

# Restricted Life Income Fund (RLIF) 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 Restricted Life Income Fund shall
- (a) set out the method of determining the value of the restricted life income fund, including the valuation method used to establish its value on the death of the holder of the fund or on the transfer of assets from the fund;
  - (b) provide that the holder of the restricted 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 fund in that year;
  - (c) provide that, in the event that the holder of the restricted life income fund does not decide the amount to be paid out of the fund in a calendar year, the minimum amount determined in accordance with the Income Tax Act shall be paid out in that year;
  - (d) provide that, for any calendar year before the calendar year in which the holder of the restricted life income fund reaches 90 years of age, the amount of income paid out of the fund shall not exceed the amount determined by the formula  
C/F  
where  
C  
is the balance in the restricted life income fund
    - (i) at the beginning of the calendar year, or
    - (ii) if the amount determined under subparagraph (i) is zero, on the day on which the initial amount is transferred into the fund; andF  
is the value, at the beginning of the calendar year, of a pension benefit whose 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 restricted 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 holder of the restricted life income fund reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the fund shall not exceed the value of the funds held in the fund immediately before the time of the payment;
  - (f) provide that, for the calendar year in which the contract or arrangement was entered into, the amount determined under paragraph (d) or (e), 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;
  - (g) provide that if, at the time the restricted life income fund was established, part of the fund was composed of funds that had been held in another restricted life income fund of the holder earlier in the calendar year in which the fund was established, the amount determined under paragraph (d) or (e), as the case may be, is deemed to be zero in respect of that part of the fund for that calendar year;
  - (h) provide that the funds in the restricted life income fund may only be
    - (i) transferred to another restricted life income fund,
    - (ii) transferred to a restricted locked-in savings plan, or
    - (iii) used to purchase an immediate life annuity or a deferred life annuity;
  - (i) provide that, on the death of the holder of the restricted life income fund, the funds in that fund shall be paid to the survivor of the holder by
    - (i) transferring the funds to another restricted life income fund or to a life income fund,
    - (ii) transferring the funds to a locked-in registered retirement savings plan or to a restricted locked-in savings plan, or
    - (iii) using the funds to purchase an immediate life annuity or a deferred life annuity;
  - (j) provide that, except as provided in subsection 25(4) of the Act, the funds in the restricted 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;
  - (k) state whether or not any pension benefit credit transferred under section 26 of the Act was varied according to the sex of the plan member;
  - (l) provide that, in the calendar year in which the holder of the restricted 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 the 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 the 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 restricted life income fund was entered into;
  - (m) provide that the holder of the restricted 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 restricted life income fund — or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e)

- (i) if the holder certifies that the holder has not made a withdrawal in the calendar year under this paragraph — from any restricted life income fund — or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e) 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 restricted life income fund — or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e), 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 restricted life income fund was entered into; and
  - (n) provide that, if the restricted life income fund is established in the calendar year in which the holder of the fund reaches 55 years of age or in any subsequent calendar year, the holder of the fund may transfer 50% of the funds in that fund to a registered retirement savings plan or a registered retirement income fund within 60 days after the establishment of the restricted life income fund if
    - (i) the restricted life income fund was created as the result of the transfer of a pension benefit credit under section 16.4 or 26 of the Act or a transfer from a locked-in registered retirement savings plan, a life income fund or a PRPP, and
    - (ii) if the holder gives a copy of Form 2 of Schedule V to the financial institution with whom the contract or arrangement for the restricted life income fund was entered into.
- (2) If a pension benefit credit transferred to a restricted 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 funds accumulated in the fund shall not differentiate as to sex.
  - (3) The contract or arrangement establishing a restricted life income fund may provide that, if a physician certifies that owing to mental or physical disability the life expectancy of the holder of the fund is likely to be shortened considerably, the funds in that 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**

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Full Name of Plan Holder

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Signature of Authorized Person

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Signature of Plan Holder

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Date

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Date