

AGF INVESTMENTS

# LOCKED-IN ADDENDUM

NEWFOUNDLAND & LABRADOR LIRA

NEWFOUNDLAND & LABRADOR LIF

NEWFOUNDLAND & LABRADOR LRIF

## LOCKED-IN RETIREMENT ACCOUNT FOR NEWFOUNDLAND AND LABRADOR

### ADDENDUM

## SUPPLEMENTARY AGREEMENT ESTABLISHING A LOCKED-IN RETIREMENT ACCOUNT UNDER THE AGF RETIREMENT SAVINGS PLAN

The owner of the Plan (also referred to as the "Annuitant") named in the application form completed by the Annuitant has established an AGF Retirement Savings Plan (the "Plan") with AGF Investments Inc. as agent for B2B Trustco as trustee and issuer (the "Trustee"), which has received funds originating from a registered pension plan governed by the provisions of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* (the "Act") and regulations thereunder. In accordance with the Act, regulations and the declaration of trust governing the Plan and except as otherwise may be permitted or provided for under the Act and regulations from time to time, the following forms part of the terms and conditions applicable to the funds, which are binding upon the Annuitant and the Trustee and their respective successors and assigns effective from the time of the transfer of the funds to the Plan.

#### Definitions

- For the purposes of this Addendum, "Tax Act" means the *Income Tax Act* (Canada) and regulations thereunder, "Act" means the *Pensions Benefits Act, 1997 (Newfoundland & Labrador)*, "Regulations" means the Regulations under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* and "Directive" means a Directive issued under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)*, all as amended from time to time.
- For the purposes of this Addendum, Annuitant means the member or former member of a pension plan who has made a transfer pursuant to section 40 of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* to a LRIF and, unless otherwise stated, includes the principal beneficiary or former principal beneficiary of the member or former member if the principal beneficiary or former principal beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as result of marriage breakdown.
- For the purposes of this Addendum, the words "locked-in retirement account", "life income fund", and "locked-in retirement income fund" shall have the same meanings as are given to these words in Directive No. 4, Directive No. 5 and Directive No. 17, respectively, and the words, "commuted value", "former member", "life annuity", "pension benefit", "pension plan", "principal beneficiary", and "Superintendent" shall have the same meanings as are respectively given to these words in the section 2 of the Act.
- For the purposes of this Addendum, "life annuity contract" means an arrangement made to purchase a life annuity in accordance with the definition of retirement income in subsection 146(1) of the Tax Act, through a person authorized under the laws of Canada or a province thereof to sell annuities as defined in the Tax Act, under an insurance contract that meets the requirements of Directive No. 4 and Directive No. 6, and shall not commence before the Annuitant attains the earlier of:
  - fifty-five (55) years of age; or
  - the earliest date on which the former member is entitled to receive a pension benefit under a registered pension plan from which money was transferred into the LIRA as a result of termination of employment or termination of the plan.
- Notwithstanding anything to the contrary contained in the RSP Declaration of Trust and this Addendum, including any endorsements forming a part thereof, "principal beneficiary" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Tax Act respecting registered retirement savings plans.

#### Contributions

- The Annuitant acknowledges that all of the Benefits to be transferred to the LIRA and all investment earnings thereon are subject to the locking-in provisions of the Act. The Annuitant further acknowledges that the present value of the Benefits to be transferred to the LIRA is being transferred from a former employer's registered pension plan or from another LIRA. Only assets that are locked-in pursuant to the Act will be transferred to or held under the LIRA. Any assets not locked in shall not be transferred to or held under contract, other than life annuity contract, that holds, or will hold locked-in money, unless the locked-in money is to be held in a separate account.
- The assets in the LIRA shall include all property deposited into the LIRA and all investment earnings thereon (the "LIRA Assets").

#### Investments

- The LIRA Assets shall be invested in a manner that complies with the rules of investment contained in the Tax Act and the RSP Declaration of Trust, and shall not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the Annuitant or the parent, brother, sister or child of the Annuitant or the principal beneficiary of any of those persons.

#### Transfers

- The Trustee shall not permit any transfer except where:
  - a transfer would be permitted under the Act and section 146 of the Tax Act; and
  - the Trustee has advised the transferee in writing that the amount transferred must be administered as a pension benefit under the Act, and the transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act.
- The LIRA Assets shall be used to provide a pension benefit and shall not be withdrawn except:
  - before maturity, to transfer the LIRA Assets to the pension fund of a registered pension plan;
  - before maturity, to transfer the LIRA Assets to another locked-in retirement account;
  - to purchase a life annuity contract as defined in paragraph 4 hereof, and, provided that where the commuted value of a pension benefit, which was transferred to the LIRA, was determined in a manner that did not differentiate on the basis of sex, the life annuity purchased with the funds shall not differentiate on the basis of the sex;
  - before maturity, to transfer the LIRA Assets to a life income fund that meets the requirements of Directive No. 5;
  - before maturity, to transfer the LIRA Assets to a locked-in retirement income fund that meets the requirements of Directive No. 17; or
  - where an amount is required to be paid to the taxpayer to reduce the amount of tax otherwise payable under Part X.1 of the Tax Act.
- Except as provided in Part VI of the Act, the LIRA Assets shall not be surrendered or commuted during the lifetime of the Annuitant and any transaction purporting to surrender or commute the LIRA Assets is void.

#### Shortened Life Expectancy

- Notwithstanding any other provision contained in this Addendum, a lump sum payment or a series of payments may be made to the Annuitant if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably, but where the Annuitant is a former member of a registered pension plan such payment may only be made if the principal beneficiary of the Annuitant has waived the joint and survivor pension entitlement in a form and manner required by the Superintendent.

# Newfoundland and Labrador LIRA

## Withdrawal of Small Balances

13. Notwithstanding any other provision contained in this Addendum, a lump sum payment equal to the value of the entire LIRA may be made to the Annuitant on application by the Annuitant to the Trustee for payment if, at the time the Annuitant signs the application, the following conditions are met:
  - (a) the value of all assets in all locked-in retirement accounts, life income funds and locked-in retirement income funds owned by the Annuitant and governed by Newfoundland & Labrador pension benefits legislation is less than 10 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year; or
  - (b)
    - (i) the Annuitant has reached the earlier of age fifty-five (55) or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under a registered pension plan from which money was transferred, and
    - (ii) the value of the assets in all locked-in retirement accounts, life income funds and locked-in retirement income funds owned by the Annuitant and governed by Newfoundland & Labrador pension benefits legislation is less than 40 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year.
14. An application for payment under Paragraph 13 shall be:
  - (a) on a form approved by the Superintendent; and
  - (b) where the Annuitant is a former member of a registered pension plan, accompanied by a waiver of joint and survivor pension entitlement by the principal beneficiary of the Annuitant, in the form and manner required by the Superintendent.

## Spousal Rights

15. A pension benefit payable to an Annuitant who is a former member and who has a principal beneficiary at the date the pension commences, shall be a joint and survivor pension benefit with at least 60 percent continuing to be payable to the survivor for life after the death of either unless the principal beneficiary waives the entitlement in a form and manner set out in a form provided by the Superintendent.

## Death of Annuitant

16. On the death of the Annuitant who is former member of a registered pension plan and who has a principal beneficiary, the surviving principal beneficiary is entitled to a lump sum payment of the full value of the LIRA (the "Payment"). If the Annuitant is not survived by a principal beneficiary or the surviving principal beneficiary waives his or her entitlement in the form and manner required by the Superintendent, the designated beneficiary shall be entitled to the Payment. If no beneficiary has been designated, the Annuitant's estate shall be entitled to the Payment.
17. Where the Annuitant is not a former member of a pension plan, the full value of the LIRA shall be paid to the designated beneficiary, or where there is no designated beneficiary, to the Annuitant's estate.

## Marriage Breakdown

18. The LIRA is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.

## Payout Contrary to Law

19. If money is paid out contrary to the Act or Directive No. 4, the party paying out such amount will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.

## No Assignment

20. The LIRA Assets shall not be assigned, charged, anticipated or given as security except as permitted by section 37 of the Regulations, and any transaction purporting to assign, charge, anticipate or give any LIRA Assets as security is void.

## Amendment

21. The Trustee may, from time to time, unilaterally and without other notice, amend this Addendum in order to bring it into compliance with the Act, the Regulations, a Directive, and the Tax Act.

## RSP Declaration of Trust Affirmed

22. The Trustee hereby affirms that the provisions contained in the RSP Declaration of Trust and this Addendum take effect as of the date written on this Addendum.

## Interpretation

23. The conditions of this Addendum will take precedence over the provisions of the RSP Declaration of Trust in the case of conflicting or inconsistent provisions, provided however that the LIRA at all times complies with the conditions of registration under the Tax Act.
24. All references herein to any statute, regulation, directive or any provision thereof shall mean such statute, regulation, directive or any provision thereof as the same may be re-enacted or replaced from time to time.
25. This Addendum shall be governed in accordance with the laws of the Province of Newfoundland & Labrador and the federal laws of Canada applicable therein.

## Counterparts

26. This Addendum may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

## LIFE INCOME FUND FOR NEWFOUNDLAND AND LABRADOR

### ADDENDUM

## SUPPLEMENTARY AGREEMENT ESTABLISHING A LOCKED-IN RETIREMENT ACCOUNT UNDER THE AGF RETIREMENT INCOME FUND

The owner of the Plan (also referred to as the "Annuitant") named in the application form completed by the Annuitant has established an AGF Retirement Income Fund (the "Plan") with AGF Investments Inc. as agent for B2B Trustco as trustee and issuer (the "Trustee"), which has received funds originating from a registered pension plan governed by the provisions of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* (the "Act") and regulations thereunder. In accordance with the Act, regulations and the declaration of trust governing the Plan and except as otherwise may be permitted or provided for under the Act and regulations from time to time, the following forms part of the terms and conditions applicable to the funds, which are binding upon the Annuitant and the Trustee and their respective successors and assigns effective from the time of the transfer of the funds to the Plan.

#### Definitions

- For the purposes of this Addendum, "Tax Act" means the *Income Tax Act* (Canada) and the Regulations there under, "Act" means the *Pension Benefits Act, 1997 (Newfoundland & Labrador)*, "Regulations" means the Regulations under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* and "Directive" means a Directive issued under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)*, all as amended from time to time.
- For the purposes of this Addendum, Annuitant means the member or former member of a pension plan who has made a transfer pursuant to section 40 of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* to a LIF and, unless otherwise stated, includes the principal beneficiary or former principal beneficiary of the member or former member if the principal beneficiary or former principal beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown.
- For the purpose of this Addendum, list means the appropriate list established and maintained under section 18 of the Regulations.
- For the purposes of this Addendum, the words "locked-in retirement account", "life income fund" and "locked-in retirement income fund" shall have the same meanings as are given to these words in Directive No. 4, Directive No. 5 and Directive No. 17, respectively, and the words "commuted value", "former member", "life annuity", "pension benefit", "pension plan", "principal beneficiary", and "Superintendent" shall have the same meanings as are respectively given to these words in section 2 of the Act.
- For the purposes of this Addendum, "life annuity contract" means an arrangement made to purchase through a person authorized under the laws of Canada or a province thereof to sell annuities as defined in the Tax Act, a non-commutable pension, in accordance with Directive No. 6, that will not commence before the Annuitant attains the age of fifty-five (55) years, or, if the Annuitant provides evidence to the satisfaction of the Trustee that the plan or any of the plans from which the money was transferred provided for payment of the pension at an earlier age, that earlier age.
- Notwithstanding anything to the contrary contained in the RIF Declaration of Trust and this Addendum, including any endorsements forming a part thereof, "principal beneficiary" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Tax Act respecting registered retirement income funds.

#### Contributions

- The Annuitant acknowledges that all of the Benefits to be transferred to the LIF and all investment earnings thereon are subject to the locking-in provisions of

the Act. The Annuitant further acknowledges that the present value of such Benefits to be transferred to the LIF being transferred from a former employer's registered pension plan, from a locked-in retirement account, a locked-in retirement income fund or another life income fund. Only assets that are locked-in pursuant to the Act will be transferred to or held under the LIF.

- The assets in the LIF shall include all property deposited into the LIF and all investment earnings thereon (the "LIF Assets").

#### Investments

- The LIF Assets shall be invested in a manner that complies with the rules of investment contained in the Tax Act and the RIF Declaration of Trust.

#### Valuation

- The method and factors used to establish the value of the LIF Assets upon the Annuitant's death, upon the establishment of a life annuity or upon a transfer of assets from the LIF are as set out hereinafter. The LIF Assets shall be valued at their fair market value immediately prior to the date (the "Valuation Date") on which such assets are used to purchase a life annuity contract or otherwise transferred or paid out of the LIF. In order to determine the fair market value regard may be had to any comparable arm's length transactions that occur on the Valuation Date or within a reasonable time prior to the Valuation Date.

Where possible, such arm's length transactions should involve a cash sale of assets of the same class or kind as those held by the LIF. If a comparison of this nature is not possible, then regard may be had to arm's length transactions that involve assets of a similar class or kind, with such modifications as the circumstances may require. If arm's length transactions involving assets of a similar class or kind are not available, then regard may be had to such other considerations as may reasonably be considered to be relevant, including, without limitation, the book value of the asset or the replacement cost of the asset.

#### Fiscal Year End

- The fiscal year of the LIF ends on the 31st day of December of each year and will not exceed twelve (12) months (the "Fiscal Year").

#### Commencement of Payments

- The Annuitant will be paid an income, the amount of which may vary annually, which will not begin before the earlier of fifty-five (55) or the earliest date on which the Annuitant could receive a pension benefit under the Act or under the originating registered pension plan from which assets were transferred, and not later than the last day of the second Fiscal Year of the LIF.

#### Establishment of Payment Amounts

- The Annuitant is to decide the amount of income to be paid out of the LIF during each Fiscal Year of the LIF at the beginning of that Fiscal Year, or at such other time as may be agreed upon by the Trustee and the Annuitant, and such decision will expire at the end of the Fiscal Year to which it relates. If the Annuitant does not decide the amount to be paid out of the LIF, the minimum amount discussed below will be paid.
- The amount of income paid out of the LIF during a Fiscal Year will not be less than the minimum amount prescribed for registered retirement income funds under the Tax Act (the "Minimum Amount"), and will not exceed the maximum amount (the "Maximum Amount"), subject to paragraphs 15, 16, 17, 18, 19, 20, and, 21 of this Addendum, where the Maximum Amount is the greater of (i) and (ii) as follows:

(i) the amount calculated using the following formula

C/F

in which

C = the balance in the LIF on the first day of the Fiscal Year; and

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**F** = the value on the first day of the Fiscal Year, of a pension of which the annuity payment is \$1 payable at the beginning of each Fiscal Year between that date and December 31st of the year in which the Annuitant attains ninety (90) years of age; and

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

The value "F" in paragraph 14(i) above will be established as of the first day of each Fiscal Year and will be calculated by using:

- (a) an interest rate of not more than 6 percent per year; or
- (b) for the first fifteen (15) years after the date of the valuation, the value of the pension may be determined by using a percentage that is greater than 6 percent, and less than or equal to the percentage obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number V122487 in the CANSIM System.

Where the Maximum Amount is less than the Minimum Amount, the Minimum Amount will be paid.

## Additional Temporary Income Payments

15. Subject to paragraph 16 of this Addendum, the Annuitant shall be entitled to receive additional temporary income from the LIF provided that:
- (a) the Annuitant submits to the Trustee an application for additional temporary income on a form approved by the Superintendent, accompanied by the written consent of the principal beneficiary of an Annuitant where the Annuitant is a former member of a pension plan (the "ATI Application");
  - (b) the total pension income received by the Annuitant for the calendar year in which the ATI Application is made from all pension plans, life annuities, life income funds and locked-in retirement income funds governed by Newfoundland & Labrador pension benefits legislation or established or governed by an Act of Canada or a Province, except income from a pension under the Canada Pension Plan (the "CPP"), is less than 40 percent of the year's maximum pensionable earnings (the "YMPE") under the CPP for the calendar year in which the ATI Application is made; and
  - (c) the Annuitant has not attained the age of sixty-five (65) years at the beginning of the Fiscal Year in which the Annuitant makes the ATI Application.

16. The amount of the additional temporary income paid out of the LIF in a Fiscal Year shall not exceed the maximum temporary income amount (the "Maximum Temporary Income Amount"), which is calculated as follows:

$$\text{Maximum Temporary Income Amount} = A - B$$

where

- A** = 40 percent of the YMPE under the CPP for the calendar year in which the ATI Application is made; and
- B** = the maximum amount of income the owner is entitled to receive from all LIFs, locked-in retirement income funds, life annuity contracts and pension plans governed by an Act of Canada or another Province or Territory, except income from a pension under the *Canada Pension Plan*, for the calendar year in which the application is made.

## Payments During Initial Fiscal Year

17. For the initial Fiscal Year of the LIF, the Maximum Amount and the Maximum Temporary Income Amount will 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.

## Adjustments to Payments Due to Transfers-in

18. If LIF Assets are derived from assets transferred directly or indirectly during the Fiscal Year of the LIF from another life income fund or locked-in retirement income fund of the Annuitant, the Maximum Amount and the Maximum Temporary Income Amount shall be deemed to be zero in respect of the part transferred in.
19. Notwithstanding paragraph 18, the Annuitant may be entitled to income provided that the total amount from all financial institutions in respect of that part transferred in during the Fiscal Year does not exceed the Maximum Amount and the Maximum Temporary Income Amount for that part with any amounts already paid in the Fiscal Year in respect to that part of the LIF as confirmed in writing by the prior financial institution(s).
20. If income is paid out contrary to the Act or Directive No. 5, the Trustee will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.
21. If in any Fiscal Year of the LIF, an additional transfer is made to the LIF and that additional transfer has never been under a life income fund or locked-in retirement income fund before, an additional withdrawal will be allowed in that Fiscal Year. The additional amount of withdrawal will not exceed the maximum amount that would be calculated under this Addendum if the additional transfer were being transferred into a separate life income fund and not this LIF.

## Shortened Life Expectancy

22. Notwithstanding any other provision contained in this Addendum, a lump sum payment or a series of payments may be made to the Annuitant if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably, but where the Annuitant is a former member of a registered pension plan such payment may only be made if the principal beneficiary of the Annuitant has waived the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

## Withdrawal of Small Balances

23. Notwithstanding any other provision contained in this Addendum, a lump sum payment equal to the value of the entire LIF may be made to the Annuitant on application by the Annuitant to the Trustee for payment if, at the time the Annuitant signs the application, the following conditions are met:
- (a) the Annuitant has reached the earlier of age fifty-five (55) or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the registered pension plan from which assets were transferred, and
  - (b) the value of the Annuitant's assets in all locked-in retirement accounts, life income funds and locked-in retirement income funds owned by the Annuitant and governed by the Newfoundland & Labrador pension benefits legislation is less than 40 per cent of the YMPE under the CPP for that calendar year, and
  - (c) The Annuitant has not, within the same Fiscal Year, elected to receive additional temporary income or, where a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or locked-in retirement income fund, elected to receive additional temporary income from that LIF or locked-in retirement income fund.
24. An application for payment under Paragraph 21 shall be:
- (a) on a form approved by the Superintendent, and
  - (b) where the Annuitant is a former member of a registered pension plan, accompanied by a waiver of joint and survivor pension entitlement by the principal beneficiary of the Annuitant, in the form and manner required by the Superintendent.

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## Transfers

25. The Annuitant may, provided that the Trustee shall retain such amount as prescribed in paragraph 146.3(2)(e.1) or (e.2) of the Tax Act, transfer all or part of the LIF Assets:
- (a) to another life income fund;
  - (b) to a locked-in retirement income fund;
  - (c) for the purchase of an immediate life annuity contract that meets the requirements of the Superintendent and paragraph 60(l) of the Tax Act; or
  - (d) before December 31st in the year in which the Annuitant reaches the age at which a pension benefit is required to begin under the Tax Act, to a locked-in retirement account.
26. The Trustee agrees that the LIF Assets to be transferred will be transferred within thirty (30) days after the Annuitant provides a written request for the transfer, unless the term of investment for such assets extends beyond the thirty (30) day period, and the Trustee will provide the Annuitant with the information set out in paragraph 31 of this Addendum, determined as of the date of the transfer.
27. Where the LIF holds identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Annuitant.

## Withdrawals

28. No commutation or surrender of LIF Assets is permitted, and withdrawals are limited to those permitted under the Act, the Regulations, the Directives, and the Tax Act.

## Purchase of a Life Annuity Contract

29. Where a pension benefit transferred to the LIF was not varied according to the sex of the Annuitant, the life annuity purchased with the balance of the LIF shall not differentiate as to sex.

## Death of Annuitant

30. On the death of the Annuitant who was a former member of a registered pension plan and who has a principal beneficiary, the surviving principal beneficiary is entitled to a lump sum payment of the full value of the LIF (the "Payment"). If the Annuitant is not survived by a principal beneficiary or the surviving principal beneficiary waives his or her entitlement in the form and manner required by the Superintendent, the designated beneficiary shall be entitled to receive the Payment. If there is no designated beneficiary, the estate of the Annuitant shall be entitled to receive the Payment.
31. Where the Annuitant is not a former member of a registered pension plan, the full value of the LIF shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the Annuitant's estate.

## Statements

32. At the beginning of each Fiscal Year, the following information will be provided to the Annuitant:
- (a) the sums deposited to the LIF, the accumulated earnings of the LIF, the payments made out of the LIF and the fees charged against the LIF during the previous Fiscal Year;
  - (b) the balance in the LIF;

- (c) the minimum amount that must be paid out of the LIF during the current Fiscal Year;
- (d) the maximum amount that may be paid out of the LIF during the current Fiscal Year; and
- (e) notification that the owner may be entitled to receive additional temporary income during the current fiscal year.

If the Annuitant dies, the Trustee shall provide the person entitled to receive the balance of the LIF with the information set out above, determined as of the date of death of the Annuitant.

## No Assignment

33. The Annuitant hereby agrees that none of the LIF Assets may be assigned, charged, anticipated or given as security.

## Amendment

34. Subject to paragraph 34 hereof, the Trustee may, from time to time, amend this Addendum at its discretion, or in order to bring it into compliance with the Act, the Regulations, a Directive, and the Tax Act, by giving 90 days written notice of the proposed amendment by registered mail addressed to the Annuitant at the address set out in the Trustee's records, provided that any such amendments shall not have the effect of disqualifying the LIF as a registered retirement income fund within the meaning of the Tax Act.
35. In the event that a proposed amendment to this Addendum would result in a reduction in the Annuitant's benefits hereunder, such amendment will only be made if the Trustee is required by law to make the amendment, and the Annuitant will be entitled to transfer the balance in the LIF under the terms of the contract that existed before the amendment is made during the 90 day notice period, subject to the provisions of paragraph 146.3(2)(e.1) or (e.2) of the Tax Act. Notice of the proposed amendment to this paragraph shall be sent by registered mail to the Annuitant's address as set out in the Trustee's records.
36. Any and all amendments to this Addendum must be made with the concurrence of the authorities administering the Act and the Tax Act.

## RIF Declaration of Trust Affirmed

37. The Trustee hereby affirms that the provisions contained in the RIF Declaration of Trust and this Addendum take effect as of the date written on this Addendum.

## Interpretation

38. The conditions of this Addendum will take precedence over the provisions in the RIF Declaration of Trust in the case of conflicting or inconsistent provisions.
39. All references to any statute, regulation, directive or any provision thereof shall mean such statute, regulation, directive or any provision thereof as the same may be re-enacted or replaced from time to time.
40. This Addendum shall be governed in accordance with the laws of the Province of Newfoundland & Labrador and the federal laws of Canada applicable therein.

## Counterparts

41. This Addendum may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

## LOCKED-IN RETIREMENT INCOME FUND FOR NEWFOUNDLAND AND LABRADOR

### ADDENDUM

## SUPPLEMENTARY AGREEMENT ESTABLISHING A LOCKED-IN RETIREMENT ACCOUNT UNDER THE AGF RETIREMENT INCOME FUND

The owner of the Plan (also referred to as the "Annuitant") named in the application form completed by the Annuitant has established an AGF Retirement Income Fund (the "Plan") with AGF Investments Inc. as agent for B2B Trustco as trustee and issuer (the "Trustee"), which has received funds originating from a registered pension plan governed by the provisions of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* (the "Act") and regulations thereunder. In accordance with the Act, regulations and the declaration of trust governing the Plan and except as otherwise may be permitted or provided for under the Act and regulations from time to time, the following forms part of the terms and conditions applicable to the funds, which are binding upon the Annuitant and the Trustee and their respective successors and assigns effective from the time of the transfer of the funds to the Plan.

#### Definitions

1. For the purposes of this Addendum, "Tax Act" means the *Income Tax Act* (Canada) and the Regulations thereunder, "Act" means the *Pension Benefits Act, 1997 (Newfoundland & Labrador)*, "Regulations" means the Regulations under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* and "Directive" means a Directive issued under the *Pension Benefits Act, 1997 (Newfoundland & Labrador)*, all as amended from time to time.
2. For the purposes of this Addendum, Annuitant means the member or former member of a pension plan who has made a transfer pursuant to section 40 of the *Pension Benefits Act, 1997 (Newfoundland & Labrador)* to a LRIF and, unless otherwise stated, includes the principal beneficiary or former principal beneficiary of the member or former member if the principal beneficiary or former principal beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown.
3. For the purposes of this Addendum, list means the appropriate list established and maintained under 18 of the Regulations.
4. For the purposes of this Addendum, the words "locked-in retirement account", "life income fund" and "locked-in retirement income fund" shall have the same meanings as are given to these words in Directive No. 4, Directive No. 5 and Directive No. 17, respectively, and the words "commuted value", "former member", "life annuity", "pension benefit", "pension plan", "principal beneficiary", and "Superintendent" shall have the same meanings as are respectively given to these words in section 2 of the Act.
5. For the purposes of this Addendum, "life annuity contract" means an arrangement made to purchase through a person authorized under the laws of Canada or a province thereof to sell annuities as defined in the Tax Act, a non-commutable pension, in accordance with Directive No. 6, that will not commence before the Annuitant attains the age of fifty-five (55) years, or, if the Annuitant provides evidence to the satisfaction of the Trustee that the plan or any of the plans from which the money was transferred provided for payment of the pension at an earlier age, that earlier age.
6. Notwithstanding anything to the contrary contained in the RIF Declaration of Trust and this Addendum, including any endorsements forming a part thereof, "principal beneficiary" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Tax Act respecting registered retirement income funds.

#### Contributions

7. The Annuitant acknowledges that all of the Benefits to be transferred to the LRIF and all investment earnings thereon are subject to the locking-in

provisions of the Act. The Annuitant further acknowledges that the present value of such Benefits to be transferred to the LRIF is being transferred from a former employer's registered pension plan, from a locked-in retirement account, a life income fund or another locked-in retirement income fund. Only assets that are locked-in pursuant to the Act will be transferred to or held under the LRIF.

8. The assets in the LRIF shall include all property deposited into the LRIF and all investment earnings thereon (the "LRIF Assets").

#### Investments

9. The LRIF Assets shall be invested in a manner that complies with the rules of investment contained in the Tax Act and the RIF Declaration of Trust.

#### Valuation

10. The method and factors used to establish the value of the LRIF Assets upon the Annuitant's death, upon the establishment of a life annuity or upon a transfer of assets from the LRIF are as set out hereinafter. The LRIF Assets shall be valued at their fair market value immediately prior to the date (the "Valuation Date") on which such assets are used to purchase a life annuity contract or otherwise transferred or paid out of the LRIF. In order to determine the fair market value regard may be had to any comparable arm's length transactions that occur on the Valuation Date or within a reasonable time prior to the Valuation Date. Where possible such arm's length transactions should involve a cash sale of assets of the same class or kind as those held by the LRIF. If a comparison of this nature is not possible, then regard may be had to arm's length transactions that involve assets of a similar class or kind, with such modifications as the circumstances may require. If arm's length transactions involving assets of a similar class or kind are not available, then regard may be had to such other considerations as may reasonably be considered to be relevant, including, without limitation, the book value of the asset or the replacement cost of the asset.

#### Fiscal Year End

11. The fiscal year of the LRIF ends on the 31st day of December of each year and will not exceed twelve (12) months (the "Fiscal Year").

#### Commencement of Payments

12. The Annuitant will be paid an income, the amount of which may vary annually, which will not begin before the earlier of fifty-five (55) or the earliest date on which the Annuitant could receive a pension benefit under the Act or under the originating registered pension plan from which assets were transferred, and not later than the last day of the second Fiscal Year of the LRIF.

#### Establishment of Payment Amounts

13. The Annuitant is to decide the amount of income to be paid out of the LRIF during each Fiscal Year of the LRIF at the beginning of that Fiscal Year, or at such other time as may be agreed upon by the Trustee and the Annuitant, and such decision will expire at the end of the Fiscal Year to which it relates. If the Annuitant does not decide the amount to be paid out of the LRIF, the minimum amount discussed below will be paid.
14. The amount of income paid out of the LRIF during a Fiscal Year will not be less than the minimum amount prescribed for registered retirement income funds under the Tax Act (the "Minimum Amount"), and will not exceed the maximum amount (the "Maximum Amount"), subject to paragraphs 15, 16, 17, 18, 19 and 20 of this Addendum. Where the Maximum Amount is less than the Minimum Amount, the Minimum Amount shall be paid.
15. The Maximum Amount is the greatest of:
  - (a) the income, gains and losses earned from the time the LRIF was established to the end of the most recently completed Fiscal Year and, with respect to any assets in the LRIF that are derived directly from assets

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transferred from a life income fund, the income, gains and losses earned in the final complete fiscal year of the life income fund under the life income fund, less the sum of all income paid to the Annuitant from the LRIF;

- (b) the income, gains and losses earned in the immediately previous Fiscal Year; and
- (c) if the payment is being made in the Fiscal Year in which the LRIF was established or in the Fiscal Year immediately following its establishment, 6 percent of the fair market value of the LRIF at the beginning of the Fiscal Year.

## Additional Temporary Income Payments

16. Subject to paragraph 17 of this Addendum, the Annuitant shall be entitled to receive additional temporary income from the LRIF provided that:
- (a) the Annuitant submits to the Trustee an application for additional temporary income on a form approved by the Superintendent, accompanied by the written consent of the principal beneficiary of an Annuitant where the Annuitant is a former member of a pension plan (the "ATI Application");
  - (b) the total pension income received by the Annuitant for the calendar year in which the ATI Application is made from all pension plans, life annuities, life income funds and locked-in retirement income funds governed by the Newfoundland & Labrador pension benefits legislation or established or governed by an Act of Canada or a Province, except income from a pension under the Canada Pension Plan (the "CPP"), is less than 40 percent of the year's maximum pensionable earnings (the "YMPE") under the CPP for the calendar year in which the ATI Application is made; and
  - (c) the Annuitant has not attained the age of sixty-five (65) years at the beginning of the Fiscal Year in which the Annuitant makes the ATI Application.
17. The amount of additional temporary income paid out of the LRIF in a Fiscal Year shall not exceed the maximum temporary income amount (the "Maximum Temporary Income Amount"), which is calculated as follows:

$$\text{Maximum Temporary Income Amount} = A - B$$

Where

**A** = 40 percent of the YMPE under the CPP for the calendar year in which the ATI Application is made; and

**B** = the total pension income to be received by the Annuitant for the calendar year in which the ATI Application is made from all registered pension plans, life annuities, life income funds and locked-in retirement income funds governed by the Newfoundland & Labrador pension benefits legislation or established or governed by an act of Canada or a Province, except income from a pension under the CPP.

## Payments During Initial Fiscal Year

18. For the initial Fiscal Year of the LRIF, the Maximum Amount and the Maximum Temporary Income Amount will 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.
19. If the LRIF Assets are derived from assets transferred directly or indirectly during the first Fiscal Year of the LRIF from another life income fund or locked-in retirement income fund of the Annuitant, the Maximum Amount and the Maximum Temporary Income Amount shall be deemed to be zero.

## Adjustments to Payments Due to Transfers-in

20. If in any Fiscal Year of the LRIF, an additional transfer is made to the LRIF and that additional transfer has never been under a life income fund or locked-in

retirement income fund before, an additional withdrawal will be allowed in that Fiscal Year. The additional amount of withdrawal will not exceed the maximum amount that would be calculated under this Addendum if the additional transfer were being transferred into a separate locked-in retirement income fund and not this LRIF.

## Shortened Life Expectancy

21. Notwithstanding any other provision contained in this Addendum, a lump sum payment or a series of payments may be made to the Annuitant if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably, but where the Annuitant is a former member of a registered pension plan such payment may only be made if the principal beneficiary of the Annuitant has waived the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

## Withdrawal of Small Balances

22. Notwithstanding any other provision contained in this Addendum, a lump sum payment equal to the value of the entire LRIF may be made to the Annuitant on application by the Annuitant to the Trustee for payment if, at the time the Annuitant signs the application, the following conditions are met:
- (a) the Annuitant has reached the earlier of age fifty-five (55) or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the registered pension plan from which assets were transferred, and
  - (b) the value of the Annuitant's assets in all locked-in retirement accounts, life income funds and locked-in retirement income funds owned by the Annuitant and governed by the Newfoundland & Labrador pension benefits legislation is less than 40 per cent of the YMPE under the CPP for that calendar year.
23. An application for payment under Paragraph 22 shall be:
- (a) on a form approved by the Superintendent, and
  - (b) where the Annuitant is a former member of a registered pension plan, accompanied by a waiver of joint and survivor pension entitlement by the principal beneficiary of the Annuitant, in the form and manner required by the Superintendent.

## Transfers

24. The Annuitant may, provided that the Trustee shall retain such amount as prescribed in paragraph 146.3(2)(e.1) or (e.2) of the Tax Act, transfer all or part of the LRIF Assets:
- (a) to another locked-in retirement income fund;
  - (b) to a life income fund;
  - (c) for the purchase of an immediate life annuity contract that meets the requirements of the Superintendent and paragraph 60(l) of the Tax Act; or
  - (d) before December 31st in the year in which the Annuitant reaches seventy-one (71) years of age, to a locked-in retirement account.
25. The Trustee agrees that the LRIF Assets to be transferred will be transferred within thirty (30) days after the Annuitant provides a written request for the transfer, unless the term of investment for the assets extends beyond the thirty (30) day period, and the Trustee will provide the Annuitant with the information set out in paragraph 30 of this Addendum, determined as of the date of the transfer.
26. Where the LRIF holds identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Annuitant.



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## Withdrawals

27. No commutation or surrender of LRIF Assets is permitted, and withdrawals are limited to those permitted under the Act, the Regulations, the Directives, and the Tax Act.

## Death of Annuitant

28. On the death of the Annuitant who was a former member of a registered pension plan and who has a principal beneficiary, the surviving principal beneficiary is entitled to a lump sum payment of the full value of the LRIF (the "Payment"). If the Annuitant is not survived by a principal beneficiary or the surviving principal beneficiary waives his or her entitlement in the form and manner required by the Superintendent, the designated beneficiary shall be entitled to receive the Payment. If there is no designated beneficiary, the estate of the Annuitant shall be entitled to receive the Payment.
29. Where the Annuitant is not a former member of a registered pension plan, the full value of the LRIF shall be paid to the designated beneficiary or, where there is no beneficiary, to the Annuitant's estate.

## Statements

30. At the beginning of each Fiscal Year, the following information will be provided to the Annuitant:
  - (a) the sums deposited to the LRIF, the accumulated earnings of the LRIF, the payments made out of the LRIF and the fees charged against the LRIF during the previous Fiscal Year;
  - (b) the balance in the LRIF;
  - (c) the minimum amount that must be paid out of the LRIF during the current Fiscal Year; and
  - (d) the maximum amount that may be paid out of the LRIF during the current Fiscal Year.

If the Annuitant dies, the Trustee shall provide the person entitled to receive the balance of the LRIF with the information set out above, determined as of the date of death of the Annuitant.

## No Assignment

31. The Annuitant hereby agrees that none of the LRIF Assets may be assigned, charged, anticipated or given as security.

## Amendment

32. Subject to paragraph 33 hereof, the Trustee may, from time to time, amend this Addendum at its discretion or in order to bring it into compliance with the Act, the Regulations, a Directive, and the Tax Act, by giving 90 days written notice of the proposed amendment by registered mail addressed to the Annuitant at the address set out in the Trustee's records, provided that any such amendments shall not have the effect of disqualifying the LRIF as a registered retirement income fund within the meaning of the Tax Act.
33. In the event that a proposed amendment to this Addendum would result in a reduction in the Annuitant's benefits hereunder, such amendment will only be made if the Trustee is required by law to make the amendment, and the Annuitant will be entitled to transfer the balance in the LRIF under the terms of the contract that existed before the amendment was made during the 90 day notice period, subject to the provisions of paragraph 146.3(2)(e.1) or (e.2) of the Tax Act. Notice of the proposed amendments to this paragraph will be sent by registered mail to the Annuitant's address as set out in the Trustee's records.
34. Any and all amendments to this Addendum must be made with the concurrence of the authorities administering the Act and the Tax Act.

## RIF Declaration of Trust Affirmed

35. The Trustee hereby affirms that the provisions contained in the RIF Declaration of Trust and this Addendum take effect as of the date written on this Addendum.

## Interpretation

36. The conditions of this Addendum will take precedence over the provisions in the RIF Declaration of Trust in the case of conflicting or inconsistent provisions.
37. All references to any statute, regulation, directive or any provision thereof shall mean such statute, regulation, directive or any provision thereof as the same may be re-enacted or replaced from time to time.
38. This Addendum shall be governed in accordance with the laws of the Province of Newfoundland & Labrador and the federal laws of Canada applicable therein.

## Counterparts

39. This Addendum may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

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