



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

Federal (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.

Please also remember that in this Addendum:

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

"**Maximum Unlocking Amount**" means the sum of M + N where:

M = the total amount of the expenditures that I expect to make on medical or disability related treatment or adaptive technology for the calendar year, and

N = is the greater of zero and the amount determined by the formula P-Q,

where;

P = 50% of the YMPE, and

Q = two thirds of my total expected income for the calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year for financial hardship from the Fund and any other LIF or any RLIF, LRSP or RLSP I hold.

"**Pension Act**" means the *Pension Benefits Standards Act, 1985* of Canada, as changed or replaced from time to time;

"**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 Standards Regulations, 1985* in force under the Pension Act, as changed or replaced from time to time; and

"**Spouse**" means the individual who is considered to be my spouse or common-law partner, as the case may be, 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" or "common-law partner" 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 RRIFs.

"**Survivor**" means:

- if there is no person described in paragraph (b), my spouse at the time of my death, or
- my common-law partner at the time of my death.

"**YMPE**" means the year's maximum pensionable earnings as defined in the *Canada Pension Plan*.

As well, the words "deferred life annuity", "financial institution", "immediate life annuity", "life income fund ("LIF")", "locked-in registered retirement savings plan ("LRSP")", "restricted life income fund ("RLIF")", "restricted locked-in savings plan ("RLSP")" and "pension benefit credit" have the same meanings given to them in the Pension Act and the Regulation.

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 Regulation and the *Income Tax Act* (Canada).
- 4. Valuation:** The value of the Fund at any time will be determined by the Agent pursuant to its regular valuation practices.
- 5. Establishment of Income:** I shall, at the beginning of each calendar year or at any other time agreed on by the Trustee, decide the amount of income to be paid out of the Fund in that year.
- 6. Minimum Income:** In the event that I do not decide the amount of income to be paid out of the Fund in a calendar year, the minimum amount determined in accordance with the *Income Tax Act* (Canada) shall be paid out of the Fund in that year.
- 7. Income Amount:** The amount of income paid out of the Fund during a calendar year, before the calendar year in which I reach 90 years of age, will not exceed the amount determined by the formula C/F

where

C = the balance of the Property in the Fund at the beginning of the calendar year, or if that amount is zero, at the date that the initial amount was transferred into the Fund; and

F = the value, as at the beginning of the calendar year, of a pension benefit of which the annual payment is \$1, payable on January 1 of each year between the beginning of that calendar year and December 31 of the year in which I reach 90;

except that if the maximum amount is less than the minimum amount required by the *Income Tax Act* (Canada), the minimum amount will prevail.

- 8. Income Amount at 90:** For the calendar year in which I turn 90 years of age and for all subsequent calendar years, the amount of income paid out of the Fund shall not exceed the value of the funds held in the Fund immediately before the time of payment.
- 9. Calculation of Pension Benefit:** The value "F" in paragraph 7 [Income Amount] of this Addendum will be established by using an interest rate that:
- for the first 15 years after January 1 of the year in which the LIF is valued, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the month of November before the beginning of the calendar year; and
 - for any subsequent year, is not more than 6%.
- 10. First Fiscal Year:** For the calendar year in which the Fund was entered into, the amount determined under paragraph 7 [Income Amount] or 8 [Income Amount at 90] of this Addendum, as the case may be, shall be multiplied by the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month.
- 11. Transfers from Other LIFs:** If, at the time the Fund was established, part of the Property was composed of funds that had been held in another LIF of mine earlier in the calendar year in which the Fund was established, the amount determined under paragraph 7 [Income Amount] or 8 [Income Amount at 90] of this Addendum, as the case may be, will be equal to zero in respect of that part of the Property for that calendar year, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.

12. Transfers from the Fund: Subject to paragraph 13 [No Withdrawals] of this Addendum, the Property in the Fund may only be:

- (a) transferred to another LIF or to a RLIF;
- (b) transferred to an LRSP; or
- (c) used to purchase an immediate or deferred life annuity, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), provided the annuity commences by December 31 of the year in which I attain the maximum age of the commencement of a retirement income as prescribed by the *Income Tax Act* (Canada), the Pension Act and Regulation from time to time.

13. No Withdrawals: Subject to this Addendum, no withdrawal, commutation or surrender of Property in the Fund 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.1 of the *Income Tax Act* (Canada).

14. Survivor's Benefits: Upon my death, the Property in the Fund shall be paid to my Survivor by:

- (a) transferring the Property to another LIF or to a RLIF;
- (b) using the Property to purchase an immediate or deferred life annuity, as stipulated in paragraph 60(l) of the *Income Tax Act* (Canada) and provided that, if at the time of transfer:
 - (i) my Survivor has not yet attained the maximum age for the commencement of a retirement income as prescribed by the *Income Tax Act* (Canada), the Pension Act and the Regulation from time to time, the annuity is to commence by December 31 of the year in which my Survivor reaches that age; or
 - (ii) my Survivor has attained the maximum age for the commencement of a retirement income as prescribed by the *Income Tax Act* (Canada), the Pension Act and the Regulation from time to time, the annuity is to commence immediately following the transfer; or

(c) transferring the Property to an LRSP.

15. No Assignment: Subject to subsection 25(4) of the Pension Act, the Property in the Fund may not be assigned, charged, anticipated or given as security and any transaction purporting to assign, charge, anticipate or give the Property as security is void.

16. Differentiation on the Basis of Sex: The pension benefit credit transferred to the Fund was not varied according to sex, and an immediate or deferred life annuity purchased by the Property accumulated in the Fund shall not differentiate as to sex.

17. Shortened Life Expectancy: I may withdraw Property from the Fund in a lump sum where a physician certifies that owing to mental or physical disability my life expectancy is likely to be shortened considerably.

18. Non-Residency Unlocking: Where I have ceased to be a resident of Canada for at least two consecutive calendar years, I may withdraw all or part of the Property from the Fund in a lump sum.

19. Small Balance Unlocking: In the calendar year in which I reach 55 years of age or, in any subsequent calendar year, I may withdraw Property from the Fund in a lump sum if I:

- (a) certify that the total value of all assets in all my LRSPs, LIFs, RLSPs, and RLIFs, created as a result of the transfer of pension benefit credits under the relevant provisions of the Pension Act, the Regulation, the *Pooled Registered Pension Plans Act* or the *Pooled Registered Pension Plans Regulations*, is less than or equal to 50% of the YMPE; and
- (b) provide a copy of Form 2 and Form 3 of Schedule V to the Regulation.

20. Financial Hardship Unlocking: I may withdraw Property from the Fund in a lump sum up to the lesser of the Maximum Unlocking Amount and 50% of the YMPE, minus any amount withdrawn in the calendar year for reasons of financial hardship from the Fund and any other LIF, or any LRSP, RLSP or RLIF, provided that:

- (a) I certify that I have not made any withdrawals, in the calendar year for reasons of financial hardship, from the Fund and any other LIF, or any LRSP, RLSP or RLIF other than within the last 30 days before the certification;
- (b) if the value of M under the Maximum Unlocking Amount is greater than zero,
 - (i) I certify that I expect to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of my total expected income for that calendar year determined in accordance with the *Income Tax Act* (Canada), excluding any withdrawals within the calendar year for reasons of financial hardship from the Fund and any other LIF, or any LRSP, RLSP or RLIF; and
 - (ii) a physician certifies that such medical or disability-related treatment or adaptive technology is required; and
- (c) I provide a copy of Form 1 and Form 2 of Schedule V to the Regulation.

21. Satisfaction of Minimum Amount: Prior to transferring Property from the Fund 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).

June 2024

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