Import Data Reset Form PRINT LETTER SIZE

B2B TRUST

Nova Scotia Addendum to Contracts for a Life Income Fund (LIF)

The owner (undersigned) has applied to B2B Trust (Trustee) for a life income fund (Fund) to receive and hold locked-in pension assets as per the Nova Scotia *Pension Benefits Act* (Act). The owner and the Trustee agree that this Addendum forms part of the Declaration of Trust for the Fund as follows:

Notwithstanding any term in this Addendum or the Declaration of Trust, the Fund shall be maintained as a life income fund that conforms with the Act, the Regulation (defined below) and the *Income Tax Act* (Canada).

Interpretation

1. For the purposes of this Addendum the word “Regulation” means the Nova Scotia *Pension Benefits Regulations*.

2. For the purposes of this Addendum the words used herein shall have the meaning provided in the Act and the Regulation. The titles used herein are used for convenience only and do not affect any rights or liabilities under this Addendum or the Declaration of Trust.

3. For the purposes of this Addendum, the Nova Scotia LIF addendum in Schedule IV of the Regulation insofar as its terms are not included herein, is deemed to be part of this Addendum.

4. A “spouse” or a “common-law partner” means either of a man and woman who

    i) are married to each other,

    ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or

    iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the twelve-month period immediately preceding the date of entitlement;

    Notwithstanding the terms of this Addendum, the terms “spouse” and “common-law partner” do not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting a Registered Retirement Income Fund (RRIF).

Assets transferred into the Fund

5. The owner declares that he or she is (a) a former member of a pension plan, or is a former member who has previously transferred an amount under clause 50(1)(b) of the Act, and if the owner has a spouse or common-law partner with whom they are not living separate and apart (as defined in the Act), the owner has obtained and provided to the Trustee to its satisfaction, written consent of such spouse or common-law partner and provided such written consent to the Trustee; (b) the spouse or common-law partner of a member or former member of a pension plan who is entitled to a pension benefit as a result of the death of such member or former member or as a result of a division of pension benefits pursuant to section 61 of the Act; or, (c) a person who has previously transferred an amount under section 61 of the Act into a locked-in retirement account (LIRA).

6. The owner declares that all assets transferred to the Fund are transferred under clause 50(1)(b) of the Act, or are assets transferred from a LIRA or assets transferred from another LIF.

7. All transfers must comply with the *Income Tax Act* (Canada).

SEE OVERLEAF

Valuation of Fund assets

8. For the purpose of:

   i) a transfer or payment of assets from the Fund;

   ii) the purchase of a life annuity contract; and,

   iii) a payment or transfer on the death of the owner,

   the value of the Fund shall be the fair market value of the Fund at the relevant time.

Earliest start date for income payments from Fund

9. An owner may not commence income payments under the Fund earlier than the earliest day on which the owner would have been eligible to receive a pension under any of the pension plan from which assets of the Fund were transferred.

Joint and survivor income payments

10. The pension to be provided to an owner with a spouse, other than a surviving spouse owner, at the date when the owner commences the pension, is to be such joint life pension as would, if the owner were a former member, be in compliance with Section 52 of the Act, unless the spouse waives the entitlement in the form and manner prescribed to the satisfaction of the Trustee.

Relationship breakdown

11. The Fund is subject to a division of assets as between spouses or common-law partners or former spouses or common-law partners under the Act and the Regulation and the Fund's assets may be divided between spouses or common-law partners (or former spouses or common-law partners) under the Act and the Regulation.

Differentiation based on sex of owner

12. The amount of the life annuity accrued after January 1, 1988 will be determined on a basis that does not take into account the sex of the annuitant, however, if the commuted value of a pension LIF or LIRA benefit which was transferred to the Fund was determined in a manner that did not differentiate on the basis of sex, an immediate or deferred life annuity purchased with the assets of the Fund shall not differentiate on the basis of the sex of the recipient.

13. If the Fund results from the transfer of the commuted value of a pension LIF or LIRA benefit, the owner declares (check the box that applies):

   ☐ the commuted value was determined on a basis that differentiated on the basis of sex.

   ☐ the commuted value was determined on a basis that did not differentiate on the basis of sex.

Shortened life expectancy and small amount withdrawals

14. a) A document that is required to be given to the Trustee under section 27 or 28 (small amounts at age 65 and considerably shortened life expectancy) of the Regulation and that must be signed by the owner of the Fund is void if it is signed more than sixty (60) days before the Trustee receives it.

    b) When the Trustee receives a document required under section 27 or 28 of the Regulation, it will give the owner of the Fund a receipt for the document stating the date on which it was received.

15. a) The owner of the Fund may, upon application in accordance with section 27 of the Regulation, withdraw all the assets of the Fund if, when the owner signs the application,

i) the owner is at least 65 years of age; and,

ii) the value of all assets in all LIRAs, LIFs, and pension plans providing defined contributions benefits owned by the owner is less than 40% of the YMPE for the calendar year in which the application is made.

b) An application to withdraw the assets of the Fund must be

i) in Form 10: Application to a Financial Institution to Withdraw Money From a LIRA or LIF at age 65, as per the Regulation;

ii) signed by the owner of the Fund; and,

iii) given to the Trustee.

c) i) The Trustee is entitled to rely upon the information provided by the owner in an application made under this paragraph of this Addendum;

ii) an application that meets the requirements of this paragraph of this Addendum constitutes authorization to the Trustee to pay the assets of the Fund to the owner from the Fund in accordance with this Addendum;

iii) the value of all assets in all LIRAs, LIFs, and pension plans providing defined contribution benefits owned by the owner when he or she signs the application under this paragraph of this Addendum will be determined in accordance with the most recent statement about each pension plan, LIRA or LIF given to the owner, and each statement must be dated within one year before the owner signs the application; and,

iv) the Trustee will make the payments to which the owner is entitled under this paragraph of this Addendum within thirty (30) days after the Trustee receives the completed application form and the statement referred to in this Addendum.

16. a) The owner of the Fund may, upon application in accordance with this paragraph of this Addendum, withdraw all or part of the assets in the Fund if, when the owner signs the application, he or she has a mental or physical disability that is likely to shorten considerably his or her life expectancy.

b) An application to withdraw assets from the Fund must be

i) in Form 11: Application to a Financial Institution to Withdraw Money from a LIRA or LIF Because of Considerably Shortened Life Expectancy, as per the Regulation;

ii) signed by the owner of the Fund and accompanied by 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 owner has a mental or physical disability that is likely to shorten considerably his or her life expectancy; and,

iii) given to the Trustee.

c) i) the Trustee is entitled to rely upon the information provided by the owner in an application made under this paragraph of this Addendum;

ii) an application that meets the requirements of this paragraph of this Addendum constitutes authorization to the Trustee to pay assets of the Fund to the owner from the Fund in accordance with this paragraph of this Addendum; and,

iii) the Trustee must make the payments to which the owner is entitled under this paragraph of this Addendum within thirty (30) days after the Trustee receives the completed application form and accompanying document.

Transfers of assets out of the Fund

17. In the event of a transfer of assets from the Fund to another LIF, the Trustee shall ascertain that the transferee financial institution's name and LIF are on the list for LIFs maintained in accordance with the Regulation.

18. Before transferring assets of the Fund to another financial institution, the Trustee shall advise the transferee financial institution in writing of the locked-in status of the assets to be transferred and shall ensure that the transferee financial institution makes its acceptance of the transfer subject to the conditions provided for in sections 23(16) – (18) of the Regulation.

19. If the Fund holds identifiable and transferable securities, the transfers or purchases referred to in this Addendum may, unless otherwise stipulated, at the option of the Trustee and with the consent of the owner, be affected by remittance of the investment securities of the Fund.

20. If the owner receives assets that were related to the Fund from a subsequent underwriter or transferee in violation of the Act or the Regulation, the Fund or subsequent fund or transferee has a right of action against the recipient for such assets.

Amendment of this Addendum

21. The Trustee will not amend this Addendum except if the Trustee gives the owner ninety (90) days' notice of such proposed amendment. The Trustee will not propose an amendment to this Addendum that would result in a reduction of the owner's rights under this Addendum unless the Trustee is required by law and the owner is entitled to transfer the assets in the Fund under the terms of this Addendum. If such an amendment is proposed, the Trustee shall notify the owner of the nature of such amendment and provide the owner with at least ninety (90) days after the notice to affect a full or partial transfer.

Income payments from the Fund further to Schedule IV of the Regulation below

22. The owner must provide instructions to the Trustee regarding the amount and frequency of income payments to be paid out of the Fund each year, either at the beginning of the fiscal year of the Fund or at another time agreed to by the Trustee. Each decision and instruction expires at the end of the fiscal year to which it relates.

23. If the owner does not provide the Trustee instructions regarding the value of any income payments, the minimum amount determined herein shall be deemed to be the amount paid. If the owner does not provide instruction as to the frequency of the payments, the income will be paid in one payment at the end of the fiscal year.

24. The owner must provide instructions to the Trustee as to which assets of the Fund to sell to ensure a liquidity of assets in the Fund so as to make any income payments. A failure of the owner to provide such instruction in advance of a payment date so as to allow the Trustee to create sufficient liquidity, will release the Trustee to create such liquidity at its discretion. The Trustee is released from any losses or investment liability in creating the sufficient liquidity at the owner's instruction or a failure of the owner to provide timely instruction.

25. The Trustee reserves the right to process all payments or transfers out of the Fund subject to any withholding taxes, deductions, deduction of costs and the terms of each investment.

Precedence of Addendum and indemnity for the benefit of the Trustee

26. The Trustee and the owner hereby affirm the provisions contained in the Declaration of Trust, and that the conditions of this Addendum will take precedence over other provisions in the Declaration of Trust in the case of conflicting or inconsistent provisions.

27. If the Trustee is to be required to make any payments out of the Fund under conditions not provided for under this Addendum, the owner will indemnify, release and hold harmless the Trustee. This indemnity will be binding on the owner's legal representatives, heirs, assigns and successors.

28. The owner hereby acknowledges receipt of a copy of this Addendum.

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

Signature of Guarantee

B2B Trust Authorized Signature

Date (mm/dd/yyyy)

Name of Annuitant (owner)

Signature of Annuitant (owner)

Date (mm/dd/yyyy)

Schedule IV
Nova Scotia LIF Addendum

Interpretation

1 **(1)** In this Schedule,

a) “common-law partner” of an individual means another individual who has cohabited with the individual in a conjugal relationship for a period of at least 2 years, neither of them being a spouse;

b) “regulations” means the Pension Benefits Regulations, of which this Schedule forms a part;

c) “spouse” means either of a man and woman who

i) are married to each other,

ii) are married to each other by a marriage that is voidable and has not been an nulled by a declaration of nullity, or

iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement; and

d) “temporary income” means periodic income paid under a pension plan, an annuity or a LIF to a person for a temporary period of time after retirement for the purposes of supplementing retirement income until the person is eligible to receive benefits under the Old Age Security Act (Canada) or is either eligible for or commences to receive retirement benefits under the Canada Pension Plan (Canada) or Quebec Pension Plan (Quebec).

(2) A fiscal year referred to in this Schedule is the fiscal year of a LIF, which must end on December 31 and must never exceed 12 months.

(3) A reference rate referred to in this Schedule for the fiscal year of a LIF

a) is based on the month-end nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada in CANSIM Series V122487 (formerly B14013), with the following adjustments applied successively to that nominal rate:

i) an increase of 0.5%,

ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,

iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and

b) must not be less than 6%.

Prohibitions

2 Money held in a LIF must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).

3 Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 70(3) or Section 71A of the Act, and any transaction purporting to assign, charge, anticipate or give such money in the LIF as security is void.

4 Money held in a LIF is exempt from execution, seizure or attachment except as permitted by Section 71A of the Act.

Income commencement

5 **(1)** The owner must be paid an income from the LIF, the amount of which may vary annually.

(2) Payment of the income from the LIF to the owner must begin no earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money was transsferred into the LIF, directly or indirectly.

(3) Payments must begin no later than the end of the second fiscal year of the LIF.

(4) The minimum amount of income paid during a fiscal year must not be not less than the minimum amount prescribed for a RRIF under the Income Tax Act (Canada).

(5) The owner must establish the amount of income to be paid during each fiscal year at the beginning of that fiscal year and after the receipt of the information specified in subsection 11(1).

(6) If the financial institution guarantees the rate of return of the LIF over a period that is greater than one year, that period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during that period at the beginning of that period.

Minimum LIF withdrawal

6 The amount of the income paid during the fiscal year of a LIF must not be less than the minimum amount prescribed by the Income Tax Act (Canada), determined on the basis of the owner's age or the age of the owner's spouse or common-law partner where that person is younger than the owner.

Maximum LIF withdrawal - no provision for temporary income

7 The maximum income (M) to be paid from a LIF from which no temporary income is paid, is determined by the following formula:

$$M = F \times C$$

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year; and

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money transferred from another LIF to the LIF in the same year.

Maximum LIF withdrawal - with temporary income

8 **(1)** A LIF may provide that the owner be entitled to a temporary income if the owner meets the following requirements:

a) the owner makes an application in Form 9 (Application to a Financial Institution for Payment of Temporary Income from a LIF) to the financial institution that administers the LIF for payment of a temporary income under the LIF; and

b) the owner is at least age 54 but under age 65 at the end of the year preceding the date of application.

(2) The temporary income must not be paid after the end of the year in which the owner reaches age 65.

(3) No temporary income is payable if any portion of a LIF payment is transferred to a non-locked-in retirement savings arrangement.

(4) The maximum temporary income (A) for the fiscal year is the lesser of

a) (40% of the years maximum pensionable earnings) - T; and

b) F x C x D,

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF;

"T" is the total of temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the owner; and

"D" is the factor in Schedule VI for the owner's age at the end of the year preceding the current fiscal year.

(5) Despite subsection (4), if F x C x D is equivalent to less than 40% of the year's maximum pensionable earnings, and the owner is not entitled to any temporary income from another LIF or from a pension plan, "A" is the lesser of

a) 40% of the year's maximum pensionable earnings, and

b) the LIF less LIF transfers.

(6) The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided that "E" must not be less than zero:

$E = (F \times C) - (A \div D)$

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF.

Maximum income payable when the financial institution guarantees the rate of return of the LIF

9 **(1)** If the financial institution has guaranteed the rate of return of the LIF over a period greater than one year, and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years of that period is determined at the beginning of each of those fiscal years.

(2) For the first fiscal year, the maximum income is determined in accordance with Section 7.

(3) For each subsequent year, the maximum income is equal to the lesser of

a) the balance of the LIF at the time of payment in that year; and

b) the result of the formula (M x J) ÷ K

where

“M” represents the maximum income determined for the initial fiscal year,

“J” represents the balance of the LIF at the beginning of the fiscal year, and

“K” represents the reference balance determined at January 1 of the year, calculated as

i) the reference balance at the beginning of the previous year, reduced by M, plus

ii) the amount determined under subclause (i) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the fund, or by 6% in any other case,

and in applying this formula to the second year of the period, the reference balance referred to in subclause (i) is the LIF balance at the beginning of the first year of the period.

Excess income paid

10 If the income paid to the owner during the fiscal year of the fund exceeds the maximum that may be paid, the balance of the fund must not be reduced by the excess, unless the payment is attributable to incorrect information provided by the owner.

Information to be provided by the financial institution

11 **(1)** At the beginning of each fiscal year, the financial institution must provide to the owner a statement indicating

a) the balance in the LIF at the beginning of the fiscal year;

b) information on the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made during the fiscal year and the fees charged against the LIF during the previous fiscal year;

c) the minimum amount that must be paid out as income to the owner during the current fiscal year;

d) the maximum amount that may be paid out as income to the owner during the current fiscal year;

e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;

f) if the LIF provides for payment of a temporary income and the owner was at least 54 but less than 65 at the end of the preceding year,

i) the terms and conditions the owner must meet to be entitled to payment of the temporary income under Section 8, and

ii) that payment of temporary income will reduce the income that would otherwise be paid to the owner after age 65;

g) that the maximum amount of income that may be paid to the owner will not be increased if a transfer is made to the LIF of assets held in another LIF during that year; and

h) that if the owner wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income determined for the fiscal year, an amount must be retained in the LIF at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year.

(2) If the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12, the financial institution must provide to the owner's spouse or common-law partner or beneficiary or estate the information in clauses 11(1)(a) and (b) as of the owner's date of death.

(3) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must provide the owner the information in clauses (1)(a) and (b) as of the date of the transfer or annuity purchase.

(4) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must comply with the requirements of an administrator under subsections 23(16), (17), and (18) of the regulations.

Information provided upon transfer of additional amounts to a LIF

(5) Within 30 days following a transfer to a LIF of locked-in funds that have not been held in a LIF at any time in the current year, the financial institution must provide the owner with a statement indicating

a) the balance of the LIF at the beginning of the fiscal year, any money transferred into the LIF during the fiscal year and balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year;

b) the maximum amount that may be paid to the owner as income during the fiscal year;

c) the minimum amount that must be paid to the owner as income during the fiscal year; and

d) if the LIF provides for payment of a temporary income and the owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, that the owner is entitled to receive payment of a temporary income.

(6) If a transfer is made to a LIF of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner must not be increased.

Transferring assets from a LIF

12 **(1)** The owner of a LIF may transfer all or part of the assets in a LIF

a) to another LIF;

b) to purchase an immediate life annuity contract that meets the conditions of Section 24 of the regulations, provided the annuity does not commence on a date earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money in the LIF was transferred; or

c) to a LIRA, if permitted under the Income Tax Act (Canada).

(2) If assets in the LIF consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.

(3) The date of transfer must not be more than 30 days after the date of application by the owner unless the term agreed to for the investments has not expired.

(4) The financial institution must advise the financial institution to which the assets are transferred that the assets were held in a LIF in the current year.

Death benefit

13 **(1)** On the death of the owner, the balance in the LIF must be paid to or for the benefit of the owner's spouse or common-law partner or, if there is no spouse or common-law partner, the owner's designated beneficiary or, if there is no valid designation of beneficiary, the owner's estate.

(2) A spouse or common-law partner is not entitled to receive a death benefit if a division has been made under Section 61 of the Act (pension division) of the pension benefits transferred to the LIF, unless the spouse or common-law partner is the owner's designated beneficiary.

Withdrawals

14 An application for withdrawal of the assets held in a LIF must be made in accordance with Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).