

# SimplySpeaking

## What are LIFs?

### Flexible retirement income with growth potential

A life income fund (LIF) lets you turn your retirement savings into retirement income. It's designed to provide you with a retirement income that can last a lifetime.

LIFs are for savings that are locked-in, like registered pension plans, locked-in registered retirement savings plans or locked-in retirement accounts. In most cases, you can't cash out your LIF.

With LIFs, you have control over your investments, so you can hold a variety of investments with potential for market gains and losses. The income from LIFs allows a fair amount of flexibility. You can vary the income from one year to the next (subject to minimum and maximum amounts set by the government) to meet your changing financial needs. You can set up monthly, quarterly, semi-annual or annual payments.

The money held in a LIF grows tax deferred. All payments are taxable as income the year you receive them.

Another advantage to LIFs is estate preservation. After death, if there's money left in the LIF it can go to your beneficiary or estate (less applicable taxes). Your spouse, if you have one, may be entitled to the death benefit.

LIFs come with some rules. Each year, the government sets your LIF's minimum and maximum payments. Within this range, you must choose whatever payment amount you want. The required minimum and maximum payments are based on your age, the value of the LIF on Jan. 1, and a percentage set by the government. Other LIF rules vary by province.

In many cases, LIFs can be your source of flexible income when combined with guaranteed income from annuities. Since an annuity's income stream is fixed, it may be a good way to cover your day-to-day living expenses. With this guaranteed income foundation in place, you can pay for discretionary items with your LIF.

**Talk to your financial advisor, or call Access Line at 1-800-724-3402 and ask for an investment and retirement specialist, to determine if LIFs are right for you.**

### LIFs, LRIFs, RLIFs and PRRIFs

LIFs are available in all provinces except Prince Edward Island and Saskatchewan.

Locked-in retirement income funds (LRIFs) and restricted life income funds (RLIFs) are similar to LIFs; however, some rules vary. LRIFs are available in Newfoundland and Labrador, while RLIFs apply to locked-in federal savings.

Prescribed registered retirement income funds (PRRIFs) are available in Manitoba and Saskatchewan for locked-in pension money. Unlike LIFs, LRIFs and RLIFs, there are no maximum limits on the amount of money you can receive from a PRRIF.

Generally, you must be age 55 to turn your savings into these retirement income options.

#### Advantages

Control over income and investments

Growth potential

Death benefit

#### Considerations

Make investment decisions

Market volatility

Minimum and maximum payments