

ADDENDUM FOR LOCKED-IN PENSION TRANSFERS TO A LOCKED-IN RETIREMENT ACCOUNT (LIRA)

For transfers pursuant to the *Employment Pension Plans Act* (Alberta)

BMO RETIREMENT SAVINGS PLAN
BMO MUTUAL FUNDS RETIREMENT SAVINGS PLAN
BMO MUTUAL FUNDS GROUP RETIREMENT SAVINGS PLAN
BMO INVESTORLINE RETIREMENT SAVINGS PLAN

Plan Issuer- BMO Trust Company
54th Floor, 1 First Canadian Place, Toronto, Ontario M5X 1H3
Acting through its Agent, Bank of Montreal

Upon receipt of locked-in pension assets pursuant to the *Employment Pension Plans Act* (Alberta), and in accordance with the instructions of the Planholder to transfer the assets to an Alberta locked-in retirement account, the Plan Issuer and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the declaration of trust for the above-named retirement savings plan.

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Employment Pension Plans Act* (Alberta) and the word "Regulation" means the *Employment Pension Plans Regulation* made under the Act.
2. **Definitions.** All terms in this Addendum which are used in the Act or Regulation have the same meaning as under the Act or Regulation. For greater certainty, the words "acknowledged", "addendum", "contract", "financial institution", "non-pension partner owner", "owner" and "surviving pension partner owner" have the same meanings as given in section 39 of the Regulation; and the words "LIRA", "LIF", "LRIF", "life annuity contract" and "non-member-pension partner" have the same meanings as given in section 2 of the Regulation; and the words "pension", "RRSP", "Superintendent" and "Year's Maximum Pensionable Earnings" have the same meanings as given in section 1 of the Act.

In this Addendum, "Plan" means the above-named retirement savings plan, governed by the declaration of trust and the additional terms of this Addendum. "Planholder" means the planholder, accountholder or annuitant under the declaration of trust and application form for the Plan and includes the "owner" of the Plan as that term is used in the Regulation. "Locked-In Assets" means all the assets in the Plan at any time, including any interest or other earnings realized or accrued to that time.

3. **Pension Partner.** The expression "pension partner" has the same meaning as given in section 1 of the Act, that is, in relation to another person,
 - (a) a person who, at the relevant time, was married to that other person and had not been living separate and apart from that other person for 3 or more consecutive years; or
 - (b) if there is no person to whom subparagraph (a) applies, a person who, immediately preceding the relevant time, had lived with that other person in a conjugal relationship
 - (i) for a continuous period of at least 3 years, or
 - (ii) of some permanence, if there is a child of the relationship by birth or adoption.

Notwithstanding anything to the contrary contained in the Plan, this Addendum or any endorsements forming a part thereof, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement savings plans, "pension partner" does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

4. **Transfers Into the Plan.** The only assets that may be transferred into the Plan with this Addendum are assets originating, directly or indirectly, from:
 - (a) a registered pension plan;
 - (b) another LIRA;
 - (c) a LIF or LRIF; or
 - (d) a vehicle comprising a sum administered as a deferred life annuity pursuant to an agreement originally entered into under section 16 of The Regulations under the *Employment Pension Plans Act*, that conforms with the *Income Tax Act* (Canada), the Act and the Regulation. Any transfer into the Plan must be made before maturity of the Plan and on a tax deferred basis under the *Income Tax Act* (Canada).

Assets that are locked in will not be transferred to or held under a Plan with this Addendum, unless the Locked-In Assets will be held in a separate account that will contain only Locked-In Assets.

5. **Used to Provide or Secure a Pension.** Subject to paragraph 7 of this Addendum, all Locked-In Assets that are subject to a transfer to a Plan with this Addendum are to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required or permitted by the Act and the Regulation.
6. **Joint Life Pension.** The pension to be provided to the Planholder who is a living non-pension partner owner with a pension partner at the date when the Planholder commences the pension is to be such joint life pension as would, if the Planholder was a former member, be in compliance with section 40 of the Act, unless the pension partner waives the entitlement in the form and manner prescribed in Form 1 of Schedule 1.
7. **Transfers Out of the Plan.** The Planholder may not transfer all or part of the Locked-In Assets except:
 - (a) to transfer to another LIRA or to another acknowledged financial institution to purchase a LIRA, on the relevant conditions specified in section 39 of the Regulation;
 - (b) to transfer to an acknowledged financial institution to purchase a LIF or LRIF, on the relevant conditions specified in section 40 or 41, as the case may be;
 - (c) to purchase a life annuity contract that meets the conditions set out in clauses 39(h) and (i) of the Regulation and paragraph 60(l) of the *Income Tax Act* (Canada); or
 - (d) to transfer to a registered pension plan on the conditions referred to in section 38(2)(a) of the Act.

A transfer to a LIF or LRIF under paragraph 7(b) is subject to the further condition that, in the case of a Planholder who is a living non-pension partner owner who has a pension partner, the pension partner must have waived the entitlement to the joint life pension in the form and manner prescribed in Form 1 of Schedule 1.

Any transfer out of the Plan must be made on a tax deferred basis under the *Income Tax Act* (Canada).

All of the Locked-In Assets must be transferred or paid on or before the 31st day of December of the year in which the Planholder reaches age 69 (or such other time for maturity as is permitted by the *Income Tax Act* (Canada)). If the Plan Issuer does not receive instructions from the Planholder by this time, the Plan Issuer may in its discretion transfer the Locked-In Assets to a LIF or LRIF pursuant to subparagraph 7(b); and the Plan Issuer will not be responsible for any loss that may result from this action, including but not limited to investment losses or diminution of the Locked-In Assets, or for any related administration expenses.

8. **Conditions on Transfer.** The Plan Issuer must not transfer Locked-In Assets to a LIRA, LIF or LRIF with a financial institution unless the Plan Issuer has ascertained that the financial institution is acknowledged as to LIRAs, LIFs and LRIFs. Before the Plan Issuer transfers Locked-In Assets to another financial institution, the Plan Issuer will advise the transferee financial institution in writing of the locked-in status of the assets and make its acceptance of the transfer subject to the conditions provided for in subsection 39(10) of the Regulation.
9. **No Withdrawal, Surrender or Commutation Except Where Required.** Subject to paragraphs 10 through 13 of this Addendum, and in conformity with the Act and the Regulation, no withdrawal, commutation or surrender of the Locked-In Assets is permitted, except where an amount is required to be paid to the Planholder to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

10. **Withdrawal Where Terminal Illness or Disability.** The Locked-In Assets may be withdrawn as a lump sum or a series of payments where a physician certifies, in a form and manner satisfactory to the Plan Issuer, that the Planholder has a terminal illness or that due to a disability the Planholder's life is likely to be considerably shortened. In accordance with subsection 46(3) of the Act, the Planholder must be a member, former member, or the surviving pension partner of a deceased member or former member. But the payment or payments may only be made, in the case of a Planholder who is a living non-pension partner owner with a pension partner, where the pension partner has waived the entitlement to the joint life pension described in section 40 of the Act in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

11. **Withdrawal Where Small Amount.** On application by the Planholder who is a former member or the surviving pension partner of a deceased member or former member, in a form and manner satisfactory to the Plan Issuer, an amount equal to the commuted value of the pension to which the Planholder is entitled may be paid, at any time, in a single lump sum payment
 - (a) if the value of the Plan does not exceed 20% of the Year's Maximum Pensionable Earnings for the calendar year in which the application is made; or
 - (b) if
 - (i) the Planholder has attained the age of 65 years at the end of the preceding calendar year;
 - (ii) the application is accompanied by a completed declaration in the form set out in Schedule 3 of the Regulation; and
 - (iii) the value of the Plan and of other plans and vehicles listed in Schedule 3 of the Regulation belonging to the Planholder does not exceed 40% of the Year's Maximum Pensionable Earnings for the year in which the application is made.

If the Plan is not eligible for the payment option referred to in this paragraph 11, it may not be severed so as to transform it into two or more plans that are so eligible.

12. **Withdrawal Where Financial Hardship.** On application to the Plan Issuer, the whole or part of the Locked-In Assets may be withdrawn, as a lump sum payment or a series of payments, if the Superintendent has previously given written consent, pursuant to Schedule 4 of the Regulation, for the withdrawal on the grounds of being in circumstances of financial hardship and need.

13. **Withdrawal Where Non-Resident.** The Locked-In Assets may be withdrawn in a lump sum if the Planholder applies to the Plan Issuer with written evidence that the Canada Customs and Revenue Agency has confirmed that the Planholder has become a non-resident for the purposes of the *Income Tax Act* (Canada) and, where the Planholder is a living non-pension partner owner with a pension partner, if the pension partner has waived all entitlements under the Plan in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

14. **Relationship Breakdown.** Where Part 4 of the Act and Part 4 of the Regulation (Division and Distribution of Assets on Relationship Breakdown) apply with respect to the share of a non-member-pension-partner, the conditions set out in those Parts continue to apply to that share when it is transferred into a Plan with this Addendum.

15. **Death of Planholder.** On the death of the Planholder who is a non-pension partner owner with a pension partner at the date of death, within 60 days after the submission to the Plan Issuer of the relevant documents required by the Plan Issuer, the Locked-In Assets will be used to provide a pension for the surviving pension partner and will be transferred:
 - (a) to an acknowledged financial institution to purchase a LIRA on the relevant conditions specified in Section 39 of the Regulation;
 - (b) to an acknowledged financial institution to purchase a LIF or LRIF on the relevant conditions specified in Section 40 or 41 of the Regulation, as the case may be; or
 - (c) to purchase a life annuity contract, in accordance with subparagraph 60(l) of the *Income Tax Act* (Canada).

On the death of the Planholder who is other than a non-pension partner owner with a pension partner at the date of death, within 60 days after the submission to the Plan Issuer of the relevant documents required by the Plan Issuer, the Locked-In Assets will be paid to or on behalf of the designated beneficiary or, if there is no valid designation of beneficiary, the personal representatives of the estate in their representative capacity.

16. **No Assignment etc. and Exempt.** The Locked-In Assets may not be assigned, charged, alienated or anticipated and are exempt from execution, seizure or attachment. Any transaction purporting to assign, charge, alienate or anticipate the Locked-In Assets is void.
17. **Manner of Investment.** The Locked-In Assets will be invested and re-invested on the direction of the Planholder as provided in the declaration of trust, and will be invested in a manner that complies with the rules for the investment of RRSP assets contained in the *Income Tax Act* (Canada). The Locked-In Assets will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the Planholder or the parent, brother, sister or child of the Planholder or the pension partner of any such person.
18. **Terms of Investments; Transfers and Payments.** All transfers and payments from the Plan are subject to the terms of the investments and will be subject to the withholding of any applicable tax and deduction of all reasonable expenses, costs, fees and charges. Transfers and payments may be made in cash or in kind, in accordance with the instructions of the Planholder and subject to the terms of the investments and the requirements of the Plan Issuer or the Agent.

19. **Provision on Improper Pay Out.** If Locked-In Assets are paid out contrary to the Act or section 39 of the Regulation, the Plan Issuer shall provide or secure the provision to the Planholder of a pension in a manner and in the amount that would have been provided had the Locked-In Assets not been paid out.

20. **Provision on Improper Transfer.** If the Plan Issuer does not ensure that the transferee financial institution is appropriately acknowledged or comply with the second sentence of paragraph 8 of this Addendum, and the transferee financial institution fails pay the assets transferred in the form of a pension or in the manner required or permitted by section 39 of the Regulation, the Plan Issuer will provide or secure the provision to the Planholder of the pension referred to in paragraph 19 of this Addendum.

21. **Indemnity.** Should the Plan Issuer and/or its Agent be required to make payments or to provide an annuity or a pension as a result of any Locked-In Assets being paid out or transferred otherwise than in accordance with the provisions of this Addendum, the Regulation or as may be required by applicable law, the Planholder will indemnify and hold harmless the Plan Issuer and/or the Agent to the extent that Locked-In Assets were previously received by or accrued to the benefit of any of them or the Planholder's estate. This indemnity will be binding upon the Planholder's legal representatives, successors, heirs and assigns.

22. **Compliance with Regulation.** To the extent that this Addendum does not in any respect effect a provision required by subsection 39(10) of the Regulation, the Addendum is deemed to make such provision in that respect as would make it comply with subsection 39(10). The Plan Issuer shall comply with the contractual provisions provided for in subsection 39(10), or ensure that they are complied with.

23. **Amendment.** No amendment shall be made to the Plan unless the Plan as amended remains in conformity with the Act and the Regulation and with section 146 of the *Income Tax Act* (Canada).

THE FOLLOWING MUST BE COMPLETED:

Type of Planholder. The Planholder represents to the Plan Issuer that the Planholder is:

- Please check one box
- a member or former member of the registered pension plan from which the assets originated
- a surviving spouse or former spouse of a member or former member of the registered pension plan from which the assets originated.

Plan Issuer, by its Agent

Signature of Authorized Person

Date (DD/MM/YYYY)

Prod. 1012994 - Form 419 (AB) (06/05)

Print Full Name of Planholder

Signature of Planholder

Date (DD/MM/YYYY)