

January 8, 2018

*(provided electronically only)*

**TO: Savings Institutions and Insurance Companies Offering Newfoundland and Labrador Retirement Savings Arrangements**

**RE: Amendment to Directive No. 5 – Life Income Fund Requirements, effective January 1, 2018**

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Pursuant to section 40 of the *Pension Benefits Act, 1997*, the Newfoundland and Labrador Superintendent of Pensions has amended Directive No. 5 – Life Income Fund Requirements with effect from January 1, 2018.

**The key changes to the Directive are as follows:**

- Effective January 1, 2018, there is no maximum age for the owner of a Life Income Fund (LIF). The requirement (previously under sections 15 and 16 of the Directive) for the owner of the LIF to purchase an annuity by the end of the calendar year in which they reach age 80 has been removed. Note that a LIF owner maintains the option to purchase a life annuity contract at any time, in accordance with paragraph 12(c) of the Directive.
- The annual maximum LIF withdrawal amount has been revised to be the greater of:
  - an amount based on the present value of an annual pension payable to end of the year in which the owner reaches ninety years of age (i.e., the previous maximum); and
  - the amount of the investment earnings, including any unrealized capital gains or losses, of the LIF in the immediately previous fiscal year.
- Modifications have been made to the information that must be provided to LIF owners at the beginning of each year.

A copy of the amended Directive can be found on the website for the Pension Benefit Standards Division: <http://www.servicenl.gov.nl.ca/pensions/index.html>.

Please be advised that all savings institutions and insurance companies offering a LIF that is included on the Superintendent's list of approved LIF contracts must file revised contract documentation with this office **prior to December 31, 2018** to reflect the new requirements under Directive No. 5 and a notice of the changes is required to be sent by registered mail to all LIF owners.

If you require further information, please contact Jerry Dunphy, Pensions Compliance Officer, at (709) 729-1039 or write to us at the address below.