

ADDENDUM FOR LOCKED-IN RETIREMENT ACCOUNT (LIRA)

Pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador)

BMO INVESTORLINE RETIREMENT SAVINGS PLAN

Plan Issuer – 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 Act, 1997* (Newfoundland & Labrador), and in accordance with the instructions of the Planholder to transfer the assets to a Newfoundland & Labrador locked-in retirement account, the Plan Issuer 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 savings plan.

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Pension Benefits Act, 1997* (Newfoundland & Labrador), the word "Regulations" means the *Pension Benefits Act Regulations* made under the Act and the word "Directives" means the *Directives* made under the Act.
2. **Definitions.** All terms in this Addendum which are used in the Act, Regulations or Directives have the same meaning as under the Act, the Regulations or Directives. In this Addendum, "Plan" means the above-named retirement savings plan, 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 and includes the "owner" as that term is used in Directive No. 4. "Locked-In Assets" means all the assets in the Plan at any time and includes any interest or other earnings realized or accrued to that time.
3. **Spouse, Cohabiting Partner and Principal Beneficiary.** The word "Spouse" means a person who:
 - (a) is married to the Planholder,
 - (b) is married to the Planholder by a marriage that is voidable and has not been voided by a judgment of nullity, or
 - (c) has gone through a form of a marriage with the Planholder, in good faith, that is void and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Cohabiting Partner" means a person who:

- (a) in relation to a Planholder who has a Spouse, is not the Spouse of the Planholder who has cohabited continuously with the Planholder in a conjugal relationship for not less than 3 years, or
 - (b) in relation to a Planholder who does not have a Spouse, has cohabited continuously with the Planholder in a conjugal relationship for not less than 1 year
- and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Principal Beneficiary" means the Spouse of a Planholder or where the Planholder has a Cohabiting Partner, the Planholder's Cohabiting Partner.

Notwithstanding anything to the contrary contained in the Plan, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement savings plans, "Spouse", "Cohabiting Partner" and "Principal Beneficiary" do not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

4. **Transfers Into the Plan.** The only assets that may be transferred into the Plan are assets originating, directly or indirectly, from:
 - (a) the pension fund of a registered pension plan that conforms with the Act and the Regulation;
 - (b) another Locked-In Retirement Account that conforms with Directive No. 4;
 - (c) a Life Income Fund that conforms with Directive No. 5; or
 - (d) a Locked-In Retirement Income Fund that conforms with Directive No. 17.

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

5. **Only Locked-In Assets, Except Separate Account.** Assets that are not locked-in shall not be transferred to or held under a Plan with this Addendum, other than a life annuity contract that holds or will hold locked-in assets, unless the locked-in assets are to be held in a separate account.
6. **Investments.** The Locked-In Assets shall be invested and re-invested on the direction of the

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Planholder as provided in the declaration of trust. The Locked-In Assets will be invested in a manner that complies with the rules of investment 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 Planholder or the parent, brother, sister or child of the Planholder or the Principal Beneficiary of any of those persons.

7. **Transfers Out of the Plan.** All the Locked-In Assets shall be used to provide a pension benefit and shall not be transferred or withdrawn except:
- (a) before maturity, to transfer the Locked-In Assets to the pension fund of a registered pension plan that conforms with the Act and the Regulations;
 - (b) before maturity, to transfer the Locked-In Assets to another Locked-In Retirement Account that conforms with Directive No. 4;
 - (c) to transfer the Locked-In Assets to a Life Income Fund that meets the requirement of Directive No. 5;
 - (d) to transfer the Locked-In Assets to a Locked-In Retirement Income Fund that meets the requirement of Directive No. 17;
 - (e) in accordance with subsection 146(1) of the *Income Tax Act* (Canada), to purchase a life annuity contract that meets the requirements of Directives No. 4 and No. 6, commencing not before the person who is to receive the pension benefit obtains the earlier of:
 - (i) age of 55 years, or
 - (ii) the earliest date on which the Planholder who is a former member is entitled to receive a pension benefit under a pension plan from which the assets were transferred to the Plan as a result of termination of employment or termination of the plan.

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

All of the Locked-In Assets must be transferred or paid on or before the 31st day of December of the year in which the Planholder reaches age 71 (or such other time for maturity as is permitted by the *Income Tax Act* (Canada)). If the Plan Issuer does not receive instructions from the Planholder by this time, the Plan Issuer may in its discretion transfer the Locked-In Assets to a life income fund or a locked-in retirement income fund pursuant to paragraph 7(c); and the Plan Issuer will not be responsible 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 administration expenses.

8. **Subsequent Transfer.** The Plan Issuer shall advise in writing any subsequent transferee that the amount transferred must be administered as a pension benefit under the Act. The Plan Issuer shall not permit any subsequent transfer except where
- (a) the transfer would be permitted under the Act, and
 - (b) the subsequent transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act.
9. **Overcontribution.** The Planholder may withdraw an amount of Locked-In Assets from the Plan where it is required to be paid to the Planholder to reduce the amount of tax that would otherwise be payable under Part X.1 of the *Income Tax Act* (Canada).
10. **Joint and Survivor Pension Benefit.** The pension benefit payable to a Planholder who is a former member who has a Principal Beneficiary at the date the pension commences shall be a joint and survivor pension benefit with at least 60% to be payable to the survivor for life after the death of either, unless the Principal Beneficiary waives the entitlement in a form and manner set out in a form provided by the Superintendent.
11. **Payment Due to Disability.** Notwithstanding any other provision in this Addendum, Locked-In Assets may be withdrawn as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Planholder is likely to be shortened considerably. But where the Planholder is a former member of a pension plan such payment may only be made if the Principal Beneficiary of the former member has waived the joint and survivor pension entitlement in the form and manner required by the Superintendent.
12. **Withdrawal of Small Amounts.** Notwithstanding any other provision in this Addendum, a lump sum payment equal to the value of the Locked In Assets may be made on application by the Planholder to the Plan Issuer for payment if, at the time the Planholder signs the application, the following conditions are met:
- (a) the value of all assets in all LIFs, LRIFs, and LIRAs owned by him or her and governed by Newfoundland & Labrador and Labrador pension benefits legislation is less than 10 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year; or
 - (b) (i) the Planholder has reached the earlier age of 55 or the earliest date on which the Planholder would have been entitled to receive a pension benefit under the plan from which money was transferred, and
 - (ii) the value of the Planholder's assets in all LIFs, LRIFs and LIRAs governed by Newfoundland & Labrador and Labrador pension benefits legislation is less than 40 percent of the year's

maximum pensionable earnings under the Canada Pension Plan for that calendar year.

An application for payment under this paragraph shall be on a form approved by the Superintendent and accompanied by a waiver by the Principal Beneficiary of a former member of pension plan of joint and survivor pension entitlement, in the form and manner required by the Superintendent.

13. **Marriage Breakdown Provisions.** A Plan with this Addendum is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.
14. **Death of Planholder.** On the death of the Planholder who is a former member who has a Principal Beneficiary, the surviving Principal Beneficiary, or where there is no surviving Principal Beneficiary or the surviving Principal Beneficiary had waived entitlement in the form and manner required by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the Planholder who is a member or former member is entitled to a lump sum payment of the full value of the Locked-In Assets of the Plan.

Where the Planholder is not a former member, the full value of the Locked-In Assets of the Plan shall be paid to the designated beneficiary or, where there is no beneficiary, to the Planholder's estate.
15. **Manner of Determination of Commuted Value.** Where the commuted value of a pension benefit which was transferred to the Plan was determined in a manner that did not differentiate on the basis of sex, an immediate or deferred life annuity purchased with the Locked-In Assets shall not differentiate on the basis of the sex of the recipient.
16. **No Commutation or Surrender.** Except as provided in Part VI of the Act (Marriage Breakdown), Locked-In Assets shall not be commuted or surrendered during the lifetime of the Planholder. Any transaction purporting to surrender or commute the Locked-In Assets is void.
17. **No Assignment etc.** The Locked-In Assets shall not be assigned, charged, anticipated or given as security except as permitted by section 37 of the Regulations (division of a pension benefit in accordance with Part VI of the Act). Any transaction purporting to assign, change, anticipate or give the Locked-In Assets as security is void.
18. **Provision of Pension on Improper Pay Out.** Where Locked-In Assets are paid out contrary to the Act or Directive No. 4, the Plan Issuer will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the Locked-In Assets not been paid out.
19. **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 Regulations 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.
20. **Transfers and Payments; Terms of Investments.** 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.
21. **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 of the *Income Tax Act* (Canada).

Determination of Commuted Value on the Basis of Sex. Was the commuted value of the pension benefit that was transferred into the Plan determined in a manner that differentiated on the basis of sex? YES NO

If the commuted value of the pension benefit that was transferred into the Plan was not determined in a manner that differentiated on the basis of sex, then an annuity purchased with funds from the Plan shall not differentiate on the basis of sex.

Plan Issuer, by its Agent

Planholder:

Signature of Authorized Person

Date

Print Full Name

Signature of Planholder

Date