



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

Newfoundland and Labrador (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, The Royal Trust Company, 155 Wellington Street W., 20th Floor, Toronto, ON, M5V 3K7.

Please also remember that in this Addendum:

"Cohabiting Partner", means:

- (i) if I have a Spouse, the individual who is not my Spouse who has cohabited continuously with me in a conjugal relationship for not less than 3 years, or
- (ii) if I do not have a Spouse, the individual who has cohabited continuously with me in a conjugal relationship for not less than one year,

and is cohabiting or has cohabited with me within the preceding year;

"Declaration of Trust" means the Retirement Income Fund Declaration of Trust I have entered into with the Trustee;

"Directives" means the directives issued by the Superintendent under the Pension Act, as changed or replaced from time to time;

"Pension Act" means the *Pension Benefits Act, 1997* of Newfoundland and Labrador, as changed or replaced from time to time;

"Principal Beneficiary" means my Spouse, or where I have a Cohabiting Partner, my Cohabiting Partner;

"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 *Pension Benefits Act Regulations* in force under the Pension Act, as changed or replaced from time to time;

"Spouse" means the individual who is considered to be my spouse according to section 2 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 RRIFFs; and

"YMPE" means the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for a specified calendar year.

As well, the words "financial institution", "fiscal year", "life annuity contract", "life income fund ("LIF")", "locked-in retirement account ("LIRA")", "locked-in retirement income fund ("LRIF")", "owner", "pension benefit", "RRIF" and "Superintendent" have the same meanings given to them in the Pension Act, the Regulations and the Directives.

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 Regulations, the Directives and the *Income Tax Act* (Canada).

- 4. Investment Powers:** The powers I have respecting the investment of the Property are set out in the Declaration of Trust.

- 5. No Assignment:** I agree not to assign, charge, alienate, anticipate or give as security money payable under the Fund except as permitted under the Pension Act.

- 6. Valuation:** The method for determining the value of the Fund, for the purposes of establishing the Fund's value upon my death, upon the establishment of a life annuity or upon a transfer of Property, is set out in the Declaration of Trust.

- 7. Marriage Breakdown:** This LIF is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Pension Act.

- 8. Fiscal Year:** The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.

- 9. Form of Pension Benefit:** The pension benefit payable to me if, as a former member, I have a Principal Beneficiary at the date the pension commences, shall be a joint and survivor pension benefit with at least 60% continuing to be payable to the survivor for life after my death unless I waive the entitlement in the form and manner required by the Superintendent.

- 10. Improper Payments:** If money is paid out contrary to the Pension Act or Directive No. 5, the Trustee will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.

- 11. Income Entitlement:** I will be paid an income, the amount of which may vary annually, and that must not begin before the earlier of age 55 or the earliest date on which the member could receive a pension benefit under the Pension Act or the originating registered pension plan from which the Property was transferred and not later than the last day of the second fiscal year of the Fund.

- 12. Establishment of Income:** I must decide 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 the decision expires at the end of the fiscal year to which it relates.

- 13. Failure to Establish:** If I do not decide the amount to be paid out of the Fund for a year, the minimum amount determined under paragraph 19 (Minimum Income) shall be deemed to be the amount paid.

- 14. Amount of Income:** The amount of income paid out of the Fund during a fiscal year must not exceed the "maximum", being the greater of (a) and (b) as follows:

- (a) the amount calculated using the following formula

C/F

in which

C = the value of the Property at the beginning of the fiscal year.

F = the present value, at the beginning of the fiscal year, of a pension of which the annuity payment is \$1 payable at the beginning of each fiscal year between that date and December 31st day of the year in which the owner reaches ninety years of age; and

- (b) the amount of the sums deposited, investment earnings, including any unrealized capital gains or losses, payments made out of the LIF; and fees charged in the LIF in the immediately previous fiscal year.

- 15. Calculation of Pension:** The value "F" in paragraph 14 (Amount of Income) is calculated as follows:

- (a) for the first 15 years after the date of the valuation, the greater of 6% per year and the percentage obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number V122487 in the CANSIM System; and
- (b) for the sixteenth and each subsequent year, a rate of 6% per year.
- 16. Additional Temporary Income:** Subject to paragraph 17 (Maximum Temporary Income), I am entitled to receive additional temporary income where:
- (a) the maximum amount of income that I am entitled to receive for the calendar year in which the application is made, calculated as "B" under paragraph 17 (Maximum Temporary Income), is less than 40% of the YMPE for the calendar year in which the application is made; and
- (b) I have not reached my 65th birthday at the beginning of the fiscal year in which I make application for additional temporary income.
- 17. Maximum Temporary Income:** The amount of the additional temporary income paid out of the Fund in a fiscal year must not exceed the "maximum" in the following formula:
- A - B
- where
- A = 40% of the YMPE for the calendar year in which the application is made; and
- B = the maximum amount of income that I am entitled to receive from all LIFs, LRIFs, life annuity contracts and pension plans governed by the Pension Act or the pension benefits legislation of a designated province, as defined in the Pension Act, or of Canada, excluding income from a pension under the *Canada Pension Plan* and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.
- 18. Applications:** An application for additional temporary income under paragraph 16 (Additional Temporary Income) shall be:
- (a) on a form approved by the Superintendent;
- (b) where I am a former member of a registered pension plan, accompanied by the written consent of my Principal Beneficiary; and
- (c) submitted to the Trustee at the beginning of the fiscal year of the Fund, unless otherwise permitted by the Trustee.
- 19. 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 RRIFs 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.
- 20. First Fiscal Year:** For the initial fiscal year of the Fund, the "maximum" and the "Maximum Temporary Income" in paragraphs 14 (Amount of Income) and 17 (Maximum Temporary Income) respectively, 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.
- 21. Transfers from other LIFs or LRIFs:** If part of the Fund corresponds to amounts transferred directly or indirectly during the same year from another LIF or LRIF of mine during the fiscal year, the "maximum" in paragraphs 14 (Amount of Income) and 17 (Maximum Temporary Income) respectively, shall be deemed to be zero in respect of the part transferred in, except to the extent that the *Income Tax Act (Canada)* requires the payment of a higher amount.
- 22. Greater Maximum:** Notwithstanding paragraph 21 (Transfers from Other LRIFs or LIFs), the Trustee may allow money to be paid to me provided that the total amount received by me from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the "maximum" in paragraphs 14 (Amount of Income) and 17 (Maximum Temporary Income) for that part. In this case, the Trustee must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the Fund.
- 23. Transfers from the Fund:** Except as otherwise permitted in Directive No. 5, all money transferred, including all investment earnings, shall be used to provide a pension benefit and shall not be transferred except:
- (a) before December 31st in the year in which I reach the age at which a pension benefit is required to begin under the *Income Tax Act (Canada)*, to transfer the money to the pension fund of a registered pension plan subject to the Pension Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Pension Act, or of Canada;
- (b) before December 31st in the year in which I reach the age at which a pension benefit is required to begin under the *Income Tax Act (Canada)*, to transfer the money to a LIRA that meets the requirements of Directive No. 4;
- (c) for the purchase of an immediate life annuity contract that meets the requirements of the Superintendent, in accordance with paragraph 60(l) of the *Income Tax Act (Canada)*, provided the annuity commences by December 31 in the year in which I attain the maximum age for the commencement of a retirement income as may be prescribed by the *Income Tax Act (Canada)*, the Pension Act, the Regulations or the Directives from time to time;
- (d) to transfer the money to another LIF that meets the requirements of Directive No. 5; or
- (e) to transfer the money to an LRIF that meets the requirements of Directive No. 17.
- 24. Shortened Life Expectancy:** Notwithstanding paragraphs 14 (Amount of Income) to 23 (Transfers from the Fund), I may withdraw Property as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability my life expectancy is likely to be shortened considerably, but where I am a former member of a registered pension plan, such payment may only be made if my Principal Beneficiary has waived the joint and survivor pension entitlement in a form and manner required by the Superintendent.
- 25. Small Pension:** Notwithstanding paragraphs 14 (Amount of Income) to 23 (Transfers from the fund), I am entitled to withdraw a lump sum payment equal to the value of the Property on application to the Trustee if, at the time I sign the application:
- (a) I have reached the earlier of age 55 or the earliest date on which I would have been entitled to receive a pension benefit under the registered pension plan from which the Property was transferred;
- (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by me and subject to the Pension Act is less than 40% of the YMPE for that calendar year;
- (c) I have not, within the same fiscal year, elected to receive additional temporary income under paragraph 16 (Additional Temporary Income) or, where a part of the Fund corresponds to amounts transferred directly or indirectly from another LIF or an LRIF, elected to receive additional temporary income from that LIF or LRIF; and
- (d) within the same calendar year, I have not made a withdrawal due to financial hardship under paragraph 27 (Financial Hardship) from the Fund or, where part of the Fund corresponds to amounts transferred directly or indirectly from a LIRA, another LIF, or an LRIF, I have not made a withdrawal due to financial hardship from the original retirement savings arrangement.
- 26. Small Pension Application:** An application under paragraph 25 (Small Pension) shall be:
- (a) on a form approved by the Superintendent; and
- (b) if I am a former member of a registered pension plan, accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner required by the Superintendent.
- 27. Financial Hardship:** Notwithstanding paragraphs 14 (Amount of Income) to 23 (Transfers from the Fund), I am entitled to withdraw a lump sum payment due to financial hardship, subject to the following:

- (a) an application for a withdrawal due to financial hardship must be made directly to the Trustee;
- (b) I may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship described in subparagraph 27(c)(i) in respect of each LIRA, LIF, or LRIF;
- (c) subject to any requirements outlined in this paragraph, I am eligible to complete an application to withdraw an amount not greater than the sum of the following amounts:
 - (i) an amount with respect to one of the following categories:
 - (A) **Low Income:** Where my expected total income for the one-year period following the date on which the application is signed, from all sources other than the withdrawal amount, is not more than 66.66% of the YMPE for the calendar year in which the application is signed, the amount determined by subtracting 75% of the expected total income from 50% of the YMPE for the calendar year in which the application for the withdrawal is signed;
 - (B) **Medical Expenses:** Where I am unable to pay for medical expenses incurred or to be incurred by me, my Principal Beneficiary, or a dependent of either and the medical expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these medical expenses;
 - (C) **Disability-related Expenses:** Where I am unable to pay for disability-related expenses incurred or to be incurred by me, my Principal Beneficiary, or a dependent of either and the expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these disability-related expenses;
 - (D) **Mortgage Payments:** Where I have, or my Principal Beneficiary has, received a written notice in respect of a default on a mortgage that is secured against my principal residence or the principal residence of my Principal Beneficiary which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;
 - (E) **Rental Arrears:** Where I have, or my Principal Beneficiary has, received a written notice in respect of arrears in the payment of rent for my principal residence of the principal residence of my Principal Beneficiary and I or my Principal Beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or
 - (F) **First Month's Rent and Security Deposit:** Where I am unable to pay the first month's rent and the security deposit required to rent a principal residence for me or my Principal Beneficiary, the amount required to pay the first month's rent and the security deposit;

and

- (ii) the amount of any applicable tax required to be withheld by the Trustee.

28. Financial Hardship Application: An application for withdrawal under paragraph 27 (Financial Hardship) shall be:

- (a) on a form approved by the Superintendent and shall include any supporting documentation required by the Regulations, which are specified on the form; and
- (b) where I am a former member of a pension plan, accompanied by the written consent of my Principal Beneficiary, in the form and manner required by the Superintendent.

29. Non-Residency: Notwithstanding paragraphs 14 (Amount of Income) to 23 (Transfers from the Fund), I am entitled to withdraw a lump sum payment equal to the value of the Property where I provide the Trustee with:

- (a) a statutory declaration in accordance with the *Evidence Act* (Newfoundland and Labrador) confirming that I have resided outside Canada for at least 2 consecutive calendar years and are residing outside of Canada on the date of signing the declaration; and
- (b) where I am a former member of a pension plan, the written consent of my Principal Beneficiary, in the form and manner required by the Superintendent.

30. No Withdrawals: Subject to this Addendum, no withdrawal, commutation or surrender of Property 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.I of the *Income Tax Act* (Canada).

31. Survivor's Benefits if Former Member: Where I am a former member, upon my death, my surviving Principal Beneficiary, or where I have no surviving Principal Beneficiary or my surviving Principal Beneficiary had waived entitlement in the form and manner required by the Superintendent, my designated beneficiary, or where there is no designated beneficiary, my estate, is entitled to receive a lump sum payment of the value of the Property.

32. Survivor's Benefits if Not Former Member: Where I am not a former member, upon my death, the value of the Property shall be paid to my designated beneficiary or, where there is no designated beneficiary, to my estate.

33. Notice of Amendments: Subject to paragraph 34 (Permitted Amendments), the Trustee will not amend the Fund except where the Trustee gives me at least 90 days' notice and an explanation of the proposed amendment.

34. Permitted Amendments: An amendment to the Fund that would result in the reduction of my benefits under the Fund is only permitted where:

- (a) the Trustee is required by law to make the amendment; and
- (b) I am entitled to transfer the balance in the Fund under the terms of the Fund that existed before the amendment is made;

and, when making such a reducing amendment, the Trustee must notify me in writing of the nature of the amendment and allow me at least 90 days after the notice is given to transfer all or part of the balance in the Fund.

35. Procedure for Notices: Notices under paragraphs 33 (Notice of Amendments) and 34 (Permitted Amendments) shall be sent by registered mail to my address, as set out in the Trustee's records or, subject to receiving my authorization, be delivered to me by electronic means provided that the e-communication is accessible by me and capable of being retained to be usable for subsequent reference.

36. Information Statements: The Trustee agrees to provide the information specified in paragraphs 25 to 27 of Directive No. 5 as, when and to those persons described therein.

37. Satisfaction of Minimum Amount: Prior to transferring Property 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).

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