

**PROVINCE OF QUEBEC
LIFE INCOME FUND (LIF)
ADDENDUM AGREEMENT
CANADIAN WESTERN TRUST COMPANY, TRUSTEE**

Annuitant's Name (Please print)

Social Insurance Number

LIF Account Number

Upon receipt of locked-in funds, the Trustee further agrees to, and the Annuitant acknowledges, the following:

1. **Definitions.** In this Addendum:

- (a) **Act** means the *Income Tax Act* (Canada), as amended from time to time;
- (b) **LIF** means a "LIF" or "life income fund" as defined in Pension Legislation;
- (c) **life annuity** means "life annuity", "life annuity contract", "life pension", "deferred life annuity" or "immediate life annuity" as defined in Pension Legislation that conforms with the Act and Pension Legislation;
- (d) **LIRA** means a "LIRA" or "locked-in retirement account" as defined in Pension Legislation and, where those terms are not defined, means a registered retirement savings plan that satisfies the conditions under Pension Legislation for receiving funds that originate from an RPP;
- (e) **Pension Legislation** means the *Supplemental Pension Plans Act* (Quebec) and the Regulations governing locked-in funds transferred or to be transferred to the Plan directly or indirectly from an RPP;
- (f) **RPP** means a registered pension plan governed by Pension Legislation or established by other legislative authority;
- (g) **Spouse** means a "spouse" as defined in Pension Legislation in the context of a LIF; provided, however, it only includes a person recognized as a spouse or common-law partner for the purposes of the Act;
- (h) **Trustee** means Canadian Western Trust Company;
- (i) The terms "Annuitant" and "Fund" shall have the same meanings as are given to them in the Declaration of Trust; and
- (j) Words defined in Pension Legislation have the same meanings in this Addendum unless otherwise defined herein.

2. **Compliance.** If locked-in funds are transferred or will be transferred to the Fund, directly or indirectly, from an RPP, the additional provisions of this Addendum form part of the Declaration of Trust. In case of any inconsistency between this Addendum and the Declaration of Trust, this Addendum will apply. The Trustee has filed the Declaration of Trust (including this Addendum) with and caused it to be accepted by the appropriate pension authorities in Canada. The Trustee will comply with all relevant provisions of Pension Legislation.

Subject to paragraphs 5, 15, 16, 18 and 19 of this Addendum, all money, including all investment earnings, that is subject to any transfer to or from the Fund as defined by the Declaration of Trust, is to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required by the Act and Pension Legislation.

3. **Transfers to the Fund.** Only property representing locked-in funds originating, directly or indirectly, from an RPP, a LIRA, a LIF, a locked-in account of a voluntary retirement savings plan (if the plan is governed by a legislative authority other than the Quebec Parliament, the member must have joined the plan as part of their employment), a life annuity the capital of which originated from an RPP, or another source permitted by the Act and Pension Legislation from time to time, may be transferred to the Fund. The Trustee will not accept any transfers to the Fund from a source or in circumstances not permitted by Pension Legislation.
4. **Investments.** The investments held in the Fund must comply with the investment rules imposed by the Act and Pension Legislation for a registered retirement income fund.
5. **Withdrawals.** Subject to paragraphs 9, 11, 15, 16, 18 and 19 of this Addendum, no withdrawal, commutation or surrender of property is permitted in respect of this Fund except as may be permitted by the Act and Pension Legislation from time to time. Any such payment may only be made after the Trustee receives a declaration from the Annuitant in the form and manner required by Pension Legislation. Any transaction that is contrary to this paragraph is void.
6. **Fiscal Year of the Fund.** The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.
7. **Value of the Fund.** For the purpose of a transfer of assets, the purchase of a life annuity contract, a payment or transfer on the death of the Annuitant, or transfer to the Spouse on marriage breakdown, the value of the contract shall be the aggregate market value of the securities held in the Fund as of the market closing immediately prior to such payment or transfer.

The Trustee, to establish the value of the Fund, will use a recognized pricing service, contact the issuer for value, or use the Financial Post or other leading financial papers. In the case of a purchase of a life annuity, all assets would be sold at market value on the date of sale.
8. **Annual Information Statement.** The Trustee will provide the Annuitant with the information as specified in Pension Legislation.
9. **Payment of Income (excluding the Payment of Temporary Income).** The Annuitant must set the amount of income to be paid during a fiscal year either each year or for an interval of more than one year, as follows.
 - (a) Income payments for an interval of 1 year: In each fiscal year, the amount of income paid may not be less than the minimum amount (the “Minimum Amount”) required to be paid under the Act and will not exceed the maximum amount (the “Maximum Amount”), as calculated in accordance with the following formula:

A + E, where

A = the maximum temporary income for the fiscal year, as determined in accordance with Section 20.4 or 20.5 of the Regulations of the Pension Legislation as the case may be or, where no amount has been determined, zero; and

E = the maximum income (“Maximum Income”) as determined in accordance with Section 20 of the Regulations of Pension Legislation.

The amount paid during a fiscal year may not exceed the total of the Maximum Temporary Income as determined in paragraph 10, or where no amount has been determined, the Maximum Amount plus zero. The transfer to the Fund of amounts originating directly or indirectly from a LIF of the Annuitant during the year may not result in a review of the Maximum Amount that may be paid during the fiscal year.

(b) Income payments for an interval of more than 1 year: Where the Trustee guarantees the balance of the Fund at the end of an interval (which shall terminate at the end of a fiscal year), the annual income payable from the Fund may be set at an interval of more than one year, and if the Annuitant is not entitled to payment of the income in a form other than a life income. The Maximum Amount that may be paid during each of the fiscal years in the interval is calculated at the beginning of the first of those fiscal years, to equal:

- i) for the initial fiscal year, the Maximum Income; and
- ii) for each subsequent fiscal year, an amount calculated as follows:

$M \times (J / K)$, where

M = the Maximum Income;

J = the balance of the Fund at the beginning of the fiscal year; and

K = the Fund’s reference balance at the beginning of the fiscal year and is equal to the reference balance at the beginning of the prior fiscal year, reduced as of the first day of the said prior fiscal year by the Maximum Income calculated for the initial fiscal year and increased by the earnings determined by applying, for the first 16 fiscal years, the reference rate, and an interest rate of 6% thereafter.

The Fund’s reference balance at the beginning of the initial fiscal year shall equal the balance of the Fund at that date.

10. **Reference Rate.** The reference rate for the fiscal year of the Fund 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 under identification number V122487 in the CANSIM system, 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; and

(iii) the rounding of the effective interest rate to the nearest multiple of 0.5%.

The reference rate may not be less than 6.00%.

11. **Payments after Marriage Breakdown.** The Spouse ceases to be entitled to amounts described in paragraph 15 and 17 herein upon separation from bed and board, divorce, nullity of marriage, or, in the case of a spouse who is not married upon cessation of conjugal relationship except as otherwise provided for in Section 89 of the Act respecting Pension Legislation. The seizable portion of the balance of the Plan may be paid in a lump sum payment in execution of a judgment rendered in favour of the Spouse that gives entitlement to a seizure for unpaid alimony.
12. **Beneficiary Designation.** The designation of a person other than the Annuitant's Spouse as the beneficiary of the Fund will not be valid if the Annuitant has a Spouse who is entitled to survivor benefits under the Fund because of Pension Legislation.
13. **Death of Annuitant.** Following the death of the Annuitant, the property of the Fund will be paid to the surviving Spouse of the Annuitant unless the surviving Spouse is not entitled to survivor benefits under Pension Legislation. The surviving Spouse may instruct the Trustee to pay out the property of the Fund in cash or to transfer the property of the Fund to a registered retirement savings plan, a registered retirement income fund, or life annuity as permitted by Pension Legislation and paragraph 60(1) of the Act.

If there is no surviving Spouse or where the surviving Spouse waives the spousal entitlement in the form and manner required by Pension Legislation, the property of the Fund will be paid to the person designated as beneficiary of the Fund, or if no such person has been designated, to the legal representative of the deceased Annuitant's estate.

The Trustee will provide the person entitled to receive the balance in the Fund a statement containing the information outlined in paragraph 8 of this Addendum, as of the date of death of the Annuitant.

14. **Transfers from the Fund.** Subject to any restrictions imposed by the Act and by Pension Legislation, and prior to using the Fund balance to purchase a life annuity contract and after payment to the Annuitant of the minimum amount for the year, the property of the Fund may be transferred to an RPP, a LIRA, a LIF or a locked-in account of a voluntary retirement savings plan (if the plan is governed by a legislative authority other than the Quebec Parliament, the member must have joined the plan as part of their employment), or used to purchase a life annuity in accordance with paragraph 60(1) of the Act.

Before transferring property of the Fund, the Trustee will:

- (a) confirm that the transfer is permitted under Pension Legislation and the Act;
- (b) write to the issuer of the recipient plan to notify it of the locked-in status of the property being transferred and the pension legislation that governs the property;
- (c) not permit the transfer unless the issuer of the recipient plan agrees to administer the transferred property according to Pension Legislation;

- (d) confirm that the issuer of the recipient plan is on the list of financial institutions maintained by the Regie des rentes du Quebec; and
- (e) confirm that the recipient plan is on the list of LIRAs or LIFs maintained by the Regie des rentes du Quebec.

The Trustee will provide the Annuitant with a statement containing the information outlined in paragraph 8 of this Addendum, as of the date of the transfer.

If the Fund holds identifiable and transferable securities, the transfer or purchase may, unless otherwise stipulated, at the option of the Trustee, be effected by remittance of the investment securities of the Fund.

The Trustee will make the transfer within 30 days of the later of the receipt from the Annuitant of the properly documented transfer request and the maturity of the investment to be transferred.

If, prior to the transfer, the minimum required payment for the fiscal year, by reason of the application of paragraph 10, has not been satisfied, the Trustee will withhold adequate funds to satisfy this minimum payment requirement in accordance with paragraph 146.3(2)(e.1) or (e.2) of the Act.

Where property is being transferred to a LIF, the Annuitant's Spouse must provide a consent or waiver in the manner required by Pension Legislation.

- 15. **Life Annuity.** With the exception of the cases referred to in paragraphs 15, 16, 18 and 19, the balance of the Plan may only be converted into a life pension guaranteed by an insurer and established for the duration of the life of the Annuitant alone or, if applicable, for the duration of the life of the Annuitant and the life of his Spouse where upon the death of the Annuitant, a pension of at least 60% of the amount of the pension to which the Annuitant would have been entitled is granted, unless waived by the spouse. The periodic payments paid under that pension must be equal, unless each amount to be paid is uniformly increased by reason of an index or a rate provided for in the contract or uniformly adjusted by reason of a seizure effected on the benefits of the Annuitant, a redetermination of the Annuitant's pension, or the partition of the Annuitant's benefits with the Spouse or by election provided for in subparagraph 3 of the first paragraph of Section 93 of the Act respecting Pension Legislation.
- 16. **Option to Withdraw Small Balances.** The entire balance of the Plan may be paid in a lump sum to the Annuitant on application to the Trustee accompanied with a declaration which conforms to the one prescribed in schedule 0.2 under the Regulations respecting Pension Legislation, on the following conditions:
 - (a) the Annuitant was at least 65 years of age at the end of the year preceding the application; and
 - (b) the total of the sums credited to the Annuitant in the retirement savings instruments mentioned in schedule 0.2 does not exceed 40% of the year's maximum pensionable earnings under the Quebec Pension Plan, for the year in which the Annuitant applies for payment.
- 17. **Option to Withdraw due to Non-Residency.** A lump sum withdrawal may be made if the Annuitant applies to the Trustee with written evidence that the Canada Revenue Agency has confirmed that he / she has become a non-resident for the purposes of the Act, provided that the terms of any investments have expired and that he / she has not resided in Canada for at least two years.

18. **Payments or Transfers Contrary to Pension Legislation.** If property is transferred or paid out of the Fund contrary to Pension Legislation, unless the payment or transfer is attributable to a false declaration by the Annuitant, the Trustee will pay the Annuitant, as a penalty, an amount equal to the irregular payment or transfer out of the Fund.
19. **Spousal Waiver.** The Annuitant's Spouse may waive the right to a life annuity as the surviving Spouse and may revoke the waiver. The Annuitant's Spouse must give the waiver before payments under the life annuity begin in the manner stipulated by Pension Legislation.
20. **Prohibition.** The property of the Fund may not be assigned, charged, alienated, anticipated or given as security or subjected to execution, seizure or attachment, except as permitted by Pension Legislation. A transaction that is contrary to this paragraph is void.
21. **Amendments.** From time to time, the Trustee may amend the Declaration of Trust (including this Addendum), if the amendment does not disqualify the Fund as a LIF and if the amendment is filed with and approved by Canada Revenue Agency and the Regie des rentes du Quebec. The Trustee will provide the Annuitant with 90 days written notice (including notice and effective date of the Annuitant's entitlement to transfer the property out of the Fund) of any amendment that reduces benefits under the Fund.

Signature of Annuitant

Date

Accepted by:

Canadian Western Trust Company

600 – 750 Cambie Street

Vancouver, BC V6B 0A2

Authorized Signature

TO BE COMPLETED BY THE ANNUITANT:

CURRENT SPOUSAL STATUS:

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

Single Married Common law Divorced Separated

Spousal Information:

Name: _____

SIN: _____ Birth Date: _____

Are you the individual who was a member of the pension plan from which locked-in funds originated? Yes No

SPOUSAL CONSENT

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

Quebec

SIN Number of Fund Owner

Account Number of Fund Owner

Please note that the capitalized words have the same meaning attributed to them in the Declaration of Trust and/or the LIF Addendum, as applicable.

Spousal Status of Fund Owner: I hereby represent that I:

(Please check have a Spouse as defined in Section 1 of the Addendum.
(**Complete Consent**)

one box) do not have a Spouse as defined in Section 1 of the Addendum.

Consent of Spouse of Fund Owner: If I am a member or former member of the pension plan from which the locked-in pension assets originated and I have a Spouse, my Spouse must sign the following consent in order for me to enter into this LIF arrangement and transfer locked-in pension assets into the Fund:

(Note: Before signing the following Consent, the spouse of the Fund Owner should consider obtaining legal advice concerning his/her individual rights and the effect of signing the Consent.)

I have read the Addendum and the Declaration of Trust. I confirm that I am the Spouse of the Fund Owner as defined in Section 1 of the Addendum. I hereby consent to the Fund Owner entering into this LIF arrangement and transferring his/her locked-in pension funds into the Fund.

Print Name of Spouse

Signature of Spouse

Date

Print Name of Witness
(Fund Owner/Spouse cannot be witness)

Signature of Witness

Date

Print Name of Fund Owner

Signature of Fund Owner

Date

Print Name of Witness
(Fund Owner/Spouse cannot be witness)

Signature of Witness

Date