Effective date of rider: «Date»

Annexed and incorporated into Plan number: “Plan”

Annuitant: «Annuitant»

Life Income Fund Contract Provisions – Federal PBSA

This rider will form part of the RIF declaration of trust (the “Plan”) if the annuitant has requested, or where the annuitant has attained age 71 on a registered contract and has not selected another option, that the Plan be registered as a life income fund. The Plan will be modified as such:

1. For the purpose of this rider, the word "Act" means the *Pension Benefits Standards Act, 1985* (Canada) and the word "Regulation" means the *Pension Benefits Standards Regulations, 1985* in accordance with the Act.

2. For the purpose of this rider, the terms "LIF", "immediate life annuity", “deferred life annuity", "Locked-in RRSP", “restricted LIF”, “restricted Locked-in RSP”, "transfer" and "financial institution" have the same meanings as are respectively given to these terms in the Regulation, and the terms "spouse" and “common-law partner” have the same meanings as given to these terms in the Act.

3. Notwithstanding anything to the contrary contained in the Plan, including any amendments forming a part thereof, the terms "spouse" and “common-law partner” do not include any person who is not recognized as such for the purpose of any provision of the *Income Tax Act* (Canada) respecting a retirement income fund.

4. Subject to paragraph 5 of this rider, all sums invested in the Plan, including all investment earnings, that are subject to any transfer to or from the Plan, as defined by this rider, are to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required or permitted by the Act and the Regulation.

5. Prior to using the balance of the Plan to purchase an immediate life annuity contract, the annuitant may transfer all or part of the balance of the Plan:
   a) to another LIF or to a restricted LIF;
   b) to a Locked-in RRSP; or
   c) for the purchase of an immediate life annuity or a deferred life annuity in accordance with paragraph 60(l) of the *Income Tax Act* (Canada).

6. Upon receipt of written instructions from the annuitant, the Trustee shall, in the prescribed manner, transfer all or part of the surrender value of the Plan at the time such request is received at the head office, together with all information necessary for the continuance of the fund, to any person who has agreed to be an issuer of another RRIF for the annuitant, subject to the amount retained by the Trustee to conform to the paragraph 146.3(2)(e) of the *Income Tax Act* (Canada).

7. A lump sum may be paid to the annuitant where a physician certifies that due to mental or physical disability, the life expectancy of the annuitant is likely to be shortened considerably.

8. Except as provided in subsection 25(4) of the Act, the sums invested in the Plan shall not be assigned, charged, anticipated or given as security and are exempt from execution, seizure or attachment and any transaction purporting to assign, charge, anticipate or give as security is void.

9. The Trustee hereby affirms that the sums invested in the Plan will be invested in a manner that complies with the rules for the investment of money in a RRIF, as stipulated in the *Income Tax Act* (Canada).

10. No part of the funds shall 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 spouse of any such person.

11. If funds from the Plan are paid out contrary to the Act, the Regulation or this rider, the Trustee hereby declares that it will provide or ensure the provision of a pension in a manner and in an amount that would have been provided had such funds not been paid out.

12. Before transferring the sums invested in the Plan to another financial institution, the Trustee shall advise the transferee financial institution in writing of the locked-in status of the funds.

13. If the Trustee does not comply with paragraph 12 of this rider and the transferee financial institution fails to pay the funds transferred in the form of a pension or in the manner required or permitted by the Regulation, the Trustee hereby declares that it will provide or ensure the provision of the pension referred to in paragraph 11 of this rider.

14. At any time before one of the annuity payments begin, the annuitant will be permitted to transfer all or part of the balance of the Plan to purchase an immediate life annuity contract that meets the conditions of the Regulation.

When a pension benefit credit transferred to the Plan was not varied according to the sex of the plan member, the immediate life annuity or the deferred life annuity purchased with the balance of the Plan may not vary according to the sex.

15. The annuitant will be permitted, subject to the conditions set out in paragraph 20.1(1)(m)(i) to (iii) of the Regulation, to withdraw, in a calendar year, an amount up to the lesser of the amount determined by the formula set out in paragraph 16 and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this paragraph or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulation.

16. The amount referred to in paragraph 15 is determined by the following formula:

$M + N$

where:

M= the total amount of the expenditures that the annuitant expects to make on medical or disability-related treatment or adaptive technology for the calendar year; and

N= the greater of zero and the amount determined by the formula P – Q, where P is 50% of the Year's Maximum Pensionable Earnings, and Q is two thirds of the annuitant's total expected income for the calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year under paragraph 15.

17. In the calendar year in which the annuitant reaches 55 years of age or in any subsequent calendar year, a lump sum may be paid to the annuitant if:
    (i) the annuitant certifies that the total value of all assets in all Locked-in RRSP, LIF, restricted Locked-in RSP and restricted LIF that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by the Regulation is less than or equal to 50% of the Year's Maximum Pensionable Earnings; and
    (ii) if the annuitant gives a copy of Form 2 and Form 3 of Schedule V of the Regulation to the Trustee.

18. The annuitant may, upon application in accordance with this paragraph, withdraw all the sums invested in the Plan if:
    (i) when the annuitant signs the application, he/she is a non-resident of Canada;
    (ii) the application is made at least 24 months after his/her date of departure from Canada; and
    (iii) the annuitant provides a written determination from the Canada Revenue Agency that he/she is a non-resident for the purposes of the *Income Tax Act* (Canada).

19. On the death of the annuitant, the balance in the Plan is to be paid:
    a) to the surviving spouse of the annuitant by:
        (i) transferring the funds to another LIF or to a restricted LIF;
        (ii) using the funds to purchase an immediate life annuity or a deferred life annuity in accordance with paragraph 60 (l) of the *Income Tax Act* (Canada); or
        (iii) transferring the funds to a Locked-in RRSP;
    b) if there is no surviving spouse, by way of a lump sum payment to the designated beneficiary; or
    c) if there is no valid designation of beneficiary, to the annuitant's estate.

20. The fiscal year of the Plan ends on December 31 of each year and may not exceed 12 months.

21. 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 Plan.

22. The method and factors that are to be used to establish the value of the Plan, or the balance of the Plan for the purpose of:
    a) a transfer of assets;
    b) the purchase of a life annuity contract; and
    c) a payment or transfer on death of the annuitant

    are set out in the Plan's provisions.

23. The annuitant is to establish the amount of income to be paid during each calendar year of the Plan at the beginning of that calendar year, and after the receipt of the information specified in paragraph 32 of this rider.

24. The amount of income paid during a calendar year of the Plan will not be less than the minimum amount required to be paid under the *Income Tax Act* (Canada) and, for any calendar year before the calendar year in which the annuitant attains 90 years of age, will not exceed M, with that symbol being calculated in accordance with the following formula:

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

where:

C = the balance of the Plan on:
(i) the first day of the calendar year; or
(ii) if the balance determined in subparagraph (i) is zero, the balance at the date when the initial amount was transferred into the Plan;

and

F = the value, as at the beginning of the calendar year, of a pension benefit whose annual payment is $1, payable at the beginning of each calendar year between that date and December 31 of the year in which the annuitant reaches the age of 90 years, established using an interest rate that:
(i) for the first 15 years after the date of valuation, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the second month before the beginning of the calendar year; and
(ii) for any subsequent year, is not more than 6%.

25. For the calendar year in which the annuitant reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the Plan shall not exceed the value of the Plan immediately before the time of payment.

26. For the initial calendar year of the Plan, the limit M, determined under paragraph 24 of this rider or the amount determined under paragraph 25 of this rider, will be adjusted in proportion to the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month.

27. If the sums invested in the Plan are derived from funds transferred directly or indirectly during the first calendar year of the Plan from another LIF of the annuitant, the limit M or the amount determined under paragraph 25 of this rider is deemed to be zero in respect of those funds invested in the Plan for that calendar year.

28. If, in any calendar year of the Plan, an additional transfer is made to the Plan and that additional transfer has never been under a LIF before, an additional withdrawal will be allowed in that calendar year.

29. Up to the calendar year in which the annuitant attains 90 years of age, the additional amount of withdrawal referred to in paragraph 28 of this rider will not exceed the maximum amount that would be calculated under this rider if the additional amount was being transferred into a separate LIF and not to this Plan, with paragraph 24 of this rider applying.

30. If, in the application of paragraph 23 of this rider, the amount of income to be paid to the annuitant is fixed at an interval of more than one year, paragraphs 24, 25, 26 and 27 of this rider will apply with such modifications as the circumstances require to determine, at the date of the beginning of the first calendar year of the Plan in the interval, the amount of income to be paid for each calendar year in that interval.

31. If the Plan holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 5 and 14 of this rider 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 Plan.

32. The Trustee will provide the annuitant the information specified in Sections 22 and 23 of the Regulation.

33. No money that is not locked-in will be transferred to or held under the Plan, unless this is held in a separate account from locked-in money.

34. The Trustee hereby affirms the provisions contained in the Plan.

35. The conditions of this rider will take precedence over the provisions in the Plan in the case of conflicting or incompatible provisions.

Denis Ricard
President

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Director

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