

ADDENDUM FOR LOCKED-IN RETIREMENT ACCOUNT (LIRA)

Pursuant to the *Pension Benefits Act* (Ontario)

BMO INVESTORLINE RETIREMENT SAVINGS PLAN

Plan Issuer – BMO Trust Company
52nd Floor, 1 First Canadian Place
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* (Ontario), and in accordance with the instructions of the Planholder to transfer the assets to an Ontario 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 *Pension Benefits Act* (Ontario) and the word "Regulation" means the Regulation made under the *Pension Benefits 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. 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. "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.** The word "Spouse" means either of two persons who:
 - (a) are married to each other, or
 - (b) are not married to each other and are living together in a conjugal relationship,
 - (i) continuously for a period of not less than three years, or
 - (ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act*.

Notwithstanding anything to the contrary contained in the Plan, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement savings plans, "Spouse" 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) the pension fund of a registered pension plan,
 - (b) another locked-in retirement account, or
 - (c) before January 1, 2009, a life income fund or locked-in retirement income fund

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).

5. **Transfers Out of the Plan.** The Locked-in Assets will not be transferred or withdrawn from the Plan in whole or in

part except:

- (a) to be transferred to the pension fund of a registered pension plan that conforms with the Act and the Regulation;
- (b) to be transferred to another locked-in retirement account that conforms with the Act and the Regulation;
- (c) to be transferred to a life income fund that conforms with Schedule 1.1 of the Regulation;
- (d) to purchase an immediate or deferred life annuity described in paragraph 7 of this Addendum, that meets the requirements of section 22 of the Regulation and subsection 146(1) of the *Income Tax Act* (Canada); or
- (e) to be paid in accordance with sections 49 or 67 of the Act or sections 22.2, 22.3 and 22.4 of the Regulation.

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 71 (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 life income fund or a locked-in retirement income fund pursuant to paragraph 5(c); 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.

6. **Subsequent Transfers.** The Plan Issuer will not permit any subsequent transfer except:

- (a) where the transfer is permitted under the Act and the Regulation; and
- (b) the subsequent transferee agrees to administer the assets transferred as a pension or deferred pension in accordance with the Act and the Regulation.

The Plan Issuer will advise any subsequent transferee in writing that the amount transferred must be administered as a pension or deferred pension under the Act and the Regulation.

7. **Annuity Purchased.** An annuity purchased under paragraph 5(d) of this Addendum must not begin before the earlier of:

- (a) the earliest date on which the Planholder who is a former member is entitled to receive pension benefits under the Act as a result of termination of employment or termination of membership in any pension plan from which money was transferred into the Plan; or
- (b) the earliest date on which the Planholder who is a former member is entitled to receive pension benefits under any pension plan described in subparagraph (a) as a result of termination of employment or termination of membership in the plan.

An immediate or deferred life annuity purchased under paragraph 5(d) shall not differentiate on the basis of the sex of the beneficiary if the commuted value of the pension benefit that was transferred into the Plan was determined in a manner that did not differentiate on the basis of sex.

8. **Withdrawal of Excess Amount.** In this paragraph, “excess amount” means the portion of the assets transferable under clause 42(1)(b) of the Act into the Plan that is greater than the amount prescribed for such a transfer under the *Income Tax Act* (Canada). If an excess amount has been transferred directly or indirectly into the Plan, the Planholder may, upon application in accordance with section 22.2 of the Regulation on a form approved by the Superintendent that is given to the Plan Issuer or the Agent, withdraw money from the Plan an amount not greater than the sum of:

- (a) the excess amount; and
- (b) any subsequent investment earnings, including any unrealized capital gains or losses, attributable to the excess amount as calculated by the Plan Issuer.

The amount that may be withdrawn is calculated as of the date on which the Plan Issuer pays the amount to the Planholder.

The application form must be signed by the Planholder and accompanied by one of the following documents:

- (i) a written statement from the administrator of the pension plan from which assets were transferred into the Plan setting out the excess amount that was transferred into the Plan; or
- (ii) a written statement from the Canada Revenue Agency setting out the excess amount that was transferred into the Plan.

The Plan Issuer and the Agent are entitled to rely upon the information provided by the Planholder in the application. An application that meets the requirements of section 22.2 of the Regulation constitutes authorization to the Plan Issuer to pay the amount to the Planholder from the Plan. The Plan Issuer is required to make the payments to which the Planholder is entitled under section 22.2 of the Regulation within 30 days after the completed application form and accompanying document are received.

The Planholder may withdraw an amount of Locked-In Assets from the plan where an amount is required to be paid to the Planholder to reduce the amount of tax that would otherwise be payable under Part X.1 of the *Income Tax Act (Canada)*.

9. **Withdrawal Where Small Amount.** The Planholder may, upon application in accordance with section 22.3 of the Regulation on a form approved by the Superintendent that is given to the Plan Issuer or the Agent, withdraw all of the Locked-In Assets or transfer the Locked-In Assets to a registered retirement savings plan or a registered retirement income fund if, when the Planholder signs the application, he or she is at least 55 years of age and the value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by him or her is less than 40% of the Year's Maximum Pensionable Earnings for that calendar year.

The application form must be signed by the Planholder and be accompanied by:

- (a) a declaration described in paragraph 11 of this Addendum about a Spouse; or
- (b) a statement by the Planholder attesting to the fact that none of the Locked-In Assets is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Planholder.

The value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by the Planholder when he or she signs the application is to be determined in accordance with the most recent statement about each fund or account given to the Planholder. Each such statement must be dated within one year before the Planholder signs the application.

The Plan Issuer and the Agent are entitled to rely upon the information provided by the Planholder in the application. An application that meets the requirements of section 22.3 of the Regulation constitutes authorization to the Plan Issuer to pay the amount to the Planholder from the Plan. The Plan Issuer is required to make the payments to which the Planholder is entitled under section 22.3 of the Regulation within 30 days after the completed application form and accompanying document are received.

10. **Withdrawal Where Shortened Life Expectancy.** The Planholder may, upon application in accordance with section 22.4 of the Regulation on a form approved by the Superintendent and that is given to the Plan Issuer or the Agent, withdraw all or part of the Locked-In Assets if, when the Planholder signs the application, he or she has an illness or physical disability that is likely to shorten his or her life expectancy to less than two years.

The application form must be signed by the Planholder and be accompanied by the following documents:

- (a) a statement signed by a physician who is licensed to practice medicine in a jurisdiction in Canada that, in the opinion of the physician, the Planholder has an illness or physical disability that is likely to shorten his or her life expectancy to less than two years; and
- (b) a declaration described in paragraph 11 of this Addendum about a Spouse or a statement signed by the Planholder attesting to the fact that none of the Locked-In Assets is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Planholder.

The Plan Issuer and the Agent are entitled to rely upon the information provided by the Planholder in the application. An application that meets the requirements of section 22.4 of the Regulation constitutes authorization to the Plan Issuer to make the payment from the Plan. The Plan Issuer is required to make the payment to which the Planholder

is entitled under section 22.4 of the Regulation within 30 days after the completed application form and accompanying documents are received.

11. **Withdrawal Where Non-Resident.** The Planholder may, upon application on a form approved by the Superintendent that is given to the Plan Carrier or the Agent, withdraw all the locked-in assets if:
- (a) when the Planholder signs the application, the Planholder is a non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the *Income Tax Act* (Canada); and
 - (b) the application is made at least 24 months after the Planholder's date of departure from Canada. The Plan Carrier and the Agent are entitled to rely upon the information provided by the Planholder in the application. An application that meets the requirements of section 22.5 of the Regulation constitutes authorization to the Plan Carrier to make the payment from the Plan. The Plan Carrier is required to make the payment to which the Planholder is entitled within 30 days after the Plan Carrier or the Agent receives the completed application form and accompanying documents.

12. **Declaration About a Spouse and Receipt.** Any of the following documents constitutes a declaration about a Spouse for the purposes of a withdrawal from the Plan under sections 22.3, 22.4 or 22.5 of the Regulation:
- (a) a statement signed by the Spouse, if any, of the Planholder that the Spouse consents to the withdrawal or transfer;
 - (b) a statement signed by the Planholder attesting to the fact that the Planholder does not have a Spouse;
 - (c) a statement signed by the Planholder attesting to the fact that the Planholder is living separate and apart from his or her Spouse on the date the Planholder signs the application to make the withdrawal or transfer.

If the Planholder is required to give a document to the Plan Issuer under section 22.3, 22.4 or 22.5, and if the document is one that must be signed by the Planholder or by his or her Spouse, the document is a nullity if it is signed by any of them more than 60 days before the Plan Issuer or the Agent receives it.

When the Plan Issuer receives a document required under section 22.3, 22.4 or 22.5, the Plan Issuer shall give the Planholder a receipt for the document stating the date on which it was received.

13. **Commutation or Surrender Where Financial Hardship.** The Planholder may apply, as set out in subsection 67(5) of the Act, for the Superintendent's consent to the commutation or surrender in whole or in part of the Locked-In Assets, if the Superintendent is satisfied as to the existence of such circumstances of financial hardship as may be prescribed in the Regulation. The application must be completed and signed by the Planholder on a form approved by the Superintendent and submitted with the statements and any other documents required under the Regulation, by the Planholder to the Superintendent.

Where the Superintendent consents under subsection 67(5) of the Act, the Plan Issuer is authorized to pay from the Plan, in accordance with the consent:

- (a) the specified amount, net of any withholding tax and fee, to the Planholder; and
- (b) the amount of any related fee approved by the Minister, net of withholding tax, to the Minister.

The specified amount may be paid in the form of a lump sum payment, monthly instalments or a combination of lump sum payment and monthly instalments. The Plan Issuer shall make the payment, or the first payment, as the case may be, within 30 days after receiving the Superintendent's consent. The consent is a nullity if the Plan Issuer receives it more than 12 months after the date of the Superintendent signs it.

14. **No Commutation, Withdrawal, Surrender Except As Permitted.** The Locked-In Assets will not be commuted, withdrawn or surrendered in whole or in part, during the lifetime of the Planholder who was a member or former member, except as permitted in section 49 or 67 of the Act or in sections 22.2, 22.3 and 22.4 of the Regulation. Any transaction that contravenes this paragraph is void.
15. **No Assignment etc. Except By Family Law Order or Domestic Contract.** The Locked-In Assets will not be assigned, charged, anticipated or given as security, except as permitted by subsection 65(3) of the Act (that is, by an order under the *Family Law Act* or by a domestic contract as defined in Part IV of the *Family Law Act*). Any transaction purporting to do so is void.

16. **Exemption from Execution, Seizure or Attachment.** The Locked-In Assets and any money payable from the Plan are exempt from execution, seizure or attachment, except in satisfaction of an order for support enforceable in Ontario to a maximum of one-half of the money payable.
17. **Death of the Planholder.** Upon the death of the Planholder, the Planholder’s Spouse or, if there is none on the date of the Planholder’s death or the Spouse is otherwise disentitled, his or her named beneficiary or, if there is none, his or her estate is entitled to receive a benefit equal to the value of the Locked-In Assets. The benefit payable under this section may be transferred to a registered retirement savings plan or a registered retirement income fund in accordance with section 48 of the Act and the *Income Tax Act* (Canada).
- A Spouse of the Planholder is not entitled to receive the value of the Locked-In Assets unless the Planholder was a member or former member of a pension plan from which assets were transferred directly or indirectly to the Plan. A Spouse living separate and apart from the Planholder on the date of the Planholder’s death is not entitled to receive the value of the Locked-In Assets.
- A Spouse may waive his or her entitlement to receive a benefit under the Plan by delivering to the Plan Carrier or the Agent submitting a written waiver in a form approved by the Superintendent. A Spouse may cancel this waiver of a benefit by delivering a written and signed notice of cancellation to the Plan Carrier or the Agent before the date of death of the Planholder.
18. **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 Issuer or the Agent.
19. **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.
20. **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).

Determination of Commuted Value on the Basis of Sex. Was the commuted value of the pension benefit that was transferred into the Plan determined in a manner that differentiated on the basis of sex?
 YES NO

If the commuted value of the pension benefit that was transferred into the Plan was not determined in a manner that differentiated on the basis of sex, then an annuity purchased with funds from the Plan shall not differentiate on the basis of sex.

Plan Issuer, by its Agent:

Planholder:

Name of LOB

Print Full Name

Signature of Authorized Person

Signature of Planholder

Date

Date