

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

Nova Scotia (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).

Please also remember that in this Addendum, unless otherwise indicated below:

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

“**Pension Act**” means the *Pension Benefits Act* of Nova Scotia, 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 *Regulations Under the Pension Benefits Act* 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 or common-law partner according to section 2 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” or “common-law partner” 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.

“**Trustee**” means The Royal Trust Company or Royal Trust Corporation of Canada, as applicable, pursuant to the Declaration of Trust and having an address at RBC Centre, 155 Wellington Street West, 20th Floor, Toronto, Ontario, M5V 3K7.

As well, the words “**financial institution**”, “**fiscal year**”, “**life annuity contract**”, “**life income fund (“LIF”)**”, “**locked-in retirement account (“LIRA”)**”, “**pension**”, “**RRIF**”, “**Superintendent**”, “**surviving Spouse owner**” and “**transfer**” 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. The words used in Schedule “IV” which is attached to and forms a part of this Addendum have the same meanings given to them in Schedule “IV”.

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, including for greater certainty the provisions of the Regulation contained in Schedule "IV" attached to this Addendum and the *Income Tax Act* (Canada). If there is a conflict between this Addendum and the Pension Act, the Regulation or the *Income Tax Act* (Canada), the Pension Act, the Regulation or the *Income Tax Act* (Canada), as applicable, will prevail.
4. **Spousal Consent:** If I have a Spouse and wish to transfer pension benefits to the Fund, I must first obtain, and provide the Trustee with, evidence in writing of the consent of my Spouse in accordance with this Addendum.
5. **Investment of Property:** The Property in the Fund will be invested in accordance with my instructions 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.
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. **Temporary Income:** I may, in accordance with Section 8(1) of Schedule IV, apply for a withdrawal of Property from the Fund in order to arrange for payment(s) of temporary income.
8. **Small Pension:** I may, upon application in accordance with the Regulation, apply for a withdrawal of all of the Property in the Fund if, when I sign the application:
 - (a) I am at least 65 years of age; and
 - (b) the value of the Property in the Fund, and pension plans providing defined contribution benefits owned by me is less than 40% of the years maximum pensionable earnings as defined in the Canada Pension Plan (Canada) for the calendar year in which I signed the application and the value of which is determined in accordance with the most recent statement about each LIRA or LIF given to me and dated within one year before I signed the application.
9. **Shortened Life Expectancy:** I may, upon application in accordance with the Regulation, withdraw all or part of the Property from the Fund if, at the time I sign the application, I have a mental or physical disability that is likely to considerably shorten

my life expectancy and the application is accompanied by a statement signed by a physician who is licensed to practice medicine in a jurisdiction in Canada that, in the opinion of the physician, I have a mental or physical disability that is likely to considerably shorten my life expectancy.

10. **Applications:** The applications described in paragraphs 8 and 9 of this Addendum must be in Form 10 of the Regulation (Application to a Financial Institution to Withdraw Money From a LIRA or LIF at age 65) or Form 11 of the Regulation (Application to a Financial Institution to Withdraw Money From a LIRA or LIF Because of Considerably Shortened Life Expectancy) respectively, signed by me and submitted to the Trustee.
11. **Applications:** When I submit an application under paragraphs 8 or 9 of this Addendum:
 - (a) the Trustee is entitled to rely on the information I provided in the application;
 - (b) an application that meets the requirements of section 27 or 28 of the Regulation constitutes authorization to the Trustee to make the payment to me from the Fund;
 - (c) the Trustee shall make the payment to me no more than 30 days after the date the Trustee receives my completed application form and accompanying documents;
 - (d) any document required to be signed by me or my Spouse is void if it is signed more than 60 days before the Trustee receives it; and
 - (e) the Trustee shall provide me with a receipt stating the date on which the Trustee received my application and/or document.
12. **Optional Purchase of Life Annuity:** At any time, 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), and that meets the conditions of section 12(1)(b) of Schedule IV.
13. **Valuation:** The methods and factors that are to be used to establish the value of the Fund for the purpose of a transfer of Property, the purchase of a life annuity contract, and a payment or transfer on my death, will be the standard methods and factors employed by the Trustee to determine the fair market value of the Fund at the time such transfer, purchase or payment is made by the Trustee.
14. **Identifiable Securities:** Any identifiable and transferable securities in the Fund may be transferred by the Trustee in accordance with section 12(2) of Schedule IV.
15. **Amendment:** The Trustee will not amend this Addendum except as provided in section 23(19) of the Regulation which provides that:
 - (a) the Trustee must give me at least 90 days notice of a proposed amendment, other than an amendment described in clause (b);
 - (b) the Trustee must not make an amendment that would result in a reduction in my rights under the Declaration of Trust, unless

- i. the Trustee is required by law to make the amendment, and
- ii. I am entitled to transfer Property of the Fund under the terms of the Declaration of Trust that exist before the amendment is made;
- (c) when making an amendment described in clause (b), the Trustee must notify me of the nature of the amendment and allow me at least 90 days after the notice is given to transfer all or part of the Property of the Fund.

16. **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

Schedule IV
Nova Scotia LIF Addendum

Interpretation

1 (1) In this Schedule,

- (a) “common-law partner” of an individual means another individual who has cohabited with the individual in a conjugal relationship for a period of at least 2 years, neither of them being a spouse;
- (b) “regulations” means the *Pension Benefits Regulations*, of which this Schedule forms a part.
- (c) “spouse” means either of a man and woman who
 - (i) are married to each other,
 - (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or
 - (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement; and
- (d) “temporary income” means periodic income paid under a pension plan, an annuity or a LIF to a person for a temporary period of time after retirement for the purposes of supplementing retirement income until the person is eligible to receive benefits under the *Old Age Security Act* (Canada) or is either eligible for or commences to receive retirement benefits under the Canada Pension Plan (Canada) or Quebec Pension Plan (Quebec).

(2) A fiscal year referred to in this Schedule is the fiscal year of a LIF, which must end on December 31 and must never exceed 12 months.

(3) A reference rate referred to in this Schedule for the fiscal year of a LIF

- (a) is based on the month-end nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, with the following adjustments applied successively to that nominal rate: (i) an increase of 0.5%,
 - (ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,
 - (iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and
- (b) must not be less than 6%.

Prohibitions

2. Money held in a LIF must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).
3. Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 70(3) or Section 71A of the Act, and any transaction purporting to assign, charge, anticipate or give such money in the LIF as security is void.
4. Money held in a LIF is exempt from execution, seizure or attachment except as permitted by Section 71A of the Act.

Income commencement

5. (1) The owner must be paid an income from the LIF, the amount of which may vary annually.
 - (2) Payment of the income from the LIF to the owner must begin no earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money was transferred into the LIF, directly or indirectly.
 - (3) Payments must begin no later than the end of the second fiscal year of the LIF.
 - (4) The minimum amount of income paid during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada).
 - (5) The owner must establish the amount of income to be paid during each fiscal year at the beginning of that fiscal year and after the receipt of the information specified in subsection 11(1).
 - (6) If the financial institution guarantees the rate of return of the LIF over a period that is greater than one year, that period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during that period at the beginning of that period.

Minimum LIF withdrawal

6. The amount of the income paid during the fiscal year of a LIF must not be less than the minimum amount prescribed by the *Income Tax Act* (Canada), determined on the basis of the owner's age or the age of the owner's spouse or common-law partner where that person is younger than the owner.

Maximum LIF withdrawal - no provision for temporary income

7. The maximum income (M) to be paid from a LIF from which no temporary income is paid, is determined by the following formula:

$$M = F \times C$$

where

“F” is the factor in Schedule V for the reference rate for the fiscal year and the owner’s age at the end of the preceding year; and

“C” is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money transferred from another LIF to the LIF in the same year.

Maximum LIF withdrawal - with temporary income

- 8. (1)** A LIF may provide that the owner be entitled to a temporary income if the owner meets the following requirements:
- (a) the owner makes an application in Form 9 (Application to a Financial Institution for Payment of Temporary Income from a LIF) to the financial institution that administers the LIF for payment of a temporary income under the LIF; and
 - (b) the owner is at least age 54 but under age 65 at the end of the year preceding the date of application.
- (2)** The temporary income must not be paid after the end of the year in which the owner reaches age 65.
- (3)** No temporary income is payable if any portion of a LIF payment is transferred to a non-locked-in retirement savings arrangement.
- (4)** The maximum temporary income (A) for the fiscal year is the lesser of
- (a) 40% of the year’s maximum pensionable earnings - T; and
 - (b) $F \times C \times D$,
- where
- “F” is the factor in Schedule V for the reference rate for the fiscal year and the owner’s age at the end of the preceding year;
- “C” is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF;
- “T” is the total of temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the owner; and
- “D” is the factor in Schedule VI for the owner’s age at the end of the year preceding the current fiscal year.
- (5)** Despite subsection (4), if $F \times C \times D$ is equivalent to less than 40% of the year’s maximum pensionable earnings, and the owner is not entitled to any temporary income from another LIF or from a pension plan, “A” is the lesser of
- (a) 40% of the year’s maximum pensionable earnings, and
 - (b) the LIF less LIF transfers.
- (6)** The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided that “E” must not be less than zero:

$$E = (F \times C) - (A \div D)$$

where

“F” is the factor in Schedule V for the reference rate for the fiscal year and the owner’s age at the end of the preceding year;

“C” is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF.

Maximum income payable when the financial institution guarantees the rate of return of the LIF

9. (1) If the financial institution has guaranteed the rate of return of the LIF over a period greater than one year, and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years of that period is determined at the beginning of each of those fiscal years.

(2) For the first fiscal year, the maximum income is determined in accordance with Section 7.

(3) For each subsequent year, the maximum income is equal to the lesser of

(a) the balance of the LIF at the time of payment in that year; and

(b) the result of the formula $(M \times J) \div K$

where

“M” represents the maximum income determined for the initial fiscal year,

“J” represents the balance of the LIF at the beginning of the fiscal year, and

“K” represents the reference balance determined at January 1 of the year, calculated as

(i) the reference balance at the beginning of the previous year, reduced by M, plus

(ii) the amount determined under subclause (i) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the fund, or by 6% in any other case,

and in applying this formula to the second year of the period, the reference balance referred to in subclause (i) is the LIF balance at the beginning of the first year of the period.

Excess income paid

10. If the income paid to the owner during the fiscal year of the fund exceeds the maximum that may be paid, the balance of the fund must not be reduced by the excess, unless the payment is attributable to incorrect information provided by the owner.

Information to be provided by the financial institution

- 11. (1)** At the beginning of each fiscal year, the financial institution must provide to the owner a statement indicating
- (a) the balance in the LIF at the beginning of the fiscal year;
 - (b) information on the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made during the fiscal year and the fees charged against the LIF during the previous fiscal year;
 - (c) the minimum amount that must be paid out as income to the owner during the current fiscal year;
 - (d) the maximum amount that may be paid out as income to the owner during the current fiscal year;
 - (e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;
 - (f) if the LIF provides for payment of a temporary income and the owner was at least 54 but less than 65 at the end of the preceding year,
 - (i) the terms and conditions the owner must meet to be entitled to payment of the temporary income under Section 8, and
 - (ii) that payment of temporary income will reduce the income that would otherwise be paid to the owner after age 65;
 - (g) that the maximum amount of income that may be paid to the owner will not be increased if a transfer is made to the LIF of assets held in another LIF during that year; and
 - (h) that if the owner wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income determined for the fiscal year, an amount must be retained in the LIF at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year.
- (2)** If the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12, the financial institution must provide to the owner's spouse or common-law partner or beneficiary or estate the information in clauses 11(1)(a) and (b) as of the owner's date of death.
- (3)** If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must provide the owner the information in clauses (1)(a) and (b) as of the date of the transfer or annuity purchase.
- (4)** If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must comply with the requirements of an administrator under subsections 23(16), (17), and (18) of the regulations.

Information provided upon transfer of additional amounts to a LIF

- (5) Within 30 days following a transfer to a LIF of locked-in funds that have not been held in a LIF at any time in the current year, the financial institution must provide the owner with a statement indicating
- (a) the balance of the LIF at the beginning of the fiscal year, any money transferred into the LIF during the fiscal year and balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year;
 - (b) the maximum amount that may be paid to the owner as income during the fiscal year;
 - (c) the minimum amount that must be paid to the owner as income during the fiscal year; and
 - (d) if the LIF provides for payment of a temporary income and the owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, that the owner is entitled to receive payment of a temporary income.
- (6) If a transfer is made to a LIF of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner must not be increased.

Transferring assets from a LIF

- 12. (1)** The owner of a LIF may transfer all or part of the assets in a LIF
- (a) to another LIF;
 - (b) to purchase an immediate life annuity contract that meets the conditions of Section 24 of the regulations, provided the annuity does not commence on a date earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money in the LIF was transferred; or
 - (c) to a LIRA, if permitted under the *Income Tax Act* (Canada).
- (2) If assets in the LIF consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.
- (3) The date of transfer must not be more than 30 days after the date of application by the owner unless the term agreed to for the investments has not expired.
- (4) The financial institution must advise the financial institution to which the assets are transferred that the assets were held in a LIF in the current year.

Death benefit

- 13. (1)** On the death of the owner, the balance in the LIF must be paid to or for the benefit of the owner's spouse or common-law partner or, if there is no spouse or common-law partner, the owner's designated beneficiary or, if there is no valid designation of beneficiary, the owner's estate.
- (2) A spouse or common-law partner is not entitled to receive a death benefit if a division has been made under Section 61 of the Act (pension division) of the

pension benefits transferred to the LIF, unless the spouse or common-law partner is the owner's designated beneficiary.

Withdrawals

- 14.** An application for withdrawal of the assets held in a LIF must be made in accordance with Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).