PROVINCE OF NOVA SCOTIA
LIFE INCOME FUND (LIF)
ADDENDUM AGREEMENT
CANADIAN WESTERN TRUST COMPANY, TRUSTEE

Annuitant's Name (Please print)	Social Insurance Number	LIF Account Number

Upon receipt of locked-in funds, the Trustee further agrees to, and the Annuitant acknowledges, the following:

1. **Definitions**. In this Addendum:

   (a) **Income Tax Act** means the *Income Tax Act* (Canada), as amended from time to time;

   (b) **LIF** means a "LIF" or "life income fund" as defined in Pension Legislation;

   (c) **life annuity** means "life annuity contract" as defined in Pension Legislation that conforms with the Income Tax Act and Pension Legislation;

   (d) **LIRA** means a "LIRA" or "locked-in retirement account" as defined in Pension Legislation and, where those terms are not defined, means a registered retirement savings plan that satisfies the conditions under Pension Legislation for receiving funds that originate from an RPP;

   (e) **Pension Legislation** means the *Pension Benefits Act* (Nova Scotia) and its Regulations, governing locked-in funds transferred or to be transferred to the Fund directly or indirectly from an RPP;

   (f) **RPP** means a registered pension plan governed by Pension Legislation or established by other legislative authority;

   (g) **Schedule 4** means Schedule 4 of the Regulations under Pension Legislation;

   (h) **Schedule 4A** means the Nova Scotia LIF Addendum attached hereto and forming Schedule 4A of the Regulations under Pension Legislation;

   (i) **Spouse** means a "spouse" or "common-law partner" as defined in Pension Legislation; provided however, it only includes a person recognized as a spouse or common-law partner for the purposes of the Income Tax Act;

   (j) **Trustee** means Canadian Western Trust Company;

   (k) The terms "Annuitant" and "Fund" shall have the same meanings as are given to them in the Declaration of Trust; and

   (l) Words defined in Pension Legislation have the same meanings in this Addendum unless otherwise defined herein.

2. **Compliance.** If locked-in funds are transferred or will be transferred to the Fund, directly or indirectly, from an RPP, the additional provisions of this Addendum form part of the Declaration of Trust. In case of any inconsistency between this Addendum and the Declaration of Trust, this Addendum will apply. The Trustee has filed the Declaration of Trust (including this Addendum) with and caused it to be accepted by the appropriate pension authorities in Canada. The Trustee will comply with all relevant provisions

of Pension Legislation.

Subject to paragraphs 5, 6, 14, 16, 17, 19, 21, and 22 of this Addendum, all money, including all investment earnings, that is subject to any transfer to or from the Fund as defined by the Declaration of Trust, is to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required by the Act and Pension Legislation.

3. **Transfers to the Fund.** Only property representing locked-in funds originating, directly or indirectly, from an RPP, a LIRA, a life annuity the capital of which originated from an RPP, or another source permitted by the Income Tax Act and Pension Legislation from time to time, may be transferred to the Fund. The Trustee will not accept any transfers to the Fund from a source or in circumstances not permitted by Pension Legislation. The Trustee is entitled to rely upon the information provided by the Annuitant to transfer into the Plan.

   The Annuitant, if the member or former member of the originating pension plan, may purchase a LIF if the Spouse has provided his / her written consent.

4. **Investments.** The investments held in the Fund must comply with the investment rules imposed by the Income Tax Act for a registered retirement income fund. The Fund may not directly or indirectly hold any mortgages where the mortgagor is the Annuitant, or the parent, brother, sister or child of the Annuitant, or the Spouse of any of those persons.

   The assets of the Fund will be invested and reinvested from time to time in accordance with the Annuitant's instructions, which must comply with any restrictions imposed by the Trustee in its sole discretion. The Trustee shall not be limited to investments authorized by law governing the investments of property held in trust other than investment rules imposed by the Income Tax Act and Pension Legislation for a LIF.

5. **Withdrawals.** Subject to paragraphs 6, 10, 12, 14, 16, 17, 19, 20, and 22 of this Addendum, no withdrawal, commutation or surrender of property is permitted in respect of this Fund except as may be permitted by Pension Legislation from time to time. Any such payment may only be made after the Trustee receives a waiver, if required by Pension Legislation, from the Spouse in the form and manner required by Pension Legislation. Any transaction that is contrary to this paragraph is void.

6. **Disability Payments.** The Annuitant may withdraw all or a part of the property of the Fund where the life expectancy of the Annuitant is likely to be shortened to less than 2 years due to an illness or physical disability, as evidenced by the written opinion of a qualified medical practitioner. The payment or payments may only be made after the Trustee receives an application from the Annuitant in the form and manner required by Pension Legislation. If the Annuitant has a Spouse on the date the Annuitant signs the application, must be accompanied by a waiver by the Spouse, in the form and manner required by Pension Legislation.

   The Trustee is entitled to rely upon the information provided by the Annuitant in such application. The application that meets the requirements of the Pension Legislation constitutes an authorization to the Trustee to pay money to the Annuitant from the Fund in accordance with Pension Legislation. The Trustee will make the payments to which the Annuitant is entitled under Pension Legislation within 30 days after the Trustee receives the completed application and accompanying documentation.

7. **Provision of Information by Trustee.** The Trustee agrees to provide the information described in Section 11 of Schedule 4A to the Annuitant.
8. **Fiscal Year of the Fund.** The fiscal year of the Fund ends on midnight of December 31 of each year and will not exceed 12 months.

9. **Value of the Fund.** For the purpose of a transfer of assets, the purchase of a life annuity contract, a payment or transfer on the death of the Annuitant, or transfer to the Spouse on relationship breakdown, the value of the contract shall be the aggregate market value of the securities held in the Fund as of the market closing immediately prior to such payment or transfer.

The Trustee, to establish the value of the Fund, will use a recognized pricing service, contact the issuer for value, or use the Financial Post or other leading financial papers. In the case of a purchase of a life annuity, all assets would be sold at market value on the date of sale.

10. **Payment of Income.** The Annuitant will be paid an income, the amount of which may vary annually and which will commence not later than the last day of the second fiscal year of the Fund. Payment may not commence earlier than the earliest date on which the Annuitant would have been entitled to receive payment of a pension under any of the pension plans from which the money was transferred.

The Annuitant is to establish the amount of income to be paid during each fiscal year of the Fund at the beginning of that fiscal year and after receipt of the information specified in the attached Schedule 4A. If the Annuitant fails to establish the amount of income to be paid during each fiscal year of the Fund, the minimum amount required under the Income Tax Act shall be deemed to be amount to be paid.

If the Trustee guarantees the rate of return of the Fund over a period that is greater than one year and that ends at the end of a fiscal year, the Annuitant may establish the amount of income to be paid during that period at the beginning of that period.

Where the amount of income to be paid to the Annuitant is fixed at an interval of more than one year, paragraphs 11, 12, and 13 of this Addendum will apply with such modifications as the circumstances require to determine, at the date of the beginning of the first fiscal year of the Fund in the interval, the amount of income to be paid for each fiscal year in that interval.

11. **Determination of Income to be Paid.** The amount of income paid during a fiscal year of the Fund may not be less than the minimum amount required to be paid under the Income Tax Act and will not exceed the maximum amount (M), with M being calculated in accordance with the applicable sections in the attached Schedule 4A.

If the minimum amount is greater than the maximum amount determined for a fiscal year, the minimum amount must be paid out during the year.

If the amount paid to the Annuitant during the fiscal year of the Fund exceeds the maximum that may be paid, the balance of the Fund will not be reduced by the excess, unless the payment is due to incorrect information provided by the Annuitant.

12. **Income to be Paid Out in the Initial Year.** For the initial fiscal year of the Fund, the minimum amount to be paid, as referred to in paragraph 11 of this Addendum, will be set at zero and the maximum amount (M) will be as specified in that paragraph 11.

13. **Transfers In During the Fiscal Year.** Where the money in the Fund is derived from money transferred, directly or indirectly, during the first fiscal year from another LIF of the Annuitant, the maximum amount (M) in paragraph 11 of this Addendum is equal to zero with respect to that money, except to the extent that the Act requires the payment of a higher amount.

If, in any fiscal year of the Fund, an additional transfer is made to the Fund and that additional transfer has never been under a LIF before, an additional withdrawal will be allowed in that fiscal year. This 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 LIF and not this Fund, with

paragraph 12 applying.

14. **Payments after Marriage Breakdown.** The property of the Fund may be subject to division under family law and Pension Legislation. The Trustee will make a payment or payments out of the Fund to the extent and in the manner permitted or required by applicable law:

(a) to effect a division of property, provided the payment is made pursuant to a court order or domestic contract, as defined in Pension Legislation; or

(b) pursuant to an execution, seizure, attachment or other process of law in satisfaction of an order for support or maintenance.

15. **Beneficiary Designation.** The designation of a person other than the Annuitant's Spouse as the beneficiary of the Fund will not be valid if the Annuitant has a Spouse who is entitled to survivor benefits under the Fund because of Pension Legislation.

16. **Death of Annuitant.** Following the death of the Annuitant, the property of the Fund will be paid to the surviving Spouse of the Annuitant unless the surviving Spouse is not entitled to survivor benefits under Pension Legislation. The surviving Spouse may instruct the Trustee to transfer the property of the Fund to an RRSP or RRIF as permitted by Pension Legislation and paragraph 60(l) of the Income Tax Act.

If there is no surviving Spouse or where the surviving Spouse waives the spousal entitlement in the form and manner required by Pension Legislation, the property of the Fund will be paid to the person designated as beneficiary of the Fund, or if no such person has been designated, to the legal representative of the deceased Annuitant's estate.

The Trustee will provide the person entitled to receive the balance in the Fund a statement containing the information outlined in the attached Schedule 4A.

17. **Transfers from the Fund.** Subject to any restrictions imposed by the Income Tax Act and by Pension Legislation, and after payment to the Annuitant of the minimum amount for the year, the property of the Fund may be transferred to a LIF or used to purchase a life annuity in accordance with paragraph 60(l) of the Income Tax Act. Where the Fund holds identifiable and transferable securities, the transfer or purchase may, unless otherwise stipulated, at the option of the Trustee and with the consent of the Annuitant, be effected by remittance of the investment securities of the Fund.

Before transferring property of the Fund, the Trustee will:

(a) write to the issuer of the recipient plan to notify it of the locked-in status of the property being transferred and Pension Legislation that governs the property;

(b) advise the issuer of the recipient plan that the assets were held in a LIF in the current year;

(c) not permit the transfer unless the issuer of the recipient plan agrees to administer the transferred property according to Pension Legislation;

(d) ensure the issuer of the recipient plan is on the list of financial institutions maintained by the Superintendent of Pensions of Nova Scotia; and

(e) ensure the recipient plan is on the list of LIRAs or LIFs maintained by the Superintendent of Pensions of Nova Scotia.

If the Trustee does not comply with the above, and the issuer of the recipient plan fails to pay the money transferred in the form of a pension or in the manner required or permitted by Pension Legislation, the Trustee will provide or ensure the provision of the pension in a manner and in an amount that would have been provided had such property not been paid out.

The Trustee will make the transfer within 30 days of the later of the receipt from the Annuitant of the properly documented transfer request and the maturity of the investment to be transferred.

The Trustee will provide the Annuitant with a statement containing the information outlined in the attached Schedule 4A.

If, prior to the transfer, the minimum required payment for the fiscal year, by reason of the application of paragraph 11 of this Addendum, has not been satisfied, the Trustee will withhold adequate funds to satisfy this minimum payment requirement in accordance with paragraph 146.3(2)(e.1) or (e.2) of the Income Tax Act.

18. **Life Annuity.** In addition to the rules imposed by the Income Tax Act and Pension Legislation, the Annuitant is permitted to transfer all or a part of the balance of the Fund to purchase a life annuity that meets the conditions set out in the Pension Legislation.

However, if the Annuitant has a Spouse on the date payments under the life annuity begin, the life annuity must be established for the lives jointly of the Annuitant and the Annuitant's Spouse, unless the Spouse has provided a waiver in the form and manner required by Pension Legislation. Where the surviving Spouse is entitled to payments under the life annuity after the Annuitant's death, those payments must be at least 60 percent of the amount to which the Annuitant was entitled prior to the Annuitant's death. The life annuity may not differentiate based on gender except to the extent permitted by Pension Legislation.

The life annuity must provide for the provisions contained in the Pension Legislation.

The Trustee will provide the Annuitant with a statement containing the information outlined in the attached Schedule 4A.

19. **Option to Withdraw Small Balances at Age 55.** The Annuitant may apply to the Trustee for a lump sum payment equal to the value of the entire contract if, on the date the Annuitant signs the application, the Annuitant is at least 55 years of age and the value of the Annuitant's assets in all LIRAs and LIFs is less than 50 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year. Such application by the Annuitant must be in the form and manner required by Pension Legislation.

The Trustee is entitled to rely upon the information provided by the Annuitant in such application. The application that meets the requirements of Pension Legislation constitutes an authorization to the Trustee to pay money to the Annuitant from the Fund in accordance with Pension Legislation. The Trustee will make the payments to which the Annuitant is entitled under Pension Legislation within 30 days after the Trustee receives the completed application for and accompanying documentation.

Where the Fund holds identifiable and transferable securities, the Trustee may transfer the securities, with the consent of the Annuitant.

The value of all assets in all LIRAs and LIFs owned by the Annuitant when he / she signs the application under Pension Legislation will be determined in accordance with the most recent statement about each LIRA or LIF given to the Annuitant, and each statement must be dated within one year before the

Annuitant signs the application.

20. **Option to Withdraw from LIF at Age 55.** In relation to a transfer of assets made into a LIF governed by Schedule 4A, an Annuitant who is at least 55 years of age may apply to the Trustee to withdraw from the LIF or transfer to an RRSP or RRIF an amount representing:

(a) up to 50% of the market value of the assets transferred if the transfer is from a pension fund, locked-in retirement account or LIF governed by Schedule 4, and not from a variable benefits account;

(b) up to 50% of the market value of the assets transferred if the transfer is from a LIF governed by Schedule 4A and the transfer is a result of a division, as defined in section 234 of the Pension Legislation.

Such application must be in the form and manner required by Pension Legislation, and given to the Trustee within 60 days after the assets are transferred into the LIF. The Trustee will make the payment or transfer to the Annuitant within 30 days after the Trustee receives the completed application for withdraw or transfer under this section and accompanying documentation.

If the assets of identifiable and transferrable securities, the Trustee may transfer the securities with the consent of the owner.

The market value of the assets is to be determined as of the date the assets were transferred into the LIF.

21. **Option to Withdraw Due to Financial Hardship.** The Annuitant may apply to the Trustee for a lump sum payment of not less than $500 in cases of serious financial hardship as specified in Pension Legislation. Such application by the Annuitant must be in the form and manner required by Pension Legislation, and, if the Annuitant has a Spouse on the date the Annuitant signs the application, must be accompanied by a waiver by the Spouse, in the form and manner required by Pension Legislation

The Trustee is entitled to rely upon the information provided by the Annuitant in such application. An application that meets the requirements of the Regulations under Pension Legislation constitutes an authorization to the Trustee to pay money to the Annuitant from the Plan in accordance with Pension Legislation. The Trustee will make the payments to which the Annuitant is entitled under the Regulations under Pension Legislation within 30 days after the Trustee receives the completed application form and accompanying documentation.

The value of the assets in the LIF owned by the Annuitant when he / she signs the application will be determined in accordance with the most recent statement about the LIF given to the Annuitant, and each statement must be dated within one year before the Annuitant signs the application.

22. **Option to Withdraw due to Non-Residency (Permanent Departure from Canada).** The Annuitant may apply to the Trustee for a withdrawal of all or part of the money in their LIF if the Annuitant ceased to be a resident of Canada for at least the 2 immediately previous calendar years. The Annuitant must provide a written declaration signed by the Annuitant that they have not been a resident of Canada for at least the 2 immediately previous calendar years.

Such application by the Annuitant must be in the form and manner required by Pension Legislation, and, if the Annuitant has a Spouse on the date the Annuitant signs the application, must be accompanied by a waiver by the Spouse, in the form and manner required by Pension Legislation. The Trustee is entitled to rely upon the information provided by the Annuitant in such application. An application that meets the requirements of the Regulations under Pension Legislation constitutes an authorization to the Trustee to

pay the money to the Annuitant from the Plan in accordance with Pension Legislation. The Trustee will make the payments to which the Annuitant is entitled under the Regulations under Pension Legislation within 30 days after the Trustee receives the completed application form and accompanying documentation.

23. **Payments or Transfers Contrary to Pension Legislation.** If property is transferred or paid out of the Fund contrary to Pension Legislation or this Addendum, the Trustee will ensure that the Annuitant receives a life annuity in an amount and in a manner that would have been provided if the property had not been transferred or paid out of the Fund.

24. **Amendments.** From time to time, the Trustee may amend the Declaration of Trust (including this Addendum), if the amendment does not disqualify the Fund as a LIF and if the amendment is filed with and approved by Canada Revenue Agency and the provincial authorities.

The Trustee will not amend the Fund except in accordance with Schedule 4A and the following provisions:

(a) the Trustee will give the Annuitant at least 90 days notice of a proposed amendment, other than an amendment described in (b);

(b) the Trustee will not amend the Fund if the amendment will result in a reduction in the Annuitant's rights under the Fund, unless the Trustee is required by law to make the amendment, and the Annuitant is entitled to transfer the property of the Fund under the terms of the Fund that existed before the amendment was made.

When making an amendment described in (b), the Trustee will notify the Annuitant of the nature of such an amendment and permit the Annuitant at least 90 days after the notice is given to transfer all or part of the property of the Fund.

An amendment is not effective until an application for registration of the amendment is made in accordance with Pension Legislation. An amendment may be made effective as of a date before the date on which the amendment is registered.

_____ _____

Signature of Annuitant Date

Accepted by:
Canadian Western Trust
300 – 750 Cambie Street
Vancouver, BC V6B 0A2

_____

Authorized Signature

TO BE COMPLETED BY THE ANNUITANT:

CURRENT MARITAL STATUS:
(This data is necessary in order to complete prescribed government forms.)

☐ Single ☐ Married ☐ Common law ☐ Divorced ☐ Separated ☐ Widowed

Spousal Information:

Name: _____

SIN: _____ Birth Date: _____

TO BE COMPLETED BY THE ANNUITANT'S SPOUSE / COMMON-LAW PARTNER:

Pension Legislation requires the approval of the Annuitant's spouse or common-law partner prior to the LIF Fund being opened. By signing this section, the spouse or common-law partner is agreeing to the LIF being opened for the Annuitant.

_____ _____

Signature of Spouse Date

TO BE COMPLETED BY THE TRANSFERRING INSTITUTION

Is the Annuitant the individual that was a member of the pension plan from which locked-in funds originated?

☐ Yes ☐ No

The Normal Retirement Age of the Registered Pension Plan the transferring benefit originated from is age_ _____and, if applicable, the Early Retirement Age is age _____

The amount of the benefit transferred to the LIF governed by this Addendum was determined in a manner that differentiated on the basis of sex: ☐ Yes ☐ No

Schedule 4A: Nova Scotia LIF Addendum

(Pension Benefits Regulations)

Note: This document is Schedule 4A to the *Pension Benefits Regulations* (Nova Scotia). It forms part of the regulations and must be read, construed and interpreted in conjunction with the *Pension Benefits Act* and its regulations.

Definitions for this Schedule

1 In this Schedule,

"Act" means the *Pension Benefits Act*;

"domestic contract", as defined in Section 2 of the regulations, means a written agreement referred to in and for the purpose of Section 74 of the Act, or Section

14 of the *Pooled Registered Pension Plans Act*, that provides for a division between spouses of any pension benefit, deferred pension, pension, LIRA or LIF and includes a marriage contract as defined in the *Matrimonial Property Act*;

"federal *Income Tax Act*", as defined in Section 2 of the regulations, means the *Income Tax Act* (Canada) and, unless specified otherwise, includes the regulations made under that Act;

"owner" means any of the following persons, as set out in subsection 205(2) of the regulations, who has purchased a LIF:

(a) a former member who is entitled to make a transfer under clause 61(1)(b) of the Act,

(b) a spouse of a person who was a member, and who is entitled to make a transfer under clause 61(1)(b) of the Act,

(c) a person who has previously transferred an amount under clause 61(1)(b) of the Act into a LIRA or LIF,

(d) a person who has previously transferred an amount into a LIF as a result of a division of any pension benefit, deferred pension or pension under Section 74 of the Act,

(e) a spouse who is entitled to transfer a lump sum as a result of a division of any pension benefit, deferred pension or pension under Section 74 of the Act,

(f) if the funds in the account of a pooled registered pension plan are used for the purchase, a person who transfers the amount in accordance with the *Pooled Registered Pension Plans Act* and the *Pooled Registered Pension Plans Regulations*,

(g) a former member of the Public Service Superannuation Plan under the *Public Service Superannuation Act* who is entitled to make a transfer in accordance with the Public Service Superannuation Plan,

(h) a spouse of a person who was a member of the Public Service Superannuation Plan under the *Public Service Superannuation Act* who is entitled to make a transfer in accordance with the Public Service Superannuation Plan,

(i) a former member of the Teachers' Pension Plan who is entitled to make a transfer in accordance with subclause 24(11)(b)(ii) or 24(12)(b)(ii) of the *Teachers' Pension Plan Regulations*,

(j) a spouse of a person who was a member of the Teachers' Pension Plan who is entitled to make a transfer in accordance with clause 41(4)(b) of the *Teachers' Pension Plan Regulations*;

"regulations" means the *Pension Benefits Regulations* made under the Act;

"spouse", as defined in the Act, means either of 2 persons who

(i) are married to each other,

(ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity,

(iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement, and

(iv) are domestic partners within the meaning of Section 52 of the *Vital Statistics Act*, or

(v) not being married to each other, are cohabiting in a conjugal relationship with each other, and have done so continuously for at least

(A) 3 years, if either of them is married, or

(B) 1 year, if neither of them is married;

"Superintendent" means the Superintendent of Pensions, as defined in the Act.

Fiscal year of LIFs

2 **(1)** In this Schedule, "fiscal year" means the fiscal year of a LIF.

(2) A fiscal year must end on December 31 and must not be longer than 12 months.

Reference rate criteria

3 A reference rate in this Schedule for a fiscal year must meet all of the following criteria:

(a) it must be based on the month-end nominal rate of interest earned on long-term bonds issued by the Government of Canada for November of the year immediately before the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series V122487, with the following adjustments applied successively to that nominal rate:

(i) an increase of 0.5%,

(ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,

(iii) the rounding of the effective interest rate to the nearest multiple of 0.5%;

(b) it must not be less than 6%.

Note Re Requirements of the *Pension Benefits Act* and Regulations and the *Pooled Registered Pension Plans Act* and its regulations

Prohibitions on transactions from Section 91 of Act

Under Section 91 of the Act and Section 12 of the *Pooled Registered Pension Plans Act*, money held in a LIF must not be commuted or surrendered in whole or in part except as permitted by this Schedule and the regulations including, without limiting the generality of the foregoing, the following Sections of the regulations:

- Section 198, respecting the transfer of an excess amount, as defined in that Section
- Sections 211 through 229, respecting withdrawal in circumstances of financial hardship
- Section 231, respecting withdrawal in circumstances of considerably shortened life expectancy
- Section 232, respecting withdrawal in circumstances of non-residency
- Section 233, respecting withdrawal of small amounts at age 55
- Section 233A, respecting withdrawal of amounts upon transfer into Schedule 4A LIF

Pursuant to subsection 91(2) of the Act and subsection 12(2) of the *Pooled Registered Pension Plans Act*, any transaction that contravenes Section 91 of the Act or Section 12 of the *Pooled Registered Pension Plans Act* is void.

Values of assets in LIF subject to division

The value of the assets in a LIF is subject to division in accordance with all of the following:

- an order of the Supreme Court of Nova Scotia that provides for the division of a pension benefit, deferred pension or pension under Section 74 of the Act, or a division of the funds in a pooled registered pension plan account under Section 14 of the Pooled Registered Pension Plans Act
- a domestic contract that provides for the division of a pension benefit, deferred pension or pension under Section 74 of the Act, or a division of the funds in a pooled registered pension plan account under Section 14 of the Pooled Registered Pension Plans Act
- the regulations

Money held in LIF

The following requirements are set out in the Pension Benefits Act and are applicable to LIFs governed by this Schedule:

- Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 88(3) of the Act, Section 90 of the Act, subsection 12(3) of the Pooled Registered Pension Plans Act or Section 13 of the Pooled Registered Pension Plans Act, and any transaction purporting to assign, charge, anticipate or give the money in the LIF as security is void.
- Money held in a LIF is exempt from execution, seizure or attachment except for

the purpose of enforcing a maintenance order as permitted by Section 90 of the Act or Section 13 of the Pooled Registered Pension Plans Act.

Periodic payments of income out of LIFs

4 **(1)** An owner must be paid an income from their LIF, the amount of which may vary, annually.

(2) Income payments from a LIF must begin no earlier than

(a) the earliest date that the owner would have been entitled to receive a pension under any pension plan from which the money was transferred; or

(b) if all of the money in a LIF is derived from sources other than a pension benefit provided in respect of any employment of the owner, the date the owner turns 55 years old.

(3) Income payments from a LIF must begin no later than the end of a LIF's 2nd fiscal year.

Amount of income payments from LIFs

5 **(1)** Subject to the minimum amount in Section 6 of this Schedule, an owner of a LIF must establish the amount of income to be paid during each fiscal year at the beginning of the fiscal year and after they have received the information required by Section 11 of this Schedule.

(2) Except as provided in subsection (5), an owner of a LIF must notify the financial institution providing the LIF of the amount to be paid out of the LIF each year and any owner who does not do so is deemed to have selected the minimum amount determined under Section 6 of this Schedule.

(3) The owner's notice required by subsection (2) must be given either

(a) except as provided in subsection (5), at the beginning of the fiscal year;

(b) at a time agreed to by the financial institution providing the LIF.

(4) The owner's notice required by subsection (2) expires at the end of the fiscal year to which it relates.

(5) If a financial institution providing a LIF guarantees the rate of return of the LIF over a period that is greater than 1 year, the period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during the period at the beginning of the period.

Minimum annual LIF withdrawal

6 **(1)** The amount of income that is paid out of a LIF during a fiscal year must not be less than the minimum amount prescribed for a registered retirement income fund by the federal *Income Tax Act*, determined on the basis of the owner's age or the age of the owner's spouse if the spouse is younger than the owner.

(2) Despite Sections 7, 8 and 9 of this Schedule, if the minimum amount specified by subsection (1) is greater than the maximum amount determined under those Sections for a fiscal year, then the minimum amount under subsection (1) must be paid out of the LIF during the fiscal year.

Pro-rating amount of withdrawal if initial fiscal year less than 12 months

7 If the initial fiscal year is less than 12 months long, the maximum amount determined under Sections 8 and 9 of this Schedule must 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 1 month.

Maximum annual life income from LIF

8 The maximum annual amount of life income to be paid each year from a LIF is determined by the following formula:

maximum payable = F × B

in which

F = is the factor in Schedule 5: Life Income Fund—Factor F that corresponds to the reference rate for the fiscal year and the owner's age at the end of the previous year

B = the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after the beginning of that fiscal year and reduced by any money transferred from another LIF, to the LIF, in the same year.

Maximum annual income payable if financial institution guarantees rate of return of LIFs

9 **(1)** If a financial institution that provides a LIF guarantees the rate of return of the LIF over a period greater than 1 year and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years during the period must be determined at the beginning of each fiscal year in the period in accordance with this Section.

(2) For each year after the initial fiscal year, the maximum income to be paid for the fiscal year under a LIF described in subsection (1) is equal to the lesser of the following amounts:

(a) the balance of the LIF at the time of payment in that year;

(b) the amount determined by the following formula:

maximum income = (I × B) ÷ RB

In which

I = the maximum income determined for the initial fiscal year under Section 8 of this Schedule

B = the balance of the LIF at the beginning of the fiscal year

RB = the reference balance determined at January 1 of the year as calculated under subsection (3).

(3) For the formula in clause (2)(b), the reference balance ("RB") must be calculated by the following formula:

RB = (PRB - I) + [(PRB - I) × RR/100]

in which

PRB = the reference balance

(i) at the beginning of the previous year, or

(ii) for the 2nd year of the period, the LIF balance at the beginning of the 1st year of the period

I = the maximum income determined for the initial fiscal year

RR = the reference rate for the year, if the fiscal year is one of the first 16 fiscal years of the LIF, or by 6% for any other year.

Income in excess of maximum

10 If income paid to an owner under a LIF during a fiscal year exceeds the maximum that may be paid, the balance of the LIF must not be reduced by the excess unless the payment is attributable to incorrect information provided by the owner.

Information to be provided annually by financial institution

11 (1) At the beginning of each fiscal year, a financial institution providing a LIF must provide all of the following information to an owner about their LIF:

(a) with respect to the previous fiscal year:

(i) the sums deposited,

(ii) any accumulated investment earnings including any unrealized capital gains or losses,

(iii) the payments made out of the LIF,

(iv) any withdrawals from the LIF made under the following circumstances, in accordance with Sections 211 to 229 of the regulations:

(A) except a mortgage default circumstance, as defined in clause 212(1)(a) of the regulations,

(B) a medical expense circumstance, as defined in clause 212(1)(b) of the regulations,

(C) a rental default circumstance, as defined in clause 212(1)(c) of the regulations,

(D) a reduced income circumstance, as defined in clause 212(1)(d) of the regulations,

(v) any transfers made out of the LIF,

(vi) the fees charged against the LIF;

(b) the value of the assets in the LIF at the beginning of the fiscal year;

(c) the minimum amount that must be paid out as income to the owner during the current fiscal year;

(d) the maximum amount that may be paid out as income to the owner during the current fiscal year;

(e) a statement that the maximum amount of income that may be paid to the owner during the fiscal year will not be increased if assets held in another LIF during the year are transferred to the LIF;

(f) if the beginning of the fiscal year is later than the beginning of the calendar year, a statement as to whether any sums deposited were held in another LIF during the year, and the amount of those deposits;

(g) a statement that if the owner wishes to transfer the balance of the LIF, in whole or in part, and still receive the income determined for the fiscal year from the LIF, then an amount must be retained in the LIF that is at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year;

(h) a statement that if the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12 of the Schedule, then the financial institution must provide the owner's spouse or beneficiary or the personal representative of their estate with the information in clauses (a) and (b), determined as of the date the owner died;

(i) a statement that if the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, then the financial institution must provide the owner the information in clauses (a) and (b), determined as of the date of the transfer or annuity purchase;

(j) a statement that if the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, then the financial institution must comply with Section 209 of the regulations, in accordance with subsection 12(6) of this Schedule.

(2) If the assets in the LIF are withdrawn or transferred under Sections 211 to 233C, a financial institution that provided the LIF must provide to the owner the information described in subclauses (1)(a)(i) to (vi) and clause(b), determined as of the date of the transfer or withdrawal.

Transferring assets from LIFs

12 (1) An owner of a LIF may transfer all or part of the assets in the LIF as follows:

(a) to another LIF,

(b) to purchase an immediate life annuity; or

(c) for an owner who is a member or former member of a pension plan that provides for variable pension benefits, to the owner's variable benefits account in accordance with Section 150 of the regulations, if the transfer is permitted by the plan.

(2) The date of a transfer under subsection (1) must not be later than 30 days after the owner requests it, unless the transfer is in respect of assets held as securities whose term of investment extends beyond the 30-day period, in which case the 30-day period begins to run from the date the term of investment expires.

(3) If assets in a LIF consist of identifiable and transferable securities, the financial institution providing the LIF may transfer the securities with the consent of the owner.

(4) If assets held in a LIF are transferred to another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner of the LIF must not be increased.

(5) A financial institution providing a LIF must advise the financial institution to which the assets of the LIF are transferred

(a) that the assets were held in a LIF in the current year; and

(b) whether the assets were determined in a manner that differentiated on the basis of sex.

(6) If the balance of a LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution providing the LIF must comply with Section 209 of the regulations.

Information to be provided by financial institution on transfer of balance of LIFs

13 If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution making the transfer must provide the owner with all of the information required to be provided annually under clauses 11(a) to (g) of this Schedule, determined as of the date of the transfer or annuity purchase.

Information to be provided by financial institution on transfer of balance of LIFs

14 No later than 30 days after the date that money in locked-in funds that has not been held in a LIF at any time in the current year is transferred to a LIF, the financial institution providing the LIF must provide the owner with all of the following information:

a. the with information required to be provided annually under clauses 11(a) to (e) of this Schedule, determined as of the date of the transfer;

b. the balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year.

Death benefits

15 (1) If the owner of a LIF dies, the following are entitled to receive a benefit equal to the value of the assets in the LIF, subject to subsections (4) and (5):

(a) The owner's spouse;

(b) If there is no spouse or if the spouse is otherwise disentitled under subsection (4) or (5), the owner's named beneficiary;

(c) If there is no named beneficiary, the personal representative of the owner's estate.

(2) For the purposes of subsection (1), a determination as to whether an owner of a LIF has a spouse must be made as of the date the owner dies.

(3) For the purposes of subsection (1), the value of the assets in a LIF includes all accumulated investment earnings, including any unrealized capital gains and losses, of the LIF from the date of death until the date of payment.

(4) A spouse is not entitled to receive the value of the assets in a LIF under clause (1)(a) if the owner of the LIF was not

(a) a member or former member of a pension plan from which the assets were transferred, directly or indirectly, to purchase the LIF; or

(b) a member of a pooled registered pension plan from which the assets were transferred, directly or indirectly, to purchase the LIF.

(5) A spouse who, as of the date the owner of the LIF dies, is living separate and apart from the owner without a reasonable prospect of resuming cohabitation is not entitled to receive the value of the assets in the LIF under clause (1)(a) if any of the following conditions apply:

(a) the spouse delivered a written waiver to the financial institution in accordance with Section 16 of this Schedule;

(b) the terms of a written agreement respecting the division of the LIF entered into before the date of the owner's death disentitle, or do not expressly or impliedly entitle, the spouse to receive an amount under the LIF;

(c) the terms of a court order issued before the owner's death disentitle, or do not expressly or impliedly entitle, the spouse to receive an amount under the LIF.

(6) The benefit described in subsection (1) may be transferred to an RRSP or a RRIF in accordance with the federal *Income Tax Act*.

Waiver of entitlement to death benefits by spouse

16 (1) A spouse of an owner of a LIF may waive their entitlement to receive a benefit described in Section 15 of this Schedule from the LIF, by delivering, any time before the death of the owner, a written waiver in an approved form to the financial institution providing the LIF.

(2) A spouse who delivers a waiver under subsection (1) may cancel it by delivering a written and signed notice of cancellation to the financial institution before the date the owner of the LIF dies.

Information to be provided by financial institution on death of owner

17 If the owner of a LIF dies before the balance in the LIF is transferred or used to purchase a life annuity contract, the financial institution providing the LIF must give the information required to be provided annually under clauses 11(a) to (f) of this Schedule, determined as of the date of the owner's death, to any person entitled to receive the assets in the LIF under subsection 15(1) of this Schedule.