

Locked-in Retirement Account (LIRA) Addendum – ONTARIO (In regard of pension money governed by Ontario pension legislation)



Account No. _____

CLIENT NAME: _____

Additional Terms and Conditions

The Annuitant named in the application form completed by the Annuitant has established a Community Trust Self-Directed Locked-In Retirement Account (LIRA) with Community Trust Company a trust company incorporated under the laws of the province of Ontario (the "Trustee") which has received funds (such fund, together with all investment earnings thereon and gains realized in respect thereof under the Plan shall collectively be referred to herein as the "Locked-in Funds" governed by the Pension Benefits Act (Ontario) and regulation thereunder (the "Pension Act") . The following terms and conditions are applicable to the Locked-In Funds which are binding upon the Annuitant and the Trustee and their respective successors and assigns effective from the time of transfer of the Locked-In Fund to the Plan.

Schedule 3

Locked-In Retirement Account Requirements

Establishing the Account

1. (1) The following persons may purchase a locked-in retirement account in accordance with this section:
 1. A former member who is entitled to make a transfer under clause 42 (1) (b) of the Act.
 2. A spouse or former spouse of a person who was a member who is entitled to make a transfer under clause 42 (1) (b) of the Act.
 3. A person who has previously transferred an amount under clause 42 (1) (b) of the Act into a locked-in retirement account.
 4. A person who has previously transferred an amount under paragraph 2 of subsection 67.3 (2) of the Act into a locked-in retirement account.
 5. An eligible spouse who is entitled to transfer a lump sum under paragraph 2 of subsection 67.3 (2) of the Act.
- (2) The account must be purchased using all or part of the amount transferred under clause 42 (1) (b) of the Act or under paragraph 2 of subsection 67.3 (2) of the Act, or using all or part of the assets in a locked-in retirement account.
- (3) For the purposes of this Schedule, a locked-in retirement account includes a contract made before June 24, 1994 to establish an RRSP for the purposes of a transfer under clause 42 (1) (b) of the Act.
2. (1) A contract establishing a locked-in retirement account must provide for the matters described in this section.
 - (2) It must indicate the name and address of the financial institution providing the account.
 - (3) It must describe the owner's powers, if any, respecting investment of the assets in the account.
 - (4) It must state that the owner agrees not to assign, charge, anticipate or give as security money in the account except as required by an order under the *Family Law Act*, a family arbitration award or a domestic contract.
 - (5) It must describe the method for determining the value of the assets in the account.
 - (6) It must indicate whether the commuted value of the pension benefit that was transferred into the account was determined in a manner that differentiated on the basis of sex.
3. (1) Money in a locked-in retirement account cannot be commuted, withdrawn or surrendered in whole or in part, except as permitted by section 49 or 67 of the Act, section 22.2 of this Regulation or this Schedule.
- (2) Every contract establishing a locked-in retirement account shall be deemed to include a provision setting out the restriction described in subsection (1).

- (3) Any transaction that contravenes subsection (1) is void.

4. The fiscal year of a locked-in retirement account must end on December 31 and must not exceed 12 months.

Transferring Assets from the Account

5. (1) The owner of a locked-in retirement account may transfer any or all of the assets in it,
 - (a) to the pension fund of a pension plan registered under the pension benefits legislation in any Canadian jurisdiction or to a pension plan provided by a government in Canada;
 - (b) to another locked-in retirement account;
 - (c) to a life income fund that is governed by Schedule 1.1; or
 - (d) to purchase an immediate or deferred life annuity that meets the requirements of section 22 of this Regulation.
- (2) In the contract governing the account, the financial institution must agree to make such a transfer within 30 days after the owner requests it. This does not apply with respect to the transfer of assets held as securities whose term of investment extends beyond the 30-day period.
- (3) If assets in the account consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.
 - (3.1) The value of the assets in the account is subject to division in accordance with the terms of an order under the *Family Law Act*, a family arbitration award or a domestic contract.
 - (3.2) An order under Part I (Family Property) of the *Family Law Act*, a family arbitration award or a domestic contract is not effective to the extent that it purports to entitle a spouse or former spouse of the owner to the transfer of a lump sum that exceeds 50 per cent of the assets in the account, determined as of the family law valuation date.
- (4) For the purposes of the purchase of an immediate life annuity referred to in clause (1) (d), a determination as to whether the owner has a spouse is to be made on the date the annuity is purchased.
- (5) Payments under a life annuity referred to in clause (1) (d) are subject to division in accordance with the terms of an order under the *Family Law Act*, a family arbitration award or a domestic contract.
- (5.1) An order under Part I (Family Property) of the *Family Law Act*, a family arbitration award or a domestic contract is not effective to the extent that it purports to entitle a spouse or former spouse of the owner to a share that exceeds 50 per cent of the payments under the life annuity, determined as of the family law valuation date.
- (6) A life annuity referred to in clause (1) (d) 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 account was determined in a manner that did not differentiate on the basis of sex.

- (7) Payments under a life annuity referred to in clause (1) (d) must not begin before the earlier of,
- (a) the earliest date on which the owner of the annuity would have been entitled as a former member to receive pension benefits under the Act as a result of termination of employment or termination of membership in any pension plan, from which money was transferred directly or indirectly into the locked-in retirement account; or
 - (b) the earliest date on which the owner of the annuity would have been entitled as a former member to receive pension benefits under any pension plan described in clause (a) as a result of termination of employment or termination of membership in the plan.
- (7.1) Despite subsection (7), payments under the life annuity must begin no earlier than the date on which the owner reaches 55 years of age, if none of the money in the account used to purchase the annuity is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
- (8) The financial institution shall not make a transfer described in subsection (1) except where,
- (a) the transfer is permitted under the Act and this Regulation; and
 - (b) the transferee agrees to administer the amount transferred in accordance with the Act and this Regulation.
- (9) The financial institution shall advise the transferee in writing that the amount transferred must be administered in accordance with the Act and this Regulation.

Withdrawals from the Account

- 5.1** (1) An application under section 6, 7, 8, 8.1, 8.2, 8.3 or 8.4 to withdraw money or transfer assets from a locked-in retirement account that is governed by this Schedule must be made on a form approved by the Superintendent and must be given to the financial institution that administers the fund.
- (2) The contract governing a locked-in retirement account that is governed by this Schedule must include the following terms and, if it does not, the contract is deemed to include them:
1. The financial institution is entitled to rely upon the information provided by the owner in the application to withdraw money or transfer assets from the account under section 6, 7, 8, 8.1, 8.2, 8.3 or 8.4, as the case may be.
 2. An application that meets the requirements of the applicable section constitutes authorization to the financial institution to make the payment or transfer from the account in accordance with that section.
 3. The financial institution is required to make the payment or transfer to which the owner is entitled under the applicable section within 30 days after the financial institution receives the completed application and the accompanying documents required by that section.
- 6.** (1) The owner of a locked-in retirement account may, upon application in accordance with this section, withdraw all the money in the account or transfer the assets to an RRSP or RRRIF if, when the owner signs the application,
- (a) he or she is at least 55 years of age; and
 - (b) the value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by him or her is less than 40 per cent of the Year's Maximum Pensionable Earnings for that calendar year.
- (2), (3) REVOKED: O. Reg. 185/13, s. 6 (2).
- (4) The application form must be signed by the owner and accompanied by one of the following documents:
1. A declaration described in section 9 about a spouse.
 2. A statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
- (5) If assets in the account consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.
- (6) The contract governing the account must include the following term and, if it does not, the contract is deemed to include it:

1. The value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by the owner when he or she signs the application under this section is to be determined using the most recent statement about each fund or account given to the owner. Each such statement must be dated within one year before the owner signs the application.
- 7.** (1) The owner of a locked-in retirement account may, upon application in accordance with this section, withdraw all the money in the account,
- (a) if, when the owner signs the application, he or she is a non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the *Income Tax Act* (Canada); and
 - (b) if the application is made at least 24 months after his or her date of departure from Canada.
- (2), (3) REVOKED: O. Reg. 185/13, s. 6 (4).
- (4) The application form must be signed by the owner and accompanied by the following documents:
1. A written determination from the Canada Revenue Agency that the person is a non-resident for the purposes of the *Income Tax Act* (Canada).
 2. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
- (5) REVOKED: O. Reg. 185/13, s. 6 (4).
- 8.** (1) The owner of a locked-in retirement account may, upon application in accordance with this section, withdraw all or part of the money in the account if, when the owner signs the application, he or she has an illness or physical disability that is likely to shorten his or her life expectancy to less than two years.
- (2), (3) REVOKED: O. Reg. 185/13, s. 6 (5).
- (4) The application form must be signed by the owner and be accompanied by the following documents:
1. 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 an illness or physical disability that is likely to shorten his or her life expectancy to less than two years.
 2. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
- (5) REVOKED: O. Reg. 185/13, s. 6 (5).
- 8.1** (1) The owner of a locked-in retirement account that is governed by this Schedule may, upon application in accordance with this section, withdraw all or part of the money in the account if the owner, his or her spouse, or a dependant has incurred or will incur medical expenses relating to an illness or physical disability of any of them.
- (2) Only one application may be made under this section during a calendar year in respect of a particular person.
- (3) The application must specify the amount to be withdrawn from the account.
- (4) The minimum amount that may be withdrawn from the account with respect to an application is \$500 and the maximum amount is the lesser of "X" and "G" where,
- "X" is 50 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
- "G" is the sum of the amount of the person's medical expenses that have been incurred and an estimate of the total amount of the person's medical expenses for the 12 months after the date on which the application is signed.
- (5) If the maximum amount calculated under subsection (4) is less than \$500, no withdrawal from the account is permitted with respect to the application.
- (6) The application form must be signed by the owner and must be accompanied by the following documents:
1. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.

2. A statement signed by a physician or dentist, as applicable, indicating that, in his or her opinion, the expenses claimed are or were necessary for the person's treatment. The physician or dentist must be licensed to practise medicine or dentistry, as the case may be, in a jurisdiction in Canada.
 3. A copy of the receipts or the estimate to account for the total amount of the medical expenses being claimed.
 4. A statement, signed by the owner, that he or she understands that any money released under this section will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (7) For the purposes of this section, a person is a dependant if he or she was dependent on the owner or the owner's spouse for support at some time during the calendar year in which the application is signed or during the previous calendar year.
- (8) For the purposes of this section, medical expenses include,
- (a) expenses for goods and services of a medical or dental nature; and
 - (b) expenses incurred or to be incurred for renovations or alterations to the owner's or the dependant's principal residence (as defined in subsection 8.2 (7)) and any additional expenses incurred in the construction of a principal residence made necessary by the illness or physical disability of the owner, his or her spouse or a dependant.
- 8.2** (1) The owner of a locked-in retirement account that is governed by this Schedule may, upon application in accordance with this section, withdraw all or part of the money in the account,
- (a) if the owner or his or her spouse has received a written demand in respect of arrears in the payment of rent on the owner's principal residence, and the owner could face eviction if the debt remains unpaid; or
 - (b) if the owner or his or her spouse has received a written demand in respect of a default on a debt that is secured against the owner's principal residence, and the owner could face eviction if the amount in default remains unpaid.
- (2) Only one application may be made under this section during a calendar year.
- (3) The application must specify the amount to be withdrawn from the account.
- (4) The minimum amount that may be withdrawn from the account with respect to an application is \$500 and the maximum amount is the lesser of "X" and "H" where,
 "X" is 50 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
 "H" is, with respect to arrears in the payment of rent, the sum of the total amount of arrears of rent and the total amount of rent payable for a period of 12 months or, with respect to a default on a secured debt, the sum of the total amount of the payments that are in default and the total amount of payments due and interest payable on the debt for the 12 months after the date on which the application is signed.
- (5) If the maximum amount calculated under subsection (4) is less than \$500, no withdrawal from the account is permitted with respect to the application.
- (6) The application form must be signed by the owner and must be accompanied by the following documents:
1. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
 2. A copy of the written demand in respect of arrears in the payment of rent or in respect of the default on the secured debt, as the case may be.
 3. A statement, signed by the owner, that he or she understands that any money released under this section will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (7) In this section,
 "principal residence" means, in respect of an individual, a premises, including a non-seasonal mobile home, that is occupied by the individual as his or her primary place of residence.
- 8.3** (1) The owner of a locked-in retirement account that is governed by this Schedule may, upon application in accordance with this section, withdraw all or part of the money in the account if the owner or his or her spouse requires money to pay the first and last months' rent to obtain a principal residence for the owner.
- (2) Only one application may be made under this section during a calendar year.
- (3) The application must specify the amount to be withdrawn from the account.
- (4) The minimum amount that may be withdrawn from the account with respect to an application is \$500 and the maximum amount is the lesser of "J" and "K" where,
 "J" is 5 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
 "K" is the amount required for the first and last months' rent.
- (5) If the maximum amount calculated under subsection (4) is less than \$500, no withdrawal from the account is permitted with respect to the application.
- (6) The application form must be signed by the owner and must be accompanied by the following documents:
1. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
 2. A copy of the rental agreement, if available.
 3. A statement, signed by the owner, that he or she understands that any money released under this section will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (7) In this section,
 "principal residence" means, in respect of an individual, a premises, including a non-seasonal mobile home, that is intended to be occupied by the individual as his or her primary place of residence.
- 8.4** (1) The owner of a locked-in retirement account that is governed by this Schedule may, upon application in accordance with this section, withdraw all or part of the money in the account if the owner's expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed is 66 2/3 per cent or less of the Year's Maximum Pensionable Earnings for the year in which the application is signed.
- (2) Only one application may be made under this section during a calendar year.
- (3) The application must specify the amount to be withdrawn from the account.
- (4) The minimum amount that may be withdrawn from the account with respect to an application is \$500 and the maximum amount is calculated using the formula,

$$X - L$$
 in which,
 "X" is 50 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
 "L" is 75 per cent of the owner's expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed.
- (5) If the maximum amount calculated under subsection (4) is less than \$500, no withdrawal from the account is permitted with respect to the application.
- (6) The application form must be signed by the owner and must be accompanied by the following documents:
1. Either a declaration described in section 9 about a spouse or a statement signed by the owner attesting to the fact that none of the money in the account is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner.
 2. A statement, signed by the owner, setting out the amount of his or her expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed.
 3. A statement, signed by the owner, that he or she understands that any money released under this section will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (7) For the purposes of this section, an owner's expected total income from all sources, before taxes, does not include,
- (a) a withdrawal under this section;
 - (b) a refund or repayment of taxes paid to a Canadian jurisdiction;

- (c) a refundable tax credit;
 - (d) a refund of tax paid under the Ontario Child Care Supplement for Working Families program under section 8.5 of the *Income Tax Act*;
 - (e) the payment of an Ontario child benefit under section 8.6.2 of the *Income Tax Act* or under section 104 of the *Taxation Act, 2007*;
 - (f) a payment received by a foster parent under the *Child and Family Services Act*; or
 - (g) child support payments received under a court order or an agreement.
9. Any of the following documents constitutes a declaration about a spouse for the purposes of a withdrawal or transfer under section 6, 7, 8, 8.1, 8.2, 8.3 or 8.4 from a locked-in retirement account:
1. A statement signed by the owner's spouse, if any, that the spouse consents to the withdrawal or transfer from the account.
 2. A statement signed by the owner attesting to the fact that he or she does not have a spouse.
 3. A statement signed by the owner attesting to the fact that he or she is living separate and apart from his or her spouse on the date the owner signs the application to make the withdrawal or transfer from the account.
10. (1) If the owner of a locked-in retirement account that is governed by this Schedule is required by section 6, 7, 8, 8.1, 8.2, 8.3 or 8.4 to give a document to a financial institution, the document is a nullity in the following circumstances:
1. If the document is one that must be signed by the owner or by his or her spouse, it is a nullity if it is signed by either of them more than 60 days before the financial institution receives it.
 2. In any other case, if the document is required by section 8.1, 8.2, 8.3 or 8.4, it is a nullity if it is signed or dated more than 12 months before the financial institution receives it.
- (2) When the financial institution receives a document required by section 6, 7, 8, 8.1, 8.2, 8.3 or 8.4, the financial institution shall give the owner of the account a receipt for the document stating the date on which it was received.

Survivor's Benefits

11. (1) Upon the death of the owner of a locked-in retirement account, the owner's spouse or, if there is none or if the spouse is otherwise disentitled, the owner's named beneficiary or, if there is none, the owner's estate is entitled to receive a benefit equal to the value of the assets in the account.
- (2) The benefit described in subsection (1) may be transferred to an RRSP or an RRIF in accordance with the *Income Tax Act (Canada)*.
- (3) A spouse of the owner is not entitled to receive the value of the assets in the account unless the owner was a member or former member of a pension plan from which assets were transferred directly or indirectly to purchase the account.
- (4) A spouse who is living separate and apart from the owner on the date of the owner's death is not entitled to receive the value of the assets in the account.
- (5) For the purposes of subsection (1), a determination as to whether the owner has a spouse is to be made on the date of the owner's death.

- (6) For the purposes of subsection (1), the value of the assets in the account includes all accumulated investment earnings, including any unrealized capital gains and losses, of the account from the date of death until the date of payment.
12. (1) A spouse of the owner of a locked-in retirement account may waive his or her entitlement to receive the survivor's benefit described in section 11 from the account by delivering to the financial institution a written waiver in a form approved by the Superintendent.
- (2) A spouse who has delivered a waiver under subsection (1) may cancel it by delivering a written and signed notice of cancellation to the financial institution before the date of the death of the owner of the account.

Amending the Account

13. (1) In the contract governing a locked-in retirement account, the financial institution providing the account must agree not to amend the contract except as provided in this section.
- (2) The financial institution must give the owner of the account at least 90 days notice of a proposed amendment, other than an amendment described in subsection (3).
- (3) The financial institution must not amend the contract governing the account if the amendment would result in a reduction in the owner's rights under the contract unless,
- (a) the financial institution is required by law to make the amendment; and
 - (b) the owner is entitled to transfer the assets in the account under the terms of the contract that exist before the amendment is made.
- (4) When making an amendment described in subsection (3), the financial institution must notify the owner of the account of the nature of the amendment and allow the owner at least 90 days after the notice is given to transfer all or part of the assets in the account.
- (5) Notices under this section must be in writing and must be sent to the owner's address as set out in the records of the financial institution.

Information to be provided by the Financial Institution

14. (1) In the contract governing a locked-in retirement account, the financial institution must agree to provide the information described in this section to the person indicated.
- (2) At the beginning of each fiscal year, the following information must be provided to the owner:
1. With respect to the previous fiscal year: the sums deposited, any accumulated investment earnings, including any unrealized capital gains or losses, the payments made out of the account, the withdrawals taken out of the account and the fees charged against the account.
 2. The value of the assets in the account as of the beginning of the fiscal year.
- (3) If the assets in the account are transferred as described in subsection 5 (1), the owner must be given the information described in subsection (2) determined as of the date of the transfer.
- (4) Upon the death of the owner, the person entitled to receive the assets in the account must be given the information described in subsection (2) determined as of the date of the owner's death.

Plan Issuer:
Community Trust Company

 Full Name of Plan Holder

 Signature of Authorized Person

 Signature of Plan Holder

 Date

 Date