

Upon receipt of the locked-in pension assets pursuant to the *Pension Benefits Standards Act*, 1985 (Canada) and in accordance with the instructions to transfer the assets to a Life Income Fund (LIF), B2B Trust and the LIF-holder agree that the provisions of this Addendum are appended to and form additional terms of the Contract for this retirement income fund, as follows:

### Definitions

1. For the purposes of this Addendum, the word “Act” means the *Pension Benefits Standards Act*, 1985 (Canada), as amended and the word “Regulation” means Canada Regulation SOR/87-19, being the *Pension Benefits Standards Regulations* 1985, as amended.
2. All the terms in this Addendum which are used in the Act or the Regulation have the same meaning as in the Act or the Regulation. In this Addendum, “Contract”, means the above-named retirement income fund governed by the terms contained in the application form including the Declaration of Trust, as well as the additional terms contained in this Addendum. “Locked-in assets” means all the assets in the LIF at any time and includes any interest or other earnings realized or accrued to that time.
3. The word “spouse” means a person who,
  - a) at the relevant time,
    - i. is married to the LIF-holder, or
    - ii. is party to a void marriage with the LIF-holder; or
  - b) if there is no person in subparagraph a),
    - i. is cohabiting with the LIF-holder in a conjugal relationship,
    - ii. having cohabited with the LIF-holder for at least 1 year.

Notwithstanding anything to the contrary contained in the plan or this Contract, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement income funds, “spouse” does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

### Transfers

4. Subject to this Addendum, the Locked-in assets may only be:
  - a) transferred to another LIF or to a restricted LIF (RLIF);
  - b) transferred to a locked-in registered retirement savings plan (Locked-in RRSP); or
  - c) used to purchase an immediate life annuity or a deferred life annuity.
5. All transfers and payments from the LIF are subject to:
  - a) the terms of the investments held;
  - b) the withholding of any applicable tax; and
  - c) the deduction of all fees, expenses, costs, charges and disbursements in connection with the LIF.

## Withdrawals

### YMPE-based Lump Sum Payment

6. In the calendar year in which the LIF-holder reaches 55 years of age or in any subsequent calendar year, the Locked-in assets may be paid to the holder in a lump sum if
- a) the holder certifies that the total value of all assets in all Locked-in RRSPs, LIFs, restricted locked-in savings plans (RLSP) and RLIFs that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by the Regulation is less than or equal to 50% of the Year's Maximum Pensionable Earnings, and
  - b) the holder gives a copy of Form 2 and Form 3 of Schedule V to B2B Trust.

### Financial Hardship

7. The LIF-holder may withdraw Locked-in assets in an amount up to the lesser of the amount determined by the formula  $M + N$  and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any Locked-in RRSP, LIF, RLSP or RLIF of the holder), where

M is the total amount of the expenditures that the holder expects 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 is 50% of the Year's Maximum Pensionable Earnings, and

Q is two thirds of the holder's 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 (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any LIF, Locked-in RRSP, RLSP or RLIF of the holder)

if

- a) the holder certifies that he/she has not made a withdrawal in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any Locked-in RRSP, LIF, RLSP or RLIF of the holder) other than within the last 30 days before this certification;

- b) in the event that the value of M is greater than zero,

- (A) the holder certifies that he/she expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the holder's total expected income for that calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any Locked-in RRSP, LIF, RLSP or RLIF of the holder), and

- (B) a physician certifies that such medical or disability-related treatment or adaptive technology is required; and

- c) the holder gives a copy of Form 1 and Form 2 of Schedule V of the Regulation to B2B Trust.

### Shortened Life Expectancy

8. Where a physician certifies that, owing to mental or physical disability, the life expectancy of the holder is likely to be shortened considerably, the Locked-in assets may be paid to the holder in a lump sum.

## Income

9. The LIF-holder shall, at the beginning of each calendar year or at any other time agreed on by B2B Trust, decide the amount to be paid out of the LIF in that year.
10. In the event that the LIF-holder does not decide the amount to be paid out of the LIF in a calendar year, the minimum amount determined in accordance with the Income Tax Act (Canada), shall be paid out of the LIF in that year.
11. For any calendar year before the calendar year in which the LIF-holder reaches 90 years of age, the amount of income paid out of the LIF during a calendar year shall not exceed the amount determined by the formula C/F:

Where

C = the balance in the LIF

- a) at the beginning of the calendar year; or
- b) if the amount determined in subparagraph (a) is zero, at the date when the initial amount was transferred into the LIF; 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 the holder reaches 90 years of age, established using an interest rate that

- i. 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 second month before the beginning of the calendar year; and
  - ii. for any subsequent year, is not more than 6%.
12. For the calendar year in which the LIF-holder reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the LIF shall not exceed the value of the Locked-in assets immediately before the time of payment.
13. For the calendar year in which this Contract is entered into, the amount determined in paragraphs 11 or 12 of this Addendum, shall be multiplied by the number of months remaining in that year and then divided by 12, with any part of an incomplete month counting as one month.
14. If, at the time the LIF was established, part of the LIF was composed of Locked-in assets that had been held in another LIF of the holder earlier in the calendar year in which the fund was established, the amount determined under paragraphs 11 or 12 of this Addendum is deemed to be zero in respect of that part of the LIF for that calendar year.

## Death of the LIF-holder

15. On the death of the LIF-holder, the Locked-in assets shall:
  - a) if, prior to death, the LIF-holder was a member or former member of the registered pension plan from which the Locked-in assets originated and is survived by a spouse, be:
    - i. applied to purchase an immediate or deferred life annuity for the holder's spouse in accordance with paragraph 60(I) of the *Income Tax Act* (Canada);
    - ii. transferred to a Locked-in RRSP for the spouse; or,
    - iii. transferred to a LIF or to a RLIF for the spouse; or

b) if, as of the LIF-holder's date of death, there is no spouse entitled to the assets pursuant to paragraph 15a) of this Addendum, be:

i. paid to the LIF-holder's designated beneficiary, or,

ii. if, no beneficiary has been designated in accordance with the Plan, paid to the LIF-holder's estate.

#### **Payment to Non-Resident**

16. Locked-In Assets may be paid to the LIF-holder if, according to information provided in a form and content satisfactory to B2B Trust, the following conditions are met:

a) the LIF-holder is a non-resident of Canada;

b) the LIF-holder has been a non-resident of Canada for at least two calendar years; and

c) the LIF-holder has ceased employment with the employer who was contributing to the pension plan which gave rise to the locked-in pension benefit credits.

#### **Prohibition**

17. Subject to subsection 25(4) of the Act, the Locked-in assets shall not be assigned, charged, anticipated or given as security and any transaction purporting to assign, charge, anticipate or give the Locked-in assets as security is void.

#### **Valuation**

18. For the purpose of determining the value of the LIF, including the valuation method used to establish its value on the death of the LIF-holder or on the transfer of the Locked-in assets, the value of the contract shall be the fair market value of the contract at the relevant time.

#### **Differentiation on the Basis of Sex**

19. The pension benefit credit transferred pursuant to section 26 of the Act:

☐ was varied according to the sex of the plan member;

☐ was not varied according to the sex of the plan member.

20. If a pension benefit credit transferred to a LIF was not varied according to the sex of the plan member, an immediate life annuity or a deferred life annuity purchased with the Locked-in assets shall not differentiate as to sex.

## Amendment

21. B2B Trust may from time to time in its discretion amend this Addendum by giving 30 days notice to the LIF-holder. No amendment shall be made to the Contract or this Addendum unless the amendments are in conformity with the Act and the Regulation and with section 146.3 of the *Income Tax Act* (Canada).

**Please send completed Addendum to :**

**B2B Trust**

130 Adelaide Street West, Suite 200, Toronto, Ontario M5H 3P5

Toll Free: 1.800.263.8349 or locally at 416.947.7427

b2btrust.com



B2B Trust Authorized Signature

\_\_\_\_\_  
Name of LIF-holder

\_\_\_\_\_  
Signature of LIF-holder

\_\_\_\_\_  
Date (mm/dd/yyyy)

Signature Guarantee