

ADDENDUM TO THE BBS SECURITIES INC. SELF-DIRECTED RETIREMENT INCOME FUND

THIS ADDENDUM dated the _____ day of _____, 20__.

BETWEEN:

_____ (herein referred to as the "Annuitant")

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada, and having an office at 100 University Ave. – 8th Floor, Toronto Ontario. M5J 2Y1 (herein referred to as the "Trustee")

WHEREAS the Annuitant has established a BBS Securities Inc. Self-Directed Retirement Income Fund, specimen plan number RIF- **1591** under Annuitant Account number _____ (the "RIF"), with the Trustee under the relevant provisions of the Tax Act as defined below;

AND WHEREAS the Annuitant, by virtue of this Addendum, has established the RIF as a life income fund ("LIF") in order to receive certain benefits (the "Benefits"), which are subject to the locking-in provisions of the Act and the Regulations as defined below;

AND WHEREAS the Trustee is willing to accept transfer of the Benefits into the LIF;

NOW THEREFORE this Addendum witnesseth, and the parties hereto agree for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as follows:

Definitions

1. For the purposes of this Addendum, "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, "**Act**" means the *Pension Benefits Standards Act* (British Columbia), "**Regulations**" means B.C. Reg. 433/93, all as amended from time to time.
2. For the purposes of this Addendum, the terms "**former member**", "**pension**", "**spouse**", and "**Year's Maximum Pensionable Earnings**" ("**YMPE**") shall have the same meanings as are respectively given to these terms under section 1 of the Act, and "**life annuity contract**", "**preceding year's investment rates**", "**reference rate**" and "**underwriter**" shall have the same meanings as are respectively given to these terms under section 30 of the Regulations.
3. Notwithstanding anything to the contrary contained in the RIF and this Addendum, (collectively the "**Plan Documents**"), including any endorsements forming a part thereof, "**spouse**" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Tax Act respecting registered retirement income funds.

Contributions

4. The Annuitant acknowledges that all of the Benefits to be transferred into the LIF are subject to the locking-in provisions of the Act and the Regulations.
5. Only money that is locked-in under the Act and the Regulations will be transferred to or held under the LIF.

Transfers From LIF

6. The Annuitant may transfer all or part of the balance of the LIF to:
 - (a) an underwriter's life income fund contract on the relevant conditions specified in section 30 of the Regulations, provided that the minimum amount as defined under subsection 146.3(1) of the Tax Act is retained before transferring the balance of the LIF in order to comply with paragraph 146.3(2)(e.1) or (e.2) of the Tax Act;
 - (b) an underwriter's registered retirement savings plan on the relevant conditions specified in section 29 of the Regulations;
 - (c) a pension plan on the conditions referred to in section 33(2)(a) of the Act;
 - (d) purchase a deferred life annuity contract, as stipulated in paragraph 60(l) of the Tax Act, that meets the conditions of section 30(8)(k) and (k.1) of the Regulations; or
 - (e) purchase an immediate life annuity contract, as stipulated in paragraph 60(l) of the Tax Act.
7. Before transferring money to another underwriter, the Trustee will:
 - (a) ensure that the name and contract of the transferee underwriter are on the superintendent's list established under subsection 30(3) of the Regulations;
 - (b) advise the transferee underwriter in writing of the requirement to lock-in the money; and
 - (c) make the transferee underwriter's acceptance of the transfer subject to the conditions provided for subsection in 30(8) of the Regulations.

8. If money from the LIF is paid out contrary to the Act or section 30 of the Regulations, the Trustee will provide or ensure the provision of a pension equal in value to the pension that would have been provided had such money not been paid out, provided that the Trustee shall have such rights of recovery that are permitted under any applicable legislation.
9. If the Trustee does not comply with paragraph 7 of this Addendum and the transferee underwriter fails to pay the money transferred in the form of a pension or in the manner required by subsection 30(8) of the Regulations, the Trustee will provide or ensure the provision of the pension referred to in paragraph 8 of this Addendum, provided that the Trustee shall have such rights of recovery that are permitted under any applicable legislation.

Withdrawals

10. Subject to the provisions of this Addendum or as otherwise may be permitted or required by law, no withdrawal, commutation or surrender of money 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 Tax Act.

No Assignment

11. Except as provided in the Act and Regulations, the assets in the LIF 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 assets is void.

Investments

12. The money in the LIF shall be invested in a manner that complies with the rules for the investment of registered retirement income funds as provided for in the Tax Act, and shall not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
 - (a) the Annuitant of the LIF;
 - (b) the spouse, parent, brother, sister or child of the Annuitant of the LIF; or
 - (c) the spouse of a parent, brother, sister or child of the Annuitant of the LIF

Life Annuity Contract

13. Subject to paragraphs 6, 15, 16 and 18 of this Addendum, all money in the LIF, including all investment earnings, is to be used to provide or secure a pension as required by the Act and the Regulations.
14. If the balance in the LIF is to be used to purchase a life annuity contract, the pension to be provided to the Annuitant who is a former member and has a spouse at the date the pension commences is to be a joint life pension payable during the joint lives of the Annuitant and the Annuitant's spouse with at least 60% continuance to be payable to the survivor for life after the death of either, unless the spouse waives the entitlement in the prescribed form and manner set out Form 2 of Schedule 2 of the Regulations.

Shortened Life Expectancy

15. Notwithstanding anything to the contrary in this Addendum, a lump sum payment or a series of payments, for the purposes of subsection 40(2) of the Act, may be made to the Annuitant when a physician certifies that due to a physical disability the life expectancy of the Annuitant is likely to be shortened considerably and the spouse of the Annuitant has waived the entitlement to the joint life pension entitlement in the form and manner prescribed in Form 2 of Schedule 2 of the Regulations.

Unlocking of Small Amounts

16. An Annuitant, who is a former member, is exempt from section 30 of the Act and the requirements of subsections 30(2), (5), (8), (a) to (g), (11) and (13) to (16) of the Regulations, if the balance of the LIF does not exceed 20% of the YMPE.
17. If the LIF balance exceeds 20% of the YMPE, the LIF may not be divided into two or more of any combination of registered retirement savings plan or life income fund contracts, if any of the contracts would have a resulting balance less than 40% of the YMPE.

Non Resident Release

18. Notwithstanding anything to the contrary in this Addendum, the Annuitant may withdraw money from the LIF in the event that the Annuitant:
 - (a) has been absent from Canada for 2 or more years;
 - (b) has become a non-resident of Canada as determined for the purposes of the Tax Act; and
 - (c) completes and files a certificate of non-residency in Form 6 of Schedule 2 of the Regulations in the manner described in section 23.1(2) of the Regulations.

Establishment of Payment Amounts

19. The fiscal year of the LIF ends on December 31 of each year and will not exceed 12 months.
20. The Annuitant 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 LIF.
21. The Annuitant is to establish the amount of income to be paid during each fiscal year of the LIF at the beginning of that fiscal year and after the receipt of the information specified in paragraph 31 of this Addendum, except that if the Annuitant has been guaranteed a rate of return of the LIF over a period that is greater than one year and that ends at the end of a fiscal year, then the Annuitant may establish the amount of income to be paid during that period at the beginning of that period.

22. The amount of income paid during a fiscal year of the LIF will not be less than the minimum amount required to be paid under the Tax Act, if there is a minimum amount, and will not exceed the greater of:
- (a) M as determined in accordance with the following formula:
- $$M = C \times F$$
- where
- C = the balance of the money in the LIF on the first day of the year; and
- F = the factor in Schedule III of the Regulations for the reference rate for the year and the Annuitant's age at the end of the preceding year, and
- (b) the preceding year's investment returns for the LIF, if there was a preceding year.
23. If the money in the LIF is derived from money transferred directly or indirectly during the first fiscal year of the LIF from another life income fund of the Annuitant, the limit "M" will be equal to zero, except to the extent that the Tax Act requires the payment of a higher amount.
24. If in any fiscal year of the LIF, an additional transfer is made to the LIF and that additional transfer has never been under a LIF before, an additional withdrawal will be allowed in that fiscal year.
25. The additional amount of withdrawal referred to in paragraph 24 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 life income fund.
26. Where, in the application of paragraph 21 of this Addendum, the amount of income to be paid to the Annuitant is fixed at an interval of more than one year, paragraphs 22 and 23 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.

Death of Annuitant

27. On the death of the Annuitant who has a spouse, the balance in the LIF will be used to provide a pension for the surviving spouse unless the surviving spouse waives spousal entitlement in the form and manner set out in Form 4 of Schedule 2 of the Regulations, and the balance in the LIF will be transferred to:
- (a) another life income fund on the relevant conditions specified in section 30 of the Regulations;
- (b) an underwriter's registered retirement savings plan on the relevant conditions specified in section 29 of the Regulations;
- (c) to a pension plan on the conditions referred to in section 33(2)(a) of the Act, or
- (d) to purchase a life annuity contract as stipulated in paragraph 60(l) of the Tax Act.
28. If the Annuitant dies and is not survived by a spouse, or if the surviving spouse waives spousal entitlement in the form and manner set out in Form 4 of Schedule 2 of the Regulations, the balance of the LIF will be paid by way of a lump sum payment to:
- (a) the designated beneficiary; or
- (b) if there is no valid designation of beneficiary, the Annuitant's estate.

Valuation

29. The method and factors that are to be used to establish the value of the LIF, or the value of the balance of the LIF for the purpose of,
- (a) transfer of assets;
- (b) purchase of a life annuity; and
- (c) a payment or transfer on the death of the Annuitant;
- will be calculated based on the current market value of the assets.

Transferable Securities

30. Where the LIF holds identifiable and transferable securities, the transfer or purchase referred to in paragraph 6 of this Addendum may, unless otherwise stipulated, at the option of the Trustee and with the consent of the Annuitant, be effected by remittance of the investment securities of the LIF.

Information

31. The Trustee will provide the Annuitant with the information specified in subsection 30(12) of the Regulations within 90 days of the beginning of each fiscal year of the LIF.

Amendment

32. The Trustee may, from time to time, unilaterally and without other notice, amend this Addendum in order to bring it into compliance the Act, the Regulations and the Tax Act.

Declaration of Trust Affirmed

33. The Trustee hereby affirms the provisions contained in the Plan Documents take effect as of the date first above written.

Interpretation

34. The conditions of this Addendum will take precedence over the provisions in the Declaration of Trust in the case of conflicting or inconsistent provisions.
35. Should any provisions of this Addendum be inconsistent with any provisions or requirements of the Act, the Regulations or the Tax Act, then the provisions of the Act, the Regulations or the Tax Act (as the case may be) shall prevail to the extent of any such inconsistency.

36. All references herein to any statute, regulation or any provision thereof shall mean such statute, regulation or any provision thereof as the same may be re-enacted or replaced from time to time.

Choice of Laws

37. This Addendum shall be construed and enforced according to the laws of the Province of British Columbia and all provisions hereof shall be administered according to the laws of that Province and of Canada as applicable hereunder.

Counterparts

38. This Addendum may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF the parties have executed this Addendum as of the date first above written and shall bind the Trustee, its Agents and the Annuitant and their respective successors and assigns effective from the date of transfer of assets into the LIF.

NOTE: THE TRUSTEE MAY ONLY ACCEPT A TRANSFER OF LOCKED- IN MONIES TO A LIF IF THE ANNUITANT:

- (i) **HAS OBTAINED THE AGE OF 55 YEARS¹; and**
- (ii) **HAS OBTAINED THE WRITTEN CONSENT OF HIS/HER SPOUSE IN THE PRESCRIBED FORM AND MANNER SET OUT IN THE REGULATIONS (FORM 3 OF SCHEDULE 2).**

YOUR CURRENT MARITAL STATUS:

(This data is necessary in order to complete prescribed government forms.)

- | | | | |
|--------------------------|------------|--------------------------|----------|
| <input type="checkbox"/> | Single | <input type="checkbox"/> | Married |
| <input type="checkbox"/> | Common law | <input type="checkbox"/> | Divorced |
| <input type="checkbox"/> | Separated | <input type="checkbox"/> | Widowed |

NAME OF ANNUITANT (PRINT)

SIGNATURE OF ANNUITANT

BBS Securities Inc. as agent for: COMPUTERSHARE TRUST COMPANY OF CANADA

per: _____

¹ Annuitant may be entitled to transfer assets to the LIF if he/she has not attained the age of 55 years, in the event that he/she meets the conditions set out in section 30(6.1) of the Regulations.

Form 3

SPOUSE'S CONSENT TO TRANSFER LOCKED-IN PENSION FUNDS TO A LIF TO RECEIVE LIF TYPE PAYMENTS DIRECTLY FROM A PENSION PLAN

1 - I, _____, am the "Spouse" of _____
(Full name) (Full name)

who is a member or former member of a pension plan by regulated by the *Pension Benefits Standards Act* of British Columbia.

2 – Being the member or former member's "spouse" means that (*check one*)

- I am married to the member or former member, and have not been living separate and apart from person for the proceeding two years,
- I have been living with the member or former member, as husband and wife, for the proceeding two years,
- I am the same gender as, and have been living with, the member of former member in a marriage like relationship for the proceeding two years.

3 – I understand that my spouse wishes to transfer his/her benefit to a Life Income Fund (a "LIF") or to receive LIF type payments directly from the pension plan, and that my written consent is required to enable my spouse to do.

4 – I understand that

- (a) transferring the pension benefit to a LIF will allow my spouse to manage his or her own pension fund money, and will allow some flexibility in determining when the money is used,
- (b) the remaining funds in the LIF or in the pension plan may be used to purchase a life annuity at any time, but there is no requirement that the remaining funds be used to purchase a life annuity at any time, and
- (c) if the remaining funds are to purchase a life annuity, the life annuity must be a joint and last survivor annuity unless I waive my entitlements by signing a separate spousal waiver form within 90 days before the start of the annuity.

5- I further understand that before purchasing a life annuity, the LIF or the pension plan as the case may be, will allow my spouse to withdraw some of the money each year, subject to minimum and maximum withdrawal limits. The maximum withdrawal is designed to try to ensure sufficient money remains to provide a lifetime income. I understand, however, that if

- (a) my spouse elects to withdraw the maximum amount permitted each year, and/or
- (b) the investment performance of the fund is poor,

the level of pension income or survivor benefit available to me in later years may be significantly reduced.

6 – Nevertheless, I consent to the transfer of locked-in funds to a LIF, or the receipt of LIF type payments directly from the pension plan, and certify that

- (a) I have read this form and understand it,
- (b) I have read the LIF transfer document and understand it,
- (c) neither my spouse nor anyone else has put any pressure on me to sign this form,
- (d) my spouse is not present while I am signing this form,
- (e) I realize that
 - (i) this form gives only a general description of the legal rights I have under the *Pension Benefits Standards Act* and regulation, and
 - (ii) If I wish to understand exactly what my legal rights are I must read the *Pension Benefits Standards Act* and regulations, and/or seek legal advice, and
- (f) I realize that I am entitled to a copy of this consent form, and a copy of the LIF contract.

7- To consent to the transfer, I sign this consent form at _____ (city)

_____ (province), on _____ (date)

Signature of Spouse

Address of Spouse

(Home phone number) _____ (Work phone number) _____

STATEMENT OF WITNESS

I certify that

(a) My full name is _____

(b) My address is _____

(c) I witnessed this spouse sign this consent in the absence of his/here spouse.

(Signature of Witness)

date

(Home phone number) _____

Work phone number _____