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Clipboard

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How to unlock your Locked-In RRSP/LIF

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In addition to the Canada Pension Plan (CPP), an employer may set up a Registered Pension Plan (RPP), and make contributions for employees in order to provide them with pension income during retirement. Either Federal or Provincial legislation regulates these RPPs. Employees may be required to contribute to the RPP as well, in which case they receive an income tax deduction for their contributions. Usually after two years, employer contributions become “vested,” meaning that the employee is entitled to whatever amount is in his or her plan—employer and employee contributions—if he or she terminates employment and leaves the pension plan.

If employment is terminated, but the employee is not yet eligible to receive pension income, he or she may transfer a lump sum from the RPP to a Locked-In Registered Retirement Savings Plan (RRSP) or a Locked-In Registered Retirement Income Fund (LIF—Life Income Fund) and take over management of retirement income. Except under certain circumstances, Locked-In funds cannot be withdrawn prior to retirement, as they are intended to provide a lifetime

income (pension). After retirement, there is a minimum annual withdrawal, and there is a maximum allowable annual withdrawal.

Some circumstances under which additional funds can be withdrawn are as follows:

Federally regulated Locked-In RRSPs/LIFs

1. One-time 50% Unlocking. If you are 55 years of age or older, you can transfer up to 50% of the account balance to a regular RRSP or RRIF—from which there are no maximum withdrawal restrictions.
2. Small Balance Unlocking. If you are 55 years of age or older, you can withdraw or transfer the balance of your account to a regular RRSP or RRIF, provided the balance does not exceed 50% of the YMPE (CPP's year's maximum pensionable earnings). For 2009, the maximum amount is \$23,150 (50% of \$46,300).
3. Financial Hardship Unlocking. Regardless of age, withdrawals up to 50% of the YMPE are allowed if you qualify under medical / disability or low income criteria. For 2009, the maximum amount is \$23,150 (50% of \$46,300).

NS regulated Locked-In RRSPs/LIFs

1. Lump sum withdrawal. If you are between the ages of 54 and 65, you can withdraw up to

40% of YMPE. For 2009, the maximum amount is \$18,520 (40% of \$46,300), which includes all NS regulated pension income. This option is available each year.

2. Small Balance Unlocking. If you are 65 years of age or older, you can withdraw the balance of your Locked-In accounts, provided the total does not exceed 40% of the YMPE. For 2009, the maximum amount is \$18,520 (40% of \$46,300).
3. Financial Hardship Unlocking. Withdrawals may be made if you meet criteria related to risk of eviction, medical expenses, shortened life expectancy, and/ or low income.

Working with a financial advisor who is familiar with pension regulations, and developing a retirement plan, could have a positive impact on your retirement income.

Summer is here!

Mmmm! BBQ season is here again. Here are a couple of my favourite recipes.

Hamburgers

- 1 lb ground beef
- ¼ cup breadcrumbs
- 1 egg
- ¼ cup chopped onion
- 2 tbsp water
- 2 tsp Dijon mustard
- 1 clove garlic (minced)
- ½ tsp salt
- ¼ tsp pepper
- ¼ tsp Worcestershire

You can mix everything except the ground beef and breadcrumbs in a blender. Combine with the ground beef and breadcrumbs, kneading to

mix well. I make up a huge batch, form into patties, and freeze (using squares of wax paper between patties) in lots of six or eight. Great for quick meals.

Broccoli Salad

Combine the following in a salad bowl:

- 3 cups broccoli florets (raw)
- ½ cup chopped red onion
- ¼ cup sunflower seeds
- ½ cup raisins
- Optional: ½ cup feta cheese, crumbled

Dressing

Mix the following in a measuring cup:

- ½ cup low fat yogurt
- ¼ cup light mayonnaise
- 2 tbsp sugar
- 1 tbsp lemon juice
- salt & pepper
- Pour over salad and mix.

Thank you to friends who have shared their recipes with me.

Upcoming Event

50+ Expo
Exhibition Park
Friday, June 12th and Saturday, June 13th
9:00 a.m. to 5:00 p.m.

Visit the Serving Seniors Alliance booth
(215-217)

Serving Seniors Alliance is a group of trusted professionals who provide various services to seniors and their families.

I hope to see you there!

For more information on these or other topics, visit my web site at
www.checkwithjoan.com