



BULLETIN NUMBER:	PENS 17-001
TITLE:	Transfer Options for Lump Sum Payment
LEGISLATION:	<i>Pension Benefits Standards Act</i>
DATE:	January 2017

PURPOSE

This bulletin outlines the transfer options that a pension plan administrator must offer to the members whose benefits qualify for a lump sum payment under the *Pension Benefits Standards Act* (PBSA).

BACKGROUND

It has come to the Superintendent's attention that some plan administrators (administrators) may not be offering locked-in options to members whose benefits meet the small benefit rule. This bulletin clarifies the requirement that administrators must offer both locked-in and non locked-in options to members.

LEGISLATIVE REQUIREMENT

Section 8(2) under PBSA states as follows:

If, under a plan text document, it is possible for a lump sum to become payable to a person, the plan text document must provide that, when the lump sum is payable, that sum may, if and to the extent that the Income Tax Act (Canada) allows, be transferred to an RRSP, with or without conditions, at the option of the person to whom the lump sum is payable.

Our interpretation is that if a member is entitled to receive a lump sum payment under PBSA, the plan text document must include a provision allowing the amount to be transferred to an RRSP. The RRSP can be locked-in or non locked-in at the option of the member.

THE SUPERINTENDENT'S EXPECTATION

As required by section 9 (6) of the PBSA, the Superintendent expects plan administrators to provide both locked-in and non locked-in options to their members who are eligible to receive a lump sum payment.

Section 9 (6) of the PBSA reads:

The absence from a plan text document of a provision referred to in subsection (3) does not affect the application or possible application of that provision to the pension plan.

Therefore, and as required by section 9 (6) of the PBSA, administrators are expected to administer the plan in accordance with the requirements of the PBSA, as described in this document.

MORE INFORMATION

If you have any questions, please contact the Office of Superintendent of Pensions at Pensions@ficombc.ca or by phone at 604.660.3555.

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