

ADDENDUM FOR LIFE INCOME FUND (LIF)

Pursuant to *The Pension Benefits Act (Manitoba)*

BMO INVESTORLINE INC. RETIREMENT INCOME FUND

Plan Issuer – BMO Trust Company
52nd Floor, 100 King St. W.
Toronto, Ontario M5X 1H3
Acting through its Agent, BMO InvestorLine Inc.

CLIENT NAME: _____

ACCOUNT #: _____

Upon receipt of locked-in pension assets pursuant to *The Pension Benefits Act (Manitoba)*, and in accordance with the instructions of the Planholder to transfer the assets to a Manitoba life income fund, the Plan Issuer and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the declaration of trust or trust agreement for the above-named retirement income fund.

1. **Definitions.** In this Addendum, “Plan” means the above-named retirement income fund, governed by the declaration of trust or trust agreement and the additional terms of this Addendum. “Planholder” means the planholder, accountholder or annuitant under the declaration of trust or trust agreement and application form for the Plan and includes the “owner” of the Plan as that term is used in the Regulations. “Plan Issuer” means BMO Trust Company. The Life Income Fund (LIF) Addendum to RRIF Contract, Schedule 2 to Division 2 to the Pension Benefits Regulation 39/2010 (the “Manitoba Addendum”), effective May 31, 2010, forms a part of this Plan by its terms and is incorporated by reference into this Addendum.

In the event of any conflict or inconsistency between the provisions of this Addendum and those of the Manitoba Addendum, the Manitoba Addendum prevails.

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 income funds, “spouse and common-law partner” does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act (Canada)*.

2. **Transfers out of the Plan.** Any transfer out of the Plan must be made on a tax deferred basis under the *Income Tax Act (Canada)*. In accordance with paragraphs 146.(3)(2)(e) and (e)(2) of the *Income Tax Act (Canada)*, the Plan Issuer will retain sufficient assets to satisfy the requirement to pay the minimum amount to the Planholder for the year.
3. **Amount and Frequency of Payments.** The Planholder must notify the Plan Issuer by instructions of the amount and frequency of the payments for each fiscal year. If the Planholder does not give instructions as to the amount of the payments or instructs an amount less than the minimum amount for the fiscal year, the minimum amount prescribed for a registered retirement income fund under the *Income Tax Act (Canada)* will be paid. If the Planholder does not give instructions as to the frequency of the payments, the amount will be paid in one payment at the end of the fiscal year.

The Planholder must give the Plan Issuer instructions as to which of the assets to sell where required in order to ensure there is sufficient cash in the Plan to make the payments. If the Plan Issuer does not receive the instructions within a reasonable time before a payment is required, the Plan Issuer may sell any of the assets that the Plan Issuer, in its discretion, considers appropriate to provide the required cash; and the Plan Issuer will not be liable for any loss that may result from this action, including but not limited to investment losses or diminution of the assets, or for any related investment or administration expenses.

4. **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 146.3 of the *Income Tax Act (Canada)*

For administrative use:

If a LIF account is opened for a transfer from a pension fund, a life annuity or a locked-in plan at another financial institution, make sure: a Locking-In Agreement has been received and signed, and the jurisdiction indicated in the Locking-In Agreement is Manitoba.

If a LIF account is being opened for an internal transfer, (i.e. from a LIRA at the same financial institution) make sure the jurisdiction of the LIF is the same as the LIRA (i.e. Manitoba).

A. Income Payment Type. The following income payment type selected by the Annuitant shall remain in effect until such time that the Annuitant requests a change by way of signed request.

Please check one:

___ **Minimum Amount as defined in this Addendum.**

___ **Maximum Amount as defined in this Addendum.**

___ **Flat Amount \$** _____ **(** ___ **Before Tax** ___ **After Tax)**

Payment frequency is indicated in the Application. Where the Annuitant selects a Flat Amount income payment type, the Plan Carrier shall pay to the Annuitant the amount specified as the Flat Amount on each payment date indicated in the Application. However, the total of such payments shall not be less than the Minimum Amount required to be paid out of the Plan and shall not exceed the Maximum Amount permitted to be paid out of the Plan in accordance with this Addendum. Where the Annuitant does not select an income payment type, the Annuitant will be deemed to have chosen to receive the Minimum Amount. If the Maximum Amount is less than the Minimum Amount, the Minimum Amount shall be paid.

B. Source of Locked-In Assets. The initial locked-in pension assets are being transferred from the following:

Please check one box:

Registered Pension Plan **Life Income Fund**

Locked-in RRSP **Life Annuity**

Plan Carrier, by its agent

Planholder:

Print Full Name

Signature of Authorized Person

Signature

Date

Date

"LIF" means the life income fund established by the Issuer for your benefit under this contract. (« FRV »)

"regulation" the *Pension Benefits Regulation*, as from time to time amended. (« règlement »)

"RRIF contract" means the RRIF contract to which this addendum is attached. (« contrat de FERR »)

"transfer" does not include payments to you as income under the LIF. (« transfert »)

"you" means the individual named on the first page of this addendum as the Owner. (« vous »)

1(2) This addendum uses other terms that are defined in the legislation. They have the same meaning here as in the legislation.

1(3) Unless the context otherwise requires, a reference in this addendum to a page or provision is a reference to that page or provision of this addendum.

1(4) You are

- (a) a "member-owner", if you checked Box A on page 1; or
- (b) a "non-member owner", if you checked Box B on page 1.

When addendum takes effect

2(1) Subject to subsection (2), this addendum takes effect

- (a) when the RRIF contract is signed by you and the Issuer, if the addendum is completed and attached to the contract at the time of signing; or
- (b) when the addendum is completed and attached to the contract with your written authorization, if it is attached to the contract after the contract is signed.

2(2) If you are a member-owner with a spouse or common-law partner, this addendum does not take effect, and no money may be transferred to your LIF, until the Issuer receives a copy of a joint pension waiver signed by your spouse or common-law partner.

Manitoba locked-in money

3(1) Only Manitoba locked-in money may be transferred to or held in your LIF.

3(2) Money may be transferred or withdrawn from your LIF only as required or permitted by this addendum or the legislation.

3(3) You may not assign this LIF or any of your rights under this contract to any person, except as required or permitted by this addendum or the legislation.

Protection of retirement income

4 No money or investments in this LIF can be seized, attached or otherwise taken by any creditor, except

- (a) to enforce a maintenance order against you; or
- (b) if you are a member-owner with a spouse or common-law partner, to enforce a division of your pension benefit credit on a breakdown of your relationship.

LIF to be registered and administered as a RRIF

5(1) The Issuer must register this LIF as a RRIF, and must ensure that it continues to qualify for registration as a RRIF.

5(2) Money in this LIF is to be invested in accordance with the investment rules applicable to RRIFs and in accordance with the regulation.

Issuer is and will remain registered

6 The Issuer

- (a) warrants that it is registered, as required by the regulation, in relation to LIF contracts; and
- (b) agrees to take all reasonable steps to ensure that it will remain registered for the duration of this contract.

Fiscal year

7 The fiscal year for this LIF is the calendar year.

Annual statement

8 Within 60 days after the beginning of each year, the Issuer must provide you with a statement that contains the following information:

- (a) the amounts of any transfers to, or transfers from, the LIF during the previous year;

- (b) the income and gains, net of losses, earned by the LIF during the previous year;
- (c) the amounts paid to you out of the LIF in the previous year;
- (d) the amount and nature of any fees charged to the LIF during the previous year;
- (e) the LIF account balances at the beginning and at the end of the previous year;
- (f) the minimum amount that must be paid to you out of the LIF during the current year;
- (g) the maximum amount that may be paid to you out of the LIF during the current year, which is determined according to sections 18.2 or 18.3;
- (h) instructions for you to notify the Issuer about how much to pay you out of the LIF during the current year, and when to pay it.

Statement before and after transfer

9(1) If an amount has been transferred from the LIF, or becomes transferable as of a specified date, the Issuer must prepare a statement showing the LIF account balance as of the date of the transfer or the specified date.

9(2) The Issuer must provide the statement

- (a) to you, if you are transferring the amount to another vehicle;
- (b) to you and your spouse or common-law partner (or former spouse or common-law partner), if the transfer is being made to effect a division of your pension benefit credit because of a breakdown in your relationship; or
- (c) to the person entitled to the death benefit under the LIF (your surviving spouse or common-law partner, your designated beneficiary or your estate, as the case may be), if the transfer is made because of your death.

LIF TRANSFERS

Permitted transfers to LIF

10 An amount may be transferred to this LIF only from

- (a) a pension plan under one of the following provisions of the Act:
 - (i) if you are a member-owner, subsection 21(13.1) (transfer to LIF after ceasing active membership), or
 - (ii) if you are a non-member-owner, subsection 21(26.2) (transfer by surviving spouse or common-law partner on pre-retirement death) or clause 31(4)(b) (transfer by person entitled to division of pension benefit credit);
- (b) another LIF, or a LIRA or LRIF to which no amount has been transferred or contributed other than Manitoba locked-in money;
- (c) a VB account; or
- (d) an RRSP to which no amount has been transferred or contributed other than Manitoba locked-in money.

Permitted transfers to other vehicle

11 An amount may be transferred from this LIF only to

- (a) another LIF;
- (b) a pension plan;
- (c) a VB account;
- (d) a LIRA;
- (e) a prescribed RRIF; or
- (f) an insurer to purchase a life annuity contract.

Restriction against splitting LIF

12 You may not transfer an amount from this LIF if, as a result of the transfer, the amount transferred or the amount remaining in the LIF would be eligible for withdrawal under Division 6 of Part 10 (commutation of small pension and withdrawals of small LIRAs, LIFs and LRIFs).

Issuer's duties when transferring to another vehicle

13(1) Before transferring an amount from the LIF to another vehicle, the Issuer must

(a) be satisfied that

(i) in the case of a transfer to a LIRA or another LIF, the issuer of the LIRA or LIF is registered with the Superintendent of Pensions as an issuer of that type of vehicle,

(ii) in the case of a transfer to a pension plan, the transfer is permitted by the terms of the plan, or

(iii) in the case of a transfer to an insurer, the transferred amount will be used only to purchase a life annuity contract;

(b) advise the issuer or administrator of the other vehicle that the amount being transferred is Manitoba locked-in money,

(c) be satisfied that the issuer has ascertained that receiving financial institution or pension plan administrator will treat the money as Manitoba locked-in money,

(d) if you are a member-owner with a spouse or common-law partner, provide to the issuer or administrator of the other vehicle a copy of any consent or waiver provided by your spouse or common-law partner in relation to the LIF;

(e) if you have previously made a one-time transfer under section 21.4 of the Act or Division 4 of Part 10 of the regulation, provide to the issuer or administrator of the other vehicle a copy of any statement from the Superintendent of Pensions received by the Issuer in relation to that transfer; and

(f) provide you with the statement required by section 9 (statement before and after transfer).

13(2) When transferring an amount from the LIF to another vehicle as permitted by section 11, the Issuer must comply with the applicable provisions of the legislation and the *Income Tax Act* (Canada).

Liability for failure to comply

14 If the Issuer transfers an amount out of the LIF in contravention of the legislation or this addendum, the Issuer may be required by the legislation to provide, or fund the provision of, benefits that could have been provided under the LIF if the transfer had not occurred.

Transfer of securities

15 When an amount is to be transferred from the LIF to the issuer or administrator of another vehicle, the Issuer may, with your consent, effect the transfer by transferring transferable securities held by the LIF.

YOUR INCOME FROM THE LIF**When do your income payments begin?**

16 The Issuer must begin making payments to you out of the LIF no later than December 31 of the year following the year in which the LIF was established.

You set your annual income from the LIF

17(1) Within 60 days after the beginning of each year, you will receive the annual statement described in section 8. Within 60 days after receiving that statement, you must notify the Issuer in writing of the total amount to be paid to you out of the LIF for the year.

17(2) If the Issuer guarantees a rate of return for the LIF for a period longer than a year, your notice for the first year of the period must specify the total amount to be paid in each year that ends at or before the end of the period for which the rate of return is guaranteed.

17(3) The amount that you set as your income from the LIF for the year must be

(a) not less than the minimum amount that the *Income Tax Act* (Canada) requires you to be paid; and

(b) subject to that minimum, not more than the maximum amount determined for the year under section 18.

Subject to those minimum and maximum amounts (which will be set out in your latest annual statement), you may revise the amount at any time during the year by written notice to the Issuer.

17(4) If you fail to specify the amount to be paid for the year, the Issuer will pay you the minimum amount before the end of the year.

17(5) In the first year of this contract, you are not required to receive a minimum amount unless the amount transferred to this contract was transferred from another LIF. In that case, in the year of the transfer you will continue to be paid amounts that you were being paid for that year under the other LIF.

Your maximum annual income from the LIF

18(1) Subsection (2) applies when the rate of return for the LIF is not guaranteed beyond the end of the year. If the LIF's rate of return is guaranteed for a multi-year period, subsection (2) applies to the first year of the period, and subsection (3) applies to each year of the period after the first year.

18(2) The total of the amounts to be paid to you out of the LIF for a fiscal year must not exceed the amount determined by clause (a) or the amount determined by (b), whichever is greater:

(a) the amount determined by the following formula:

$$\text{Maximum amount} = F \times (B + T)$$

In this formula,

F is the factor (from the table at the end of this addendum) that corresponds to the reference rate for the year and your age at the end of the immediately preceding year,

B is the balance of the LIF at the beginning of the year,

T is the total of all amounts transferred to the LIF in the year, other than amounts transferred directly or indirectly from another LIF, an LRIF or a VB account;

(b) the total of

(i) the income and gains, net of losses, earned in the LIF in the immediately preceding year, and

(ii) 6% of all amounts transferred to the LIF during the current year, other than amounts transferred directly or indirectly from another LIF, an LRIF or a VB account.

18(3) The total of the amounts to be paid to you out of the LIF for the second or subsequent fiscal year of a multi-year period for which the LIF's rate of return is guaranteed must not exceed the maximum determined by the following formula:

$$\text{Maximum amount} = M \times B1/B2$$

In this formula,

M is the maximum amount payable to you for the first year of the multi-year period (which is determined under subsection 18(2));

B1 is the LIF balance at the beginning of year;

B2 is the reference balance as at the beginning of the year, calculated as

(a) the reference balance as at the beginning of the previous year, minus M, plus

(b) the amount determined under clause (a) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the LIF, or by 6% in any other case.

For the purpose of clause (a), in determining the maximum payable in the second year of the multi-year period, the reference balance as at the beginning of the previous year is the LIF balance at the beginning of the period.

18(4) If the maximum determined under subsection (2) or (3) is less than the minimum amount that the *Income Tax Act* (Canada) requires you to receive from the LIF, you must be paid the minimum.

18(5) For the purpose of subsections (2) and (3), "**reference rate**" for a year means the greater of 6% and the percentage determined for the year by

(a) adding 0.5% to the average yield as at November 30 of the immediately preceding year, as published by the Bank of Canada in *the Bank of Canada Review* and expressed as a percentage, for Government of Canada long-term bonds identified as CANSIM Series V 122487; and

(b) converting the rate determined under clause (a), based on semi-annual compounding of interest, to an effective annual rate of interest, and rounding it to the nearest multiple of 0.5%.

DEATH OF OWNER

Death benefit

19(1) Upon your death, the balance in the LIF is payable as a death benefit to the person entitled to it under this section.

19(2) The death benefit is payable to your surviving spouse or common-law partner if

(a) you are a member-owner;

(b) immediately before your death, you and your spouse or common-law partner were not living separate and apart from each other by reason of a breakdown in your relationship; and

(c) the Issuer has not received a death benefit waiver signed the spouse or common-law partner that has not been revoked.

19(3) For the purpose of clause (2)(c), "death benefit waiver" includes the following:

(a) a waiver under section 20;

(b) a waiver under subsection 21(26.3) of the Act in respect of a pension benefit credit to which the balance in this LIF is directly or indirectly attributable; and

(c) a waiver under section 10.25 of Division 2 of Part 10 of the regulation in respect of a LIRA to which the balance in this LIF is directly or indirectly attributable.

19(4) If the death benefit is not payable to your surviving spouse or common-law partner, it is payable to your designated beneficiary or, if you have not designated a beneficiary, to your estate.

19(5) Within 90 days after receiving the necessary documentation, the Issuer must pay the death benefit as a lump sum to the person entitled to it. But, if that person is your spouse or common-law partner, he or she may, subject to the Income Tax Act (Canada), direct the Issuer to transfer it directly to an RRSP or RRIF, and the Issuer must transfer it accordingly.

Death benefit waiver

20(1) Your spouse or common-law partner may, before or after your death, waive his or her entitlement or potential entitlement to the death benefit in accordance with section 10.41 of Division 2 of Part 10 of the regulation (death benefit under LIF). Upon request by you or your spouse or common-law partner, the Issuer must provide the information and form required for the waiver.

20(2) A death benefit waiver may be revoked by you and your spouse or common-law partner by signing a joint revocation of that waiver and filing it with the Issuer.

LUMP SUM WITHDRAWALS

Overview — when you may withdraw balance

21(1) Under the regulation, you might be entitled to withdraw the balance of your LIF in the following circumstances:

(a) you are a non-resident of Canada for the purposes of the Income Tax Act (Canada) and have had that status for at least two years (*see Division 5 of Part 10 of the regulation*);

(b) the total of the Manitoba locked-in money in all your LIFs, LIRAs and LRIFs, plus interest at the prescribed rate to the end of the year in which you turn 65, is less than 40% of the YMPE for the year in which you apply for the withdrawal (*see Division 6 of Part 10 of the regulation*);

(c) you have a shortened life expectancy of less than two years (*see Division 7 of Part 10 of the regulation*);

(d) you are 55 or older and you make a request for a once in a lifetime withdrawal of up to 50% of the balance in your LIFs and pension plan, if the plan permits (*see Division 4 of Part 10 of the regulation*).

21(2) If any of these circumstances apply to you, you may request the Issuer to provide the information and forms necessary for you to apply for a withdrawal. Subject to the regulation, the Issuer must provide you with the relevant information and forms.

The Manitoba Pension Benefits Regulations require that spousal consent be obtained when a Planholder enters into a Manitoba LIF. The information below is the prescribed spousal consent form provided by the government of Manitoba.

SPOUSAL CONSENT FOR THE TRANSFER TO THE LIF

It is advised the Planholder's spouse get legal advice from a lawyer regarding the rights and legal consequences of signing the consent below.

**SPOUSE'S/COMMON-LAW PARTNER'S DECLARATION TO GIVE UP MINIMUM
66²/₃% JOINT AND SURVIVOR PENSION FROM RPPs, LIRAs, LIFs AND LRIFs**

I, _____, am the "spouse"/"common-law partner" (as described below) of

(name of retiring member/owner)

The retiring member/owner earned benefits under a pension plan regulated by the *Pension Benefits Act of Manitoba* ("the Act").

The Act defines "spouse" and "common-law partner" as follows:

"spouse" where used in relation to another spouse means the person who is married to that other spouse, and "spouses" mean two persons who are married to each other;

"common-law partner" of a member or former member means

(a) a person who, with the member or former member, registered a common-law relationship under section 13.1 of *The Vital Statistics Act*, or

(b) a person who, not being married to the member or former member, cohabited with him or her in a conjugal relationship

(i) for a period of at least three years, if either of them is married, or

(ii) for a period of at least one year, if neither of them is married;

"common-law relationship" means the relationship between two persons who are common-law partners of each other.

I understand that the Act requires that every pension plan shall provide that the pension payable to a member who is married or in a common-law relationship at the time the pension payments begin shall be a joint pension payable during the lives of the member and the spouse or partner of the member which joint pension may decrease by not more than 1/3 on the death of either the member or the spouse or partner.

However, I understand that if I choose to sign this waiver form and it is filed with the plan administrator/financial institution, I give up my rights to the minimum 66²/₃% joint and survivor pension. I further understand that signing this waiver means that the retiring member/owner may choose a pension that gives me a lower survivor benefit than the 66²/₃% joint and survivor pension.

I certify that:

- a) I have read this form and understand it,
- b) I have read and reviewed the retiring member's retirement statement or a statement from the financial institution showing the balance in the owner's account and know the amount of the benefit I am giving up,

