

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

Ontario (LIF) [NEW 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 Act* of Ontario, 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 *Regulation Made 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 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 “**life income fund (“LIF”)**”, “**locked-in retirement account (“LIRA”)**”, “**locked-in retirement income fund (“LRIF”)**”, “**pension benefit**”, “**RRIF**”, “**RRSP**” and “**Superintendent**” 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. **Investment Powers:** My powers, if any, respecting investment of the Property in the Fund are set out in the Declaration of Trust.
5. **No Assignment:** I agree not to assign, charge, alienate, anticipate or give as security the Property in the Fund except as required by an order under the *Family Law Act* (Ontario) or by a domestic contract as defined in Part IV of that Act.
6. **Valuation:** The method to establish the value of the Property in the Fund is set out in the Declaration of Trust.
7. **No Withdrawals:** The Property in the Fund may not be commuted, withdrawn or surrendered in whole or in part except as permitted by sections 49 or 67 of the Pension Act and this Addendum or 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).
8. **Fiscal Year:** The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.
9. **Income Entitlement:** I will be paid an income out of the Fund, the amount of which may vary annually, that will commence no earlier than the earliest date on which the former member was entitled to receive a pension under any registered pension plan from which money was transferred directly or indirectly into the Fund and the payment of income must begin no later than the end of the second fiscal year of the Fund.
10. **Notice:** I must notify the Trustee of the amount of income to be paid out of the Fund each year, either at the beginning of the fiscal year of the Fund or at another time agreed to by the Trustee, and this notice will expire at the end of the fiscal year to which it relates. If I fail to provide the Trustee with this notice, the minimum amount of income determined under paragraphs 12 to 17 of this Addendum shall be paid out of the Fund that year.
11. **Division of Property:** The value of the Property in the Fund and payments out of the Fund are subject to division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that Act.
12. **Amount of Income:** The amount of income paid during a fiscal year of the Fund must not exceed the greatest of the following amounts:
 - (a) the investment earnings, including any unrealized capital gains or losses, of the Fund in the previous financial year;
 - (b) if the Property in the Fund is derived from Property transferred directly from another LIF or LRIF (the “transferring fund”), and if the income is being paid out of the Fund in the fiscal year following the fiscal year in which the Fund is established, the sum of,

- (i) the investment earnings, including any unrealized capital gains or losses, of the transferring fund in the previous year; and
 - (ii) the investment earnings, including any unrealized capital gains or losses, of the Fund in the previous fiscal year; or
- (c) the amount “M”, as calculated in accordance with the following formula:

$$M = C/F$$

in which

C = the value of the Property in the Fund at the beginning of the fiscal year; and

F = the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which I reach 90.

13. **Calculation of Annuity:** The following interest rate assumptions are to be used to determine the amount “F” in paragraph 12 of this Addendum:
- (a) the interest rate for each of the first 15 fiscal years of the period referred to in the definition of “F” is the greater of 6% and the nominal rate of interest on long-term bonds issued by the Government of Canada for November of the year before the beginning of the fiscal year, as determined from the Canada Socio-Economic Information Management System (CANSIM) series V122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada; and
 - (b) for the sixteenth and each subsequent fiscal year of the period referred to in the definition of “F”, the interest rate is 6%.
14. **Transfers from Other LIFs or LRIFs:** Despite paragraph 12 of this Addendum, if the Property in the Fund is derived from money transferred directly or indirectly from another LIF or an LRIF, the maximum amount that may be paid out of the Fund in the fiscal year in which the money is transferred will be equal to zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.
15. **Short Fiscal Year:** If the fiscal year of the Fund is not 12 months long, the maximum amount determined under paragraph 12 of this Addendum will be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.
16. **Minimum Income:** The amount of income paid out of the Fund during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada), and where the maximum amount is less than the minimum amount required by the *Income Tax Act* (Canada), the minimum amount will prevail.

17. **Exception:** If the minimum amount of income specified in paragraph 16 of this Addendum is greater than the maximum amount determined under paragraphs 12, 14 or 15 of this Addendum, the minimum must be paid out of the Fund during the fiscal year.
18. **Transfers from the Fund:** I may transfer all or part of the Property in the Fund:
- (a) to another LIF that is governed by Schedule 1.1 of the Regulation; or
 - (b) to purchase an immediate life annuity, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), and that meets the requirements of section 22 of the Regulation.

The Trustee agrees to make such transfer within 30 days after the date I request the transfer, except where the transfer is to be effected by the remittance of securities held in the Fund whose term of investment extends beyond the 30 day period.

19. **Identifiable Securities:** If Property in the Fund consists of identifiable and transferable securities, the payment or transfer referred to in paragraphs 18, 22, 24 of this Addendum may, with my consent, be effected by remittance of those securities.
20. **Spousal Status Determination:** For the purposes of the life annuity described in paragraph 18(b) of this Addendum, the determination of whether I have a Spouse is to be made on the date the annuity is purchased.
21. **Division of Annuity:** Payments under a life annuity are subject to division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that Act.
22. **Unlocking Option:** If the assets transferred into this Fund are from a pension fund, an LIRA, an LRIF or an LIF, I may, upon application in accordance with section 8 of Schedule 1.1 of the Regulation, either withdraw from the Fund or transfer from it to an RRSP or RRIF an amount representing up to 25% of the total market value of the Property transferred into the Fund. The application must be given to the Trustee within 60 days after the Property is transferred to the Fund.
23. **Unlocking Limitations:** Despite paragraph 22 of this Addendum, if the Property is transferred into the Fund from a LIF that is governed by Schedule 1.1 of the Regulation, I cannot make a withdrawal or transfer described in paragraph 22 of this Addendum unless the transfer into the Fund was made in accordance with the terms of an order under the *Family Law Act* or a domestic contract as defined in Part IV of that Act.
24. **Small Pensions:** I may, upon application, withdraw all the Property in the Fund or transfer the Property to an RRSP or RRIF if, at the time I sign the application:
- (a) I am at least 55; and

- (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by me is less than 40% of the year's 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 fund or account given to me and dated within one year before I signed the application.
- 25. **Shortened Life Expectancy:** I may, upon application, withdraw all or part of the Property in the Fund if, at the time the application is signed by me, I have an illness or physical disability that is likely to shorten my life expectancy to less than two years and the application is accompanied by a statement of opinion, signed by a physician who is licensed to practice medicine in a jurisdiction in Canada, that I meet the foregoing medical requirement.
- 26. **Non-Resident Status:** I may, upon application, withdraw all the Property in the Fund, if:
 - (a) at the time I sign the application, I am non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the *Income Tax Act (Canada)*;
 - (b) I make the application at least 24 months after my date of departure from Canada; and
 - (c) my application is accompanied by a written determination from the Canada Revenue Agency that I am a non-resident for the purposes of the *Income Tax Act (Canada)*.
- 27. **Applications:** The applications described in paragraphs 22, 24, 25 and 26 of this Addendum must be made on a form approved by the Superintendent, signed by me, submitted to the Trustee and accompanied by:
 - (a) a declaration described in section 12 of Schedule 1.1 to the Regulation about my Spouse; or
 - (b) a statement signed by me attesting to the fact that none of the Property in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of my employment.
- 28. **Excess Transfers:** I may, upon application, withdraw Property from the Fund in an amount, calculated by the Trustee on the date of withdrawal, not greater than the sum of:
 - (a) the amount, if any, by which the amount transferred, directly or indirectly, into the Fund from a registered pension plan of which I was a member exceeds the amount prescribed for such transfer under the *Income Tax Act (Canada)*; and
 - (b) any subsequent investment earnings, including any unrealized capital gains or losses, attributable to the excess transferred to the Fund, referred to subclause (a), and as calculated by the Trustee;

provided that the application is made on a form approved by the Superintendent, signed by me, submitted to the Trustee and is accompanied by:

- (c) a written statement from the administrator of the registered pension plan from which the Property in the Fund originated setting out the excess amount that was transferred; or
- (d) a written statement from the Canada Revenue Agency setting out the excess amount that was transferred into the Fund.

29. **Applications:** Where I submit an application under paragraphs 22, 24, 25, 26 or 28 of this Addendum:

- (a) the Trustee is entitled to rely on the information I provide in the application;
- (b) an application that meets the requirements of the applicable section of Schedule 1.1 of the Regulation constitutes authorization to the Trustee to make the payment or transfer from the Fund; and
- (c) the Trustee shall make the payment or transfer no more than 30 days after the date the Trustee receives my completed application and accompanying documents;

and, in the case of applications submitted under paragraphs 24, 25 or 26 of this Addendum:

- (d) any document required to be signed by me or my Spouse is a nullity 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.

30. **Financial Hardship:** The Trustee is authorized to pay me Property from the Fund, in accordance with Part III of the Regulation, where the Trustee receives the Superintendent's written consent in respect of my application to the Superintendent for such withdrawal in situations of financial hardship. The Trustee must make the payment within 30 days of receiving the written consent, however, the written consent is a nullity and the Trustee is not required to pay Property from the Fund if the written consent is received by the Trustee more than 12 months after the date the Superintendent signed it.

31. **Survivor's Benefits:** Upon my death, my Spouse or, if I am not survived by a Spouse or my Spouse is otherwise disentitled, my named beneficiary or, if I have not designated a beneficiary, my estate is entitled to receive a benefit equal to the value of the Property in the Fund. A determination of whether I have a Spouse will be made on the date of my death, and for greater certainty, a Spouse living separate and apart from me on the date of my death is not entitled to receive the value of the Property in the Fund.

32. **No Entitlement:** My Spouse is not entitled to receive the value of the Property in the Fund in accordance with paragraph 31 of this Addendum unless I was a member or former member of a registered pension plan from which assets were transferred directly or indirectly to purchase the Fund.
33. **Transfer of Survivor Benefit:** The benefit described in paragraph 31 of this Addendum may be transferred to an RRSP or an RRIF in accordance with the *Income Tax Act* (Canada).
34. **Value of Survivor Benefit:** For the purposes of paragraph 31 of this Addendum, the value of the Property in the Fund includes all accumulated investment earnings, including any unrealized capital gains and losses, of the Fund from the date of death until the date of payment.
35. **Spousal Waiver:** My Spouse may waive his or her entitlement to receive the survivor's benefit described in paragraph 31 of this Addendum by delivering to the Trustee a written waiver in a form approved by the Superintendent. My Spouse may cancel a waiver delivered pursuant to this paragraph by delivering a written and signed notice of cancellation to the Trustee before the date of my death.
36. **Amendments:** The Declaration of Trust may be amended, provided I am given at least 90 days notice of the proposed amendment, to be sent by registered mail to my address set out in the Trustee's records. The Declaration of Trust may not, however, be amended if the amendment would result in a reduction of my rights under the Declaration of Trust unless the amendment is required by law and I am entitled to transfer the Property in the Fund under the terms of the Fund that exist before the amendment is to be made, in which case, I must be notified, by registered mail to my address set out in the Trustee's records, of the nature of the amendment and be allowed at least 90 days after the notice is given to transfer all or part of the Property in the Fund.
37. **Information Statements:** The Trustee agrees to provide the information specified in section 17 of Schedule 1.1 to the Regulation as, when and to those persons described therein.
38. **Differentiation on the Basis of Sex:** The commuted value of:
- (a) the pension benefits accrued before 1987, if any, and transferred to the Fund was (was not); and
 - (b) the pension benefits accrued after 1986, if any, and transferred to the Fund was not;

determined on a basis that differentiated on the basis of sex. An immediate or deferred life annuity that is purchased with Property from the Fund shall not differentiate on the basis of the sex if the commuted value of the pension benefit that was transferred into the Fund was determined in a manner that did not differentiate on the basis of sex.

39. **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 Owner	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