

ADDENDUM TO THE RETIREMENT INCOME FUND DECLARATION OF TRUST ESTABLISHING A LIFE INCOME FUND

British Columbia (LIF)

1. **What the Words Mean:** Please remember that in this Addendum, “I”, “me” and “my” mean the individual who has signed the Application as the applicant for and fund owner of the Fund and who is the “annuitant” as defined in the *Income Tax Act* (Canada) and “Trustee” means the trustee for the Fund.

Please also remember that in this Addendum:

“**Declaration of Trust**” means the Retirement Income Fund Declaration of Trust I have entered into with the Trustee;

“**Pension Act**” means the *Pension Benefits Standards Act* of British Columbia, as changed or replaced from time to time;

“**Property**” means, collectively, all investment property (including all income earned on and all proceeds of that property) held under the Fund from time to time;

“**Regulation**” means the *Pension Benefits Standards Regulation* in force under the Pension Act, as changed or replaced from time to time; and

“**Spouse**” means the individual who is considered to be my spouse according to section 1 of the Pension Act, however, notwithstanding anything to the contrary contained in the Declaration of Trust and this Addendum, including any endorsements forming a part thereof, “spouse” does not include any person who is not recognized as my spouse or common-law partner, as the case may be, for the purposes of any provision of the *Income Tax Act* (Canada) respecting RRIFs.

As well, the words “**contract**”, “**life annuity contract**”, “**life income fund (“LIF”)**”, “**locked-in RRSP (“LIRSP”)**”, “**owner**”, “**pension**”, “**RRIF**”, “**RRSP**”, “**Superintendent**”, “**transfer**” and “**underwriter**” have the same meanings given to them in the Pension Act and the Regulation.

The other words used in this Addendum have the same meaning given to them in the Declaration of Trust. I will refer to the Declaration of Trust if I need to when reading those words.

I agree with the Trustee as follows:

2. **General Terms:** This Addendum will form part of the Declaration of Trust and will apply to the Fund and all Property. If there is a conflict between this Addendum and the Declaration of Trust, this Addendum will prevail.
3. **LIF:** The Trustee will maintain the Fund as a LIF according to the requirements of the Pension Act, the Regulation and the *Income Tax Act* (Canada).

4. **Provision of Pension:** Subject to paragraph 5 of this Addendum, Property in the Fund that is subject to any transfer to or from the Fund will be used to provide or secure a pension as required by the Pension Act and the Regulation.
5. **Transfers from the Fund:** Subject to this Addendum, before using the balance of the Fund to purchase an immediate life annuity contract, I may transfer all or part of the balance of the Fund:
 - (a) to another underwriter's LIF on the relevant conditions specified in section 30 of the Regulation;
 - (b) to an underwriter's LIRSP on the relevant conditions specified in section 29 of the Regulation; or
 - (c) to purchase of a life annuity contract, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), provided the annuity commences by December 31 in the year in which I attain the maximum age for the commencement of a retirement income as prescribed by the *Income Tax Act* (Canada), the Pension Act and the Regulation, from time to time and that meets the requirements of paragraphs 29(7)(h) and (i) of the Regulation.
6. **No Withdrawals:** Subject to this Addendum, no withdrawal, commutation or surrender of Property in the Fund is permitted, except where an amount is required to be paid to the taxpayer to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).
7. **Optional Purchase of Immediate Life Annuity:** At any time prior to the date referred to in paragraph 8 of this Addendum, I will be allowed to use all or part of the balance of the Fund to purchase an immediate life annuity contract, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada).
8. **No Assignment:** Except as provided for in the Pension Act and Regulation, the benefits in the Fund may not be assigned, charged, alienated or anticipated and are exempt from execution, seizure or attachment and any transaction purporting to assign, alienate or anticipate the benefits is void.
9. **Investment of Property:** The Property in the Fund will be invested in a manner that complies with the rules for the investment of RRIF money contained in the *Income Tax Act* (Canada) and the regulations thereunder and will not be invested, directly or indirectly, in any mortgage in respect of which I am, or my Spouse is, the mortgagor, or the mortgagor is my parent, brother, sister or child, or the spouse of any such person.
10. **Indemnity:** If Property in the Fund is paid out contrary to the Pension Act, the Regulation or this Addendum, the Trustee will provide or ensure the provision of a pension equal in value to the pension that would have been provided had the Property not been paid out.
11. **Conditions for Transfer:** Before transferring Property from the Fund to another underwriter, the Trustee will:
 - (a) ensure that the proposed transferee underwriter's name and contract are on the Superintendent's list of savings institutions and insurance companies, maintained pursuant to the provisions of the Regulation;

- (b) advise the proposed transferee underwriter in writing of the requirement to lock-in the Property; and
 - (c) make the proposed transferee underwriter's acceptance of the transfer subject to the conditions in the Regulation.
12. **Failure to Comply:** If the Trustee does not comply with paragraph 11 of this Addendum and the transferee underwriter fails to pay the Property transferred in the form of a pension or in the manner required by the Regulation, the Trustee will provide or ensure the provision of the pension referred to in paragraph 10 of this Addendum.
13. **Joint Pension:** Where the balance in the Fund is to be used to purchase a life annuity contract and where I am a former member with a Spouse at the date the pension commences, the pension to be provided is to be a joint life pension payable during the joint lives of me and my Spouse with at least 60% continuance to be payable to the survivor for life after the death of either unless my Spouse waives the entitlement in the form and manner set out in Form 2 of Schedule 2 of the Regulation.
14. **Survivor's Benefits:** Upon my death, the balance in the Fund is to be paid:
- (a) by way of a pension to my surviving Spouse, unless my Spouse waives entitlement in the form and manner set out in Form 4 of Schedule 2 of the Regulation;
 - (b) if I do not have a surviving Spouse, or if my surviving Spouse waives entitlement in the form and manner set out in Form 4 of Schedule 2 of the Regulation, by way of a lump sum payment to my designated beneficiary; or
 - (c) if there is no valid designation of beneficiary, to my estate.
15. **Fiscal Year:** The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.
16. **Income Entitlement:** I will be paid an income, the amount of which may vary annually, and that will commence not later than the last day of the second fiscal year of the Fund.
17. **Valuation:** The method and factors that are to be used to establish the value of the Fund, or the value of the balance of the Fund, for the purpose of:
- (a) a transfer of Property;
 - (b) the purchase of a life annuity; and
 - (c) a payment or transfer on my death;
- are set out in the Declaration of Trust.
18. **Establishment of Income:** After I have received the information referred to in paragraph 30(12)(a) of the Regulation from the Trustee, I will establish, at the beginning of each fiscal year, the amount of income to be paid during that fiscal year of the Fund, except that if the Trustee guarantees the rate of return of the Fund over a period that is greater than one year and that ends at the end of a fiscal year, then I may establish the amount of income to be paid during that period at the beginning of that period.
19. **Amount of Income:** The amount of income paid during a fiscal year of the Fund will not be less than the minimum amount required to be paid under the *Income Tax Act* (Canada) and the regulations thereunder and will not exceed the greater of:

- (i) M as determined in accordance with the following formula:

$$M = C \times F$$

where

C = the balance of money in the Fund on the first day of the year, and

F = the factor in Schedule III for the reference rate for the year and the owner's age at the end of the preceding year, and

- (ii) the preceding year's investment returns for the Fund, if there was a preceding year; except that if the maximum amount is less than the minimum amount required by the *Income Tax Act (Canada)*, the minimum amount will prevail.
20. **First Fiscal Year:** For the initial fiscal year of the Fund, if the Property in the Fund is derived from money or assets transferred directly or indirectly during the first fiscal year of the Fund from another contract belonging to you, the limit M is equal to zero except to the extent that the *Income Tax Act (Canada)* requires the payment of a higher amount;
21. **Additional Income:** If in any fiscal year of the Fund an additional transfer is made to the Fund and that additional transfer has never been under a contract before, an additional withdrawal will be allowed in that fiscal year.
22. **Maximum Additional Income:** The additional amount of withdrawal referred to in paragraph 21 of this Addendum will not exceed the maximum amount that would be calculated under this Addendum if the additional transfer were being transferred into a separate contract.
23. **Intervals of More than One Year:** Where, in the application of paragraph 18 of this Addendum, the amount of income to be paid to me is fixed at an interval of more than one year, paragraphs 19 and 20 of this Addendum will apply with such modifications as the circumstances require to determine, at the date of the beginning of the first fiscal year of the interval, the amount of income to be paid for each fiscal year in that interval.
24. **Identifiable Securities:** If the Fund holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 5 and 7 of this Addendum may, unless otherwise stipulated, at the Trustee's option and with my consent, be effected by remittance of the investment securities of the Fund.
25. **Information Statements:** The Trustee agrees to provide the information specified in subsection 30(12) of the Regulation as, when and to those persons described therein.
26. **Shortened Life Expectancy:** I may withdraw Property in the Fund as a lump sum or a series of payments for the purposes of subsection 40(2) of the Pension Act if a physician certifies that due to a disability or terminal illness my life expectancy is likely to be shortened considerably, but the payment may only be made if my Spouse has waived the joint life pension entitlement in the form and manner set out in Form 2 of Schedule 2 of the Regulation.

27. **Withdrawal of Small Amounts:** I may withdraw Property in the Fund as a lump sum or a series of payments in accordance with subsection 30(10.2) of the Regulation provided that the Property in the Fund has a total value not exceeding 20% of the year's maximum pensionable earnings as defined in the *Canada Pension Plan* (Canada). I may not divide into two or more LIF's or LIRSP's any LIF or LIRSP that has greater than 20% of the year's maximum pensionable earnings as defined in the *Canada Pension Plan* (Canada) if any of them would have a resulting balance less than 40% of the year's maximum pensionable earnings as defined in the *Canada Pension Plan* (Canada).
28. **Non-Resident Status:** I may withdraw Property from the Fund if I:
- (a) have been absent from Canada for two or more years;
 - (b) have become a non-resident of Canada as determined for the purposes of the *Income Tax Act* (Canada); and
 - (c) complete a certificate of non-residency in Form 6 of Schedule 2 of the Regulation in the manner described in subsection 23.1(2) of the Regulation; and, if I have a Spouse, my Spouse waives entitlement in the form and manner set out in Form 2 of Schedule 2 of the Regulation, and I file this form, and Form 6 of Schedule 2 of the Regulation, with the Trustee and each relevant registered pension plan and financial institution.
29. **Small Pensions:** If I am a member or former member, I may withdraw Property in the Fund if I:
- (a) am 65 or older;
 - (b) have, in the aggregate, in each defined contribution registered pension plan in which I am a member or former member, and in each LIRSP and LIF, not more than an amount equivalent to 40% of the year's maximum pensionable earnings as defined in the *Canada Pension Plan* (Canada); and
 - (c) complete a declaration of commutable amount in Form 5 of Schedule 2 of the Regulation; and, if I have a Spouse, my Spouse waives entitlement in the form and manner set out in Form 2 of Schedule 2 of the Regulation, and I file this form, and Form 5 of Schedule 2 of the Regulation, with the Trustee and each relevant registered pension plan and financial institution.
30. **No Differentiation on the Basis of Sex:** Property in the Fund that is transferred under section 30 of the Regulation must not be subsequently used to purchase a life annuity contract that differentiates on the basis of sex.
31. **Satisfaction of Minimum Amount:** Prior to transferring Property from the Fund under any provision of this Addendum, the Trustee shall withhold an adequate amount to satisfy the minimum amount payable to me in the particular fiscal year, as required, and in accordance with paragraph 146.3(2)(e) of the *Income Tax Act* (Canada).

Fund Number

\$ _____
Amount of Original Contribution

Signature of Witness

Signature of Fund Owner

Print First and Last Name of Witness

Print First and Last Name of Fund Owner

Date

Social Insurance Number



Accepted by **Fidelity Clearing Canada ULC** as
Agent for The Royal Trust Company