

Shortened life expectancy benefits

(for working members)

Introduction

If you face a shortened life expectancy, you may be able to withdraw the commuted value of your pension before retirement without having to sever your employment relationship. The commuted value of your pension is the lump sum you would need today to replace your future pension.

Eligibility

To qualify for a shortened life expectancy benefit, you must provide complete medical evidence, from a doctor licensed in Canada, of a life expectancy of less than two years. If you have a spouse, he or she must consent to the withdrawal because a spouse forfeits the right to survivor benefits if you take a shortened life expectancy benefit.

Payment options

Shortened life expectancy benefits can be:

- taken in cash (payable in the form of a cheque or direct deposit to your bank account);
- transferred to an RRSP, up until the end of the calendar year in which you turn age 71;
- transferred to a Registered Retirement Income Fund (RRIF); or
- a combination of these options.

Tax implications

The *Income Tax Act* (ITA) limits the amount of your lump-sum benefit that you can transfer on a tax-sheltered basis. Any excess amounts are paid in cash.

Tax-sheltered transfers – only a portion of your lump-sum transfer amount will be tax-sheltered. If you choose to transfer funds to an RRSP or RRIF, it doesn't have an impact on your RRSP contribution room (i.e., doesn't affect your existing contribution limit).

Cash – subject to withholding tax (30% for Ontario residents) and may require additional tax payments when you file your income tax return.

Other options to consider

Before applying for any benefit, check with your employer and long-term disability carrier. It's important to ensure you'll continue to qualify for medical and long-term disability benefits if you receive your pension benefits early.

Leaving your funds in the plan

If you decide:

- not to take a shortened life expectancy benefit and die before starting your pension, or
- to opt for your shortened life expectancy benefit and die before receiving payment, your eligible survivor will receive pre-retirement death benefits upon your death.

The order of survivor benefit eligibility for pre-retirement death benefits is your spouse, dependent children, beneficiaries, estate. Here's a comparison of the pre-retirement death benefits your eligible survivor may receive:

<i>Option</i>	<i>Spouse</i>	<i>Beneficiary/estate</i>
Lump sum	Yes (tax sheltered)	Yes (not tax sheltered)
Pension	Yes	No

Other options to consider, cont'd.

For more information, read the fact sheet, Sick and Disability Benefits Overview, and the Survivor Benefits brochure. Both are available on our website at www.otpp.com.

Applying for a disability pension

You may also wish to consider taking a disability pension if you're faced with a shortened life expectancy. Here's a comparison of the two:

<i>Requirement/feature</i>	<i>Disability pension</i>	<i>Shortened life expectancy benefit</i>
Survivor pension provided	Yes	No*
Must terminate employment in education	Yes	No
Must stop receiving benefits under an employer-sponsored long-term income protection program	Yes	No

*The value of the survivor benefit is included in the shortened life expectancy benefit you receive.

There are eligibility rules to qualify for a disability pension. Call us for more information if you're considering this option.

How to apply – Checklist

If you wish to apply for a shortened life expectancy benefit, you must submit the first three items listed below. Any additional documents required depend on your personal situation.

Required documents (all members):

- Application for Withdrawal from the Pension Plan (for teachers)*
- Physician's Statement of Shortened Life Expectancy* (the date the physician, who must be licensed in Canada, signs the statement is the date we use to calculate the value of the benefit)
- Copy of your birth certificate, Canadian passport or Ontario driver's license

Additional documents required...

If you have an eligible spouse:

- Spousal Consent to Pension Withdrawal (for working members)*
- Copy of your spouse's birth certificate, Canadian passport or Ontario driver's license
- Copy of your marriage certificate or *Statutory Declaration of Common-law Relationship*

If you want to transfer funds to your RRSP or RRIF:

- Direct Transfer Request* form

If you're receiving a CPP disability pension:

- CPP Notice of Entitlement

If someone is assisting you with the application process, include one of the two documents:

- Power of Attorney for Property* – to release your personal information and/or to sign the application on your behalf
- Written authorization – to release your personal information

Please forward all documentation to us as soon as possible to avoid delays in processing your application. If you have any additional questions, please contact us.

If you decide to apply for a shortened life expectancy benefit, use this checklist to ensure your application is complete.

Application for Withdrawal from the Pension Plan

*based on shortened life expectancy
(for working members)*

Complete this form to apply for a withdrawal of the commuted value of your pension due to shortened life expectancy. For a complete list of required documents, please refer to the fact sheet *Shortened Life Expectancy Benefits for Working Members*.

Member information

Name *last* *first* *middle*

SIN* or Ontario Teachers' Account Number Date of birth

yy	yy	mm	dd
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Importante

If you die before receiving a shortened life benefit, pre-retirement death benefits will be paid instead.

Address *street* *city*

province *postal code*

Telephone *home* *work*

Are you currently receiving a CPP disability pension? Yes No

* Providing your SIN is optional. Ontario Teachers' is requesting your SIN for identification purposes. Ontario Teachers' will not use your SIN for any other purpose other than plan administration as set out in the Ontario Teachers' privacy policies.

Marital status

"Living separate and apart" means you're no longer sharing a spousal relationship and intend to terminate your relationship.

You can be "living separate and apart" without a formal separation agreement, and even if you're living in the same residence.

Check (✓) one of the following:

- I don't have a spouse
- I have a spouse, but on the date I sign this application, I am living separate and apart from my spouse
- I have a spouse, and my spouse consents to this withdrawal from the pension plan

Definition of eligible spouse

Your spouse is your married or common-law partner. A common-law partner must have lived with you in a conjugal relationship for:

- at least three continuous years; or
- a shorter period if you're the parents of a child.

Payment options

Your banking information will be used only to pay your benefit.

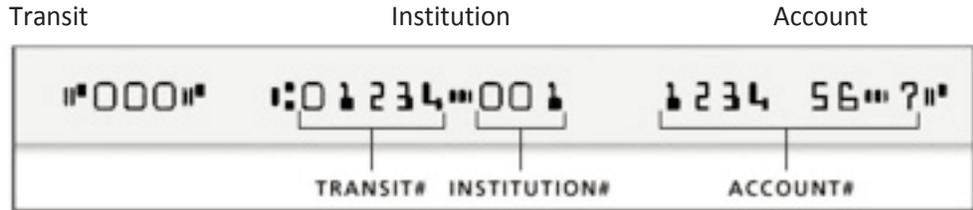
Please send:

- the entire amount to my bank (see the next page), or
- the maximum allowable amount under the *Income Tax Act* to my RRSP/RRIF (our *Direct Transfer Request* form required) and any balance to my bank, or
- \$_____ to my RRSP/RRIF (our *Direct Transfer Request* form required) and any balance to my bank.

**Payment options,
cont'd.**

Banking information

- I'm supplying a void cheque for the Canadian bank account where I want my lump sum or payment deposited. OR
- Below are details of the Canadian bank account where I want my lump sum or payment deposited.



Signature

By signing below:

- I acknowledge that I have been advised to obtain independent financial planning advice before deciding to make this application and thereby terminate my membership in the Ontario Teachers' Pension Plan;
- I acknowledge that it is my responsibility to contact my employer and/or LTIP carrier to determine if receiving a shortened life expectancy commuted value payment will affect my employment status or LTIP coverage;
- I understand I will be deemed to have ceased both employment and LTIP coverage for the purposes of plan membership, and that any non-teaching service (i.e., sick leave, LTIP payments) after my deemed cessation date will not create any further entitlement in the plan;
- I understand that no further payments, and/or survivor benefits, will be paid to me or anyone else from the pension plan and that the Ontario Teachers' Pension Plan will be discharged from liability by making this payment in accordance with my direction and the Ontario *Pension Benefits Act*;
- I authorize the Ontario Teachers' Pension Plan to contact my employer and collect any relevant information the plan may require for this application; and
- I attest that all the information contained in this application is true.

I apply to withdraw all of the commuted value of my pension from the Ontario Teachers' Pension Plan.

Note: This application is only valid if we receive it within 60 days of the date it's signed.

Dated this _____ day of _____, _____ year
day month year

Signature of member

Name of witness (please print)

Signature of witness

Address of witness street

city

province

postal code

Physician's Statement of Shortened Life Expectancy

for pension withdrawal

Introduction

As a physician licensed to practise medicine in a jurisdiction in Canada, you may complete the Physician's Statement below in order to provide your opinion for the purposes of the member's application for withdrawal of pension. Complete the statement below if, in your opinion, the individual pension plan member has an illness or physical disability that is likely to shorten his or her life expectancy to less than two years.

Physician's statement

In my opinion, my patient,

Name of patient (please print)

has an illness or physical disability that is likely to shorten his or her life expectancy to less than two years.

Dated this _____ day of _____, _____.

day month year

I am a physician licensed to practise medicine in a jurisdiction in Canada.

Physician's signature

Physician's name (please print)

Physician's address

Spousal Consent to Pension Withdrawal

*based on shortened life expectancy
(for working members)*

Instructions

You should get advice from a lawyer about your rights and the legal consequences of signing the consent below.

If you are satisfied consent should be given, then, in the presence of a witness (someone who is not the pension plan member), please complete, sign and date the form. Also have your witness sign and date the form.

The consent is **only** valid for the purposes of the member's application if we receive it within 60 days of the date it's signed.

Member information

Name *last* _____ *first* _____ *middle* _____

SIN* or Ontario Teachers' Account Number _____

** Providing your SIN is optional. Ontario Teachers' is requesting your SIN for identification purposes. Ontario Teachers' will not use your SIN for any other purpose other than plan administration as set out in the Ontario Teachers' privacy policies.*

Consent

I am the spouse of the above-named member and am entitled to a pension benefit under the Ontario Teachers' Pension Plan. I understand that:

For the definition of spouse, please see the next page.

- (a) the member is applying to withdraw all of the commuted value of his or her future pension payments and that the member cannot do so without my consent; and
- (b) I may have a right to receive payments if the member dies; but
- (c) if this withdrawal is made from the Ontario Teachers' Pension Plan, ***I will lose any right to payments.***

I consent to the member's application to withdraw all of the commuted value of the member's future pension payments from the Ontario Teachers' Pension Plan.

The consent is only valid if we receive it within 60 days of the date it's signed.

Dated this _____ day of _____, _____.

day month year

Name of member's spouse *last* _____ *first* _____ *middle* _____

Signature of member's spouse _____ Telephone _____

The pension plan member cannot be a witness.

Name of witness *last* _____ *first* _____ *middle* _____

Signature of witness _____ Telephone _____

Definition of eligible spouse

Your spouse is your married or common-law partner. A common-law partner must have lived with you in a conjugal relationship for:

- at least three continuous years; or
- a shorter period if you're the parents of a child.

A spouse qualifies for survivor benefits as long as he or she is not living separate and apart from the member when the member dies. "Living separate and apart" means you are no longer sharing a spousal relationship (i.e., having joint finances, sharing a conjugal relationship) and intend to terminate your relationship. You can be living separate and apart without a formal separation agreement and/or in the same residence.

A former spouse may also be entitled to a portion of the member's survivor benefits if assigned in a valid separation agreement or court order.

This form may be used by an applicant to transfer the commuted value of pension benefits from the Ontario Teachers' Pension Plan (the "plan") – Registration Number 0345785 – to a LIRA, LIF, RRSP or RRIF. For any other type of payment or transfer, contact us for assistance. We cannot process a transfer if this form is not completed correctly. Please refer to the definitions on the next page for explanations of terms used in this form.

Part A – Provide complete information for the applicant. The applicant is the person who is requesting a transfer.

Part B – Indicate the type of transfer being requested by checking box 1, 2 or 3. You must also select the applicable receiving account (LIRA, LIF, RRSP or RRIF). If you're a member, refer to the *Termination Option Application* we provided to identify your options.

Part C – Provide complete information for the financial institution and receiving account.

Part D – For transfers to a LIRA/LIF only, this part must be completed by the financial institution at which the LIRA/LIF is established.

**Part A:
Applicant Information**

Name <i>last</i>	<i>first</i>	<i>initial</i>
SIN*	Telephone	
Address <i>street</i>	<i>city</i>	
<i>province</i>	<i>postal code</i>	

* Collection of your SIN is authorized by law for the purpose of reporting income to the Canada Revenue Agency. Ontario Teachers' will not use your SIN for any purpose other than for plan administration as set out in the Ontario Teachers' privacy policies.

**Part B:
Type of Transfer –
Applicant Direction
and Certification**

Please check box 1, 2 or 3. You must also select the applicable receiving account (LIRA, LIF, RRSP or RRIF).

- I am a member** and have terminated my membership in the plan. Pursuant to section 42 of the Ontario *Pension Benefits Act* (PBA), I wish to transfer the commuted value of my pension benefits to the receiving account identified below. I understand that any amount of the commuted value that exceeds the transfer limit as defined by the federal *Income Tax Act* (ITA) will be paid to me in cash, subject to withholding taxes.

Receiving account options: LIRA or LIF or RRSP or RRIF

- If you're entitled to a locked-in commuted value transfer, select LIRA or LIF
- If you're entitled to a non locked-in lump sum pension value, select RRSP or RRIF

- I am the former spouse of a member.** I am entitled to receive a share of a member's pension due to the breakdown of a marriage or common-law relationship and I wish to transfer this share to:

Receiving account options: LIRA or LIF

- I am the surviving spouse** who is entitled to receive death benefits in respect of a deceased member and I wish to transfer these death benefits to:

Receiving account options: RRSP or RRIF

Ensure you select **one** receiving account to which you would like your funds transferred. We can't process your request unless a button is selected.

If you select a LIRA or LIF, the financial institution identified in Part C must certify the transfer by completing Part D.

I certify that:

- the information I've provided in Parts A, B and C of this form is true and complete in every respect; and
- I'm entitled to receive the transfer of pension benefits from the plan that I've requested above.

Furthermore, I agree that you may contact my financial institution directly, without first obtaining my permission, if you need to confirm any information on this form necessary to complete my transfer.

Applicant Signature

Date

**Part C:
Receiving Account
Information**

*Complete based on
what you selected in
Part B.*

Name of Financial Institution	Receiving Account Number
Address <i>street</i>	<i>city</i>
<i>province</i>	<i>postal code</i>
Telephone (<i>inc. extension if applicable</i>)	Email

**Part D:
Financial Institution
Certification
(for transfers to
LIRA/LIF only)**

*This part must be
completed by the
financial institution
identified in Part C.*

We certify that:

- a) the information contained in Part B (type of receiving account) and Part C of this form is correct and complete;
- b) the receiving account meets the requirements prescribed by the PBA;
- c) transferred funds will be subject to locking-in to the extent indicated by the plan (refer to letter sent by plan administrator) and as required by the PBA; and
- d) amounts subject to locking-in shall not be used to provide retirement income to the applicant before he or she is eligible (refer to letter sent by plan administrator).

Name of Authorized Person	<i>title</i>
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Signature of Authorized Person	Date
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Telephone (<i>inc. extension if applicable</i>)	Email
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Definitions

Commuted value – the lump sum you would need today to replace your future pension, as determined by the plan’s administrator.

Financial institution – a bank, trust company, insurance company, credit union or similar entity which is permitted under the ITA and/or the PBA to enter into an agreement with an applicant to establish a LIRA, LIF, RRSP or RRIF account.

LIF – a Life Income Fund that meets prescribed requirements under the PBA.

LIRA – a Locked-in Retirement Account that meets prescribed requirements under the PBA.

Locking-in – rules under the PBA restricting or prohibiting withdrawals from a LIRA or a LIF.

Member – a person who is or was a member of the plan, including a former member, retired member or deceased member.

RRIF – a Registered Retirement Income Fund approved as such under the ITA.

RRSP – a Registered Retirement Savings Plan approved as such under the ITA.

Receiving account – a LIRA, LIF, RRSP or RRIF account established by an applicant with a financial institution to which a transfer of pension benefits is to be made from the plan.

Spouse – in relation to a member, a spouse is a married or common-law partner. A common-law partner must have lived with the member in a conjugal relationship for at least three continuous years, or a shorter period if they’re the parents of a child.

Transfer limit – the maximum amount prescribed under the ITA that can be transferred directly on behalf of a member from the plan to a LIRA or a LIF. Any amount exceeding the transfer limit must be paid to a member in cash, subject to withholding taxes.