



**Government of Newfoundland and Labrador**  
**Department of Government Services**  
**Consumer and Corporate Affairs**  
**Financial Services Regulation Division**

## **DIRECTIVE NO. 6**

**Issued Under the Pension Benefits Act, effective December 13, 2001**

**DATED at St. John's, this 16th. Day of December, 2002**

**WINSTON MORRIS**  
**Superintendent of Pensions**

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### **Life Annuity Contracts**

An insurance contract under which a life annuity will be provided resulting from the transfer of the commuted value of a pension benefit or as the result of a purchase from a locked-in retirement account or life income fund referred to in this Directive shall contain the following provisions:

- (a) that all money transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by Part VI of the Act and that any transaction purporting to assign, charge, anticipate or give the money transferred as security is void;
- (b) in the case of the unexpired period of a guaranteed annuity, the annuitant may commute a pension benefit provided under the annuity only for the purpose of purchasing a life income fund;
- (c) in the case of the unexpired period of a guaranteed annuity where the annuitant is deceased, the former member's principal beneficiary may surrender or commute the benefit provided under the annuity during the principal beneficiary's lifetime;
- (c) that, where the annuitant has a principal beneficiary at the time payments commence, the annuity shall be in the form of a joint and survivor annuity as required by section 45 of the Act unless the annuitant and his or her principal beneficiary provide a waiver thereof;

- (d) the insurance contract shall provide that, if a life income fund is being purchased as described in clause (b), the financial institution shall disclose to the annuitant the difference between the commuted value of the annuity and the amount that will be transferred to the life income fund;
- (e) that all contracts are subject, with any necessary modification, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act; and

This Directive replaces Directive No. 6 issued January 1, 1997 and shall take effect on December 13, 2001.