



## Newfoundland and Labrador Addendum to Contracts for a Locked-In Retirement Income Fund (LRIF)

The owner (undersigned) has applied to B2B Trust (Trustee) for a locked-in retirement income fund (Fund) to receive and hold locked-in pension assets as per the Newfoundland and Labrador *Pension and Benefits Act, 1997* (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 locked-in retirement income fund that conforms with the Act, the Regulation (defined below), the Directive (defined below) and the *Income Tax Act* (Canada).

### **Interpretation**

1. For the purposes of this Addendum the word "Regulation" means the Newfoundland and Labrador *Pension and Benefits Act Regulations* and the word "Directive" means the directives made under the Act and issued by the Superintendent of Pensions, Newfoundland and Labrador.
2. For the purposes of this Addendum the words used herein shall have the same meanings provided to these words in the Act, the Regulation and the Directives. 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. The word "spouse" means, except as set out in Part VI of the Act, a person who
  - i) is married to the member or former member,
  - ii) is married to the member or the former member by a marriage that is voidable and has not been voided by a judgment of nullity, or
  - iii) has gone through a form of a marriage with the member or former member, in good faith, that is void and is cohabiting or has cohabited with the member or former member within the preceding year;

Notwithstanding the terms of this Addendum, the terms "spouse", "cohabiting partner" and "principal beneficiary" 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**

4. The owner declares that all assets transferred into the Fund originate directly or indirectly from:
  - a) a pension fund that conforms with the Act and the Regulation;
  - b) a locked-in retirement account (LIRA) that conforms with Directive No. 4;
  - c) a life income fund (LIF) that conforms with Directive No. 5; or,
  - d) another LRIF that conforms with Directive No. 17.

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

The owner declares that he or she is a member or former member of a pension plan who has obtained and provided to the satisfaction of the Trustee, written consent of his or her principal beneficiary, if any, or, is a member of former member's principal beneficiary entitled to a pension benefit as a result of the death of such a member or former member or as a result of a marriage breakdown.

### **Investment of Fund assets**

5. The assets of the Fund 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) and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the owner of the Fund or the parent, brother, sister or child of the owner or the spouse of any of those persons.

### **No assignment of Fund assets**

6. The owner agrees that except as explicitly provided for in the Act, the Regulation and the Directive the assets of the Fund may not be assigned, charged, anticipated or given as security and is exempt from execution, seizure or attachment and any transaction purporting to assign, charge, anticipate or give security is void.

### **Valuation of Fund assets**

7. For the purpose of:

- i) a payment or transfer on the death of the owner;
- ii) the purchase of a life annuity; and,
- iii) the transfer or payment of assets from the Fund,

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

### **Fiscal year of the Fund**

8. The fiscal year of the Fund ends on December 31 of each year and shall not exceed twelve months.

### **Income payments from the Fund**

9. Payment out of the Fund shall not begin before the earlier of the date on which the owner reaches the age of 55 or the earliest date on which the owner could receive a pension benefit under the Act or the originating pension plan from which money was transferred and not later than the last day of the second fiscal year.
10. The owner must provide instruction 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.
11. If the owner does not provide the Trustee such instructions regarding the value of all 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.
12. The amount of income paid out of the Fund during a fiscal year must not exceed the "Maximum", being the greatest of:
  - a) the income, gains and losses earned from the time the Fund was established to the end of the most recently completed fiscal year and, with respect to any money in the Fund that is derived directly from money transferred from a LIF, the income, gains and losses earned in the final complete year of the LIF under the LIF, less the sum of all income paid to the owner from the Fund;
  - b) the income, gains and losses earned by the Fund in the immediately previous fiscal year; and,
  - c) if the payment is being made in the fiscal year in which the Fund was established or in the fiscal year immediately following its establishment, 6% of the fair market value of the Fund at the beginning of that fiscal year.
13. The owner must provide instructions to the Trustee as to which assets of the Fund to sell to ensure a liquidity

of assets to make such 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.

14. The amount of pension income paid out of the Fund during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the *Income Tax Act* (Canada).
15. 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.

#### **Temporary income payments from the Fund**

16. An owner is entitled to receive additional temporary pension income where:

- (a) the total pension income received by the owner for the calendar year in which the application is made, calculated as "B" under below, is less than 40% of the YMPE under the Canada Pension Plan ("CPP") for the calendar year in which the application is made; and,
- (b) the owner has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes application for additional temporary pension income.

17. The amount of the additional temporary pension income paid out of the Fund in a fiscal year must not exceed the "Maximum Temporary Income" in the following formula:

Maximum Temporary Income = A - B

in which

A = 40% of the YMPE under the CPP for the calendar year in which an application is made.

B = the total pension income to be received by the owner from all LIFs, LRIFs, life annuities and pension plans governed by Newfoundland and Labrador pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the CPP.

18. An application for additional temporary income shall be:

- a) on a form approved by the Superintendent;
- b) where the owner is a former member of a pension plan, accompanied by the written consent of the principal beneficiary of the former member; and,
- c) submitted to the Trustee at the beginning of the fiscal year of the Fund, unless otherwise permitted by the Trustee.

#### **Income payments during the initial fiscal year of the Fund**

19. For the initial fiscal year of the Fund, the Maximum or Maximum Temporary Income shall be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.

#### **Maximum and Maximum Temporary Income for Funds with assets transferred from LIFs or LRIFs**

20. If a part of the Fund assets at the beginning of a fiscal year corresponds to assets transferred directly or indirectly during the same year from another LRIF or LIF of the owner, the Maximum and Maximum Temporary Income shall be deemed to be zero.

### **Shortened life expectancy withdrawal**

21. A lump sum or a series of payments may be made to the owner if a medical practitioner certifies, to the satisfaction of the Trustee, that due to a mental or physical disability, the life expectancy of the owner is likely to be shortened considerably, but where the owner is a former member of a pension plan such payment may only be made if the principal beneficiary of the former member has waived, to the satisfaction of the Trustee, the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

### **Small amount withdrawal**

22. A lump sum payment equal to the value of the Fund assets may, on application by the owner to the Trustee, be made if, at the time the owner signs the application, to the satisfaction of the Trustee:

- a) the owner has reached the earlier of age 55 or the earliest date on which the owner would have been entitled to receive a pension benefit under the plan from which money was transferred; and,
- b) the value of all assets in all LIFs, LRIFs and LIRAs owned by him or her and governed by Newfoundland and Labrador pension benefits legislation is less than 40 percent of the YMPE under the CPP for that calendar year.

23. An application for the payment of a small amount withdrawal shall be:

- i) on a form approved by the Superintendent; and,
- ii) where the owner is a former member of a pension plan, accompanied by a waiver of the principal beneficiary of joint and survivor pension entitlement, in the form and manner required by the Superintendent.

### **Transfers of assets out of the Fund**

24. The owner of the Fund may transfer any or all the assets in it:

- a) to another LIF that meets the requirements of Directive No. 5;
- b) to a LRIF that meets the requirements of Directive No. 17;
- c) to purchase an immediate life annuity that meets the requirement of the Superintendent and the *Income Tax Act* (Canada); or,
- d) before December 31st in the year in which the purchaser reaches 71 years of age, to a LIRA that meets the requirements of Directive No. 4.

25. The Trustee agrees to make such transfer within thirty (30) days after the Trustee has received such a request from the owner. Such deadline does not apply with respect to the transfer of Fund assets held as securities whose term of investment extends beyond the thirty (30) day period and will be subject to all withholding taxes, deductions and reasonable costs.

26. 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.

27. If the owner receives assets from a subsequent underwriter in violation of the Act or the Regulation, the Fund or subsequent fund or underwriter has a right of action against the recipient for such assets.

### **Death of owner**

28. On the death of the owner who was a former member who had a principal beneficiary, the surviving principal beneficiary, or where there is no surviving principal beneficiary or the surviving principal beneficiary had waived entitlement, to the satisfaction of the Trustee, in the form and manner required by the Superintendent, a

designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to receive a lump sum payment of the full value of the contract.

29. Where the owner was not a former member, the Fund assets shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the owner's estate.

#### **Disclosure for benefit of the Fund owner**

30. At the beginning of each fiscal year, the Trustee shall provide the following information to the owner:

- a) the sums deposited, the accumulated earnings, the payments made out of the Fund and the fees charged against it during the previous fiscal year;
- b) the balance of assets in the Fund;
- c) the minimum amount that must be paid out of the Fund to the owner during the current fiscal year; and,
- d) the maximum amount that may be paid out of the Fund to the owner during the current fiscal year.

31. If the balance of the Fund's assets is transferred, the owner must be given the information described herein as of the date of the transfer.

32. If the owner dies before the balance of assets in the Fund is used to purchase an immediate life annuity, the person entitled to receive the balance must be given the information described herein as of the date of the owner's death.

#### **Amendment of this Addendum**

33. The Trustee shall not amend this Addendum except where the Trustee has given the owner of the Fund at least ninety (90) days notice of a proposed amendment.

34. An amendment that would result in a reduction in the owner's benefits under this Addendum is permitted only where:

- a) the Trustee is required by law to make the amendment; and,
- b) the owner is entitled to transfer the balance of the assets in the Fund under the terms of this Addendum that existed before the amendment is made.

35. When making an amendment that would result in a reduction of the owner's benefits under this Addendum, the Trustee shall:

- a) notify the owner of the Fund of the nature of the amendment; and,
- b) allow the owner at least ninety (90) days after the notice is given to transfer all or part of the balance in the Fund.

36. Notice of an amendment shall be sent by registered mail to the owner's address as set out in the records of the Trustee.

#### **Precedence of Addendum and indemnity for the benefit of the Trustee**

37. 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.

38. 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.

39. 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

www.b2btrust.com

Signature of Guarantee



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B2B Trust Authorized Signature

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

\_\_\_\_\_  
Name of Annuitant (owner)

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Signature of Annuitant (owner)

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Date (mm/dd/yyyy)