

ONTARIO
ADDENDUM TO A RETIREMENT INCOME FUND ("RIF") FOR A LOCKED-IN PENSION TRANSFER,
AS FROM JANUARY 1ST 2008, TO A LIFE INCOME FUND ("LIF")

Upon receipt of locked-in money LBC Trust, the "Trustee", declares as follows:

1. For the purposes of this Addendum the word "Act" means the Pension Benefits Act (Ontario) and the word "Regulation" means Ontario Regulation R.R.O. 1990, Reg.909, being the Pension Benefits Act Regulation under the Act.
2. For the purposes of this Addendum, all words used herein shall have the meaning provided in the Act, the Regulation or Schedule 1.1 of the Regulation, as applicable.
3. Notwithstanding anything to the contrary contained in the RIF contract, including this Addendum forming a part thereof, "spouse" includes only person who is recognized as spouse or common law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund ("RIF").
4. The Annuitant declares to be a former member or a spouse of former spouse of a person who was a member and the funds being transferred to the LIF comes directly or initially from an amount transferred under the paragraph 42 (1) b) of the Act or all or part of the assets of a life income fund, a locked-in retirement account or a locked-in retirement income fund. Before making such transfer, the Annuitant has obtained the consent of his spouse, if applicable.
5. The money in the LIF will be invested in a manner that complies with the rules for the investment of Registered Retirement Income Funds money contained in the *Income Tax Act* (Canada) and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the Annuitant or the parent, brother sister or child of the Annuitant or the spouse of any such person.
6. The money in the LIF may not be assigned, charged, anticipated or given as security except as required by an order under *Family Law Act* (Ontario) or by a domestic contract as defined in Part IV of that Act.
7. The value of the LIF, at the relevant time, shall be the fair market value of the LIF upon:
 - a) the death of a person entitled to payment;
 - b) the establishment of life annuity;
 - c) a transfer of assets from the LIF;
8. The money in the LIF cannot be commuted, withdrawn or surrendered in whole or in part, except as permitted by section 49 or 67 of the Act, section 22.2 or Schedule 1.1 of the Regulation.
9. The fiscal year end of the LIF must end on the 31st day of December and must not exceed twelve months.
10. Payment out of the LIF must begin:
 - a) no earlier than the earliest date on which the former member is entitled to receive a pension under any registered pension plan from which money was transferred into the LIF directly or indirectly.
 - b) no later than the end of the second fiscal year of the LIF.
11. The Annuitant must establish the amount of income to be paid out for the fiscal year of the LIF, at the beginning of this fiscal year, or at another time agreed to by the Trustee, but not later than the end of the fiscal year to which it relates.
12. If the Annuitant does not establish the amount of income to be paid out for a fiscal year of the LIF, the minimum amount determined under paragraph 14 hereof shall be deemed to be the income to be paid for the fiscal year.
13. The value of the assets and payments under the LIF are subject to division in accordance with the terms of an order under the *Family Law Act* or a domestic contract as defined in Part IV of that Act.
14. This paragraph does not prevent a payment permitted under paragraph 8 and paragraphs 20 to 24 hereof or under section 22.2 of the Regulation. The amount of income paid out of the LIF during a fiscal year must not exceed the greatest of the following amount:
 - a) The investment earnings, including any unrealized capital gains or losses, of this LIF in the previous fiscal year;
 - b) If the money in the LIF is derived directly from another LIF or a locked-in RIF, and if the income is being paid out in the fiscal year following the fiscal year this LIF is established, the sum of:
 - (i) the investment earnings, including any unrealized capital gains or losses, of the transferring funds in the previous fiscal year; and
 - (ii) the investment earnings, including any unrealized capital gains or losses, of this LIF in the previous fiscal year.
- c) The amount calculated using the formula,
C/F, in which
C = the balance in the LIF at the beginning of the fiscal year, and
F = the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which the Annuitant reaches 90 year of age.
If the amount is less than the minimum amount prescribed for a Registered Retirement Income under the *Income Tax Act* (Canada), the minimum amount must be paid out as income for the fiscal year.
15. The amount of income paid out of the LIF during a fiscal year must not be less than the minimum amount prescribed for a Registered Retirement Income ("RIF") under the *Income Tax Act* (Canada).
16. The following interest rate assumptions are to be used with respect to the determination of the amount "F" in paragraph 14 hereof:
 - a) for the first 15 fiscal years, the value of the pension may be determined by using the greater percentage of following:
 - i) 6 per cent (6%); or
 - ii) the nominal rate of interest on long-term bonds issued by the Government of Canada for November of the year before the beginning of the fiscal year, as determined from the Canadian Socio-Economic Information Management system (CANISM) series V122487 compiled by Statistics Canada.
 - b) For the 16th and subsequent fiscal year, the interest rate is 6 per cent (6%).
17. If any money in the LIF is derived from money transferred directly or indirectly from another LIF or a locked-in RIF, the amount of income referred in paragraph 14 hereof shall be deemed to be zero in the fiscal year in which the money is transferred into.
18. For the initial year of the LIF, the amount of income to be paid referred in paragraph 14 hereof 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.
19. Subject to paragraph 146.3(2)(e) of the *Income Tax Act* (Canada), the Annuitant may transfer any or all assets of the LIF to:
 - a) another LIF governed by Schedule 1.1 of the Regulation; or
 - b) to purchase an immediate life annuity that meets the requirements of section 22 of the Regulations and paragraph 60 (7) of the *Income Tax Act* (Canada); a determination as to whether the Annuitant has a spouse is to be made on the date the annuity is purchased and the payments under the life annuity are subject to division in accordance with the terms of an order under the *Family Law Act* or a domestic contract as defined in Part IV of that Act.
20. The Annuitant may, within 60 days after the assets are transferred into this LIF, upon application, either to withdraw from the LIF or to transfer to an RRSP before the maturity date prescribed or required for in paragraph 146(2) (b.4) of the *Income Tax Act* (Canada) or to a RRIF, an amount representing up to 25 per cent (25%) of the total market value of the asset transferred into the LIF.
21. Despite paragraph 20 hereof, if the assets are transferred into the LIF from another LIF that is governed by Schedule 1.1 of the Regulation, the Annuitant cannot make a withdrawal or transfer described in paragraph 20 hereof unless the transfer was made in accordance with the terms of an order under the *Family Law Act* or a domestic contract as defined in Part IV of that Act.
22. The Annuitant may, upon application in accordance with this paragraph, withdraw all the money in the LIF or transfer the assets to an RRSP before the maturity date prescribed or required for in paragraph 146(2) (b.4) of the *Income Tax Act* (Canada) or to a RRIF if, when the Annuitant signs the application, the Annuitant is at least 55 years of age; and
 - a) the value of all assets in all LIFs, locked-in RIF and locked-in retirements accounts owned by the Annuitant is less than 40% of the Years Maximum Pensionable Earnings for that calendar year; and
 - b) for the purpose of a), the value is to be determined in accordance with the most recent statement about each fund or account given to the Annuitant. Each such statement must be dated within one year before the Annuitant signs the application.

23. The Annuitant may, upon application in accordance with this paragraph, withdraw all the money in the LIF, if
 - a) when the Annuitant signs the application he is a non-resident of Canada;
 - b) the application is made at least 24 months after his date of departure from Canada; and
 - c) the Annuitant provides a written determination from the Canada Revenue Agency that the person is a non-resident for the purposes of the *Income Tax Act (Canada)*.
24. The Annuitant may withdraw all the money in the LIF, if, when the Annuitant signs the application :
 - a) the Annuitant has an illness or physical disability that is likely to shorten the Annuitant's life expectancy to less than two years; and
 - b) the Annuitant provides a statement signed by a physician who is licensed to practise medicine in a jurisdiction in Canada that, in the opinion of the physician, the Annuitant has an illness or physical disability that is likely to shorten his life expectancy to less than two years.
25. The Trustee is entitled to rely upon the information provided by the Annuitant and make the payment or the transfer which the Annuitant is entitled to in accordance with paragraphs 20 to 24 hereof, only if ,
 - a) the application is made on a form approved by the Superintendent;
 - b) the application form must be signed by the Annuitant and accompanied by ,
 - (i) a declaration in accordance with Section 12 of Schedule 1.1 of the Regulation, about a spouse, signed by the Annuitant or by his or her spouse within 60 days before the Trustee receives it; or
 - (ii) a statement signed by the Annuitant attesting the fact that none of the money in the LIF is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.
26. If the assets in the LIF consist of identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Annuitant.
27. For the purposes of paragraphs 20 to 25 hereof, prior to maturity, the Trustee is entitled to rely upon the information provided by the Annuitant within 30 days after the Trustee receives the application, if the application meets the requirements, and that constitutes authorization to the Trustee to pay the money to the Annuitant.
28. The Trustee agrees to make such transfer, in paragraph 19 above, within thirty (30) days after the Trustee has received such a request from the Annuitant. This obligation does not apply with respect to the transfer of assets held as securities whose term of investment extends beyond the thirty (30) day period.
29. If the Annuitant is a member of former member of a pension plan and if the Annuitant dies before the balance of the LIF is used to purchase the life annuity, the Annuitant's spouse or, if there is none or if the spouse is otherwise disentitled, the Annuitant's estate is entitled to receive a benefit equal to the value of the assets in the LIF.
30. If the beneficiary is eligible, the benefit described in paragraph 29 hereof may be transferred to an RRSP, before the maturity date prescribed or required for in paragraph 146(2) (b.4) of the *Income Tax Act (Canada)*, or RRIF in accordance with the *Income Tax Act (Canada)*.
31. A spouse whose is living separate and apart from the Annuitant on the date of the Annuitant's death is not entitled to receive the benefit provided in for paragraph 29 hereof.
32. For the purposes of paragraph 29, the spousal of the Annuitant is to be determined on the date of death of the Annuitant.
33. The spouse of the Annuitant may waive his or her entitlement to receive the survivor's benefits provided in for paragraph 29 hereof, by delivering to the Trustee a written waiver in a form approved by the Superintendent.
34. A spouse who has delivered a waiver to receive the survivor's benefits provided in for paragraph 29 hereof, may revoke it by delivering a written an signed notice of cancellation to the Trustee before the date of the death of the Annuitant.
35. The Trustee may amend the LIF, but must not amend the LIF if the amendment would result in a reduction in the Annuitant's benefits under the LIF unless:
 - a) the Trustee is required by law to make the amendment; and
 - b) the Annuitant is entitled to transfer the balance in the LIF under the terms of the LIF that existed before the amendment is made.
36. When the Trustee makes an amendment under paragraph 35 hereof, the Trustee must
 - a) give to the Annuitant by registered mail to the Annuitant's address as set out in the record of the Trustee, a ninety (90) day notice indicating the nature of the amendment; and
 - b) allow the Annuitant at least ninety (90) days after the notice is given to transfer all or part of the balance in the LIF.
37. At the beginning of each fiscal year, the Trustee must provide the following information to the Annuitant:
 - a) the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made out of the LIF and the fees charged against it during the previous fiscal year;
 - b) the value of the assets in the LIF as of the beginning of the fiscal year;
 - c) the minimum amount that must be paid out of the LIF to the Annuitant during the current fiscal year; and
 - d) the maximum amount that may be paid out of the LIF to the Annuitant during the current fiscal year.
38. If the balance of the LIF is transferred as described in paragraph 19 hereof, the Annuitant must be given the information described in paragraph 37 determined as of the date of the transfer.
39. If the Annuitant dies before the balance in the LIF is used to purchase an immediate life annuity, the person entitled to receive the balance must be given the information described in paragraph 37, determined as of the date of the Annuitant's death.
40. The Trustee hereby affirms the provisions contained in the Retirement Income Fund, and that the conditions of this Addendum will take precedence over other provisions in the RIF in the case of conflicting or inconsistent provisions.

NAME OF ANNUITANT: _____

SIGNATURE OF ANNUITANT: _____

DATE: _____

ANNUITANT'S SPOUSE: _____

SIGNATURE OF ANNUITANT'S SPOUSE: _____

DATE: _____,20_____

DATE: _____,20_____

AUTHORIZED REPRESENTATIVE