

## 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 – 8<sup>th</sup> 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** (the "**RIF**") and Annuitant Account number \_\_\_\_\_ with the Trustee under the relevant provisions of the Tax Act, as defined below.

**AND WHEREAS** the Annuitant has established by virtue of this Addendum a life income fund (the "**LIF**") as a locked-in registered retirement income fund under the Tax Act to receive certain benefits ("**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 such transfer.

**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 Act* (New Brunswick) and "**Regulations**" means N.B. Reg. 91-195, all as amended from time to time.
2. For the purposes of this Addendum, the words "**deferred pension**", "**designated jurisdiction**", "**member**", "**pension**", "**pension benefit**", "**pension plan**", "**spouse**", and "**Superintendent**" have the same meanings as are respectively given to these words in subsection 1(1) of the Act.
3. Notwithstanding anything to the contrary contained in the RIF and this Addendum, 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 to the LIF are pension benefits which are subject to the locking-in provisions of the Act.
5. Only money that is locked-in will be transferred to or held under the LIF.
6. No money may be transferred to the LIF except sums originating directly or indirectly from:
  - (i) the fund of a pension plan that conforms with the Act and the Regulations, or similar legislation in another jurisdiction if the Benefits are being transferred under section 36 of the Act or under a similar provision in legislation of another jurisdiction, and the Tax Act;
  - (ii) a locked-in retirement account ("**LIRA**") registered as a retirement savings plan that conforms with the Act and the Regulations;
  - (iii) another life income fund registered as a retirement income fund that conforms with the Act and the Regulations; or
  - (iv) a life or deferred life annuity under a contract that conforms with the Act, the Regulations, and the Tax Act.
7. Before accepting a transfer of Benefits into the LIF under subparagraph 36(1)(a)(ii) or subsection 36(1.1) of the Act, the Trustee shall complete the appropriate section of the prescribed transfer form and shall ensure that the Annuitant and the administrator or current trustee, as applicable, have completed the appropriate portions of same in accordance with the Regulations

### Life Annuity

8. Subject to the provisions of this Addendum, all Benefits, including investment earnings thereon (the "**LIF Assets**"), in whole or in part, may be converted at any time only into a life or deferred life annuity that conforms with section 23 of the Regulations.

### Differentiation Based on Sex

9. If the information provided on the prescribed transfer form indicates that the commuted value of the Benefits transferred into the LIF was determined in a manner that differentiated, while the Annuitant was a member of the plan, on the basis of the Annuitant's sex, only assets that are differentiated on the same basis may subsequently be transferred into the LIF.
10. No LIF Assets shall be used to purchase a life or deferred life annuity that differentiates on the basis of sex unless the commuted value of the deferred pension transferred from the plan into the LIF was determined on transfer in a manner that differentiated, while the Annuitant was a member of the plan, on the basis of sex.

### Income from LIF

11. The fiscal year of the LIF ends at midnight on December 31 of each year and will not exceed twelve months.
12. The Annuitant will be paid an income, the amount of which may vary annually, commencing not later than the last day of the second fiscal year of the LIF. The amount paid will continue until the day on which the entire balance of the LIF is converted into a life annuity.
13. The Annuitant will establish the amount of income to be paid at the beginning of each fiscal year of the LIF, or at intervals of greater than one year if the Trustee guarantees the rate of return of the LIF during each such interval and such intervals end at the end of a fiscal year of the LIF.

14. Subject to paragraphs 15, 16, & 17 of this Addendum, the amount of income paid during a fiscal year of the LIF will not be more than "M" or less than "m", where "M" and "m" are calculated using the following formulas:

$$M = \frac{C}{F}$$

and

$$m = \frac{C}{H}$$

and where

C = the balance of the money in the LIF on the first day of the fiscal year;

F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is one dollar payable on the first day of each fiscal year between the first day of the fiscal year and the thirty-first day of December, inclusive, of the year in which the Annuitant attains the age of ninety years; and

H = the number of years between the first day of January of the year in which the calculation is made and the thirty-first day of December of the year in which the Annuitant attains the age of ninety years, inclusive.

15. The amount of income paid during a fiscal year will not be less than the minimum amount required to be paid under the Tax Act. In calculating "m" for the first fiscal year of the LIF, "m" shall be equal to zero.
16. If the LIF Assets are derived from assets transferred directly or indirectly during the first fiscal year of the LIF from another life income fund of the Annuitant, "M" shall be equal to zero.
17. The value of "F" shall be established at the beginning of each fiscal year using:
  - (i) an interest rate of not more than 6% per year, or
  - (ii) for the first fifteen years after the date of the valuation of the LIF, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the government of Canada for the month of November preceding the calendar year in which the calculation is made, as published in the *Bank of Canada Review* as CANSIM Series B14013 and using an interest rate not exceeding 6% in subsequent years.
18. If the amount of income payable to an Annuitant is established under paragraph 13 of this Addendum at intervals that are greater than one year,
  - (i) paragraphs 14, 15, 16 and 17 of this Addendum apply with the necessary modifications to the establishment of the amount of income payable in each fiscal year in the interval, and
  - (ii) the amount shall be established at the beginning of the first fiscal year in the interval.
19. Notwithstanding any other provision of this Addendum, the Annuitant may request that the Superintendent approve the transfer of an amount from the LIF to a registered retirement income fund as defined in the Tax Act that is not a life income fund by filing with the Superintendent documentation in the form and manner prescribed by the Regulations, and the Superintendent shall approve the transfer if:
  - (i) an amount has never previously been transferred under this paragraph or under subsection 22(6.1) of the Regulations on behalf of the Annuitant, and
  - (ii) the amount to be transferred is not greater than the maximum unlocking amount, where the maximum unlocking amount is the lesser of

- (a) three times the amount of "M" as determined under paragraph 14, and
- (b) twenty-five per cent of the balance in the LIF on the first day of the fiscal year in which the transfer is to be made.

### **Information**

20. At the beginning of each fiscal year, until the date on which all the LIF Assets are converted into a life annuity or a deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulations, or to similar legislation in another jurisdiction, the Trustee shall provide to the Annuitant a statement indicating the following information:
- (i) the amount of money deposited, its source, the accumulated earnings of the LIF and the withdrawals from the LIF during the immediately preceding fiscal year;
  - (ii) any fees deducted since the preparation of the previous such statement and the balance of money in the LIF at the beginning of each fiscal year;
  - (iii) the maximum amount that may be paid to the Annuitant as income during the fiscal year; and
  - (iv) the minimum amount that must be paid to the Annuitant as income during the fiscal year.
21. If the Annuitant dies before the purchase of a life annuity, the Trustee shall provide to the Annuitant's spouse, beneficiary, administrator or executor, as the case may be, a statement containing the information listed in subparagraphs 20(i) and (ii) of this Addendum, determined as of the date of the Annuitant's death.
22. If the LIF Assets are converted to a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulations or to similar legislation in another jurisdiction, the Trustee shall provide to the Annuitant a statement containing the information listed in subparagraphs 20(i) and (ii) of this Addendum as of the date of the conversion or transfer.

### **Transfer from LIF**

23. No transfer of LIF Assets is permitted except for a transfer to:
- (i) another life income fund registered as a retirement income fund as defined in the Tax Act that confirms with the Act and 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 accordance with paragraph 146.3(2)(e) of the Tax Act;
  - (ii) purchase of a life annuity contract as stipulated in subsection 60(l) of the Tax Act and that meets the requirements of section 23 of the Regulations;
  - (iii) to a LIRA registered as a retirement savings plan that conforms with the Act and the Regulations; or
  - (iii) to the pension fund of a pension plan that conforms with the Act and the Regulations or similar legislation in another jurisdiction, and the Tax Act, provided that if the pension plan is not registered in New Brunswick the pension plan is registered for persons employed in a designated jurisdiction and the Annuitant is employed in that jurisdiction by an employer who is making contributions on the Annuitant's behalf to the pension fund that is to receive the amount to be transferred.
- Such transfer shall occur no more than thirty days after the Annuitant's application for the transfer, provided that the terms agreed to for the investment has expired.
24. In the event of a transfer of LIF Assets, the Trustee shall ensure that the name of the financial institution to which the LIF Assets are being transferred is registered as the trustee of the LIRA, pension plan or the locked-in income fund, as applicable, and that the prescribed transfer form is completed in accordance with the Regulations and is forwarded with the LIF Assets to the recipient financial institution.

### **Transferable Securities**

25. Where the LIF holds identifiable and transferable securities, a transfer permitted by this Addendum may, unless otherwise stipulated and at the sole option of the Trustee, be effected by remittance of the investment securities of the LIF.

### **Life Annuity Contract**

26. The Annuitant may, at any time, use all or part of the LIF Assets to purchase an immediate life annuity contract as stipulated in subsection 60(l) of the Tax Act.
27. The Trustee hereby acknowledges that, where a balance in the LIF is to be used to purchase a life annuity contract, the pension to be provided to the Annuitant, other than a surviving spouse Annuitant, with a spouse at the date when the Annuitant commences the pension is to be such joint life pension as would, if the Annuitant were a former member be in compliance with section 23 of the Regulations, unless the prescribed waiver form has been completed by the spouse.

### **Investment**

28. The LIF Assets will be invested and reinvested in accordance with the provisions of the RIF, the Act, the Regulations and the Tax Act.

### **Death of Annuitant**

29. Where the Annuitant dies prior to the purchase of annuity in accordance with paragraph 8 of this Addendum, the LIF Assets shall be paid:
- (i) to the Annuitant's spouse; or
  - (ii) where there is no surviving spouse, to the designated beneficiary; or
  - (iii) where there is no designated beneficiary, to the estate of the Annuitant.

### **Marriage Breakdown**

30. Upon marriage breakdown, the LIF Assets shall be divided between the spouses on the basis prescribed under section 27 to section 33 of the Regulations and section 44 of the Act, and in compliance with subsection 146.3(14) of the Tax Act.

### **Withdrawal for Tax Purposes**

31. The Annuitant may withdraw an amount from the LIF if:
- (i) the amount is withdrawn to reduce the amount of tax that would otherwise be payable under Part X.1 of the Tax Act by the taxpayer; and
  - (ii) notwithstanding section 20 of the Regulations, the Trustee establishes a sub-account of the LIF, that is not a registered retirement income fund, and the Annuitant deposits the amount withdrawn, net of applicable taxes under the Tax Act, into the sub-account.

### **Shortened Life Expectancy Withdrawal**

32. The Annuitant may withdraw the LIF Assets, in whole or in part, and receive a payment or series of payments where:
- (i) a physician certifies in writing to the Trustee that the Annuitant suffers from a significant physical or mental disability that considerably reduces life expectancy; and
  - (ii) if the Annuitant has a spouse, the Annuitant delivers to the Trustee a completed spousal waiver in the prescribed form.

### **Unlocking of Assets Foreign Nationals**

33. The Annuitant may withdraw the balance of the LIF Assets where:
- (i) the Annuitant and the Annuitant's spouse, if any, are not Canadian citizens;
  - (ii) the Annuitant and the Annuitant's spouse, if any, are not resident in Canada for the purposes of the Tax Act; and
  - (iii) the Annuitant's spouse, if any waives, on the prescribed form, any rights that the spouse may have in the account under the Act, the Regulations, or this Addendum.

### **No Surrender**

34. Subject to the provisions of this Addendum, no commutation or surrender of the LIF Assets is permitted during the lifetime of the Annuitant except under and in accordance with subsection 57(6) or section 44 of the Act. Any transaction in contravention of this paragraph is void.

### **No Assignment**

35. The LIF Assets shall not be assigned, charged, anticipated or given as security, and are exempt from execution, seizure, attachment or other process of law, except in accordance with subsection 57(6) or section 44 of the Act. Any transaction in contravention of this paragraph is void.

### **Amendments**

36. The Trustee may, from time to time, unilaterally and without other notice, amend this Addendum in order to bring it into compliance with the Act or other legislation in another jurisdiction and the Tax Act.
37. Subject to paragraph 38, no amendment that would result in a reduction of the benefits arising from this Addendum shall be made unless:
- (i) the Annuitant is entitled, before the effective date of the amendment, to transfer the balance of the LIF Assets in accordance with this Addendum;
  - (ii) written notice is delivered to the Annuitant at least ninety days before the effective date on which the Annuitant may exercise the entitlement to transfer; and
  - (iii) the Addendum, as amended, remains in conformity with the Act and the Regulations.
- Notwithstanding the above, any and all amendments to this Addendum must be made with the concurrence of the authorities administering the Act and the Tax Act.

### **Declaration of Trust Affirmed**

38. The Trustee hereby affirms the provisions contained in the RIF and this Addendum to take effect as of the date first written above.

### **Interpretation**

39. The provisions of this Addendum will take precedence over the provisions in the RIF in the case of conflicting or inconsistent provisions, provided however that the LIF at all times complies with the conditions of registration under the Tax Act.

40. This Addendum shall be governed in accordance with the laws of the Province of New Brunswick and the federal laws of Canada applicable therein.
41. All references to any statute, regulations or any provision thereof or any prescribed form shall mean such statute, regulations or any provision thereof, or prescribed form as the same may be re-enacted or replaced from time to time.

**Counterparts**

42. 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 hereto have read and executed this Addendum as of the date first written above 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.

**TO BE COMPLETED BY THE ANNUITANT:**

**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: \_\_\_\_\_