

# COVID-19

## Federal Government measure

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#### Voluntary 25% Reduction on 2020 Minimum RRIF and LIF Payments

The Federal Government of Canada has announced a set of economic measures as part of their Covid-19 Economic Response Plan. That statement included proposed changes to the calculation of the 2020 required minimum withdrawal for registered retirement income funds (RRIF) or Life Income Funds (LIFs) for the year 2020. The government has provided a list of [common questions and answers](#).

#### Your role as an advisor

Clients can **voluntarily** choose to reduce their 2020 minimum payment amount by 25%. As advisors, you are encouraged to discuss with your clients and determine if this is appropriate for their personal financial situation.

Beforehand, we recommend that you generate a list of your clients who have RRIF and/or LIF accounts by using the [In-force contracts download](#) from the My Clients tab in the Advisor Centre. This list will allow you to identify your RRIF and/or LIF clients and determine whether your clients would benefit from reducing their current minimum payment amounts.

#### Actions to take to reduce the minimum payment amount for 2020 for any of your clients

Send us instructions by one of the following ways indicating to reduce the minimum payout amount of 25%. In all cases, you must clearly identify your client's name and contract number.

##### By fax (highly recommended):

QUEBEC: 1 855 685-5161

TORONTO: 1 800 810-0197

VANCOUVER: 1 833 832-7474

##### By email:

QUEBEC: [IAQtransactions@ia.ca](mailto:IAQtransactions@ia.ca)

TORONTO: [IATtransactions@ia.ca](mailto:IATtransactions@ia.ca)

VANCOUVER: [iav-transactions@ia.ca](mailto:iav-transactions@ia.ca)

If any other changes need to be made, such as a change in frequency or method of payment, you must complete the [F51-153A\(4\) Payments and Instructions for AWT](#) Form as you would for your usual business practices.



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### EXAMPLES OF THE MEASURE IN THREE SCENARIOS:

On January 1, a client had a RRIF minimum of \$10,000 The new RRIF minimum would then be \$7,500 (25% reduction)		
As of today, the client has withdrawn:	Options available to the client	Notes
Scenario A: < \$7,500	Make no changes to their payments OR Reduce the expected amount of their payments to a minimum of \$7,500	If the client requests a reduction in their payments, the monthly payments will be reduced in proportion to the number of months remaining in the year, unless otherwise instructed.
Scenario B: \$7,500 to \$10,000	Make no changes to their payments OR Stop or suspend payments	Depending on the government's measure, the client will not be able to make refunds (return the excess amount to the contract).
Scenario C: > \$10,000	No available option	

We have highlighted four questions and answers that seem to be of greatest interest to you:

**Q. Will individuals who have already withdrawn more than the reduced 2020 minimum amount be permitted to re-contribute to their RRIFs and/or LIFs an amount up to the 25% proposed reduction?**

A. No. Individuals who have already withdrawn more than the reduced 2020 minimum amount will not be permitted to re-contribute to their RRIFs an amount up to the 25% proposed reduction.

**Q. Is the 25% reduction to the minimum amount applicable for 2020 and future years?**

A. No. These changes apply only for 2020.

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**Q. There is no tax withheld when the minimum amount is withdrawn from a RRIF and/or LIF. If I chose to withdraw the unreduced minimum amount in 2020, will I have tax withheld?**

**A.** No. Tax will only be withheld if you withdraw more than your unreduced minimum amount for 2020.

**Q. Will the 25% reduction affect your client's FORLIFE Income / Lifetime Surrender Amount (LSA) or Guaranteed Surrender Amount (GSA) for future years?**

**A.** No. This reduction will not change the amounts provided for this type of contract in future years.

### Additional information

For more information, please contact Customer Service by phone at 1-844-4iA-INFO or by email at [savings@ia.ca](mailto:savings@ia.ca).



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