

Life Income Fund (LIF) Addendum – FEDERAL (Pursuant to the Pension Benefits Standards Regulations, 1985 (Canada))



Account No. _____

CLIENT NAME: _____

Upon receipt of locked-in pension assets pursuant to the Pension Benefits Standards Act, 1985 (Canada), and in accordance with the instructions of the Plan Holder to transfer the assets life income fund, the Plan Issuer and Plan Holder agree that the provisions of this Addendum are appended to and form additional terms of the Declaration of Trust or Trust Agreement for the above-named income fund.

Pension legislation: For the purpose of this Addendum, the word “Act” means the “Pension Benefits Standard Act, 1985” and the word “Regulation” means the Pension Benefits Standards Regulation, 1985 (Canada) made under the Act.

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.

Locked-In Assets Only: No money that is not locked-in will be transferred to or held under the Plan.

- (1) The contract or arrangement establishing a life income fund shall
- (a) set out the method of determining the value of the life income fund, including the valuation method used to establish its value on the death of the holder of the life income fund or on the transfer of assets from the life income fund;
 - (b) provide that the holder of the life income fund shall, at the beginning of each calendar year or at any other time agreed on by the financial institution with whom the contract or arrangement was entered into, decide the amount to be paid out of the life income fund in that year;
 - (c) provide that in the event that the holder of the life income fund does not decide the amount to be paid out of the life income fund in a calendar year, the minimum amount determined in accordance with the Income Tax Act shall be paid out of the life income fund in that year;
 - (d) provide that, for any calendar year before the calendar year in which the holder of the life income fund reaches 90 years of age, the amount of income paid out of the life income fund shall not exceed the amount determined by the formula
 - C/F**
where
C
is the balance in the life income fund
 - (i) at the beginning of the calendar year, or
 - (ii) if the amount determined in subparagraph (i) is zero, at the date when the initial amount was transferred into the life income fund, and
 - F**
is the value, as at the beginning of the calendar year, of a pension benefit of which the annual payment is \$1, payable on January 1 of each year between the beginning of that calendar year and December 31 of the year in which the holder reaches 90 years of age, established using an interest rate that
 - (i) for the first 15 years after January 1 of the year in which the life income fund is valued, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the second month before the beginning of the calendar year, and
 - (ii) for any subsequent year, is not more than 6%;
- (e) provide that, for the calendar year in which the contract or arrangement was entered into, the amount determined under paragraph (d) or (d.1), as the case may be, shall be multiplied by the number of months remaining in that year and then divided by 12, with any part of an incomplete month counting as one month;
- (f) provide that if, at the time the life income fund was established, part of the life income fund was composed of funds that had been held in another life income fund of the holder earlier in the calendar year in which the fund was established, the amount determined under paragraph (d) or (d.1), as the case may be, is deemed to be zero in respect of that part of the life income fund for that calendar year;
- (g) provide that the funds in the life income fund may only be
 - (i) transferred to another life income fund or to a restricted life income fund,
 - (ii) transferred to a locked-in registered retirement savings plan, or
 - (iii) used to purchase an immediate life annuity or a deferred life annuity;
- (h) provide that, on the death of the holder of the life income fund, the funds in the life income fund shall be paid to the survivor of the holder by
 - (i) transferring the funds to another life income fund or to a restricted life income fund,
 - (ii) using the funds to purchase an immediate life annuity or a deferred life annuity, or
 - (iii) transferring the funds to a locked-in registered retirement savings plan;
- (i) provide that, subject to subsection 25(4) of the Act, the funds in the life income fund shall not be assigned, charged, anticipated or given as security and that any transaction purporting to assign, charge, anticipate or give the funds as security is void;
- (j) state whether or not any pension benefit credit transferred pursuant to section 26 of the Act was varied according to the sex of the plan member;
- (k) provide that, in the calendar year in which the holder of the life income fund reaches 55 years of age or in any subsequent calendar year, the funds may be paid to the holder in a lump sum if
 - (i) the holder certifies that the total value of all assets in all locked-in registered retirement savings plans, life income funds, restricted locked-in savings plans and restricted life income funds that were created as a result of a transfer of pension benefit credits under section 16.4 or 26 of the Act, a transfer under these Regulations or a transfer under section 50, 53 or 54 of the Pooled Registered Pension Plans Act or Pooled Registered Pension Plans Regulations, is less than or equal to 50% of the Year’s Maximum Pensionable Earnings, and

- (ii) if the holder gives a copy of Form 2 and Form 3 of Schedule V to the financial institution with whom the contract or arrangement for the life income fund was entered into; and
- (l) provide that the holder of the life income fund may withdraw an amount from that fund up to the lesser of the amount determined by the formula set out in subsection 20(1.1) and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this paragraph — from any life income fund — or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m)
 - (i) if the holder certifies that the holder has not made a withdrawal in the calendar year under this paragraph — from any life income fund — or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) other than within the last 30 days before this certification,
 - (ii) if, in the event that the value of M in subsection 20(1.1) is greater than zero,
 - (A) the holder certifies that the holder expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the holder's total expected income for that calendar year determined in accordance with the Income Tax Act, excluding withdrawals in the calendar year under this paragraph — from any life income fund — or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m), and
 - (B) a physician certifies that such medical or disability-related treatment or adaptive technology is required, and

- (iii) if the holder gives a copy of Form 1 and Form 2 of Schedule V to the financial institution with whom the contract or arrangement for the life income fund was entered into.

- (2) Where a pension benefit credit transferred to a life income fund was not varied according to the sex of the plan member, an immediate life annuity or a deferred life annuity purchased with the funds accumulated in the life income fund shall not differentiate as to sex.
- (3) The contract or arrangement establishing a life income fund may provide that, where a physician certifies that, owing to mental or physical disability, the life expectancy of the holder of the life income fund is likely to be shortened considerably, the funds in the life income fund may be paid to the holder in a lump sum.
- (4) Should the Plan Issuer and/or its Agent be required to make payments or to provide an annuity or a pension as a result of any Locked-In Assets being paid out or transferred otherwise than in accordance with the provisions of this Addendum, the Regulation or as may be required by applicable law, the Plan Holder will indemnify and hold harmless the Plan Issuer and/or the Agent to the extent that Locked-In Assets were previously received by or accrued to the benefit of any of them or the Plan Holder's estate. This indemnity will be binding upon the Plan Holder's legal representatives, successors, heirs and assigns.
- (5) The Trustee hereby affirms that no amendment will be made to the Fund except as permitted by the Pension Act.

Plan Issuer:
Community Trust Company

Full Name of Plan Holder

Signature of Authorized Person

Signature of Plan Holder

Date

Date