

**ADDENDUM TO RETIREMENT SAVINGS PLAN DECLARATION OF
TRUST FOR LOCKED-IN PENSION TRANSFERS TO A LOCKED-IN
PENSION TRANSFERS TO A LIFE INCOME FUND**

(FEDERAL LIF)

- ☐ **Assante Capital Management Ltd. Self-Directed Retirement Income Fund (RIF 1707)**
- ☐ **Assante Financial Management Ltd. Self-Directed Retirement Income Fund (RIF 1706)**

Upon receipt of locked-in money Canadian Western Trust Company (the "Trustee") further declares as follows:

1. DEFINITIONS:

For the purposes of this Addendum:

- (a) **"Act"** means the Pension Benefits Standards Act, 1985 (Canada), as amended from time to time, and **"Regulations"** means the regulations promulgated under the Act, as amended from time to time. The Act and the Regulations collectively referred to as the **"Applicable Pension Legislation"**;
- (b) **"common-law partner"**, **"deferred life annuity"**, **"former member"**, **"immediate life annuity"**, **"life income fund"**, **"locked-in registered retirement savings plan"**, **"member"**, **"pension"**, **"pension benefit credit"**, **"pension plan"** and **"spouse"** have the same meanings as are respectively given to these words in the Applicable Pension Legislation. For greater certainty, a locked-in registered retirement saving plan is a retirement savings plan, as defined in subsection 146(1) of the *Income Tax Act* (Canada), which has been accepted for registration under the *Income Tax Act* (Canada) and which meets the requirements set out in section 20 of the Regulations; and a life income fund is a retirement income fund, as defined in subsection 146.3(1) of the *Income Tax Act* (Canada), which has been accepted for registration under the *Income Tax Act* (Canada) and which meets the requirements set out in section 20.1 of the Regulations;
- (c) **"owner"** means the annuitant (as defined under subsection 146.3(1) of the *Income Tax Act* (Canada)) of the Fund; and
- (d) notwithstanding anything to the contrary contained in this Addendum, including any endorsements forming a part hereof, **"spouse"** or **"common-law partner"** does not include any person who is not recognized as a spouse or common-law partner, as applicable, for the purposes of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

- 2. COMPLIANCE:** The Fund shall at all times comply with the provisions of the Applicable Pension Legislation and the *Income Tax Act* (Canada) with respect to retirement income funds registered under the *Income Tax Act* (Canada).
- 3. LOCKED-IN:** Subject to the provision of this Addendum, all money in the Fund, including all investment earnings thereon ("the Locked-in Amount") that is subject to any transfer to or from the Fund is to be used to provide or secure a pension that would, but for the transfer or previous transfers, if any, be required by the Applicable Pension Legislation. Notwithstanding the foregoing, where the owner has ceased to be a resident of Canada for at least two calendar years, the Locked-in Amount is exempt from the provisions respecting locking-in set out in section 18 of the Act. For purposes of this paragraph, an owner shall be deemed to have been a resident of Canada throughout a calendar year if the owner has sojourned in Canada in the year for a period of, or periods the total of which is, 183 days or more.
- 4. ESTABLISHMENT OF THE FUND:** No property will be accepted by the Trustee as consideration for the payment of a retirement income other than property transferred by direct transfers from:

- (a) a life income fund under which the owner is the annuitant;
- (b) a locked-in registered retirement savings plan under which the owner is the annuitant;
- (c) the commutation of benefits under a registered pension plan under which the owner is a member in accordance with subsection 147.1(1) of the *Income Tax Act* (Canada);
- (d) the commutation of the unexpired period of a guaranteed annuity payable under an annuity contract which was purchased with the commuted value transferred from a registered pension plan under which the owner is a member in accordance with subsection 147.1(1) of the *Income Tax Act* (Canada);
- (e) a registered pension plan under which the owner is a member (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)) in accordance with subsection 147.3(5) or (7) of the *Income Tax Act* (Canada); and
- (f) a life income fund or a locked-in registered retirement savings plan of the spouse or common-law partner or former spouse or former common-law partner of the owner pursuant to a decree order, judgment of a competent tribunal, or under a written separation agreement relating to the division of property between the owner and the spouse or common-law partner or former spouse or former common-law partner of the owner in settlement of rights arising out of, or on the breakdown of their marriage or common-law partnership.

Except as provided in subsection 25(4) of the Act and permitted by paragraph 146.3(14)(b) of the *Income Tax Act* (Canada), the Locked-in Amount may not be assigned, charged, anticipated or given as security in whole or in part and any transaction purporting to assign, charge, anticipate or give the Locked-in Amount as security is void.

5. STATEMENTS: The Trustee will send to the owner statements at the beginning of each fiscal year of the Fund until the date on which the balance of the Fund is converted into an immediate life annuity or deferred life annuity in accordance with section 11(b) of this Addendum (the “**Conversion Date**”) indicating:

- (a) the sums deposited;
- (b) the accumulated earnings and payments made out of the Fund;
- (c) the fees charged against the Fund during the previous fiscal year;
- (d) the balance of the Fund;
- (e) the minimum amount that must be paid out of the Fund to the owner during the current fiscal year; and
- (f) the maximum amount that may be paid out of the Fund to the owner during the current fiscal year.

6. INVESTMENTS: The Locked-in Amount shall be invested in a manner that complies with the rules for the investment of registered retirement income funds contained in the *Income Tax Act* (Canada).

7. VALUE OF THE FUND: The value of the Fund as of the close of business on a particular date (the “**Valuation Date**”) shall be determined by the Trustee by valuing the property of the Fund at market value (as determined by the Trustee) and deducting therefrom any amounts which are deemed by the Trustee in its sole discretion to be properly chargeable to the Fund as of the Valuation Date, including without limitation all fees and other amounts payable to the Trustee (such net amount herein referred to as the “**value of the Fund**”).

The value of the Fund as determined by the Trustee pursuant to this section 7 shall be conclusive and binding on all parties interested in the Fund for the purposes of:

- (a) a transfer of assets;
- (b) the purchase of a life annuity contract, and
- (c) a payment or transfer on death of the owner.

The value of the Fund at the beginning of a year will be equal to the value of the Fund as of the close of business on the last business day of the Trustee in the immediately preceding year, or on such later date in such preceding year as may be determined by the Trustee.

8. PERIODIC PAYMENTS OUT OF THE FUND: Payments out of the Fund must begin no later than the end of the second calendar year after the Fund was entered into.

9. RETIREMENT INCOME: Commencing not later than the end of the second calendar year after the Fund was entered into or as otherwise prescribed by the *Income Tax Act* (Canada), the owner must decide the amount of the retirement income to be paid each year under this Addendum. Such retirement income payments shall be paid in one or more amounts the aggregate of which may not be less than the Minimum Amount or exceed the Maximum Amount respectively as defined below. Where the Maximum Amount is less than the Minimum Amount, the Minimum Amount must be paid. The amount of income paid during a calendar year shall be fixed by the owner, annually or at another time agreed to by the Trustee, such decision by the owner, in all cases, terminating at the end of a calendar year to which it relates, the whole subject to the following limits:

(a) Maximum Amount

- (i) For any calendar year before the calendar year in which the owner reaches 90 years of age, the amount of income paid out of the Fund shall not exceed the maximum amount M calculated in accordance with the following formula:

$$M = \frac{C}{F}$$

where:

C is the balance in the Fund at the beginning of the calendar year, or if that amount is zero, the balance in the Fund at the date the initial amount was transferred into the Fund;

F is the value, at the beginning of the calendar year, of a pension benefit of which the annual payment is \$1.00 payable on January 1 of each fiscal year between that date and the 31st day of December of the year in which the owner reaches 90 years of age; and

(A) except that, for any calendar year in which the owner 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; and

(B) except that, for the initial calendar year of the Fund, M shall be adjusted in proportion to the number of months in the fiscal year divided by 12, with any part of an incomplete month counting as one month.

- (ii) The value of F in subsection 9(a)(i) of this Addendum shall be calculated at the beginning of each calendar year by using:

(A) in respect of each of the first 15 years after the date of the valuation, an interest rate that is less than or equal to the yield obtained on long-term bonds issued by the Government of Canada for the second month preceding the beginning of the calendar year, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number B-14013 in the CANSIM system; and

(B) in respect of each subsequent year, an interest rate of not more than 6% per year.

- (iii) If a part of the Fund purchased at the beginning of a calendar year corresponds to sums transferred directly or indirectly during the same year from another life income fund of the owner earlier in the calendar year in which

the Fund was established, the amount M in subsection 9(a)(i) of this Addendum shall be deemed to be zero in respect of that part of the Fund for that calendar year.

(b) Minimum Amount

(i) The amount of income paid out of the Fund during a calendar year shall not be less than the minimum amount prescribed for registered retirement income funds pursuant to subsection 146.3(1) of the *Income Tax Act* (Canada), as amended from time to time. Where the Minimum Amount for the year has not yet been withdrawn, the Trustee will retain a sufficient portion of the Fund to permit the payment of the Minimum Amount for the year in accordance with this paragraph.

(ii) For the initial fiscal year of the Fund or any other fiscal year as prescribed by the *Income Tax Act* (Canada), the Minimum Amount in paragraph 9(b)(i) shall be deemed to be zero.

(c) If the owner does not decide the amount to be paid out of the Fund for a year, the Minimum Amount determined under subsection 9(b) shall be deemed to be the amount to be paid.

10. TRANSFERS: Subject to the terms and maturity of the investments that the owner has selected for the Fund, the owner may transfer, to the extent permitted by paragraph 146.3(2)(e) of the *Income Tax Act* (Canada), all or part of the Locked-in Amount, after deduction of any unpaid fee:

(a) to another life income fund;

(b) before the 31st day of December in the year in which the owner reaches age 71, or such other age as may be required under the *Income Tax Act* (Canada) from time to time, to a locked-in registered retirement savings plan; or

(c) to purchase an immediate life annuity or deferred life annuity as stipulated in paragraph 60(1) of the *Income Tax Act* (Canada) and which meets the requirements of the Regulations; or

(d) in such other manner as may be permitted under the *Income Tax Act* (Canada) or the Applicable Pension Legislation.

The Trustee will make such a transfer or purchase within 30 days of the owner's requests, unless the Fund consists of securities whose term of investment extends beyond the 30-day period. Where the Fund holds identifiable and transferable securities, the transfer or purchase referred to may, unless otherwise stipulated, at the option of the Trustee and with the consent of the owner, be affected by remittance of the investment securities of the Fund. Where the balance of the Fund is transferred pursuant to this section 10, the Trustee will provide the owner with a statement described in section 5 determined as of the date of the transfer.

11. PAYMENT OF THE BALANCE IN THE FUND:

(a) The Trustee will invest, use and allocate the total assets in the Fund for the sole purpose of making payments to the owner in the following manner:

(i) between the date of the first payment of the income until the Conversion Date, the income will be paid in accordance with the terms of payment indicated by the owner. The first payment of the income may be made not later than the last day of the second calendar year after the Fund is entered into;

(ii) from the Conversion Date of the Fund into an immediate life annuity or a deferred life annuity that meets the requirements of the Applicable Pension Legislation and paragraph 60(1) of the *Income Tax Act* (Canada), the benefits will be paid by the insurer according to the instructions and terms of payment indicated by the owner. As from the Conversion Date the Trustee will be discharged of and from all further obligations and liabilities to the owner.

(b) The owner of the Fund may require the conversion of the balance of the Fund into an immediate life annuity or a deferred life annuity at any time, unless the term agreed to for an investment has not expired. The owner hereby

appoints the Trustee as his or her attorney in fact to execute all such documents and to make all such elections as are necessary to affect the foregoing.

(c) For the purposes of the life annuity, the spousal or common-law status of the owner of the Fund is to be determined on the date the annuity is purchased; provided that where the Trustee purchases a life annuity contract on behalf of the owner pursuant to the power of attorney contained in subsection 11(b) of this Addendum, the spousal or common-law status of the owner shall be determined by reference to the Trustee's own records.

12. SURVIVOR'S BENEFITS:

(a) If the owner of the Fund is a member or former member of a pension plan and if he or she dies before the Conversion Date, the owner's surviving spouse or surviving common-law partner is entitled to receive a benefit equal to the balance of the Fund, to the extent permitted by subsection 146.3(2) of the Income Tax Act (Canada), payable by:

(i) transferring the assets of the Fund to a life income fund under which the surviving spouse or surviving common-law partner is the annuitant;

(ii) using the assets of the Fund to purchase an immediate life annuity or deferred life annuity as stipulated in paragraph 60(1) of the Income Tax Act (Canada) under which the surviving spouse or the surviving common-law partner is the annuitant, and which meets the requirements of the Regulations;

(iii) or transferring the funds to a locked-in registered retirement savings plan under which the surviving spouse or the surviving common-law partner is the annuitant, and which meets the requirements of the Regulations, payable upon receipt by the Trustee of evidence satisfactory to the Trustee of the owner's death and all other legal documents that the Trustee may reasonably require. If the owner does not have a surviving spouse or surviving common-law partner, upon the death of the owner described in this subsection 12(a), a benefit equal to the value of the Fund, after the deduction of income tax withheld at source, shall be paid to the owner's named beneficiary if permitted by applicable law or, if there is none or if the beneficiary predeceases the owner, the owner's estate. For the purposes of this subsection 12(a), a person's spousal or common-law status is determined on the date of death of the owner.

(b) If the owner dies before the Conversion Date, the Trustee will provide the person entitled to receive the balance with the information described in section 5 hereof, determined as of the date of the owner's death.

(c) Any division of pension benefit credits shall be made in accordance with the applicable provincial property law and paragraph 146.3(14)(b) of the Income Tax Act (Canada).

13. DIFFERENTIATION AS TO SEX: An immediate life annuity or deferred life annuity purchased with the funds accumulated in the Fund will not be based on sex-distinct mortality tables unless the owner informs the Trustee otherwise by providing the Trustee with such documentation as it may require, and so instructs it in writing at least 60 days prior to the date on which the immediate life annuity or deferred life annuity is to be purchased.

14. PAYMENT UPON DISABILITY: Where the owner provides the Trustee with a written certificate of a physician which provides that, owing to mental or physical disability, the life expectancy of the owner is likely to be shortened considerably, the Trustee may make a lump sum payment of the balance of the Fund to the owner; provided that such payment shall be made only if the spouse or common-law partner has waived his/her entitlement, if any, to the joint life pension described in the Applicable Pension Legislation in the prescribed manner.

15. AMENDMENTS: The Trustee may from time to time at its discretion or if required by the Applicable Pension Legislation and/or the Income Tax Act (Canada) amend the terms of the Fund with the concurrence of the Minister of National Revenue if required, and, if applicable, the concurrence of the federal pension authority, by giving 30 days' notice in writing to the owner, provided, however, that any such amendment shall not have the effect of disqualifying the Fund as a registered retirement income fund within the meaning of the Income Tax Act (Canada). In addition, the

terms of this Addendum shall be amended from time to time without notice to the owner in order that the Fund complies with the provisions of the applicable tax legislation and the Applicable Pension Legislation.

16. PRIORITY: The provisions of this Addendum will take precedence over the provisions of the Declaration of Trust in the event of conflicting or inconsistent provisions.

17. APPLICABLE LAW: This Addendum will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.