

ADDENDUM TO THE RETIREMENT INCOME FUND DECLARATION OF TRUST ESTABLISHING A LIFE INCOME FUND

Ontario (LIF)

1. **What the Words Mean:** Please remember that in this Addendum, “I”, “me” and “my” mean the individual who has signed the Application as the applicant for and fund owner of the Fund and who is the “annuitant” as defined in the *Income Tax Act* (Canada) and “Trustee” means the trustee for the Fund.

Please also remember that in this Addendum:

“**Declaration of Trust**” means the Retirement Income Fund Declaration of Trust I have entered into with the Trustee;

“**Pension Act**” means the *Pension Benefits Act* of Ontario, and the regulations in force under the *Pension Benefits Act* of Ontario, as may be changed or replaced from time to time;

“**Property**” means, collectively, all investment property (including all income earned on and all proceeds of that property) held under the Fund from time to time;

“**Spouse**” means the individual who is considered to be my spouse according to section 1 of the Pension Act, however, notwithstanding anything to the contrary contained in the Declaration of Trust and this Addendum, including any endorsements forming a part thereof, “spouse” does not include any person who is not recognized as my spouse or common-law partner, as the case may be, for the purposes of any provision of the *Income Tax Act* (Canada) respecting RRIFs;

“**Variable Benefit Account**” means an account under the defined contribution provision of a pension plan subject to the Pension Act and used for the payment of variable benefits as that term is defined in the *Income Tax Act* (Canada); and

“**YMPE**” means the Year’s Maximum Pensionable Earnings as defined in the *Canada Pension Plan*.

As well, the words “**life income fund (“LIF”)**”, “**locked-in retirement account (“LIRA”)**”, “**locked-in retirement income fund (“LRIF”)**”, “**pension benefit**”, “**RRIF**” and “**RRSP**” have the same meanings given to them in the Pension Act and the Regulation..

The other words used in this Addendum have the same meaning given to them in the Declaration of Trust. I will refer to the Declaration of Trust if I need to when reading those words.

I agree with the Trustee as follows:

2. **General Terms:** This Addendum will form part of the Declaration of Trust and will apply to the Fund and all Property. If there is a conflict between this Addendum and the Declaration of Trust, this Addendum will prevail.

3. **LIF:** The Trustee will maintain the Fund as a life income fund according to the requirements of the Pension Act and the *Income Tax Act* (Canada).

4. **No Assignment:** I agree not to assign, charge, alienate, anticipate or give as security the Property in the Fund except as required by an order under the *Family Law Act* (Ontario), a family arbitration award or a domestic contract or as otherwise permitted and up to the maximum provided by the Pension Act. Any transaction purporting to assign, charge, alienate, anticipate or give the Property as security is void.

5. **Differentiation on the Basis of Sex:** The commuted value of pension benefits transferred to the Fund was not determined on a basis that differentiated on the basis of sex. An immediate or deferred life annuity that is purchased with Property from the Fund shall not differentiate on the basis of the sex if the commuted value of the pension benefit that was transferred into the Fund was determined in a manner that did not differentiate on the basis of sex.

6. **No Withdrawals:** The Property in the Fund may not be commuted, withdrawn or surrendered in whole or in part except as permitted by the Pension Act and this Addendum or where an amount is required to be paid to me to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada), and any transaction in contravention of this paragraph of the Addendum is void.

7. **Permitted Withdrawals:** I may:

(a) transfer all or part of the Property in the Fund:

(i) to another LIF that meets the requirements of the Pension Act; or

(ii) to a Variable Benefit Account or to purchase an immediate life annuity provided by a person authorized under the laws of Canada or a province to sell annuities as defined in the *Income Tax Act* (Canada) under an insurance contract that meets the requirements of the Pension Act;

(b) transfer to an RRSP or RRIF or have paid to me in a lump sum,

(i) the total market value of the Property, on account of the small value of the Fund and my LIRAs, LRIFs and other LIFs, determined using the most recent statement about the Fund and each such other LIF and LIRA; and

(ii) up to 50%, or as otherwise permitted by the Pension Act, of the total market value of the Property in the Fund, determined as of the date the assets were transferred into the Fund, provided that the Property in the Fund does not originate from a Variable Benefit Account, and that I apply for the transfer or withdrawal within 60 days after the transfer into the Fund;

(c) have paid to me in a lump sum the value of the Property in whole or in part, whether it represent the excess of what may be transferred to a LIF under the *Income Tax Act* (Canada), or on account of my status as a non-resident of Canada, my shortened life expectancy, financial hardship, or any other reason as may be permitted under the Pension Act.

I understand and agree that, where I apply for a transfer or payment as contemplated in paragraphs (b) and (c) above:

(d) I will be required to meet the conditions, and provide to the Trustee the information, as prescribed by the Pension Act and as may be requested by the Trustee;

(e) the Trustee will be entitled to rely on the information I provide to it;

(f) where my application complies with the requirements prescribed by the Pension Act, it will constitute authorization to the Trustee to make the transfer of payment from the Fund; and

(g) the Trustee will make such payment or transfer within the time limits prescribed by the Pension Act, except where the transfer is to be effected by the remittance of securities held in the Fund whose term of investment extends beyond the prescribed period.

If Property in the Fund consists of identifiable and transferable securities, a transfer or payment may, with my consent, be effected by remittance of those securities.

As further concerns a financial hardship withdrawal request, I understand that I may apply to withdraw all or part, but no less than \$500, of the Property in the Fund where:

- (h) I, my Spouse, or a dependant has incurred or will incur expenses for goods and services of a medical or dental nature or for renovations or alterations to a principal residence made necessary by illness or physical disability. I may so apply only once per calendar year in respect of a particular person, and the amount withdrawn cannot exceed the lesser of "X" and "G" where:

"X" is 50% of the YMPE for the year in which I sign the withdrawal application, 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 that will be incurred over the next 12 months;

- (i) I have or my Spouse has received a written demand in respect of rent arrears on, a default on a debt that is secured against, a principal residence and could face eviction if the amount remains unpaid. I may so apply only once per calendar year, and the amount withdrawn cannot exceed the lesser of "X" and "H" where:

"X" is 50% of the YMPE for the year in which I sign the withdrawal application, and

"H" is the total amount rent arrears or debt repayments in default, and the total amount of rent payable or debt repayments due with interest over the next 12 months;

- (j) I require or my Spouse requires money to pay the first and last months' rent to obtain a principal residence. I may so apply only once per calendar year, and the amount withdrawn cannot exceed the lesser of "J" and "K" where:

"J" is 5% of the YMPE for the year in which I sign the withdrawal application, and

"K" is the amount required for the first and last months' rent; and

- (k) my expected total income from all sources, before taxes, for the next year (excluding the withdrawal, Canadian tax refunds, refundable tax credits, refunds of taxes paid under the Ontario Child Care Supplement for Working Families program, Ontario child benefits, compensation in respect of the provision of foster care, and child support payments) is no more than $66\frac{2}{3}\%$ of the YMPE. I may so apply only once per calendar year, and the amount withdrawn cannot exceed X – L where:

"X" is 50% of the YMPE for the year in which I sign the withdrawal application, and

"L" is 75% of my expected total income from all sources, before taxes, for the 12 months after the date on which I sign the withdrawal application.

8. **Income Entitlement:** I will be paid an income out of the Fund, the amount of which may vary annually. Where:

- (a) the Property in the Fund was transferred directly or indirectly from a registered pension plan of which I was a member, such income will commence no earlier than the earliest date on which I was entitled to receive a pension under such registered pension plan and the payment of income must begin no later than the end of the second fiscal year of the Fund.

- (b) any of the Property in the Fund was transferred directly or indirectly from a registered pension plan of which I was not a member, such income will commence no earlier than the date on which I reach fifty-five (55) years of age.

I must notify the Trustee of the amount of income to be paid out of the Fund each year, either at the beginning of the fiscal year of the Fund or at another time agreed to by the Trustee, and this notice will expire at the end of the fiscal year to which it relates. If I fail to provide the Trustee with this notice, the minimum amount of income determined under this Addendum will be paid out of the Fund that year.

9. **Amount of Income:** The amount of income paid during a fiscal year of the Fund must not exceed the greatest of the following amounts:

- (a) the investment earnings, including any unrealized capital gains or losses, of the Fund in the previous fiscal year;

- (b) if the Property in the Fund is derived from Property transferred directly from another LIF or LRIF (the "transferring fund"), and if the income is being paid out of the Fund in the fiscal year following the fiscal year in which the Fund is established, the sum of,

- (i) the investment earnings, including any unrealized capital gains or losses, of the transferring fund in the previous year; and

- (ii) the investment earnings, including any unrealized capital gains or losses, of the Fund in the previous fiscal year; or

- (c) the amount calculated using the formula C/F in which

C = the value of the Property in the Fund at the beginning of the fiscal year; and

F = the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which I reach 90.

10. **Exceptions:** Notwithstanding any other provision of this Addendum:

- (a) if the Property in the Fund is derived from money transferred directly or indirectly from another LIF or LRIF, the maximum amount that may be paid out of the Fund in the fiscal year in which the money is transferred will be equal to zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount; and

- (b) if the fiscal year of the Fund is not 12 months long, the maximum amount that may be paid out of the Fund will be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.

11. **Minimum Income:** The amount of income paid out of the Fund during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada), and where the maximum amount is less than the minimum amount required by the *Income Tax Act* (Canada), the minimum amount will prevail. If the minimum amount of income is greater than the maximum amount determined under this Addendum, the minimum must be paid out of the Fund during the fiscal year.

12. **Survivor's Benefits:** Upon my death, my Spouse or, if I am not survived by a Spouse or my Spouse has waived his or her entitlement by delivering to the Trustee a written waiver in a form approved under the Pension Act, or is otherwise disentitled, my named beneficiary(ies) or, if I have not designated a beneficiary, my estate is entitled to receive a benefit equal to the value of the Property in the Fund, which will include all accumulated investment earnings, including any unrealized capital gains and losses, from the date of my death until the date of payment. Where the benefit is paid to my Spouse, it may be transferred to an RRSP or a RRIF. A

determination of whether I have a Spouse will be made on the date of my death, and for greater certainty, a Spouse living separate and apart from me on the date of my death is not entitled to receive the value of the Property in the Fund.

February 2022

Fund Number (Account Number)

Signature of Witness

Signature of Fund Owner

Print First and Last Name of Witness

Print First and Last Name of Fund Owner

Date

Social Insurance Number

Value Partners Investments Inc.



By: _____
Authorized Signing Officer