA: [withholding tax rates for lump sum payments](#).