

ADDENDUM FOR LIFE INCOME FUND (LIF)

Pursuant to the *Pension Benefits Standards Act* (British Columbia)

BMO INVESTORLINE RETIREMENT INCOME FUND

Plan Carrier – BMO Trust Company
52nd Floor, 100 King St. W.
Toronto, Ontario M5X 1H3
Acting through its Agent, BMO InvestorLine Inc.

CLIENT NAME: _____

ACCOUNT #: _____

Upon receipt of locked-in pension assets pursuant to the *Pension Benefits Standards Act* (British Columbia), and in accordance with the instructions of the Planholder to transfer the assets to an British Columbia life income fund, the Plan Carrier and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the declaration of trust for the above-named retirement income fund.

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Pension Benefits Standards Act* (British Columbia) and the word "Regulation" means the *Pension Benefits Standards Regulation* under the Act.
2. **Definitions.** All terms in this Addendum, which are used in the Act or Regulation, have the same meaning as under the Act or Regulations. For greater certainty, the words "contract", "LIF", "life annuity contract", "owner", "preceding year's investment returns", "reference rate", "transfer", "underwriter" and "value of the contract" have the same meaning as given in section 30 of the Regulation; the word "life income fund" has the same meaning as given in section 1 of the Regulation; and the words "former member", "member", "pension", "pension plan", "RRSP", "superintendent" and "Year's Maximum Pensionable Earnings" have the same meaning as given in section 1 of the Act.

In this Addendum, "Plan" means the above-named retirement income fund, governed by the declaration of trust and the additional terms of this Addendum. "Planholder" means the planholder, accountholder or annuitant under the declaration of trust and application form for the Plan and includes the "owner" of the Plan as that term is used in the Regulation. "Locked-In Assets" means all the assets in the Plan at any time, including any interest or other earnings realized or accrued to that time.

3. **Spouse.** The word "spouse" means, in relation to the Planholder,
 - (a) a person who at the relevant time was married to the Planholder and who, if living separate and apart from the Planholder, did not live separate and apart from the Planholder for longer than the 2 year period immediately preceding the relevant time, or
 - (b) if paragraph (a) does not apply, a person who was living and cohabiting with the Planholder in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

Notwithstanding anything to the contrary contained in the Plan, this Addendum or any endorsements forming a part thereof, 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).

4. **Used to Provide or Secure Pension Benefits.** Subject to paragraph 30(8)(b) and subsection (10) of the Regulation, all the Locked-In Assets are to be used to provide or secure pension benefits as required by the Act and the Regulation.
5. **Transfers Into the Plan.** The only assets that may be transferred into the Plan are assets originating, directly or indirectly, from:
 - (a) a registered pension plan;
 - (b) another LIF;
 - (c) a locked-in RRSP; or
 - (d) a life annuity contract;

that conforms with the *Income Tax Act* (Canada), the Act and the Regulation.

6. **Transfers Out of the Plan.** The Planholder may not transfer all or part of the Locked-In Assets except:

- (a) to transfer another underwriter's LIF contract on the relevant conditions specified in section 30 of the Regulation;
- (b) to transfer to an underwriter's locked-in RRSP on the relevant conditions specified in section 29;
- (c) to transfer to a registered pension plan on the conditions referred to in section 33(2)(a) of the Act;
- (d) to purchase a deferred life annuity contract that meets the conditions of paragraphs 30(8)(k) and (k.1) of the Regulations, and paragraph 60(l) of the *Income Tax Act* (Canada); or
- (e) to purchase an immediate life annuity contract that meets the condition of paragraph 60(l) of the *Income Tax Act* (Canada).

Any transfer out of the Plan must be made on a tax-deferred basis under the *Income Tax Act* (Canada).

In accordance with paragraph 146.3(2)(e) the *Income Tax Act* (Canada), the Plan Carrier will retain sufficient Locked-In Assets to satisfy the requirement to pay the minimum amount of the Planholder for the year.

7. **Conditions on Transfer.** The Plan Carrier, before transferring any Locked-In Assets to another underwriter, will ensure the other underwriter's name and contract are on the superintendent's list established under subsection 30(3) of the Regulation, advise the other underwriter in writing of the requirement to lock-in the assets, make the other underwriter's acceptance of the transfer subject to the conditions provided in subsection 30(8) of the Regulation.
8. **Joint Life Pension.** If the Locked-In Assets are to be used to purchase a life annuity contract, the pension to be provided to a Planholder who is a former member of the pension plan who has a spouse at the date the pension commences is to be a joint life pension payable during the joint lives of the former member and the spouse with at least 60% continuance to be payable to the survivor for life after the death of either, unless the spouse waives the entitlement in the form and manner set out in Form 2 of Schedule 2 of the Regulation.
9. **Fiscal Year of Plan.** The fiscal year of the Plan ends on December 31 of each year and never exceeds 12 months.
10. **Requirement to Pay Annual Income.** The Planholder will be paid an income, the amount of which may vary annually. The payment of the income will commence not later than the last day of the 2nd fiscal year of the Plan.
11. **Establishing Amount and Frequency of Payments.** The Planholder must notify the Plan Carrier by instructions of the amount and frequency of the payments for each fiscal year. If the Planholder does not give instructions as to the amount of the payments or instructs an amount less than the minimum amount, the minimum amount prescribed for a registered retirement income fund under the *Income Tax Act* (Canada) will be paid. If the Planholder does not give instructions as to the frequency of the payments, the amount will be paid in one payment at the end of the fiscal year.

The instructions must be given at the beginning of the fiscal year to which they relate, after the receipt of the information specified in paragraph 24 of this Addendum. The instructions expire at the end of the fiscal year to which they relate. However, where the Agent guarantees the rate of return of the Plan over a period that is greater than one year and that ends at the end of a fiscal year, then the Planholder may give instructions, at the beginning of that period, for the amount of income to be paid during the period.

With the consent of the Plan Carrier, the Planholder may change the amount and frequency of the payments or request additional payments by instructing the Plan Carrier.

The Planholder must give the Plan Carrier instructions as to which of the Locked-In Assets to sell where required in order to ensure there is sufficient cash in the Plan to make the payments. If the Plan Carrier does not receive the instructions within a reasonable time before a payment is required, the Plan Carrier may sell any of the Locked-In Assets that the Plan Carrier, in its discretion, considers appropriate to provide the required cash; and the Plan Carrier will not be liable for any loss that may result from this action, including but not limited to investment losses or diminution of the Locked-In Assets, or for any related investment or administration expenses.

12. **Amount of Annual Income.** The amount of income paid during a fiscal year of the Plan will not be less than the minimum amount required to be paid under the *Income Tax Act* (Canada) and the regulations under the *Income Tax Act* (Canada), if there is a minimum amount, and will not be the greater of:
 - (a) M, as determined in accordance with the following formula:

$$M = C/F$$

where

C = the balance of the Locked-In Assets in the Plan on the first day of the fiscal year; and

F = the factor in Schedule III for the reference rate for the year and the Planholder's age at the end of the preceding year, and

(c) the preceding year's investment returns for the Plan, if there was a preceding year.

13. **Limit of M Where Transfer During First Year.** If the Locked-In Assets are derived from assets transferred directly or indirectly during the first fiscal year of the Plan from another LIF of the Planholder, the limit M is equal to zero except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.
14. **Additional Withdrawal Where Transfer Other Than From Another LIF or LRIF.** If in any fiscal year an additional transfer is made to the Plan and that additional transfer has never been under a LIF before, an additional withdrawal will be allowed in that fiscal year. The additional amount of withdrawal will not exceed the maximum amount that would be calculated under section 30 of the Regulation if the additional transfer were being transferred into a separate LIF.
15. **Income Fixed for More Than One Year.** Where, in the application of paragraph 11 of this Addendum, the amount of income to be paid to the Planholder is fixed at an interval of more than one year, paragraphs 12 and 13 will apply with such modifications as the circumstances require to determine, at the date at the beginning of the first fiscal year in the interval, the amount of income to be paid for each fiscal year in that interval.
16. **Withdrawal Where Physical Disability.** The Locked-In Assets may be withdrawn as a lump sum or series of payments for the purposes of section 40(2) of the Act where a physician certifies, in a form and manner satisfactory to the Plan Issuer, that due to a physical disability the life expectancy of the Planholder is likely to be shortened considerably, but the payment may only be made if the spouse of the Planholder has waived the joint life pension entitlement in the form and manner set out in Form 2 of Schedule 2.
17. **Withdrawal Where Small Amount.** A Planholder who is a former member is exempt from section 30 of the Act and the requirements of subsections 30(2), (5), (8) (a) and (g) to (j), (11) and (13 to (16) of the Regulation, if the balance of the Plan does not exceed 20% of the Year's Maximum Pensionable Earnings.

A Planholder who is age 65 or older may commute the value of the Locked-In Assets if the Planholder has, in the aggregate, in each defined contribution pension plan, locked-in RRSP or life income fund referred to in section 30(11) of the Act, not more than an amount equivalent to 40% of the Year's Maximum Pensionable Earnings and completes a declaration of commutable amount using Form 5 of Schedule 2 and files a copy of the completed form with the Plan Issuer. If the Planholder has a spouse, the Planholder must obtain the spouse's waiver of entitlements using Form 2 of Schedule 2 and file a copy of the completed form with the Plan Issuer.

A LIF for which the balance of the Plan exceeds 20% of the Year's Maximum Pensionable Earnings must not be divided into two or more of any combination of locked-in RRSP or life income fund contracts, if any of them would have a resulting balance less than 40% of the Year's Maximum Pensionable Earnings.

18. **Withdrawal Where Non-Resident.** The Locked-In Assets may be withdrawn if the Planholder has been absent from Canada for 2 or more years, has become a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) and completes and files a certificate of non-residency in Form 6 in the manner described in section 23.1(2) of the Regulation.
19. **Relationship Breakdown.** Every transfer to a LIF under Part 6 of the *Family Relations Act* (Division of Pension Entitlement) must be made in accordance with section 30 of the Regulation.
20. **Death of Planholder.** On the death of the Planholder who has a spouse, the Locked-In Assets will be used to provide a pension for the surviving spouse unless the surviving spouse waives spousal entitlement in the form and manner set out in Form 4 of Schedule 2, the Locked-In Assets must be transferred to:
 - (a) another LIF contract on the relevant conditions specified in section 30 of the Regulation;
 - (b) a locked-in RRSP on the relevant conditions specified in section 29 of the Regulation;
 - (c) a pension plan on the conditions referred to in section 33(2)(a) of the Act; or
 - (d) purchase a life annuity contract, under paragraph 60(l) of the *Income Tax Act* (Canada).

If the Planholder is not survived by a spouse or the surviving spouse waives spousal entitlement in the form and manner set out in Form 4 of Schedule 2, the Locked-In Assets will be paid by way of a lump sum payment to the designated beneficiary or, if there is no valid designation of beneficiary, to the Planholder's estate.

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21. **No Assignment etc. and Exempt.** Except as provided for in the Act or the Regulation, the Locked-In Assets may not be assigned, charged, alienated or anticipated and are exempt from execution, seizure or attachment. Any transaction purporting to assign, alienate or anticipate the Locked-In Assets is void.
22. **Manner of Investment.** The Locked-In Assets will be invested and re-invested on the direction of the Planholder as provided in the declaration of trust, and will be invested in a manner that complies with the rules for the investment of RRIF assets contained in the *Income Tax Act (Canada)* and the regulations under the *Income Tax Act (Canada)*. The Locked-In Assets will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the Planholder or the parent, brother, sister or child of the Planholder or the spouse of any of those persons.
23. **Terms of Investments; Transfers and Payments** All transfers and payments from the Plan are subject to the terms of the investments and will be subject to the withholding of any applicable tax and deduction of all reasonable expenses, costs, fees and charges. Transfers and payments may be made in cash or in kind, in accordance with the instructions of the Planholder and subject to the terms of the investments and the requirements of the Plan Issuer or the Agent.
24. **Providing Information.** The Plan Carrier will, within 90 days of the beginning of each fiscal year of the Plan:
- (a) provide to the Planholder information respecting
 - (i) the sums deposited, the investment income earned, the payments made out of the Plan and the fees charged against the Plan during the previous fiscal year,
 - (ii) the balance in the Plan, and
 - (iii) the minimum amount that must, and the maximum amount that may, be paid out of the Plan to the Planholder during the current fiscal year;
 - (b) if the balance of the Locked-In Assets is transferred as described in paragraph 6 of this Addendum, provide the information described in subparagraph (a) to the Planholder as of the date of transfer; and
 - (c) if the Planholder dies before the balance of the Locked-In Assets is used to purchase a life annuity contract or is transferred under paragraph 6 of this Addendum, provide the information described in subparagraph (a) to the person entitled to receive the Locked-In Assets as of the date of death.
25. **Provision on Improper Pay Out.** If Locked-In Assets are paid out contrary to the Act or section 30 of the Regulation, the Plan Issuer will provide or ensure the provision of a pension equal in value to the pension that would have been provided had the Locked-In Assets not been paid out.
26. **Provision on Improper Transfer.** If the Plan Issuer does not comply with paragraph 7 of this Addendum, and the transferee financial institution fails to pay the assets transferred in the form of a pension or in the manner required by subsection 30(8) of the Regulation, the Plan Issuer continues to be liable to ensure that the Planholder receives a pension equal in value to the pension that would have been provided had the transfer not been made.
27. **Indemnity.** Should the Plan Issuer and/or its Agent be required to make payments or to provide an annuity or a pension as a result of any Locked-In Assets being paid out or transferred otherwise than in accordance with the provisions of this Addendum, the Regulation or as may be required by applicable law, the Planholder will indemnify and hold harmless the Plan Issuer and/or the Agent to the extent that Locked-In Assets were previously received by or accrued to the benefit of any of them or the Planholder's estate. This indemnity will be binding upon the Planholder's legal representatives, successors, heirs and assigns.
28. **Amendment.** No amendment shall be made to the Plan unless the Plan as amended remains in conformity with the Act and the Regulation and with section 146.3 of the *Income Tax Act (Canada)* .

Plan Carrier, by its Agent:

Planholder:

Signature of Authorized Person

Print Full Name

Signature of Planholder

Date

Date

Form 3

(section 30 (7)) and (30.1)

**SPOUSE’S CONSENT TO TRANSFER LOCKED-IN PENSION FUNDS TO A LIF OR TO
RECEIVE LIF TYPE PAYMENTS DIRECTLY FROM A PENSION PLAN**

1 I,, am
the “spouse” of (full name), who is a member or former
member of a pension plan regulated by the Pension Benefits Standards Act of British Columbia.

2 Being the member or former member’s “spouse” means that (check one)

- I am married to the member or former member, and have not been living separate and apart from that person for the preceding two years,
- I have been living with the member or former member, as husband and wife, for the preceding 2 years,
- I am the same gender as, and have been living with, the member or former member in a marriage like relationship for the preceding 2 years.

3 I understand that my spouse wishes to transfer his/her pension benefit to a Life Income Fund (a “LIF”), or to receive LIF type payments directly from the pension plan, and that my written consent is required to enable my spouse to do so.

4 I understand that

- (a) transferring the pension benefit to a LIF will allow my spouse to manage his or her own pension fund money, and will allow some flexibility in determining when the money is used,
- (b) the remaining funds in the LIF or in the pension plan may be used to purchase a life annuity at any time, but there is no requirement that the remaining funds be used to purchase a life annuity at any time
- (c) if the remaining funds are used to purchase a life annuity, the life annuity must be a joint and last survivor annuity unless I waive my entitlements by signing a separate spousal waiver form within 90 days before the start of the annuity.

5 I further understand that before purchasing a life annuity, the LIF or the pension plan as the case may be, will allow my spouse to withdraw some of the money each year, subject to minimum and maximum withdrawal limits. The maximum withdrawal limit is designed to try to ensure that sufficient money remains to provide a lifetime income. I understand, however, that if

- (a) my spouse elects to withdraw the maximum amount permitted each year, and/or
- (b) the investment performance of the fund is poor,

the level of pension income or survivor benefit available to me in later years may be significantly reduced.

6 Nevertheless, I consent to the transfer of locked-in funds to a LIF, or the receipt of LIF type payments directly from the pension plan, and certify that

- (a) I have read this form and understand it,
- (b) I have read the LIF transfer document and understand it,
- (c) neither my spouse nor anyone else has put any pressure on me to sign this form,
- (d) my spouse is not present while I am signing this form,
- (e) I realize that
 - (i) this form only gives a general description of the legal rights I have under the Pension Benefits Standards Act and the regulations, and
 - (ii) if I wish to understand exactly what my legal rights are I must read the Pension Benefits Standards Act and regulations, and/or seek legal advice, and
- (f) I realize that I am entitled to a copy of this consent form, and a copy of the LIF contract.

7 To consent to the transfer, I sign this consent form at[city],

..... [province], on[date]

.....
Signature of Spouse

.....
.....

.....

Address of Spouse

(home telephone number):

(work telephone number):

STATEMENT OF WITNESS

I certify that

(a) My full name is

(b) My address is

(c) I witnessed this spouse sign this consent in the absence of his/her spouse.

.....[date]

Signature of Witness

(home telephone number):

(work telephone number):

COMMENTS AND INSTRUCTIONS

This form must be completed where a member or former member is eligible and wishes to transfer locked-in money to a LIF under the Pension Benefits Standards Act of British Columbia.

The form must be

- completed in its entirety,
- signed by the spouse outside of the immediate presence of the member or former member and witnessed independently prior to the transfer, and
- filed with the pension plan administrator, RRSP underwriter or LIF contract issuing company, as the case may be.

For further information please contact the plan administrator, your employer, savings institution or insurance company holding the money, or the Pensions Department of the Financial Institutions Commission of British Columbia, 13450 102nd Avenue, Suite 1200, Surrey, BC V3T 5X3; telephone: 604 953-5300, fax: 604 953-5301.