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on

Insolvency Law

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FRASER MILNER CASGRAIN LLP

RRSPS IN BRITISH COLUMBIA RECEIVES LEGISLATIVE PROTECTION FROM CREDITORS

The British Columbia Provincial government recently passed the Economic Incentive and Stabilization Statutes Amendment Act, 2008 (the “Act”). The Act was aimed at protecting RRSPs to afford self-employed individuals the same protection from creditors as those individuals who have planned for their retirement through a registered pension plan.

To achieve this purpose, the Act amends a number of statutes in British Columbia.

Exemptions to enforcement are contained in the Court Order Enforcement Act which was amended to exempt all property in a registered plan (a RRSP, a RRIF or a deferred profit sharing plan). Some limits still apply to these exemptions, such as property contributed within 12 months of the date the debt became due as well as enforcement under the Family Maintenance Enforcement Act.

Bill 45 amends the Law and Equity Act, to allow for protection in the event of the death of the account holder. The Pension Benefits Standards Act is amended to protect voluntary pension contributions to the same extent as RRSP contributions are protected under the Court Order Enforcement Act.

The Government passed Bill 45 on November 27, 2008, though some amendments, including those to the Court Order Enforcement Act, are retroactive to include RRSP contributions from November 1, 2008.

For further information please contact John Sandrelli of our Vancouver office (604 443-7132) or David LeGeyt in our Calgary office (403 268-3075). You can also visit our **website www.fmc-law.com/insolvency**.