

Commonly Used Pension Terms (At or After Retirement)

Annuitant

A person entitled to receive payments under an annuity.

Annuity

Periodic payments (usually monthly) provided by the terms of a contract for the lifetime of an individual (the annuitant); may be a fixed or varying amount, and may continue for a period after the annuitant's death.

Joint Survivor Annuity

An annuity payable until the death of the retired employee, and continuing thereafter to the employee's spouse until that person's death. May be available as a level amount or with a reduction when one annuitant dies.

Joint Annuitant

A person who is the spouse or former spouse of the annuitant.

Life Income Fund (LIF)

This is a special type of retirement income account that allows an individual some of the flexibility of a Locked-in Retirement Income Fund up to age 80, and then requires that the individual purchase a life annuity. There are minimum and maximum amounts that may be withdrawn up to age 80. These amounts are designed to make sure that (i) the individual draws income from the fund from the date the LIF is purchased to age 80,

(ii) a reasonable level income is provided annually throughout the individual's entire retirement, and (iii) there is enough money at age 80 to continue monthly payments of the same amount as the individual received before age 80, through the purchase of a life annuity. Some provinces such as New Brunswick and Nova Scotia no longer require the purchase of an annuity at age 80

Locked-In Retirement Income Fund (LRIF)

This is a special kind of Registered Retirement Income Fund (RRIF) that is set up to hold locked-in pension funds. Both a minimum and maximum withdrawal amount are set each year to make sure that (i) the fund is used for retirement income, and (ii) provides a retirement income for the individual's lifetime.

Pension

This is a pension benefit that is in payment.

Registered Retirement Income Fund (RRIF)

Form of investment vehicle permitted under the Income Tax Act for funds an individual has accumulated in a Registered Retirement Savings Plan that has matured. Minimum amount, set by Income Tax Act, must be withdrawn each year. RRIF may be collapsed at any time with funds being used to purchase an annuity or taken in cash, less withholding tax.