

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

Quebec (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 *Supplemental Pension Plans Act* of Québec, 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 Respecting Supplemental Pension Plans* 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 section 85 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”)**” and “**RRIF**” 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. **Transfers to the Fund:** The only amounts that may be transferred into the Fund are amounts coming directly or initially from the fund of a registered pension plan subject to the Pension Act or referred to in subparagraphs 1, 2, 4 or 5 of section 28 of the Regulation or from another LIF.
5. **Fiscal Year:** The fiscal year of the Fund ends on December 31 of each year and may not exceed 12 months.
6. **Establishment of Income:** The amount of income paid from the Fund during a fiscal year must, subject to the upper limits referred to in paragraph 21 of this Addendum and the lower limit referred to in paragraph 22 of this Addendum, be set by me each year, or at another agreed to interval of more than one year if the Trustee guarantees the balance of the Fund at the end of that interval and if I am not entitled to payment of the income in a form other than a life income, and such an interval must, in every case, terminate at the end of a fiscal year of the Fund.
7. **Survivor's Benefits:** Where I am a former member or a member and I die prior to the conversion of the balance in the Fund into a life pension, upon my death, my Spouse or, failing that, my assigns are entitled to a benefit equal to the balance in the Fund.
8. **Spousal Waiver:** Where I am a former member or a member, my Spouse may, by giving notice in writing to the Trustee, waive entitlement to receive the pension benefit provided for in paragraph 8 of this Addendum or the life pension provided for in paragraph 2 of the second paragraph of section 23 of the Regulation and may, in the case of the pension benefit, revoke such a waiver by giving notice in writing to the Trustee to that effect before my death and, in the case of the life pension, before the date of conversion, in whole or in part, of the life income fund.
9. **No Entitlement:** Where I am a former member or a member, my Spouse ceases to be entitled to the pension benefit provided in paragraph 2 of the second paragraph of section 23 of the Regulation following separation from bed and board, divorce, annulment of marriage or, if we were not married, upon the cessation of our conjugal relationship, unless I have transmitted to the Trustee notice provided for in section 89 of the Pension Act.
10. **Unpaid Alimony:** The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgment rendered in favour of my Spouse that gives entitlement to a seizure for unpaid alimony.
11. **Small Pensions:** The entire balance of the Fund may be paid in a lump-sum to me upon application to the Trustee, accompanied with a declaration in conformity with the one prescribed in schedule 0.2 of the Regulation, under the following conditions:
 - (a) I was at least 65 at the end of the year preceding the application; and

- (b) the total sums credited to me in the registered retirement savings instruments referred to in my declaration do not exceed 40% of the maximum pensionable earnings determined in accordance with the *Act Respecting the Québec Pension Plan* (Québec) for the year in which I apply for the payment.
12. **Transfers from the Fund:** I may transfer all or part of the balance of the Fund to a registered pension plan governed by the Pension Act or referred to
- (a) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
 - (b) a supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
 - (c) a LIF referred to in section 18 of the Regulation;
 - (d) a LIRA referred to in section 29 of the Regulation;
 - (e) an annuity contract referred to in section 30 of the Regulation and in accordance with paragraph 60(l) of the *Income Tax Act (Canada)*,
- provided the term agreed to for the investments has not expired.
13. **No Withdrawal:** 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)* and any equivalent provision of the *Taxation Act* (Québec).
14. **Non-residents:** I may require that the total balance of the Fund be paid to me in a lump sum provided that:
- (a) the term agreed to for the investments has not expired; and
 - (b) I have not resided in Canada for at least two years.
15. **Investment Powers:** The powers that, where applicable, are granted to me with respect to the investment of the Property in the Fund are set out in the Declaration of Trust.
16. **Valuation:** The methods and factors used to establish the value of the Fund for the purpose of a transfer of Property, a conversion into a pension or a transfer upon my death, are set out in the Declaration of Trust.
17. **Income in Excess of Maximum:** If the income paid to me during a fiscal year of the Fund exceeds the maximum amount that may be paid to me in accordance

with the Regulation or this Addendum, I may, unless the payment is attributable to a false declaration by me, require the Trustee to pay to me, as a penalty, a sum equal to the surplus income paid.

18. **Amendments:** The Trustee may not make any amendment that would have the effect of reducing benefits under the Fund unless, before the date of the amendment, I have the right to transfer the balance of the Fund and receive, not less than 90 days before the date on which I may exercise that right, a notice indicating the nature of the amendment and the date from which I may exercise that right.
19. **Identifiable Securities:** The transfers referred to in paragraphs 12 and 18 of this Addendum may, at the Trustee's option and unless otherwise stipulated, be effected by remittance of the investment securities of the Fund.
20. **Permitted Amendments:** The Trustee may not, except to fulfil requirements under law, make any amendments to the Declaration of Trust, other than those provided for in paragraph 18 of this Addendum without having previously notifying me, however, the Trustee may amend the Fund to the extent that it remains in conformity with the standard LIF contract amended and registered with the Régie des rentes du Québec.
21. **Amount of Income:** The amount of income paid during a fiscal year of the Fund may not exceed the amount "M" in the following formula:

$$M = A + E$$

$$\text{where } E = [(F \times C) - (A/D)]$$

and where

A = the maximum temporary income for the fiscal year determined in accordance with sections 20.4 and 20.5 of the Regulation, or, if no amount is so determined, the figure zero;

F = the factor provided for in schedule 0.6 of the Regulation with respect to the reference rate for the year covered by the fiscal year and my age at the end of the preceding year;

C = the balance of the Fund at the beginning of the fiscal year, increased by any sums transferred to the Fund after that date and reduced by any sums originating directly or not during the same year from a LIF of mine; and

D = the factor provided for in schedule 0.7 of the Regulation with respect to my age at the end of the year preceding the one covered by the fiscal year.

The amount "E" may not be less than zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.

22. **Minimum Income:** The amount of income paid during the fiscal year of the Fund may not be less than the minimum amount prescribed for a RRIF in the *Income Tax Act* (Canada) and the provisions of the *Taxation Act* (Québec), determined on the basis of my age. That amount may be determined on the basis of the age of my Spouse where my Spouse is younger than I am. Where the maximum amount is less than the minimum amount required under the *Income Tax Act* (Canada), the minimum amount will prevail.
23. **Temporary Income (Age 54 to 65):** Where I am at least 54 but less than 65 at the end of the year preceding the filing of an application for temporary income with the Trustee, and the application is accompanied with a declaration complying with that prescribed in schedule 0.4 of the Regulation, I shall, until the end of the year in which I reach 65, receive such temporary income which, if the payment of a portion of the temporary income is made in the form of a transfer to a registered retirement savings instrument of which the balance is not to be converted to a life annuity, shall not exceed the upper limit "A" referred to in paragraph 21 of this Addendum determined by assuming that I am not entitled to a temporary income, until the end of the year in which I reach 65.
24. **Temporary Income (Under Age 54):** Where I am less than 54 at the end of the year preceding the filing with the Trustee of an application for temporary income, a declaration complying with that prescribed in schedule 0.5 of the Regulation and a written undertaking by me to request a suspension of the temporary income as soon as the my income, excluding the temporary income, reaches the amount described in clause (a) below, I shall receive the balance of the Fund, in whole or in part, in monthly payments none of which may exceed one twelfth of the amount "X" where "X" is the difference between the following amounts:
- (a) 40% of the maximum pensionable earnings determined, for the year in which the payment is made, pursuant to the *Act Respecting the Québec Pension Plan* (Québec); and
 - (b) 75% of my income for the 12 months that follow, excluding the temporary income.

As soon as my income, excluding the temporary income, reaches the amount described in clause (a), the Trustee will suspend the payment of the temporary income.

Where I am either a member of the registered pension plan where the member is entitled to receive a pension from the registered pension plan or the Spouse of a member of a registered pension plan where the Spouse is entitled to receive a pension from the registered pension plan, I may apply once a year for the transfer from the registered pension plan to the Fund of an amount equal to the lesser of:

- (c) the amount which, in addition to the balance in the Fund, would allow the Fund to pay the amount "X" referred to in this paragraph of the Addendum; and
 - (d) the value of my benefits under the registered pension plan.
25. **Information Statements:** The Trustee agrees to provide the information referred to in sections 24 to 26 of the Regulation as, when and to those persons described therein.
26. **Conditions for Conversion:** All or a part of the balance of the Fund may only be converted, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), and on the following conditions:
- (a) the insurer guarantees payment of the pension in periodic, equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or a rate provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on my benefits, a redetermination of my pension, a partition of my benefits in favour of my Spouse, the payment of a temporary pension under the requirements provided for in section 91.1 of the Pension Act or the option provided for in subparagraph 3 of the first paragraph of section 93 of the Pension Act; and
 - (b) where I am a former member or a member and, in the event of my death, the insurer guarantees to my Spouse who has not waived it, a life pension equal to at least 60% of the amount of my pension including, during the replacement period, the amount of any temporary pension.
27. **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
Fund Owner

Print First and Last Name of

Date

Social Insurance Number



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