



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

### Québec (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;

“**Fiscal Year**” is defined in paragraph 5 of this Addendum;

“**Former Member**” means the person who was a former member of the pension plan from which the sums transferred to the Fund originated;

“**Member**” means the person who was a member of the pension plan from which the sums transferred to the Fund originated;

“**Pension Act**” means the *Supplemental Pension Plans Act* of Québec, 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 *Regulation Respecting Supplemental Pension Plans* 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 according to section 85 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”)**” and “**RRIF**” 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. Transfers to the Fund:** The only amounts that may be transferred into the Fund are amounts coming directly or initially from:

- (a) the fund of a registered pension plan subject to the Pension Act;
- (b) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- (c) a supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
- (d) the locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* (Québec);
- (e) the locked-in account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, provided I had joined that plan as part of my employment;
- (f) a LIRA referred to in section 29 of the Regulation;

(g) an annuity contract referred to in section 30 of the Regulation and in accordance with subsection 146(1) of the *Income Tax Act* (Canada); or

(h) another LIF.

**5. Fiscal Year:** The fiscal year of the Fund ends on December 31 of each year and may not exceed 12 months (Fiscal Year).

**6. Establishment of Income:**

- (a) The amount of income paid during a Fiscal Year or, if I have reached age 55 and so request it, the amount of the payment of all or part of the balance of the Fund in one or more instalments is, subject to the lower limit referred to in paragraph 24 [Minimum Income] of this Addendum, set by me each year.
- (b) The amount of income set by me for a Fiscal Year prior to my having reached age 55 may not exceed the upper limit determined in accordance with paragraph 21 [Maximum Life Income (Under Age 55)] of this Addendum.

**7. Establishment of Life Income and Unlocking: Once I have reached age 55:**

- (a) the amount of life income that may be provided to me is estimated in accordance with paragraph 22 [Life Income (Age 55 or Over)] of this Addendum; and
- (b) all or part of the balance of the Fund, unless the term of the investments has not expired, may be paid to me in one or more instalments, at my request made at any time during a Fiscal Year.

Any such payment must be made, as applicable, regardless of the amount of the life income or of the payment in one or more instalments determined or received by me for the current fiscal year.

**8. Survivor’s Benefits:** If I am a Former Member or a Member and I die prior to the conversion of the balance in the Fund into a life pension, upon my death, my Spouse or, failing that, my successors are entitled to a benefit equal to the balance in the Fund.

**9. Spousal Waiver:** If I am a Former Member or a Member, my Spouse may, by giving notice in writing to the Trustee, waive entitlement to receive the pension benefit provided for in paragraph 8 [Survivor’s Benefits] of this Addendum or the life pension provided for in paragraph 2 of the second paragraph of section 23 of the Regulation and may, in the case of the pension benefit, revoke such a waiver by giving notice in writing to the Trustee to that effect before my death and, in the case of the life pension, before the date of conversion, in whole or in part, of the life income fund.

**10. No Entitlement:** If I am a Former Member or a Member, my Spouse ceases to be entitled to the pension benefit provided in paragraph 2 of the second paragraph of section 23 of the Regulation following separation from bed and board, divorce, nullity of marriage, nullity or dissolution of a civil union or, if my Spouse and I were not married or in a civil union, upon the cessation of our conjugal relationship, unless I have transmitted to the Trustee notice provided for in section 89 of the Pension Act.

**11. Unpaid Alimony:** The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgment rendered in favour of my Spouse that gives entitlement to a seizure for unpaid alimony.

**12. Transfers from the Fund:** I may transfer all or part of the balance of the Fund to a registered pension plan governed by the Pension Act or to

- (a) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- (b) a supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;

- (c) the locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* (Québec);
- (d) the locked-in account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, provided I have joined that plan as part of my employment;
- (e) a LIF referred to in section 18 of the Regulation;
- (f) a LIRA referred to in section 29 of the Regulation; or
- (g) an annuity contract referred to in section 30 of the Regulation and in accordance with paragraph 60(l) of the *Income Tax Act* (Canada),

provided the term agreed to for the investments has not expired.

I may not transfer a life or temporary income or, as the case may be, the payment of all or part of the balance of the Fund in one or more instalments to a registered retirement savings plan, a registered retirement income fund or the not locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* as referred to in paragraph 3 of section 28 of the Regulation.

**13. No Withdrawal:** 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 me to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada) and any equivalent provision of the *Taxation Act* (Québec).

**14. Investment Powers:** The powers that, where applicable, are granted to me with respect to the investment of the Property in the Fund are set out in the Declaration of Trust.

**15. Valuation:** The methods and factors used to establish the value of the Fund for the purpose of a transfer of Property, a conversion into a pension or a transfer upon my death at any time will be determined by the Trustee pursuant to its regular valuation practices.

**16. Income in Excess of Maximum:** If the income paid to me during a Fiscal Year exceeds the maximum amount that may be paid to me in accordance with the Regulation or this Addendum, I may, unless the payment is attributable to a false declaration by me, require the Trustee to pay to me, as a penalty, a sum equal to the surplus income paid.

**17. Amendments:** The Trustee may not make any amendment that would have the effect of reducing benefits under the Fund unless, before the date of the amendment, I have the right to transfer the balance of the Fund and receive, not less than 90 days before the date on which I may exercise that right, a notice indicating the nature of the amendment and the date from which I may exercise that right.

**18. Identifiable Securities:** The transfers referred to in paragraphs 12 [Transfers from the Fund] and 18 [Amendments] of this Addendum may, at the Trustee's option and unless otherwise stipulated, be effected by remittance of the investment securities of the Fund.

**19. Permitted Amendments:** The Trustee may not, except to fulfil requirements under law, make any amendments to the Declaration of Trust, other than those provided for in paragraph 17 [Amendments] of this Addendum without having previously notifying me, however, the Trustee may amend the Fund to the extent that it remains in conformity with the standard LIF contract amended and registered with *Retraite Québec*.

**20. Temporary Income (Under Age 55):** Where I am under 55 years of age, temporary income is payable to me, on my request, in monthly instalments none of which may exceed 1/12 of the difference between:

- (a) 50% of the Maximum Pensionable Earnings determined, for the year in which the payment is made, pursuant to the Act respecting the Québec Pension Plan (chapter R-9); and
- (b) 100% of my income for the 12 months that follow, excluding the temporary income;

provided that:

- (c) my income for the 12 months that follow, excluding the temporary income, does not exceed the amount referred to above; and

- (d) I make an application to that effect, accompanied with a declaration in conformity to the one prescribed in Schedule 0.5 of the Regulation and a written undertaking to request a suspension of payments as soon as my income, excluding the temporary income, reaches the amount referred to above.

Temporary income may not be paid to me where I have requested a suspension of payments nor after the end of the year in which I reach 55 years of age. If I am entitled to receive the temporary income and I am a Member or Spouse who has become entitled to a pension under a pension plan, I may, for the purposes of replacing such pension by a temporary income, apply once a year for the transfer from the pension plan to the Fund of an amount equal to the lesser of:

- (e) the additional amount required for the balance of the Fund to allow, until the end of the year, the payment of the monthly temporary income payments; and
- (f) the value of my benefits under the plan.

**21. Maximum Life Income (Under Age 55):** The upper limit of my life income, for a Fiscal Year where I am under 55 years of age, is equal to:

$$F \times C - A = E$$

where

F = the rate prescribed for a year, determined on the basis of the month-end, nominal interest rate earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled monthly by Statistics Canada and published in the Bank of Canada Banking and Financial Statistics, Series V122487 in the CANSIM system, by applying successively to that rate the following adjustments:

- (1) the conversion of the interest rate, based on interest compounded semi-annually, to an effective annual interest rate;
- (2) an increase of 2.75% of the effective interest rate; and
- (3) the rounding of the effective interest rate to the nearest multiple of 0.25%;

C = the balance of the Fund on the date on which the Fiscal Year begins, increased by any sums transferred to the Fund after that date and reduced by any sums originating directly or not during the same Fiscal Year from a LIF or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation; and

A = the maximum temporary income for the fiscal year determined in accordance with paragraph 25 [Maximum Temporary Income] of this Addendum or, if no amount was determined, the figure zero;

and where E may not be less than zero.

**22. Life Income (Age 55 or Over):** The estimated amount of life income, where I am 55 years of age or over, is established according to the method determined by Trustee or, if it decides otherwise, is equal to the amount "N" of the following formula:

$$D / T = N$$

where

D = the balance of the Fund on the date of the estimate;

T = the commuted value, at the beginning of the Fiscal Year, of the annual retirement pension of \$1, payable on 1 January of each year included in the period from the beginning of the Fiscal Year to 31 December of the year in which I reach 95 years of age, determined on the basis of the month-end, nominal interest rate earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled monthly by Statistics Canada and published in the Bank of Canada Banking and Financial Statistics, Series V122487 in the CANSIM system, by applying successively to that rate the following adjustments:

- (1) the conversion of the interest rate referred to in T, based on interest compounded semi-annually, to an effective annual interest rate;
- (2) an increase of 1.10% of the effective interest rate; and
- (3) the rounding of the effective interest rate to the nearest multiple of 0.25%.

and where N may not be lower than the lower limit determined in accordance with paragraph 24 [Minimum Income] of this Addendum and, when I attain age 95, T is equal to 1.

**23. Amount of Income (Under Age 55):** If I have not yet reached 55 years of age, the amount of income paid during a Fiscal Year may not exceed:

$$A + E = M$$

where

A = the maximum temporary income for the fiscal year determined in accordance with paragraph 25 [Maximum Temporary Income] of this Addendum or, if no amount was determined, the figure zero; and

E = the maximum life income determined in accordance with paragraph 21 [Maximum Life Income (Under Age 55)] of this Addendum.

**24. Minimum Income:** The amount of the income paid to me or of the payment to me of all or part of the balance of the Fund, in one or more instalments, during a fiscal year, may not be less than the minimum amount prescribed by the Taxation Act (chapter I-3), determined on the basis of my age or my Spouse's age where he or she is younger than me. Where the maximum amount is less than the minimum amount required under the Income Tax Act (Canada), the minimum amount will prevail.

**25. Maximum Temporary Income:** The maximum temporary income:

- (a) is calculated for the fiscal year following presentation of an application by me in accordance with paragraph 20 [Temporary Income (Under Age 55)] of this Addendum;
- (b) is equal to the product of multiplying the maximum monthly payment set in accordance with paragraph 20 [Temporary Income (Under Age 55)] of this Addendum by the number of months remaining in the year as of the first day of the month of the application or, where I am entitled, for that month, to a temporary income by reason of a prior application, as of the first day of the following month;
- (c) is increased where necessary by any income provided for in paragraph 20 [Temporary Income (Under Age 55)] of this Addendum and paid to me during the year but prior to payment of the income payable as a consequence of the application and reduced by any income paid to me, during the same period, from another LIF or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation; and
- (d) for a fiscal year may not be less than zero.

**26. Information Statements:** The Trustee agrees to provide the information referred to in sections 24 and 26 of the Regulation as, when and to those persons described therein.

**27. Conditions for Conversion:** All or a part of the balance of the Fund may only be converted, in accordance with paragraph 60(l) of the Income Tax Act (Canada), and on the following conditions:

- (a) the insurer guarantees payment of the pension in periodic, equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or a rate provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on my benefits, a redetermination of my pension, a partition of my benefits in favour of my Spouse, the payment of a temporary pension under the requirements provided for in section 91.1 of the Pension Act or the option provided for in subparagraph 3 of the first paragraph of section 93 of the Pension Act; and
- (b) where I am a Former Member or a Member and, in the event of my death, the insurer guarantees to my Spouse who has not waived it, a life pension equal to at least 60% of the amount of my pension including, during the replacement period, the amount of any temporary pension.

**28. 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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