

SUPPLEMENTARY AGREEMENT TO THE DECLARATION OF TRUST ESTABLISHING A LIFE INCOME FUND UNDER A SELF-DIRECTED RETIREMENT INCOME FUND (schedule 1.1 of the Regulation)

RECITALS:

- A.** The Annuitant is entitled pursuant to the Act and the Regulation to make a transfer to the Fund of amounts derived, directly or indirectly, from a pension plan governed by the provisions of the Act, or any other source acceptable under the Act and the Regulation (the "Transfer");
- B.** Prior to the Transfer the Annuitant has obtained the written consent of his or her Spouse, if not separated from the Annuitant, and if the money to be transferred herein is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant;
- C.** The Annuitant has established a Retirement Income Fund with Natcan Trust Company, 1100 University, Montreal, Québec, H3B 2G7 (the «Trustee») and wishes same to receive the Transfer;
- D.** The Transfer cannot be made unless the conditions herein are satisfied;
- E.** The parties now wish to supplement the Declaration with the provisions of this Agreement in order to comply with the requisite locking-in conditions. In the event of any conflict between the provisions of the Declaration and this Agreement, the provisions of this Agreement shall prevail.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

- 1. DEFINITIONS:** In this Agreement, all capitalized terms not otherwise defined herein shall have the same meaning as in the Declaration. In addition, the following terms shall have the following meaning:
 - a) "Act"** means the *Pension Benefits Act* (Ontario), as same may be amended from time to time;
 - b) "Declaration"** means the Declaration of Trust of the Retirement Income Fund established with the Trustee attached;
 - c) "Declaration about a Spouse"** means any of the following documents:
 - i) A statement signed by the Annuitant's Spouse, if any, that the Spouse consents to the withdrawal or transfer from the Fund;
 - ii) A statement signed by the Annuitant attesting to the fact that he or she does not have a Spouse; or
 - iii) A statement signed by the Annuitant attesting to the fact that he or she is living separate and apart from his or her Spouse on the date the Annuitant signs the application to make the withdrawal or transfer from the Fund.
 - d) "Fiscal Year"** in connection with this Fund means a calendar year terminating on December 31, and will not exceed twelve months;
 - e) "Fund"** refers to the Retirement Income Fund established by the Declaration as supplemented and modified by this Agreement establishing a LIF;
 - f) "LIF"** means a prescribed retirement savings arrangement, known as a life income fund, that is a RIF that meets the conditions set out in Schedule 1 or in Schedule 1.1 of the Regulation;
 - g) "Life Annuity"** means an insurance contract under which an annuity will be provided to the Annuitant or his Spouse that complies with the relevant provisions of the Tax Act and section 22 of the Regulation, provided that the annuity shall not differentiate on the basis of the sex of the beneficiary unless otherwise permitted under the Regulation;
 - h) "LIRA"** means a prescribed retirement savings arrangement, known as a locked-in retirement account, that is a registered retirement savings plan (within the meaning in the Tax Act) that meets the requirements of sub section 21(2) of the Regulation relating to locked-in retirement accounts;
 - i) "LRIF"** means a prescribed retirement savings arrangement, known as a locked-in retirement income fund, that is a RIF that meets the conditions set out in Schedule 2 of the Regulation;
 - j) "Minimum Amount"** means the minimum amount that is required to be paid out of the Fund as determined under the Declaration, which must not be less than the minimum amount prescribed for a RRIF under the Tax Act;
 - k) "Maximum Amount"** means the maximum amount referred to in Section 6 hereof;
 - l) "Regulation"** means *R.R.O. 1990, Regulation 909* adopted pursuant to the Act, as same may be amended from time to time;
 - m) "RIF"** means a retirement income fund within the meaning of the Tax Act that is registered under that act;
 - n) "Spouse"** shall have the meaning assigned to such term under the Act but does not include any person who is not recognized as a spouse or a common-law partner for the purposes of any provision of the Tax Act respecting a RIF;
 - o) "Tax Act"** means the *Income Tax Act* (Canada) and the regulations adopted thereunder;
 - p) "Transfer"** means the transfer referred to in paragraph A of the Recitals hereto.
- 2. Purpose of the Fund:** The Fund must be purchased using all or part of the amount under clause 42(1)(b) of the Act or using all or part of the assets in a LIF, LIRA or LRIF. Except as permitted by the law, all money that is the subject of the Transfer, including all investment earnings thereon and gains realized thereof, but excluding all fees, charges, expenses and taxes charged to this Fund, shall be used to provide the Annuitant with periodic payments.
- 3. Value of the Fund:** The value of all assets in the Fund owned by the Annuitant when the Annuitant signs the application shall be determined in accordance with the most recent statement about each fund or account given to the Annuitant. Each such statement must be dated within one year of the execution of the application by the Annuitant. The fair market value of the assets held under the Fund as determined by the Trustee in good faith shall be used to calculate the balance of the money and assets held under this Fund. The value of the assets in the Fund is subject to the division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that act.
- 4. Investments:** The money and assets held under this Fund shall be invested by the Trustee, either directly or through the Agent, in the manner provided in the Declaration. All investments of money or assets held under this Fund must comply with the rules for the investment of RIF money contained in the Tax Act.
- 5. Restrictions:** The Annuitant agrees not to assign, charge, anticipate or give as security money payable hereunder except as required by an order under the *Family Law Act* (Ontario) or by a domestic contract as defined in Part IV of that act subject to the maximum set out in subsection 66(4) of the Act.
- 6. Payments:**

Except as permitted by the law, payments to the Annuitant hereunder shall be determined under the Declaration and shall comply with the following conditions:

 - a) Commencement of Payments:** Payments out of the Fund must begin:
 - i) no earlier than the earliest date on which the Annuitant is entitled to receive a pension under any pension plan from which money was transferred into the Fund directly or indirectly, and
 - ii) no later than the end of the second Fiscal Year of the Fund.
 - b) Annual Payments:** The Annuitant must notify the Trustee of the amount (such amount being no lower than the Minimum Amount and no higher than the Maximum Amount) to be paid out of the Fund each year no later than January 1 of the year to which it relates. Such notice expires on December 31 of the year to which it relates. If the Annuitant does not thereby notify the Trustee, the Annuitant will be deemed to have decided to receive the Minimum Amount with respect to such year and the Trustee will thereby pay the Minimum Amount out of the Fund in such year.
 - c) Division on Marriage Breakdown:** Payments are subject to the division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that act.
 - d) Maximum Amount:** The amounts of income paid during a Fiscal Year out of the Fund must not exceed the greatest of the following amounts:
 - 1. The investment earnings, including any unrealized capital gains or losses, of the LIF in the previous Fiscal Year.
 - 2. If the money in the Fund is derived from money transferred directly from another LIF or LRIF, and if the income is being paid out of the Fund in the Fiscal Year following the Fiscal Year in which the Fund is established, the sum of,
 - i) the investment earnings, including any unrealized capital gains or losses, of the transferring LIF or LRIF in the previous Fiscal Year, and
 - ii) the investment earnings, including any unrealized capital gains or losses, of the Fund in the previous Fiscal Year.
 - 3. the amount calculated in accordance with the following formula:

$$C/F = \text{Maximum Amount}$$
 where
 "C" = is the value of the assets in the Fund at the beginning of the Fiscal Year; and
 "F" = is the present value, at the beginning of the Fiscal Year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the Fiscal Year and ending on December 31 of the year in which the Annuitant reaches 90 years of age.
 The following interest rate assumptions are to be used to determine the amount "F":
 - i) The interest rate for each of the first 15 Fiscal Years of the period referred to in the definition of "F" is the greater of 6 % and the nominal rate of interest on long-term bonds issued by the Government of Canada for November of the year before the beginning of the Fiscal Year, as determined from the Canadian Socio-Economic Information Management System (CANSIM) series V122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada; and
 - ii) For the 16th and each subsequent Fiscal Year of the period referred to in the definition of "F", the interest rate is 6%.
 - e) Maximum Amount on Transfer from LIF or LRIF:** Despite paragraph 6.d) above, if any money in the Fund is derived from money transferred directly or indirectly from another LIF or LRIF the Maximum Amount that may be paid out of the Fund in the Fiscal Year in which the money is transferred into the Fund is zero;
 - f) Maximum Amount for Short First Fiscal Year:** If the first Fiscal Year of the Fund is not 12 months long, the Maximum Amount determined under 6.d) above 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;
 - g) Minimum Amount:** The amount of income paid out of the Fund during a Fiscal Year must not be less than the Minimum Amount. If the Minimum Amount is greater than the Maximum Amount determined in this Section 6, the Minimum Amount shall be paid out of the Fund during the Fiscal Year.
- 7. a) Permitted Transfers Prior to Conversion:** The Annuitant may transfer all or part of the assets held in the Fund either to:
 - i) another LIF governed by Schedule 1.1 of the Regulation;
 - ii) purchase an immediate Life Annuity;

A life annuity referred to here above shall not differentiate on the basis of the sex of the beneficiary if the commuted value of the pension benefit that was transferred into the Fund was determined in a manner that did not differentiate on the basis of sex.

 - b) Conditions applicable to a transfer:** The Trustee shall not make a transfer described in subsection 7a) unless the following conditions are met:
 - i) the transfer is permitted under the Act and the Regulation; and
 - ii) the Trustee shall advise the transferee in writing that the amount transferred must be administered in accordance with the Act and the Regulation and the transferee agrees to administer the amount transferred in accordance with the Act and the Regulation.

The Trustee may deduct from the property being transferred all amounts to be retained in application of paragraphs 146.3(2)(e.1) or 146.3(2)(e.2) of the Tax Act, as applicable, as well as any fees and disbursements to which the Trustee is entitled.

Such transfer shall be made within a period of 30 days from the receipt of written instructions from the Annuitant in a form deemed satisfactory by the Trustee, or within a reasonable time with respect to the transfer of assets held as securities whose term of investment extends beyond the 30-day period.

Notwithstanding the above, the Annuitant agrees that Trustee shall never be obliged to refund in advance the investments held under the Fund for purposes of transfer and may, at its entire discretion, either (i) delay the requested transfer, or (ii) where such investments consist of identifiable and transferable securities, make the transfer by the remittance of such securities.

Once the transfer is completed in compliance with all conditions relating thereto, the Trustee and the Agent shall be released from any liability in connection with this Fund to the extent of the transfer.
- 8. Purchase of a Life Annuity:** The Annuitant shall use any assets in the Fund to purchase an immediate Life Annuity, in accordance with the written instructions from the Annuitant in a form deemed satisfactory by the Trustee. For the purpose of the Life Annuity purchased hereunder, a determination as to whether the Annuitant has a Spouse is to be made on the date the annuity is purchased. Payments under a Life Annuity are subject to division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that act.
- 9. Permitted withdrawals:** Except as permitted by section 49 or 67 of the Act, section 22.2 of the Regulation or Schedule 1.1 of the Regulation, no withdrawal, commutation or surrender of money, in whole or in part, held in the Fund is permitted and will be void, except in the following circumstances:
 - a) Withdrawal within 60 days of a transfer:** if assets are transferred in the Fund from a pension fund, a LIRA, an LRIF or another LIF, the Annuitant may upon application in accordance with section 8 of the Regulation's Schedule 1.1, either withdraw from the Fund or transfer from it to an RRSP or RRIF, an amount representing:
 - A) up to 25 per cent of the total market value of the assets transferred into the Fund in relation to a transfer of assets made on or before December 31, 2009;
 - B) up to 50 per cent of the total market value of the assets transferred into the Fund in relation to a transfer of assets made on or after January 1, 2010.

The following conditions have to be met for a withdrawal or transfer above-mentioned :

 - i) the application for the withdrawal or transfer must be given by the Annuitant within 60 days after the assets are transferred into the Fund;
 - ii) the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within 60 days of execution, and accompanied by one of the following documents:
 - (1) a Declaration about a Spouse; or
 - (2) a statement signed by the Annuitant within 60 days of receipt by the Trustee attesting to the fact that none of the money in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.

Until December 31 2010, if the assets are transferred into the Fund from another LIF governed by Schedule 1.1 of the Regulation, the Annuitant cannot make a withdrawal or transfer described in the present paragraph 09a) unless the transfer into the Fund was made in accordance with the terms of an order under the *Family Law Act* or domestic contract as defined in Part IV of that Act.

Starting January 1st 2011, if the assets are transferred into the Fund from another LIF or a LRIF, the Annuitant cannot make a withdrawal or a transfer described in the present paragraph 9a) unless the transfer into the Fund was made in accordance with the terms of an order under the *Family Law Act* or domestic contract as defined in Part IV of that Act.

CONTINUED ON REVERSE

THE UNDERSIGNED HEREBY CERTIFY THAT THEY HAVE READ THE ABOVE PROVISIONS AS WELL AS THE APPLICABLE PROVISIONS OF THE NATCAN TRUST COMPANY SELF-DIRECTED RETIREMENT INCOME FUND AND UNDERSTAND THAT THE FUNDS TRANSFERRED HEREIN WILL BE HELD IN ACCORDANCE THEREWITH.

**NBCN AS AGENT FOR
NATCAN TRUST COMPANY**

Name of Annuitant (print)

Signature of annuitant

Date

- b) **Withdrawal of 25% on or after January 1, 2010:** the Annuitant may upon application in accordance with section 8.1 of the Regulation's Schedule 1.1, make either one withdrawal from the Fund or one transfer from it to an RRSP or RRIF, for an amount representing up to 25 per cent of the total market value of the assets transferred into the Fund on or before December 31, 2009. The following conditions have to be met for the withdrawal or transfer above-mentioned :
- the application for the withdrawal or transfer must be given by the Annuitant to the Trustee on or before December 31, 2010;
 - the application is made on a form approved by the Superintendent, signed by the Annuitant, and accompanied by one of the following documents:
 - a Declaration about a Spouse; or
 - a statement signed by the Annuitant attesting to the fact that none of the money in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.
- c) **Withdrawal of Small Amount at 55:** The Annuitant may withdraw all of the money in the Fund or transfer the assets to an RRSP or RRIF, upon application by the Annuitant in accordance with section 9 of Schedule 1.1 of the Regulation and if the following conditions are met at the time of execution of the application :
- the Annuitant has attained the age of 55 years of age; and
 - the value of all assets in all LIFs, LRIFs and LIRAs owned by the Annuitant is less than 40% of the Year's Maximum Pensionable Earnings for the calendar year in which the application is made; and
 - the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within 60 days of execution, and accompanied by one of the following documents:
 - a Declaration about a Spouse; or
 - a statement signed by the Annuitant within 60 days of receipt by the Trustee attesting to the fact that none of the money in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.
- d) **Shortened Life Expectancy Withdrawal:** The Annuitant may withdraw all or part of the money in the Fund, upon application by the Annuitant in accordance with section 11 of Schedule 1.1 of the Regulation and if the following conditions are met:
- at the time of execution of the application, the Annuitant has an illness or physical disability that is likely to shorten the Annuitant's life expectancy to less than two years;
 - the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within 60 days of execution, and accompanied by the following documents:
 - a statement signed by a physician who is licensed to practice medicine in a jurisdiction in Canada that, in the opinion of the physician, the Annuitant has an illness or physical disability that is likely to shorten the Annuitant's life expectancy to less than two years; and
 - one of the following documents:
 - a Declaration about a Spouse; or
 - a statement signed by the Annuitant within 60 days of receipt by the Trustee attesting to the fact that none of the money in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.
- e) **Non-resident withdrawal:** Subject to the term of the investment held in the Fund, the Annuitant may withdraw all the money in the Fund, upon application by the Annuitant in accordance with section 10 of Schedule 1.1 of the Regulation if the following conditions are met:
- at the time of execution of the application, the Annuitant is a non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the Tax Act; and
 - the application is made at least 24 months after the Annuitant's date of departure from Canada;
 - the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within 60 days of execution, and accompanied by the following documents:
 - A written determination from the Canada Revenue Agency that the Annuitant is a non-resident for the purposes of the Tax Act;
 - one of the following documents:
 - a Declaration about a Spouse; or
 - a statement signed by the Annuitant within 60 days of receipt by the Trustee attesting to the fact that none of the money in the Fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.
- f) **Financial Hardship Withdrawal:** If the Trustee receives the consent of the Superintendent pursuant to Part III of the Regulation (upon application of the Annuitant to the Superintendent in accordance with the Act and the Regulation), which has been signed by the Superintendent within 12 months of its receipt by the Trustee, the Trustee will pay within 30 days after receiving such consent and in accordance with such consent:
- the specified amount, net of any withholding tax and fee, to the Annuitant as a lump sum payment, on a monthly instalment basis, or a combination thereof; and
 - the amount of any related fee approved by the Minister, net of withholding tax, to the Minister.
- 10. Death of the Annuitant:** Upon receipt of evidence satisfactory to the Trustee in respect of the death of the Annuitant and the right of entitlement of the beneficiary, the Trustee shall dispose of the assets of the Fund, and subject to paragraph 60(f) of the Tax Act and after deducting any applicable tax, costs of such disposition, fees or any other amounts payable hereunder, the Trustee shall pay in a lump sum the net proceeds of such disposition to:
- the Annuitant's Spouse (other than a Spouse that is living separate and apart from the Annuitant on the date of his or her death), to the extent that the Annuitant was a member or former member of a pension plan from which assets were transferred directly or indirectly to purchase the Fund. The Annuitant's Spouse may waive his entitlement to receive the survivor's benefit from the Fund by delivering to the Trustee a written waiver in a form approved by the Superintendent. The determination as to whether the Annuitant has a Spouse is made on the date of the Annuitant's death;
 - if the Annuitant does not have a Spouse pursuant to 10 a) above, to the beneficiary lawfully designated to receive such death benefits; or
 - if the Annuitant does not have a Spouse pursuant to 10 a) above, nor a designated beneficiary pursuant to 10 b) above, to the estate of the Annuitant.
- The benefit to the surviving Spouse referred to in this section may be transferred to an RRSP or a RRIF in accordance with the Tax Act. No such payment shall be made unless and until the Trustee receives releases and other documents as it may reasonably require. For the purposes of this section, the value of the assets in the Fund includes all accumulated investment earnings, including any unrealized capital gains and losses, of the Fund from the date of death until the date of payment.
- 11. Amendments:** The Trustee must send a notice in writing to the Annuitant's latest address as set out in the records of the Trustee, indicating the nature of an amendment to this Agreement and within 90 days of the effective date of the proposed amendment. An amendment to this Fund may not be made if it would result in a reduction of the Annuitant's rights hereunder, unless such amendment is necessary to conform with any law and the Annuitant is entitled to transfer the assets in the fund under the terms of this Supplemental Agreement existing before the amendment is made. The Annuitant has 90 days after the notice is given to transfer all or part of the assets in the Fund.
- 12. Statements:** The Trustee shall provide to the Annuitant, at the beginning of each Fiscal Year of the Fund, a statement containing the following information:
- The sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made out of the Fund, the withdrawals taken out of the Fund and the fees charged against it during the previous Fiscal Year;
 - The value of the assets in the Fund as of the beginning of the Fiscal Year;
 - The Minimum Amount and Maximum Amount that must be paid out of the Fund to the Annuitant during the current Fiscal Year.
- If the assets in the Fund are transferred pursuant to Section 7 hereof, the Trustee shall provide the information described in this Section 12 determined as of the date of the transfer. Upon the death of the Annuitant, the Trustee shall provide to the person entitled to receive the death benefits under Section 10 the information described in this Section 12 determined as of the date of the Annuitant's death.
- 13. Representations and warranties of the Annuitant:** The Annuitant represents and warrants to the Trustee the following:
- That the pension legislation applicable and governing the Transfer at such time is the Act and Regulation;
 - That the amounts transferred herein are locked-in amounts resulting directly or indirectly from the commuted value of the Annuitant's pension entitlements and the Annuitant is entitled to make a transfer of his or her pension entitlements pursuant to the Act or the Regulation;
 - That the provisions of the pension plan do not prohibit the Annuitant from entering into this Agreement and, in the event that such prohibition does exist, the Trustee shall not be liable for the consequences to the Annuitant of executing this Agreement nor for anything done by the Trustee in accordance with the provisions hereof; and
 - That the commuted value of the pension benefits that was transferred into the Fund was not determined in a manner that differentiated on the basis of sex, unless otherwise indicated in writing to the Trustee in respect of pension benefits accrued before 1987.
- 14. Governing law:** This Agreement shall be governed by the laws of the province of Ontario.