

**NATCAN TRUST COMPANY SELF-DIRECTED LOCKED-IN RETIREMENT INCOME FUND FOR ONTARIO ADDENDUM SUPPLEMENTARY AGREEMENT ESTABLISHING A LOCKED-IN RETIREMENT INCOME FUND UNDER THE NATCAN TRUST COMPANY SELF-DIRECTED RETIREMENT INCOME FUND**

**RECITALS:**

- A. The Annuitant is entitled, pursuant to the *Ontario Pension Benefits Standards Act*, to transfer the commuted value of pension entitlements he or she has accumulated under a pension plan governed by the provisions of the *Ontario Pension Benefits Standards Act* and the *Regulation R.R.O. 1990*, a LIRA, an annuity contract purchased with funds originating from a pension plan registered under the *Income Tax Act* (Canada) or an annuity complying with subsection 146(1) of such act (the "Transfer");
- B. the Annuitant has established a Natcan Trust Company Self-Directed Retirement Income Fund and wishes same to receive the Transfer;
- C. the Transfer cannot be made unless the conditions herein are satisfied;
- D. the parties now wish to supplement the Natcan Trust Company Self-Directed Retirement Income Fund in order to comply with the requisite conditions.

**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 Natcan Trust Company Self-Directed Retirement Income Fund. In addition, the following terms shall have the meaning indicated:
    - 1.1 "Act" means the *Ontario Pension Benefits Standards Act*, as same may be amended from time to time;
    - 1.2 "Financial institution" means the underwriter, depositary or issuer of a LIF, LRIF or LIRA;
    - 1.3 "Fiscal year" in connection with this Fund means a calendar year terminating on December 31, and will not exceed twelve months;
    - 1.4 "Fund" refers to the Natcan Trust Company Self-Directed Retirement Income Fund executed between the Annuitant, Natcan Trust Company and the Agent, as supplemented and modified by this Agreement establishing a LRIF;
    - 1.5 "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 of the Regulation;
    - 1.6 "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;
    - 1.7 "Life annuity" means an arrangement made to purchase through an insurance business a pension that complies with the relevant provisions of the *Income Tax Act* (Canada) and section 22 of the Regulation;
    - 1.8 "LIRA" means an RSP that meets the requirements of subsection 21(2) of the Regulation relating to locked-in retirement accounts;
    - 1.9 "Regulation" means all regulations adopted pursuant to the Act, as same may be amended from time to time;
    - 1.10 "RIF" means a retirement income fund within the meaning of the *Income Tax Act* (Canada) that is registered under that act;
    - 1.11 "RSP" means a retirement saving plan within the meaning of the *Income Tax Act* (Canada) that is registered under that act;
    - 1.12 "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 common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RIF;
    - 1.13 "Transfer" means the transfer referred to in paragraph A of the Recitals hereto;
    - 1.14 "Value of the Fund" for the purposes of calculating the balance of the money and assets held under this Fund, shall mean the fair market value of the assets held under the Fund as determined by the Trustee in good faith.
  - 2. Purpose of the Fund:** All money that is the subject of the Transfer, including all investment earnings thereon but excluding all fees, charges, expenses and taxes charged to this Fund, shall be used to provide the Annuitant with periodic payments the amount of which may vary annually and which shall continue until the whole of this Fund is transferred or otherwise paid out hereunder. The Annuitant shall not be allowed to make any additional contribution, and no money which is not locked-in may be transferred or otherwise held under this Fund.
  - 3. Periodic payments:** Payments to the Annuitant hereunder shall be determined by the Annuitant at the beginning of the Fiscal year of this Fund within the minimum and maximum amounts set forth in the statement referred to at section 10 hereof. Should the Annuitant fail to make such a determination in a given Fiscal year within 30 days of receipt of such statement, the Trustee shall pay the minimum amount for that Fiscal year. The payments to be made hereunder to the Annuitant shall comply with the following conditions:
    - 3.1 i) the value of the assets in the LRIF at the beginning of that fiscal year less the amount calculated by subtracting from the sum of all amounts transferred into the LRIF since it was established the sum of all amounts transferred out of the LRIF since it was established;
    - ii) the investment earnings, including any unrealized capital gains or losses, of the LRIF in the previous fiscal year;
    - iii) in the fiscal year in which the LRIF is established or in the fiscal year immediately following its establishment, 6 per cent of the value of the assets in the LRIF at the beginning of the applicable fiscal year;
    - iv) if the assets in the LRIF are derived from assets transferred directly from a life income fund or a locked-in retirement income fund and if the income is being paid out of the LRIF in the fiscal year following the fiscal year in which the LRIF is established, the sum of,
      - a) the investment earnings, including any unrealized capital gains or losses, of the transferring life income fund or locked-in retirement income fund, as the case may be, in the previous fiscal year, and
      - b) the investment earnings, including any unrealized capital gains or losses, of the LRIF in the previous fiscal year.
  - 3.2 for the first Fiscal year of the Fund, the minimum amount shall be set at zero and the maximum amount will be adjusted in proportion to the number of months remaining in the Fiscal year divided by twelve (12), with any part of an incomplete month counting as one month; and
  - 3.3 where all or any part of the money and assets held under this Fund is derived from money transferred directly or indirectly during a Fiscal year of this Fund from another LRIF or a LIF of the Annuitant, the maximum amount payable for that Fiscal year shall be equal to zero unless the *Income Tax Act* (Canada) requires the payment of a higher amount;
  - 3.4 If the Annuitant elects to be paid an amount that is less than the Maximum Amount in a fiscal year, the difference between the Maximum Amount and the amount paid in the year may be carried forward. The Annuitant may elect to be paid in a fiscal year all or part of the amount carried forward from a prior fiscal year. Upon such payment the amount carried forward will be reduced by the amount paid to the Annuitant.
- 4. Commencement of payments:** All payments to be made to the Annuitant hereunder shall commence as follows:
  - 4.1 not earlier than the earliest date on which the former member is entitled to receive a pension under any pension plan from which Benefits were transferred into the LRIF directly or indirectly; and
  - 4.2 not later than the end of the second Fiscal year of this Fund.
- 5. Permitted transfers prior to conversion:** The money and assets held under this Fund may be transferred in whole or in part to one of the following:
  - 5.1 to another LRIF;
  - 5.2 to a LIF; provided that the minimum amount as defined under subsection 146.3(1) of the Tax Act is retained before transferring the balance of the LRIF in accordance with paragraph 146.3(2)(e) of the Tax Act.
  - 5.3 before December 31 of the year in which the Annuitant attains 69 years of age, to a LIRA; or
  - 5.4 to purchase an immediate Life annuity, as stipulated in paragraph 60(l) of the Tax Act and that meets the requirements of section 22 of the Regulations.Such transfer shall be made within a period of 30 days from the receipt of written instructions from the Annuitant to that effect. Once the transfer is completed, the Trustee and the Agent shall be released from any liability in connection with this Fund to the extent of the transfer. Notwithstanding the above, the 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, effect the transfer by the remittance of such securities.
- 6. Permitted withdrawals:**
  - a) **Financial Hardship Withdrawal:** If the Trustee receives the consent of the Superintendent pursuant to subsection 67(5) of the Act which has been signed by the Superintendent within twelve months of its receipt by the Trustee (the "Consent"), the Trustee may, in accordance with the Consent:
    - i) pay the specified amount, net of any withholding tax and fee, to the Annuitant as a lump sum payment, on a monthly installment basis, or a combination thereof; and
    - ii) pay the amount of any related fee approved by the Minister, net of withholding tax, to the Minister.
  - b) **Withdrawal of Small Amount at 55:** A withdrawal equal to the value of the entire LRIF may be made upon application by the Annuitant to the Trustee in accordance with section 8 of Schedule 2 of the Regulations provided the following conditions are met:
    - (i) the Annuitant has attained the age of fifty-five years at the time of execution of the application;
    - (ii) the value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts 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
    - (iii) the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within sixty days of execution, and accompanied by one of the following documents:
      - (a) a Declaration about a Spouse or Same-Sex Partner, or
      - (b) a statement signed by the Annuitant within sixty days of receipt by the Trustee attesting to the fact that none of the money in the LRIF is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.The value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts 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 of the Annuitant, which must be provided to the Trustee. Each such statement must be dated within one year of the execution of the application by the Annuitant.
  - c) **Shortened Life Expectancy Withdrawal:** A withdrawal of all or part of the balance of the LRIF may be made on application by the Annuitant to the Trustee in accordance with section 9 of Schedule 2 of the Regulations for the withdrawal provided the following conditions are met:
    - i) 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;
    - ii) the application is made on a form approved by the Superintendent, signed by the Annuitant, provided to the Trustee within sixty days of execution, and accompanied by the following documentation:
      - a) 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
      - b) (i) a Declaration about a Spouse or Same-Sex Partner, or
      - (ii) a statement signed by the Annuitant within sixty days of receipt by the Trustee attesting to the fact that none of the money in the LRIF is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Annuitant.The Trustee may rely upon the information provided by the Annuitant in an application made pursuant to paragraph 6 b) and c) and such application shall constitute sufficient authorization to the Trustee to make the withdraw from the LRIF as requested by the Annuitant. The withdrawal will occur within thirty days of receipt by the Trustee of a completed application form and accompanying documentation.
- 7. Exemption from seizure:** Except as provided by law, including at section 65(3) of the Act and section 9 hereof, the money and assets held under this Fund may not be assigned, charged, anticipated or given as security and shall be exempted from execution, seizure or attachment. Any transaction purporting to assign, charge or anticipate the money or assets held under this Fund or give same as security is void.
- 8. Death of the Annuitant:** Should the Annuitant who is a member or former member die before transfer or withdrawal of the whole of this Fund as provided at section 3, 5 or 6 hereof then, notwithstanding any other provision of this Agreement, the money and assets held under this Fund shall be payable by way of lump sum as follows:
  - 8.1 to the Annuitant's Spouse as established at the time of the Annuitant's death, provided such Spouse is not living separate and apart from the Annuitant at such time;
  - 8.2 where the Annuitant does not have a Spouse entitled to receive such payment, to any beneficiary lawfully designated to receive same; or
  - 8.3 where the Annuitant does not have a Spouse entitled to receive such payment and in the absence of a lawfully designated beneficiary, to the estate of the Annuitant.Such payment shall be effected after receipt by the Trustee of satisfactory evidence of the Annuitant's death and of entitlement to the funds in question.
- 9. Division on Marriage Breakdown:** Payments out of this Fund pursuant to section 3 hereof and payments made to the Annuitant under a Life annuity purchased with this Fund are subject to division in accordance with the terms of a domestic contract, as defined in Part IV of the *Family Law Act* (Ontario), or the terms of an order made under Part I of the *Family Law Act* (Ontario), subject to the requirements of the Act. For the purpose of the division of payments from a Life annuity purchased with this Fund, the Annuitant's spousal status is to be determined as of the date of the purchase and such division can only be effected by commutation and payment in a lump sum. The Trustee shall not be obligated to make any payments or transfers hereunder until receipt by the Trustee of satisfactory proof of entitlement.

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.**

**YOUR CURRENT MARITAL STATUS:** (This data is necessary in order to completed prescribed government forms.)  Single  Married  Common law  Divorced  Separated  Widowed

NBCN AS AGENT FOR NATCAN TRUST COMPANY

Name of Annuitant (print)

Signature of annuitant Date  
CANARY: BRANCH/FIRM WHITE: CLIENT

**10. Statements:** The Trustee shall provide the Annuitant, within 30 days of the beginning of each Fiscal year of this Fund, a statement containing the following information:

10.1 the sums deposited, the income earned thereon, the payments made under this Fund and the fees charged to the Fund during the previous Fiscal year;

10.2 the balance in the Fund at the beginning of the Fiscal year in question; and

10.3 the minimum and maximum amounts that are available for payment under the Fund for the Fiscal year in question.

A statement containing the information referred to at 10.1 and 10.2 above shall also be provided (i) to the Annuitant when a transfer is made pursuant to section 5 above, as at the time of the transfer, or (ii) if the Annuitant dies before the termination of this Fund, to the Annuitant's Spouse, beneficiary or personal representative, as the case may be, as of the time of the Annuitant's death.

**11. Amendments:** Amendments to this Fund shall not be made that would result in a reduction of the benefits hereunder unless such amendment is necessary to conform with the requirements of the Act and the Regulation pertaining to LRIF or those of other legislation in another jurisdiction, including the *Income Tax Act* (Canada) and the Annuitant is entitled to transfer the money and assets held in the Fund under section 5 hereof. In such event, a notice must be sent to the Annuitant by registered mail at the last address known to the Trustee in connection with this Fund, indicating the nature of the amendment and providing for at least ninety (90) days within which the Annuitant may exercise the entitlement to transfer. Any other amendment will be effective not less than ninety (90) days after notice thereof has been mailed to the Annuitant in the same manner as provided above.

**12. Representations and warranties of the Annuitant:** The Annuitant represents and warrants to the Trustee the following:

12.1 that he/she is or was a member of a pension plan governed by the Act or the Spouse of such person, that an entitlement to receive a pension thereunder is vested in him/her, in the case of the Spouse of such a person, as a result of the death of the member or former member or as a result of marriage breakdown;

12.2 that the funds transferred herein are locked-in funds resulting directly or indirectly from the commuted value of the Annuitant's pension entitlements whose transfer herein is permitted pursuant to the Act;

12.3 where the Annuitant has a Spouse and is transferring herein pension entitlements accruing to the Annuitant as a member or former member of such pension plan, and not as the Spouse of such person, the Annuitant has obtained the written consent of his or her Spouse; and

12.4 that the provisions of the pension plan do not prohibit the Annuitant from entering in 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 not for anything done by the Trustee in accordance with the provisions hereof.

**13. Governing terms:** The money which is the object of the transfer shall be held by the Trustee in accordance with the terms of the Natcan Trust Company Self-Directed Retirement Income Fund and the provisions of this Agreement, provided that in the event of any conflict between the provisions of the Natcan Trust Company Self-Directed Retirement Income Fund on the one hand and this Agreement on the other, the provisions of this Agreement shall prevail.

**14. Governing law:** This Agreement shall be governed by the laws of the province of Ontario.

**15. Assigns:** This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.