

**ADDENDUM TO THE CREDENTIAL SECURITIES INC. SELF-DIRECTED RETIREMENT INCOME FUND**

**THIS ADDENDUM** dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BETWEEN:**

\_\_\_\_\_  
(herein referred to as the "**Annuitant**")

**AND:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, and having an office at 510 Burrard Street, Vancouver, BC, V6C 3B9 (herein referred to as the "**Trustee**")

**WHEREAS** the Annuitant has established a Credential Securities Inc. Self-Directed Retirement Income Fund specimen plan number **RIF-1449** under Annuitant account number \_\_\_\_\_ (the "**RIF**") with the Trustee under the relevant provisions of the Tax Act as defined below;

**AND WHEREAS** the Annuitant has established by virtue of this Addendum a locked-in retirement income fund (the "**LRIF**") in order to receive certain benefits (the "**Benefits**"), which are subject to the locking-in provisions of the Act and the Regulations as defined below;

**AND WHEREAS** the Trustee is willing to accept transfer of the Benefits into the LRIF;

**NOW THEREFORE** this Addendum witnesseth, and the parties hereto agree for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as follows:

**Definitions**

1. For the purposes of this Addendum, "**Tax Act**" means the *Income Tax Act* (Canada) and the Regulations thereunder, "**Act**" means the *Pension Benefits Act, 1997* (Newfoundland), "**Regulations**" means the Regulations under the *Pension Benefits Act, 1997* (Newfoundland) and "**Directive**" means a Directive issued under the *Pension Benefits Act, 1997* (Newfoundland), all as amended from time to time.
2. For the purposes of this Addendum, the words "**locked-in retirement account**", "**life income fund**" and "**locked-in retirement income fund**" shall have the same meanings as are given to these words in Directive No. 4, Directive No. 5 and Directive No. 17, respectively, and the words "**commuted value**", "**former member**", "**life annuity**", "**pension benefit**", "**pension plan**", "**principal beneficiary**", and "**Superintendent**" shall have the same meanings as are respectively given to these words in section 2 of the Act.
3. For the purposes of this Addendum, "**life annuity contract**" means an arrangement made to purchase through a person authorized under the laws of Canada or a province thereof to sell annuities as defined in the Tax Act, a non-commutable pension, in accordance with Directive No. 6, that will not commence before the Annuitant attains the age of fifty-five (55) years, or, if the Annuitant provides evidence to the satisfaction of the Trustee that the plan or any of the plans from which the money was transferred provided for payment of the pension at an earlier age, that earlier age.
4. Notwithstanding anything to the contrary contained in the RIF Declaration of Trust and this Addendum, including any endorsements forming a part thereof, "**principal beneficiary**" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Tax Act respecting registered retirement income funds.

**Contributions**

5. The Annuitant acknowledges that all of the Benefits to be transferred to the LRIF and all investment earnings thereon are subject to the locking-in provisions of the Act. The Annuitant further acknowledges that the present value of such Benefits to be transferred to the LRIF is being transferred from a former employer's registered pension plan, from a locked-in retirement account, a life income fund or another locked-in retirement income fund. Only assets that are locked-in pursuant to the Act will be transferred to or held under the LRIF.
6. The assets in the LRIF shall include all property deposited into the LRIF and all investment earnings thereon (the "**LRIF Assets**").

**Investments**

7. The LRIF Assets shall be invested in a manner that complies with the rules of investment contained in the Tax Act and the RIF Declaration of Trust.

**Valuation**

8. The method and factors used to establish the value of the LRIF Assets upon the Annuitant's death, upon the establishment of a life annuity or upon a transfer of assets from the LRIF are as set out hereinafter. The LRIF Assets shall be valued at their fair market value immediately prior to the date (the "**Valuation Date**") on which such assets are used to purchase a life annuity contract or otherwise transferred or paid out of the LRIF. In order to determine the fair market value regard may be had to any comparable arm's length transactions that occur on the Valuation Date or within a reasonable time prior to the Valuation Date. Where possible such arm's length transactions should involve a cash sale of assets of the same class or kind as those held by the LRIF. If a comparison of this nature is not possible, then regard may be had to arm's length transactions that involve assets of a similar class or kind, with such modifications as the circumstances may require. If arm's length transactions involving assets of a similar class or kind are not available, then regard may be had to such other considerations as may reasonably be considered to be relevant, including, without limitation, the book value of the asset or the replacement cost of the asset.

### **Fiscal Year End**

9. The fiscal year of the LRIF ends on the 31st day of December of each year and will not exceed twelve (12) months (the "**Fiscal Year**").

### **Commencement of Payments**

10. The Annuitant will be paid an income, the amount of which may vary annually, which will not begin before the earlier of fifty-five (55) or the earliest date on which the Annuitant could receive a pension benefit under the Act or under the originating pension plan from which assets were transferred, and not later than the last day of the second Fiscal Year of the LRIF.

### **Establishment of Payment Amounts**

11. The Annuitant is to decide the amount of income to be paid out of the LRIF during each Fiscal Year of the LRIF at the beginning of that Fiscal Year, or at such other time as may be agreed upon by the Trustee and the Annuitant, and such decision will expire at the end of the Fiscal Year to which it relates. If the Annuitant does not decide the amount to be paid out of the LRIF, the minimum amount discussed below will be paid.

12. The amount of income paid out of the LRIF during a Fiscal Year will not be less than the minimum amount prescribed for registered retirement income funds under the Tax Act (the "**Minimum Amount**"), and will not exceed the maximum amount (the "**Maximum Amount**"), subject to paragraphs 13, 14, 15, 16, 17 and 18 of this Addendum. Where the Maximum Amount is less than the Minimum Amount, the Minimum Amount shall be paid.

13. The Maximum Amount is the greatest of:

- a) the income, gains and losses earned from the time the LRIF was established to the end of the most recently completed Fiscal Year and, with respect to any assets in the LRIF that are derived directly from assets transferred from a life income fund, the income, gains and losses earned in the final complete fiscal year of the life income fund under the life income fund, less the sum of all income paid to the Annuitant from the LRIF;
- b) the income, gains and losses earned in the immediately previous Fiscal Year; and
- c) if the payment is being made in the Fiscal Year in which the LRIF was established or in the Fiscal Year immediately following its establishment, 6% of the fair market value of the LRIF at the beginning of the Fiscal Year.

### **Additional Temporary Income Payments**

14. Subject to paragraph 15 of this Addendum, the Annuitant shall be entitled to receive additional temporary income from the LRIF provided that:

- a) the Annuitant submits to the Trustee an application for additional temporary income on a form approved by the Superintendent, accompanied by the written consent of the principal beneficiary of an Annuitant where the Annuitant is a former member of a pension plan (the "**ATI Application**");
- b) the total pension income received by the Annuitant for the calendar year in which the ATI Application is made from all pension plans, life annuities, life income funds and locked-in retirement income funds governed by the Newfoundland pension benefits legislation or established or governed by an Act of Canada or a Province, except income from a pension under the Canada Pension Plan (the "**CPP**") is less than 40% of the year's maximum pensionable earnings (the "**YMPE**") under the CPP for the calendar year in which the ATI Application is made; and
- c) the Annuitant has not attained the age of sixty-five (65) years at the beginning of the Fiscal Year in which the Annuitant makes the ATI Application.

15. The amount of additional temporary income paid out of the LRIF in a Fiscal Year shall not exceed the maximum temporary income amount (the "**Maximum Temporary Income Amount**"), which is calculated as follows:

Maximum Temporary Income Amount = A-B, where

A = 40% of the YMPE under the CPP for the calendar year in which the ATI Application is made; and

B = the total pension income to be received by the Annuitant for the calendar year in which the ATI Application is made from all pension plans, life annuities, life income funds and locked-in retirement income funds governed by the Newfoundland pension benefits legislation or established or governed by an Act of Canada or a Province, except income from a pension under the CPP.

### **Payments During Initial Fiscal Year**

16. For the initial Fiscal Year of the LRIF, the Maximum Amount and the Maximum Temporary Income Amount will be adjusted in proportion to the number of months in the Fiscal Year divided by 12, with any part of an incomplete month counting as one month.

17. If the LRIF Assets are derived from assets transferred directly or indirectly during the first Fiscal Year of the LRIF from another life income fund or locked-in retirement income fund of the Annuitant, the Maximum Amount and the Maximum Temporary Income Amount shall be deemed to be zero.

### **Adjustments to Payments Due to Transfers-in**

18. If in any Fiscal Year of the LRIF, an additional transfer is made to the LRIF and that additional transfer has never been under a life income fund or locked-in retirement income fund 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 this Addendum if the additional transfer were being transferred into a separate locked-in retirement income fund and not this LRIF.

### **Shortened Life Expectancy**

19. Notwithstanding any other provision contained in this Addendum, a lump sum payment or a series of payments may be made to the Annuitant if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably, but where the Annuitant is a former member of a pension plan such payment may only be made if the principal beneficiary of the Annuitant has waived the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

### **Withdrawal of Small Balances**

20. Notwithstanding any other provision contained in this Addendum, a lump sum payment equal to the value of the entire LRIF may be made to the Annuitant on application by the Annuitant to the Trustee for payment if, at the time the Annuitant signs the application, the following conditions are met:

- a) the Annuitant has reached the earlier of age fifty-five (55) or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the plan from which assets were transferred, and
  - b) the value of the Annuitant's assets in all locked-in retirement accounts, life income funds and locked-in retirement income funds owned by the Annuitant and governed by the Newfoundland pension benefits legislation is less than 40 per cent of the YMPE under the CPP for that calendar year.
21. An application for payment under Paragraph 20 shall be:
- a) on a form approved by the Superintendent, and
  - b) where the Annuitant is a former member of a pension plan, accompanied by a waiver of joint and survivor pension entitlement by the principal beneficiary of the Annuitant, in the form and manner required by the Superintendent.

#### **Transfers**

22. The Annuitant may, provided that the Trustee shall retain such amount as prescribed in paragraph 146.3(2)(e.1) or (e.2) of the Tax Act, transfer all or part of the LRIF Assets:
- a) to another locked-in retirement income fund;
  - b) to a life income fund;
  - c) for the purchase of an immediate life annuity contract that meets the requirements of the Superintendent and paragraph 60(l) of the Tax Act; or
  - d) to a locked-in retirement account prior to December 31st in the year in which a retirement income must begin as required by the Tax Act
23. The Trustee agrees that the LRIF Assets to be transferred will be transferred within thirty (30) days after the Annuitant provides a written request for the transfer, unless the term of investment for the assets extends beyond the thirty (30) day period, and the Trustee will provide the Annuitant with the information set out in paragraph 28 of this Addendum, determined as of the date of the transfer.
24. Where the LRIF holds identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Annuitant.

#### **Withdrawals**

25. No commutation or surrender of LRIF Assets is permitted, and withdrawals are limited to those permitted under the Act, the Regulations, the Directives, and the Tax Act.

#### **Death of Annuitant**

26. On the death of the Annuitant who was a former member of a pension plan and who has a principal beneficiary, the surviving principal beneficiary is entitled to a lump sum payment of the full value of the LRIF (the "**Payment**"). If the Annuitant is not survived by a principal beneficiary or the surviving principal beneficiary waives his or her entitlement in the form and manner required by the Superintendent, the designated beneficiary shall be entitled to receive the Payment. If there is no designated beneficiary, the estate of the Annuitant shall be entitled to receive the Payment.
27. Where the Annuitant is not a former member of a pension plan, the full value of the LRIF shall be paid to the designated beneficiary or, where there is no beneficiary, to the Annuitant's estate.

#### **Statements**

28. At the beginning of each Fiscal Year, the following information will be provided to the Annuitant:
- a) the sums deposited to the LRIF, the accumulated earnings of the LRIF, the payments made out of the LRIF and the fees charged against the LRIF during the previous Fiscal Year;
  - b) the balance in the LRIF;
  - c) the minimum amount that must be paid out of the LRIF during the current Fiscal Year; and
  - d) the maximum amount that may be paid out of the LRIF during the current Fiscal Year.
- If the Annuitant dies, the Trustee shall provide the person entitled to receive the balance of the LRIF with the information set out above, determined as of the date of death of the Annuitant.

#### **No Assignment**

29. The Annuitant hereby agrees that none of the LRIF Assets may be assigned, charged, anticipated or given as security.

#### **Amendment**

30. Subject to paragraph 31 hereof, the Trustee may, from time to time, amend this Addendum at its discretion or in order to bring it into compliance with the Act, the Regulations, a Directive, and the Tax Act, by giving ninety (90) days written notice of the proposed amendment by registered mail addressed to the Annuitant at the address set out in the Trustee's records, provided that any such amendments shall not have the effect of disqualifying the LRIF as a registered retirement income fund within the meaning of the Tax Act.
31. In the event that a proposed amendment to this Addendum would result in a reduction in the Annuitant's benefits hereunder, such amendment will only be made if the Trustee is required by law to make the amendment, and the Annuitant will be entitled to transfer all or part of the LRIF Assets during the ninety (90) day notice period, subject to the provisions of 146.3(2)(e.1) or (e.2) of the Tax Act.
32. Any and all amendments to this Addendum must be made with the concurrence of the authorities administering the Act and the Tax Act.

#### **RIF Declaration of Trust Affirmed**

33. The Trustee hereby affirms that the provisions contained in the RIF Declaration of Trust and this Addendum takes effect as of the date first above written.

#### **Interpretation**

34. The conditions of this Addendum will take precedence over the provisions in the RIF Declaration of Trust in the case of conflicting or inconsistent provisions.
35. All references to any statute, regulation, directive or any provision thereof shall mean such statute, regulation, directive or any provision thereof as the same may be re-enacted or replaced from time to time.

36. This Addendum shall be governed in accordance with the laws of the Province of Newfoundland and the federal laws of Canada applicable therein.

**Counterparts**

37. This Addendum may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

**IN WITNESS WHEREOF** the parties hereto have read and executed this Addendum as of the date first written above and shall bind the Trustee, its agents and the Annuitant and their respective successors and assigns effective from the date of transfer of assets into the LRIF.

**TO BE COMPLETED BY THE ANNUITANT:**

**ANNUITANT'S CURRENT MARITAL STATUS:**

(This data is necessary in order to complete prescribed government forms.)

- |                                     |                                   |
|-------------------------------------|-----------------------------------|
| <input type="checkbox"/> Single     | <input type="checkbox"/> Married  |
| <input type="checkbox"/> Common law | <input type="checkbox"/> Divorced |
| <input type="checkbox"/> Separated  | <input type="checkbox"/> Widowed  |

\_\_\_\_\_  
**NAME OF ANNUITANT (PRINT)**

\_\_\_\_\_  
**SIGNATURE OF ANNUITANT**

**If the Annuitant has a principal beneficiary<sup>1</sup>, the consent of the principal beneficiary, set out below, to the purchase of this LRIF is required in accordance with Directive Number 17 issued by the Government of Newfoundland and Labrador under the Pension Benefits Act, 1997 (Newfoundland), except where the LRIF is purchased by an Annuitant who is a principal beneficiary or former principal beneficiary of a member or former member of a pension plan and who is entitled to a pension benefit as a result of the death of the member or former member, or as a result of marriage breakdown.**

**TO BE COMPLETED BY THE ANNUITANT'S PRINCIPAL BENEFICIARY:**

\_\_\_\_\_  
**LAST NAME OF PRINCIPAL BENEFICAIRY**

\_\_\_\_\_  
**FIRST NAME OF PRINCIPAL BENEFICIARY**

\_\_\_\_\_  
**DATE OF BIRTH OF PRINCIPAL BENEFICIARY  
(DAY/MONTH/YEAR)**

I hereby consent to the establishment of a locked-in retirement income fund by the Annuitant and the transfer of capital to the locked-in retirement income fund in accordance with the terms and conditions of the RIF Declaration of Trust and this Addendum.

I hereby certify that my date of birth indicated above is correct.

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**SIGNATURE OF PRINCIPAL BENEFICIARY**

**CREDENTIAL SECURITIES INC.** as agent for:  
**COMPUTERSHARE TRUST COMPANY OF CANADA**

**Per:** \_\_\_\_\_

<sup>1</sup> "Principal Beneficiary" means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member's cohabiting partner as defined in the *Pension Benefits Act, 1997* (Newfoundland).