



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

New Brunswick (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;

"**Pension Act**" means the *Pension Benefits Act* of New Brunswick, 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 *General Regulation - Pension Benefits Act* 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 according to section 1 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" 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.

As well, the words "life income fund ("LIF")", "locked-in retirement account ("LIRA")", "maximum unlocking amount", "retirement savings arrangement" and "Superintendent" 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). If there is a conflict between the Pension Act, the Regulation or the *Income Tax Act* (Canada) and this Addendum, the Pension Act, the Regulation or the *Income Tax Act* (Canada), as applicable, will prevail.

4. Transfers to the Fund: The only money that may be transferred to the Fund are sums originating, directly or indirectly, from:

- the fund of a registered pension plan that conforms with the Pension Act and the Regulation, or with similar legislation in another jurisdiction. If the money is being transferred under section 36 of the Pension Act or under a similar provision in legislation in another jurisdiction;
- another retirement savings arrangement that conforms with the Pension Act and the Regulation; or
- a life or deferred life annuity under a contract that conforms with the Pension Act and the Regulation.

5. Purchase of Life Annuity: Except as otherwise provided in the Regulation or this Addendum, the balance of the Property in the Fund, in whole or in part, may be converted at any time only into a life or deferred life annuity, in accordance with paragraph 60(1) of the *Income Tax Act* (Canada) and that conforms with section 23 of the Regulation.

6. Survivor's Benefits: If I die before signing a contract under which an annuity is purchased under paragraph 5 of this Addendum, the balance of the Property in the Fund shall be paid:

- to my Spouse, unless my Spouse has waived on Form 3.02 all rights that he or she may have in the Property under the Pension Act, the Regulation or the Declaration of Trust;
- if I do not have a Spouse or my Spouse has waived his or her rights, but have a designated beneficiary on death, to my beneficiary; or

- if I do not have a Spouse or a designated beneficiary on death, or my Spouse has waived his or her rights, to my estate.

7. Special Circumstances

- Shortened Life Expectancy:** I may withdraw the balance of the Property in the Fund, in whole or in part, and receive a payment or a series of payments if a physician certifies in writing to the Trustee that I suffer from a significant physical or mental disability that considerably reduces my life expectancy and provided that if I have a Spouse I have submitted a completed Form 3.01 to the Trustee.
- Foreign Nationals:** If I am, and my Spouse, if any, is, a foreign national and neither a Canadian citizen nor a Canadian resident (for purposes of the *Income Tax Act* (Canada)), I may withdraw the balance of the Property in the Plan provided that if I have a Spouse, I have submitted a completed Form 3.5 to the Trustee.

8. Other Permitted Withdrawals: I may withdraw an amount from the Fund if:

- the amount is withdrawn to reduce the amount of tax that would otherwise be payable under Part X.1 of the *Income Tax Act* (Canada) by me; and
- notwithstanding section 20 of the Regulation, the Trustee establishes a sub-account, that is not a RRIF, of the Fund, and I deposit the amount withdrawn, less any amount required to be withheld by the Trustee under the *Income Tax Act* (Canada), into the sub-account.

9. Transfers from the Fund: Unless the Fund provides for an early cashing-in value before the expiration of the term agreed to for the investment, I am entitled at any time after the term has expired:

- to transfer before a conversion referred to in paragraph 5 of this Addendum, the balance of the Property in the Fund, in whole or in part, to the pension fund of a registered pension plan that conforms with the Pension Act and the Regulation, or with similar legislation in another jurisdiction, or to a retirement savings arrangement that conforms with the Pension Act and the Regulation; or
- to convert the balance of the Property in the Fund, in whole or in part, into a life or deferred life annuity, in accordance with paragraph 60(1) of the *Income Tax Act* (Canada) and that conforms with section 23 of the Regulation, provided that the annuity commences by December 31 of the year in which I attain 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.

10. Conditions for Transfer: Before transferring Property in the Fund under paragraph 9 of this Addendum, the Trustee and I will complete the appropriate portions of Form 3.2 and the Trustee will forward the form, with the Property being transferred, to the transferee financial institution.

11. Division on Marriage Breakdown: The commuted value of the benefits provided under the Fund shall be determined in accordance with the Pension Act and the Regulation if it is divided under section 44 of the Pension Act, and sections 27 to 33 apply with the necessary modifications to the division, on breakdown of a marriage or common-law partnership, of the Property in the Fund.

12. No Assignment: No Property in the Fund shall be assigned, charged, alienated, anticipated, given as security or subjected to execution, seizure, attachment or other process of law except under section 44 of the Pension Act (breakdown of a marriage or common-law partnership) or subsection 57(6) of the Pension Act (orders for support or maintenance), and any transaction in contravention of this paragraph of the Addendum is void.

13. No Withdrawals: No Property in the Fund shall be commuted or surrendered during my lifetime, except under paragraphs 7 or 8 of this Addendum, section 44 of the Pension Act (breakdown of a marriage or common-law partnership) or subsection 57(6) of the Pension Act (orders for support or maintenance), and any transaction in contravention of this paragraph of the Addendum is void.

14. Amendments: An amendment to the Declaration of Trust shall not be made:

- (a) that would result in a reduction of the benefits arising from the Fund unless I am entitled, before the effective date of the amendment, to transfer the balance of the Property in the Fund in accordance with paragraph 9 of this Addendum and, unless a notice is delivered to me at least 90 days before the effective date, describing the amendment and the date on which I may exercise the entitlement to transfer;
- (b) unless the Fund, as amended, remains in conformity with the Pension Act and the Regulation; or
- (c) except to bring the Fund into conformity with requirements under an Act of the Legislature or other legislation in another jurisdiction.

15. Transfer of Investment Securities: A transfer under subclause 9(a) or 14(a) of this Addendum may, at the Trustee's option and if not otherwise stipulated in the Declaration of Trust, be effected by the remittance to me of the investment securities respecting the Fund.

16. Time for Transfer: Unless the Fund provides for an early cashing-in value before the expiration of the term agreed to for the investments, if there is Property in the Fund that may be transferred under subclause 9(a) or 14(a) of this Addendum, such Property shall be transferred no more than 30 days after my application for transfer.

17. Income Entitlement: I will be paid an income, the amount of which may vary annually, and that will commence not later than the last day of the second fiscal year of the Fund and will continue until the day on which the entire balance of the Property in the Fund is converted into a life annuity.

18. Fiscal Year: The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.

19. Establishment of Income: The amount of income payable during each fiscal year of the Fund shall be established by me once every year at the beginning of that fiscal year of the Fund, or at intervals of greater than one year if:

- (a) the Trustee guarantees the rate of return of the Fund during each such interval; and
- (b) such intervals end at the end of the fiscal year of the Fund.

20. Amount of Income: Subject to paragraphs 21, 22 and 23 of this Addendum, the amount of income payable during a fiscal year of the Fund will not be more than "M" or less than "m", with each being calculated in accordance with the following formulas:

$$M = C/F \quad \text{and} \quad m = C/H$$

where

- C = the balance of the Property in the Fund on the first day of the fiscal year;
- F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is \$1 payable on the first day of each fiscal year between the first day of the first fiscal year and December 31, inclusive, of the year in which I attain 90; and
- H = the number of years between January 1 of the year in which the calculation is made and December 31 of the year in which I attain 90, inclusive;

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

21. First Fiscal Year: For the purposes of paragraph 20 of this Addendum, for the first fiscal year of the Fund, the limit "m" will be equal to zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.

22. Transfers from Other LIFs: If the Property in the Fund is derived from money transferred directly or indirectly during the first fiscal year of the Fund from another LIF of mine, the limit "M" in paragraph 20 of this Addendum will be equal to zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.

23. Calculation of Guaranteed Pension: The value of "F" in a calculation under paragraph 20 of this Addendum will be established by the Trustee and I at the beginning of each fiscal year of the Fund by using:

- (a) an interest rate of not more than 6% per year; or
- (b) for the first 15 years after the valuation of the Fund, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the calendar year in which the calculation is made, as published in the Bank of Canada Review as CANSIM Series V122487 (or any other reference CANSIM rate prescribed by the Regulation) and using an interest rate not exceeding 6% in subsequent years.

24. Intervals of More Than One Year: If the amount of income payable to me is established under paragraph 19 of this Addendum at intervals that are greater than one year:

- (a) paragraphs 20 to 23 of this Addendum apply with the necessary modifications to the establishment of the amount of income payable in each fiscal year in the interval; and
- (b) the amount shall be established at the beginning of the first fiscal year in the interval.

25. Transfers to a RRIF: Notwithstanding paragraph 20 of this Addendum, I may request that the Superintendent approve the transfer of an amount from the Fund to a RRIF as defined in the *Income Tax Act* (Canada), that is not a LIF, by filing with the Superintendent a completed Form 3.3 and Form 3.4, and the Superintendent shall approve the transfer if:

- (a) an amount has never previously been transferred under this paragraph of the Addendum on my behalf; and
- (b) the amount to be transferred is not greater than the maximum unlocking amount.

26. Information Statements: The Trustee agrees to provide the information specified in subsections 22(7), (8) and (9) of the Regulation as, when and to those persons described therein.

27. Differentiation on the Basis of Sex: If the information provided in Form 3.2 indicates that the commuted value transferred into the Fund was determined on transfer in a manner that differentiated, while I was a member of the registered pension plan, on the basis of sex, the only money that may subsequently be transferred into the Fund is money that is also differentiated on the same basis.

28. Life Annuities: No money, including interest, transferred from a registered pension plan under subparagraph 36(1)(a)(iii) of the Pension Act to the Fund shall subsequently be used to purchase a life or deferred life annuity that differentiates on the basis of sex, unless the commuted value of the deferred pension transferred from the registered pension plan into the Fund was determined on transfer in a manner that differentiated, while I was a member of the registered pension plan, on the basis of sex.

29. 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).

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