

ADDENDUM FOR LOCKED-IN RETIREMENT INCOME FUND (LRIF)

Pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador)

BMO INVESTORLINE RETIREMENT INCOME FUND

Plan Carrier – 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, 1997* (Newfoundland & Labrador), and in accordance with the Planholder's instructions to transfer the assets to an Newfoundland & Labrador locked-in retirement income fund, the Plan Carrier 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 income fund.

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Pension Benefits Act, 1997* (Newfoundland & Labrador), the word "Regulations" means the *Pension Benefits Act Regulations* made under the Act and the word "Directive" means the *Directives* made under the Act.
2. **Definitions.** All terms in this Addendum which are used in the Act, Regulations or Directives have the same meaning as under the Act, Regulations or Directives. In this Addendum, "Plan" means the above-named retirement income fund, 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 and includes the "owner" as that term is used in Directive No. 17. "Locked-In Assets" means all the assets in the Plan at any time and includes any interest or other earnings realized or accrued to that time.
3. **Spouse, Cohabiting Partner and Principal Beneficiary.** The word "Spouse" means a person who:
 - (a) is married to the Planholder,
 - (b) is married to the Planholder by a marriage that is voidable and has not been voided by a judgment of nullity, or
 - (c) has gone through a form of a marriage with the Planholder, in good faith, that is void and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Cohabiting Partner" means a person who:

- (a) in relation to a Planholder who has a Spouse, is not the Spouse of the Planholder who has cohabited continuously with the Planholder in a conjugal relationship for not less than 3 years, or
- (b) in relation to a Planholder who does not have a Spouse, has cohabited continuously with the Planholder in a conjugal relationship for not less than 1 year

and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Principal Beneficiary" means the Spouse of a Planholder or where the Planholder has a Cohabiting Partner, the Planholder's Cohabiting Partner.

Notwithstanding anything to the contrary contained in the Plan, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement income funds, "Spouse", "Cohabiting Partner" and "Principal Beneficiary" do 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 are assets originating, directly or indirectly, from:
 - (a) the pension fund of a registered pension plan that conforms with the Act and the Regulation;
 - (b) a Locked-In Retirement Account that conforms with Directive No. 4;
 - (c) Life Income Fund that conforms with Directive No. 5; or
 - (d) another Locked-In Retirement Income Fund that conforms with Directive No. 17.

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

5. **Who May be a Planholder – Consent of Principal Beneficiary.** The following persons may become a Planholder under a Plan with this Addendum:

- (a) a member or former member of the pension plan who has obtained the written consent of his or her Principal Beneficiary, if any; or
- (b) the Principal Beneficiary or former Principal Beneficiary of a member or former member if the Principal Beneficiary or former Principal Beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown.

6. **Transfers Out of the Plan.** The Planholder may transfer any or all of the Locked-In Assets:

- (a) to another Locked-in Retirement Income Fund that conforms with Directive No.17;
- (b) to a Life Income Fund that conforms with Directive No. 5;
- (c) in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), to purchase an immediate life annuity that meets the requirements of the Superintendent; or
- (d) before the December 31st of the year in which the Planholder reaches 71 years of age, to a Locked-In Retirement Account that conforms with Directive No. 4.

In accordance with paragraphs 146.3(2)(e) and (e.2) of the *Income Tax Act* (Canada), the Plan Carrier will retain sufficient Locked-In Assets to satisfy the requirement to pay the minimum amount to the Planholder for the year.

Subject to paragraph 20 of this Addendum, the Plan Carrier agrees to make such a transfer within 30 days after the Planholder requests it.

7. **Investment and Value of Locked-In Assets.** The Locked-In Assets shall be invested and re-invested on the direction of the Planholder as provided in the declaration of trust. The value of the Locked-In Assets at any time will be determined by the Agent's regular reporting practice.

8. **Fiscal Year of Plan.** The fiscal year of the Plan ends on December 31 of each year and must not exceed 12 months.

9. **Payment Out of the Plan.** Payment out of the Plan must not begin before the earlier of age 55 or the earliest date on which the member could receive a pension benefit under the Act or the originating pension plan from which the Locked-In Assets were transferred. Payment must not begin later than the last day of the second fiscal year.

10. **Amount and Frequency of Payments.** The Planholder must notify the Plan Carrier 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 instructions must be given within a reasonable time prior to the beginning of the fiscal year to which they relate, or at another time if the Plan Carrier agrees. The instructions expire at the end of the fiscal year to which they relate. With the consent of the Plan Carrier, the Planholder may change the amount and frequency of the payments or request additional payments by instructing the Plan Carrier.

The Planholder must give the Plan Carrier instructions as to which of the Locked-In Assets to sell where required in order to ensure there is sufficient cash in the Plan to make the payments. If the Plan Carrier does not receive the instructions within a reasonable time before a payment is required, the Plan Carrier may sell any of the Locked-In Assets that the Plan Carrier, in its discretion, considers appropriate to provide the required cash; and the Plan Carrier will not be liable 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 investment or administration expenses.

11. **Amount of Annual Income.** The amount of income paid out of the Plan during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the *Income Tax Act* (Canada). The amount of income paid out of the Plan during a fiscal year must not exceed "maximum", being the greatest of:

- (a) the income, gains and losses earned from the time the Plan was established to the end of the most recently completed fiscal year and, with respect to any Locked-In Assets that are derived directly from assets transferred from a LIF, the income, gains and losses earned in the final complete fiscal year of the LIF under the LIF, less the sum of all income paid to the Planholder from the Plan;
- (b) the income, gains and losses earned in the immediately previous fiscal year, and
- (c) if the payment is being made in the fiscal year in which the contract was established or in the fiscal year immediately following its establishment, 6% of the fair market value of the Plan at

the beginning of the fiscal year.

12. **Additional Temporary Income.** Subject to paragraph 13 of this Addendum, the Planholder is entitled to receive additional temporary income. The application for additional temporary income shall be on a form prescribed by the Superintendent and, where the Planholder is a former member of a pension plan, accompanied by the written consent of the Principal Beneficiary of the former member. The application must be submitted to then Plan Carrier at the beginning of the fiscal year of the Plan, unless otherwise permitted by the Plan Carrier.

The Planholder may receive additional temporary income where:

- (a) the total pension income received by the Planholder for the calendar year in which the application is made, calculated as “B” under paragraph 13 of this Addendum, is less than 40% of the year’s maximum pensionable earnings (“YMPE”) under the *Canada Pension Plan* (“CPP”) for the calendar year in which the application is made; and
- (b) the Planholder has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes application for additional temporary income.

13. **Amount of Additional Temporary Income.** The amount of the additional temporary income paid out of the Plan in a fiscal year must not exceed the “maximum” in the following formula:

$$\text{Maximum Temporary Income} = A - B$$

in which

- A = 40% of the YMPE under the CPP for the calendar year in which an application is made; and
- B = the total pension income to be received by the Planholder for the calendar year in which the application is made from all LIFs, LRIFs, Life Annuities and pension plans governed by Newfoundland & Labrador and Labrador pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the *Canada Pension Plan*.

14. **Initial Year.** For the initial year of the Plan, the “maximum” in paragraphs 11 and 13 of this Addendum shall 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.

15. **Maximum Where Assets Transferred from Another LIF or LRIF.** If a part of the Locked-In Assets at the beginning of a fiscal year corresponds to assets transferred directly or indirectly during the same year from another Life Income Fund or Locked-Retirement Income Fund of the Planholder, the “maximum” in paragraph 11 and 13 of this Addendum shall be deemed to be zero.

16. **Withdrawal Where Shortened Life Expectancy.** The Planholder may withdraw Locked-In Assets as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Planholder is likely to be shortened considerably. But where the Planholder is a former member of a pension plan, such payment may only be made if the Principal Beneficiary of the former member has waived the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

17. **Withdrawal Where Small Amount.** The Planholder may withdraw all of the Locked-In Assets as a lump sum on application by the Planholder to the Plan Carrier for payment if, at the time the Planholder signs the application:

- (a) the Planholder has reached the earlier of age 55 or the earliest date on which the Planholder would have been entitled to receive a pension benefit under the pension plan from which assets were transferred; and
- (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by him or her and governed by Newfoundland & Labrador and Labrador pension benefits legislation is less than 40% of the YMPE under the CPP for that calendar year.

An application under this paragraph shall be on a form approved by the Superintendent and, where the Planholder is a former member of a pension plan, accompanied by a waiver of the Principal Beneficiary of the former member of joint and survivor pension entitlement, in the form and manner required by the Superintendent.

18. **No Assignment etc.** Money payable under a Plan with this Addendum may not be assigned, charged, anticipated or given as security by the Planholder.

19. **Death of Planholder.** On the death of the Planholder who is a former member who has a Principal Beneficiary, the surviving Principal Beneficiary, or where there is no surviving Principal Beneficiary or the surviving Principal Beneficiary has waived entitlement in the form and manner required by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of

**ADDENDUM – LRIF
NEWFOUNDLAND**

the member or former member is entitled to receive the full value of the Locked-In Assets as a lump sum.

Where the Planholder is not a former member, the full value of the Locked-in Assets shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the Planholder's estate.

20. **Transfers and Payments; Terms of Investments.** 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 Carrier or the Agent.
21. **Information to be Provided.** At the beginning of each fiscal year, the following information must be provided to the Planholder:
- (a) the sums deposited, the amount accumulated earnings, the payments made out of the Plan and the expenses, costs, fees and charges against the Plan during the previous fiscal year;
 - (b) the balance in the Plan;
 - (c) the minimum amount that must be paid out of the Plan to the Planholder during the current fiscal year; and
 - (d) the maximum amount that may be paid out of the Plan to the Planholder during the current fiscal year.

If the balance of the Locked-In Assets is transferred as described in paragraph 6 of this Addendum, the information described in clauses (a) to (d) must be provided to the Planholder determined as of the date of transfer. If the Planholder dies before the balance of the Locked-in Assets is used to purchase an immediate life annuity, the information described in clauses (a) to (d) must be provided to the person entitled to receive the balance of the Locked-In Assets determined as of the date of the Planholder's death.

22. **Indemnity.** Should the Plan Carrier 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 Carrier 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.
23. **Amendment.** No amendment shall be made to the Plan or this Addendum unless the Plan and this Addendum as amended remain in conformity with the Act, the Regulation and Directive No. 17 and with section 146.3 of the *Income Tax Act* (Canada).

An amendment that would result in a reduction of the Planholder's benefits under the Plan with this Addendum is permitted only where

- (a) the Plan Carrier is required by law to make the amendment; and
- (b) the Planholder is entitled to transfer the Locked-In Assets under the terms of the Plan with this Addendum that existed before the amendment is made.

The Plan Carrier will give the Planholder at least 90 days notice of any proposed amendment; and where the amendment would result in a reduction of the Planholder's benefits, the Plan Carrier must allow the Planholder at least 90 days after notice of the nature of the amendment is given to transfer all or part of the Locked-In Assets. Notice of amendment must be sent by registered mail to the Planholder's address as set out in the records of the Plan Carrier.

Plan issuer, by its agent

	Full Name of Planholder
_____	_____
Signature of Authorized Person	Signature of Planholder
_____	_____
Date	Date

FORM 3
**WAIVER OF JOINT AND
SURVIVOR PENSION**

Section 45 of the Pension Benefits Act, 1997 (the “Act”)

I _____, am the Principal Beneficiary, within the meaning of the Act,
of _____, who is entitled to a pension benefit under
Name of Member/Former Member
the _____.
Name of Plan

I am aware that in the absence of a waiver, a pension payable to a member/former member who has a principal beneficiary on the date that the payment of the first instalment of the pension is due must be paid as a joint and survivor pension as required by Section 45 of the Act.

I understand that I may waive my right to receive a survivor pension, equal to at least 60% of the member/former member's pension benefit, should the member/former member predecease me. The waiver of my right will enable the member/former member to elect an alternative form of pension which may not provide a survivor pension to me or may provide a survivor pension that is less than 60% of the member/former member's pension, subject to the provisions of the pension plan.

I hereby waive my right to a joint and survivor pension as required by the Superintendent of Pensions under Directive No. 15 issued under the Act. The signature of the member/former member, below, serves as an acknowledgment that he or she agrees to such a waiver.

Dated at _____ in the Province of _____
CITY OR TOWN

this _____ day of _____, _____.
MONTH YEAR

Signature of Principal Beneficiary

Witness to Signature of Principal Beneficiary

Signature of Member/Former Member

Witness to Signature of Member/Former Member

Principal beneficiary means the spouse of the member or former member or, where the member or former member has a cohabiting partner, the member or former member's cohabiting partner as defined in the Act.

Prior to completing this form, each party should consider obtaining independent advice concerning their individual rights and the effect of this waiver.

This waiver is not effective unless it is delivered to the administrator or the insurance company, where appropriate, within the twelve month period immediately preceding the commencement of payment of the pension benefit as required by the Superintendent of Pensions under Directive No. 15 under the Act.