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## **Bill 8**

By Clinton Orr

If you have retired, changed jobs, or pulled a pension, there is a good chance you have a Locked-In Retirement Account (LIRA). Perhaps it is called a Locked-In RRSP or Locked RRSP, but these accounts are all governed by legislation which determines how you access the money. With Bill 8, the Manitoba government is about to make some changes to that legislation.

Before we get into the details of Bill 8, it is important to understand that the federal government, as well as each province, have legislation that govern LIRAs. To add to the confusion, where you live and work does not necessarily determine the legislation that governs your pension. It depends on how the company sets up the pension. Perhaps it is a large company operating in many provinces, so they use federal legislation, or maybe the main office is in Quebec, so they use that legislation. So even if you live and work in Manitoba your LIRA could be governed by legislation of a different province or the federal government. It is important to know how your work pension was set up. Bill 8 only applies to LIRAs under Manitoba legislation.

The amendments made to pension legislation in Bill 8 will become effective October 1, 2021. There are a number of changes, with some of the more significant changes to include: allowing plan members to unlock amounts under certain financial hardships, allowing members to fully unlock amounts at age 65, eliminating regulatory approval for unlocking, allowing plans to permit members who continue to work after the normal retirement age to stop contributing to the plan, permitting plans to use solvency reserve accounts to fund plan solvency deficiencies.

The list above is not exhaustive. For most folks, I believe the most significant items are the changes to the unlocking rules. These rules effectively govern how you can access the money in your LIRA.

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At the moment, you are permitted to move your money from a LIRA to a Life Income Fund (LIF). Once in the LIF you can start withdrawing money, however the amount you can take is capped, and there is a maximum withdrawal permitted every year. You can unlock 50% of your LIF, so half the money is in the LIF with withdrawal restrictions and the other half is in a more flexible account with no maximum withdrawal. As of October 1, that will change. After the age of 65, you will now be permitted to unlock 100% of your pension, so all of it can be in a more flexible account with no maximum withdrawal. After the age of 55, you can still do the 50% unlock, then at 65 you can unlock the remaining amount in any LIRA or LIF.

At the moment, getting permission to unlock your LIRA or LIF is a bureaucratic process, you need to get permission from the Office of the Superintendent – Pension Commission prior to unlocking the account, and in my experience that can take weeks, sometimes months. As of October 1, you will no longer need to get government approval prior to unlocking your account. I imagine this will greatly speed up the process, allowing you faster access to your funds.

Another change I believe is significant is allowing folks to unlock their LIRA due to financial hardship. Other provinces have similar provisions, however until Bill 8, Manitoba did not. After October 1, you will be permitted to access the money in your Locked-In Account due to financial hardship, for example if you have medical expenses, rental arrears, mortgage arrears or low expected income, you will be able to unlock your LIRA early.

If you have a Locked-In Account under Manitoba legislation it is worth talking to your financial advisor to see if the new rules introduced in Bill 8 will impact your retirement plan.

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