

Financial Hardship Unlocking (FHU) Frequently Asked Questions

Reasons to Unlock

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Reason 1 - Low Income:

1. What is considered 'low income'?

For 2018, you may be eligible to unlock funds under the reason of low income if you expect to earn less than \$37,266 in the next twelve months.

2. How much am I eligible to unlock under the reason of low income?

The money that you can unlock from your locked in retirement account (LIRA) or life income fund (LIF) under low income is based on your expected income over the next twelve months and a formula that can be found in the application form. The maximum that you may be eligible for under this reason is \$27,950 in 2018.

3. What should I include when determining the income I expect to earn over the next twelve months?

Your expected income should include your income from all sources including, but not limited to, any employment income, EI payments, LIF payments, spousal support and payments received from other government agencies. Do not include any student loans, child support payments or expected income from other family members.

If you have no income and have no guarantee of income in the next twelve months, then your expected income will be \$0.

4. In determining my expected income over the next twelve months, should I include the amount I am applying for in this application?

No, only include income you expect to receive from other sources.

5. Should I include my LIF payments in my expected income?

Yes, your LIF payments must be included.

6. Is my expected income that I enter in the application before or after taxes?

The application should be filled out using expected income before tax is deducted.

7. I expect to earn more than the low income amount but my pension partner is not working. Can I apply based on their expected income?

No, the reason of low income is solely based on your expected income.

8. Do I need to provide evidence of the amount of expected income that I use in the application?

No, supporting documentation is not required to apply under this reason. Your financial institution cannot ask that you provide evidence of expected income.

9. I have recently changed jobs and am earning much less than I did previously. Can this information be considered under the reason of low income?

You are only eligible to unlock funds under this reason if your expected income over the next twelve months is less than \$37,266, regardless of how much you were earning previously.

Reason 2 - Foreclosure:

1. What documents are required to unlock under this reason?

You must include a copy of a written notice or threat of foreclosure or legal action on the property that is your main home or your pension partner's main home. If legal action has already begun, a letter from the solicitor is acceptable. Documents are also needed that show the amount of outstanding mortgage payments and associated legal fees.

2. How much can I unlock under foreclosure?

The maximum that you may be eligible to unlock is the mortgage arrears plus associated legal fees.

3. What is considered my 'main home'?

Your main home is the residence that you normally lived in during the calendar year in which the application was signed. You can only have one main home.

4. My bank is threatening legal action due to a home equity line of credit that is in arrears. Does this qualify me to unlock my LIRA or LIF under the reason of foreclosure?

The intent of the Financial Hardship Unlocking legislation is to prevent LIRA and LIF owners from losing their main home due to payment arrears. We understand there are unconventional types of mortgages like HELOCs that may fall under the same category.

5. I have a letter showing that my cabin or rental property is being foreclosed on. Can I unlock funds to pay the mortgage arrears on a second home or rental property?

Under the FHU program, funds cannot be unlocked unless it is your main home or your pension partner's main home.

Reason 3 - Eviction:

1. What documents are required to unlock a LIRA or LIF under the reason of eviction?

To apply under the reason of eviction, you are required to submit a written eviction notice with your application that includes:

- Your name (or pension partner's name)
- Address of the home which the eviction notice is for
- Reason of unpaid rent
- Date the tenancy ends
- Landlord signature

The address on the eviction notice must be for your main home or the main home of your pension partner.

2. How much can I unlock under eviction?

The maximum that you may be eligible to unlock is the amount of the rent payments in arrears.

3. I am being evicted for reasons other than unpaid rent. Can I apply to unlock funds under eviction?

Funds can only be unlocked under eviction if the reason for the notice is rental arrears.

4. I have already been evicted due to unpaid rent. Can I apply to unlock funds for the amount of rent I owed?

The intent of the Financial Hardship Unlocking program is to help you keep your main home. If you have already been evicted you may be eligible to apply to unlock funds to obtain a new home under the reason of First Month's Rent and Security Deposit.

Reason 4 - First Month's Rent & Security Deposit:

1. What documents are required to apply under the reason of First Month's Rent and Security Deposit?

You must submit a copy of the lease or rental agreement that shows:

- Your name or pension partner's name
- The address of the new home
- Amount of rent and security deposit

2. I am renewing my lease. Can I apply to unlock funds under this reason?

No, funds can only be unlocked to obtain a new home.

Reason 5 - Medical Costs:

1. What documents are required to apply under the reason of Medical Costs?

To unlock funds from your LIRA or LIF for medical costs, you must include:

- A copy of prescription receipts dated within the past year, and/or
- A copy of receipts, invoices or estimates for medical or dental treatments dated within the last year and a written opinion of a medical practitioner that says the treatment is necessary.

These receipts, invoices and estimates can be for you, your pension partner or your dependants. Note that prescription receipts are the written opinion that they are necessary and do not require an additional doctor's letter for unlocking.

The receipts, invoices and estimates must be for amounts that are not covered by any other medical plan or source.

2. What documents are required to apply to unlock funds for renovations to a home because of a disability or illness?

To unlock funds from your LIRA or LIF for renovation due to a disability or illness, you must include:

- A copy of receipts, invoices or estimates dated within the last year for renovations needed, and
- A written opinion of a medical practitioner that says the renovation is necessary.

The renovation can be due to the illness or disability of you, your pension partner or dependant.

The receipts, invoices and estimates must be for amounts that are not covered by any other medical plan or source.

3. Who is considered my dependant?

For the purposes of the Financial Hardship Unlocking program, a dependant is a person who is dependent on you or your pension partner for support.

4. Who is considered a medical practitioner?

For purposes of the Financial Hardship Unlocking program, a medical practitioner means:

- (i) a person who is a regulated member of the College of Physicians and Surgeons of Alberta who holds a practice permit issued under the Health Professions Act, and is not under suspension, or
- (ii) a physician who is regulated, registered or certified in that capacity in another jurisdiction in Canada and who is not under suspension.

This list includes, but is not limited to, a physician, dentist, chiropractor, psychologist, acupuncturist, osteopath and hearing aid practitioner.

5. How much can I unlock from my LIRA or LIF under this reason?

The most money you may be eligible to receive is the total medical costs not already released from the last year plus the estimated costs for the current year.