

## RE: Newfoundland and Labrador LIF Addendum

Thank you for opening a registered account with Counsel Portfolio Services Inc. When you opened the account, you signed Counsel's application and Declaration of Trust, which governs your registered account.

We are pleased to provide you with this Locking-In Supplement which completes your account contract. This supplement provides additional information regarding the rules that govern your plan.

If you have any questions or concerns regarding this new Locking-In Supplement, please contact your Financial Advisor or Client Relations at 1-877-216-4979.

Thank you for continuing to make Counsel a part of your long-term investment plan.

Sincerely,  
COUNSEL PORTFOLIO SERVICES INC.

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## Newfoundland and Labrador Addendum

### ADDENDUM

#### Definitions:

1. The "Investment Application" refers to the application and Counsel Portfolio Services Inc. Retirement Savings Plan Declaration of Trust or Counsel Portfolio Services Inc. Retirement Income Fund Declaration of Trust, as applicable, contained in the Investment Application.
2. B2B Trustco is the "Trustee" as defined in the Investment Application.
3. This Addendum shall form part of the Investment Application. The provisions of this Addendum shall take precedence over any provisions to the contrary contained in the Investment Application, so long as those provisions do not contravene the Income Tax Act (Canada).
4. "Pension Legislation" refers to the Pension Benefits Act, 1997 of Newfoundland and Labrador ("the Act"), its Regulations ("the Regulations"), and its Directives.
5. A "Newfoundland and Labrador LIF" refers to a Life Income Fund governed by the Pension Legislation, and will hereinafter be referred to in this Addendum as a "LIF".
6. The individual whose signature appears on this Addendum is the "Applicant" and "Purchaser" under the Retirement Income Fund, and the Applicant hereby transfers money and other property to the Trustee, which agrees to act as Trustee of the trust created hereunder.
7. For the purposes of this Addendum, the following words have the same meanings as are respectively given to these words in the Pension Legislation:
  - a. "cohabiting partner";
  - b. "financial institution";
  - c. "life annuity";
  - d. "life income fund" (LIF);
  - e. "locked-in retirement income fund" (LRIF);
  - f. "locked-in retirement account" (LIRA);
  - g. "owner";
  - h. "pension benefit";
  - i. "pension plan";
  - j. "principal beneficiary";
  - k. "spouse"; and
  - l. "superintendent".
8. For greater certainty, the Pension Legislation defines "Spouse", "Cohabiting Partner", and "Principal Beneficiary", and "owner" as follows:
  - a. "Spouse" means, except in Part VI, a person who

- i. is married to the member or former member,
  - ii. is married to the member or the former member by a marriage that is voidable and has not been voided by a judgment of nullity, or
  - iii. has gone through a form of a marriage with the member or former member, in good faith, that is void and is cohabiting or has cohabited with the member or former member within the preceding year.
- b. "Cohabiting Partner"
- i. in relation to a member or former member who has a Spouse, means a person who is not the Spouse of the member or former member who has cohabited continuously with the member or former member in a conjugal relationship for not less than 3 years, or
  - ii. in relation to a member or former member who does not have a Spouse, means a person who has cohabited continuously with the member or former member in a conjugal relationship for not less than one year, and is cohabiting or has cohabited with the member or former member within the preceding year.
- c. "Principal Beneficiary" means the Spouse of a member or former member, or where the member or former member has a Cohabiting Partner, the member or former member's Cohabiting Partner.
- d. "Owner" means the member or former member of a Pension Plan who has made a transfer pursuant to section 40 of the Act 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.
9. Notwithstanding anything to the contrary contained in this Addendum, the terms "Spouse" and "Cohabiting Partner" do not include any person who is not recognized as a spouse or common-law partner under the Income Tax Act (Canada).

### Establishing the fund

10. All amounts transferred to the LIF and investment income held in the LIF shall be subject to the terms of this Addendum.
11. The Applicant must be either:
- a. a member or former member of a Pension Plan who has obtained the written consent of his or her Principal Beneficiary, if any; or
  - b. the Principal Beneficiary or former Principal Beneficiary of a 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.
12. The assets in the LIF may not be assigned, charged, anticipated, or given as security and any transaction purporting to assign, charge, anticipate or give as security such money transferred as security is void.

13. Subject to Part VI of the Act, no withdrawal, commutation or surrender of assets is permitted.
14. The fiscal year of the LIF ends on December 31 of each year and will not exceed 12 months.
15. Any surrenders from the LIF for the purpose of a transfer of assets, the purchase of a Life Annuity contract, and a payment or transfer on the death of the Applicant shall be made at the net asset value less any redemption fees of the LIF investment fund applicable.

### Valuation

16. For information regarding the valuation of the assets in the LIF, the Applicant shall refer to the Simplified Prospectus and the Annual Information Form for the particular investment in which the Applicant's LIF assets are invested.

### Periodic payments out of the LIF

17. Payment out of the LIF to the Applicant must not begin before the earlier of age 55, or the earliest date on which the member or former member could receive a Pension Benefit under the Act or the originating Pension Plan from which money was transferred and not later than the last day of the second fiscal year.
18. The Applicant shall, no later than November 30th of each calendar year, decide the amount to be paid out of the LIF in that year and inform the Trustee. The Trustee has no obligation to accept instructions after November 30 and will do so only in its sole discretion. If in the prior year, the Applicant had elected to receive "minimum" or "maximum" payments in that prior year, the Trustee may continue to pay the new calendar year's "minimum" or "maximum" payments to the Applicant, unless and until the Applicant gives alternate instructions to the Trustee.
19. If the Applicant has never provided the Trustee with the instructions described in paragraph 18 of this Addendum in regards to the amount to be paid out of the LIF, the Trustee will pay out of the LIF in that year, the minimum amount determined under paragraph 24 of this Addendum.
20. The amount of income paid out of the LIF during a fiscal year must not exceed the greater of (a) and (b) as follows:
- a. the amount calculated using the formula "C/F", in which:
    - i. C = the value of the assets in the LIF at the beginning of the fiscal year, and
    - ii. F = the present value, at the beginning 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 the 31<sup>st</sup> day of December of the year in which the Applicant reaches ninety years of age, where the value F is established at the beginning of each fiscal year of the LIF using an interest rate as follows:
      - 1. for the first fifteen years after the date of the valuation, the greater of

1. 6% per year and
  2. 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; and
  2. for the sixteenth and each subsequent year, a rate of 6% per year;
  - b. the amount of the investment earnings, including any unrealized capital gains or losses, of the LIF in the immediately previous fiscal year.
21. Subject to Paragraph 22 of this Addendum, the Applicant is entitled to receive additional temporary income where:
- a. the maximum amount of income the Applicant is entitled to receive for the calendar year in which the application is made, calculated as "B" under Paragraph 22 of this Addendum, is less than 40% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) for the calendar year in which the application is made, and
  - b. the Applicant has not reached his or her 65<sup>th</sup> birthday at the beginning of the fiscal year in which he or she makes application for payment of temporary income.
22. The amount of additional temporary income paid out of the LIF in a fiscal year must not exceed the "maximum" using the following formula "A - B", in which
- a. "A" = 40% of the YMPE for the calendar year in which an application is made, and
  - b. "B" = the maximum amount of income the Applicant is entitled to receive from all LIFs, LRIFs, Life Annuity contracts and Pension Plans governed by the Act or established by or governed by an Act of Canada or a Province or Territory, except income from a pension under the CPP, for the calendar year in which the application is made.
23. An application for additional temporary income under Paragraph 21 of this Addendum shall be:
- a. on a form approved by the Superintendent,
  - b. where the Applicant is a former member of a Pension Plan, accompanied by the written consent of the Principal Beneficiary of the former member, and
  - c. submitted to the financial institution at the beginning of the fiscal year, unless otherwise permitted by the financial institution.
24. The amount of income paid out of the LIF during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the Income Tax Act (Canada).
25. For the initial year of the LIF, the "maximum" in paragraphs 20 and 22 of this Addendum shall be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.

26. If a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or LRIF of the Applicant during the fiscal year, the "maximum" in Paragraphs 20 and 22 of this Addendum shall be deemed to be zero in respect of the part transferred in.
27. Notwithstanding paragraph 26 of this Addendum, the Trustee may allow money to be paid to the Applicant provided that the total amount received by the Applicant from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the "maximum" in paragraphs 20 and 22 of this Addendum for that part. In this case, the financial institution must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the LIF.
28. If money is paid out contrary to the Act or Directive, 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.

### **Transferring assets from the LIF**

29. The Applicant may transfer any or all of the assets of the LIF
  - a. to another LIF;
  - b. to an LRIF;
  - c. to purchase an immediate Life Annuity contract that meets the requirements of the Superintendent; or
  - d. before December 31st in the year in which the purchaser reaches the relevant age specified under the Income Tax Act (Canada) or the Income Tax Regulations, to a LIRA.
30. The Trustee shall effect the transfer under paragraph 29 of this Addendum within thirty (30) days following receipt of the Applicant's written instructions, except that this thirty day period does not apply with respect to the transfer of assets whose term of investments extends beyond the thirty day period.
31. If the LIF holds identifiable and transferable securities, the Trustee may transfer the securities of the LIF with the consent of the Applicant.

### **Withdrawals from the LIF – shortened life expectancy**

32. The Applicant may withdraw a lump sum or a series of payments from the LIF if a medical practitioner certifies that due to mental or physical disability, the life expectancy of the Applicant is likely to be shortened considerably, but where the Applicant is a former member of a Pension Plan such payment may only be made if the Principal Beneficiary of the former member has waived the joint and survivor pension entitlement in a form and manner provided by the Superintendent.

### **Withdrawals from the LIF – small accounts**

33. The Applicant may withdraw a lump sum payment equal to the value of the entire contract on application by the Applicant to the Trustee for payment if, at the time the Applicant signs the application,

- a. The Applicant has reached the earlier of age 55 or the earliest date on which the Applicant would have been entitled to receive a Pension Benefit under the plan from which money was transferred, and
  - b. the value of all assets in LIFs, LRIFs and LIRAs owned by him or her and governed by the Act is less than 40% of the YMPE for that calendar year, and
  - c. the Applicant has not, within the same fiscal year, elected to receive additional temporary income under Paragraph 21 of this Addendum, or, where a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or LRIF, elected to receive additional temporary income from that LIF or LRIF.
34. An application under Paragraph 33 of this Addendum shall be
- a. on a form approved by the Superintendent, and
  - b. where the Applicant is a former member of a Pension Plan, accompanied by a waiver of the Principal Beneficiary of joint and last survivor pension entitlement, in the form and manner provided by the Superintendent.

#### **Withdrawals from the LIF -**

#### **Marriage breakdown of the Applicant**

35. The value of the assets in and payments out of the LIF are subject to division in accordance with the provisions of Part VI of the Act.

#### **Death of the Applicant – Survivor benefits**

36. On the death of a former member who has a Principal Beneficiary, the surviving Principal Beneficiary, or where there is no surviving Principal Beneficiary or the surviving Principal Beneficiary had waived entitlement in the form and manner required by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to receive a lump sum payment of the full value of the LIF.
37. Where the Applicant is not a former member, a lump sum payment of the full value of the LIF shall be paid to the designated beneficiary, or where there is no beneficiary, to the Applicant's estate.

#### **Amending the LIF**

38. Subject to Paragraph 39 of this Addendum, the Trustee shall not amend the Addendum except where the Trustee has giving the Application at least ninety days' notice of a proposed amendment.
39. An amendment that would result in a reduction in the owner's benefits under the Addendum is only permitted where
- a. The Trustee is required by law to make the amendment; and
  - b. The Applicant is entitled to transfer the balance in the LIF under the terms of the Addendum that existed before the amendment is made.

40. When making an amendment under Paragraph 39 of this Addendum, the Trustee shall
- a. Notify the Application of the LIF of the nature of the amendment; and
  - b. allow the Applicant at least ninety days after the notice is given to transfer all or part of the balance in the LIF.
41. Notice under Paragraphs 38 and 40 of this Addendum shall be sent by registered mail to the Applicant's address as set out in the records of the Trustee.

#### **Information to be provided by the Trustee**

42. The Trustee shall provide:
- a. to the Applicant, at the beginning of each fiscal year, the following information:
    - i. in relation to the previous fiscal year: the sums deposited, the amount of the investment earnings, including any unrealized capital gains or losses; the payments made out of the LIF; and the fees charged;
    - ii. the value of the assets in the LIF;
    - iii. the minimum amount that must be paid out of the LIF to the Applicant during the current fiscal year;
    - iv. the maximum amount of income under paragraph 20 of this Addendum that may be paid out of the LIF to the Applicant during the current fiscal year; and
    - v. if applicable, notification that the Applicant may be entitled to receive additional temporary income under paragraph 21 of this Addendum during the current fiscal year
  - b. to the Applicant, if the balance of the LIF is transferred as described in Paragraph 29 of this Addendum, the information described in clause (a), determined as the date of transfer,
  - c. to the person entitled to receive the balance in the LIF if the Applicant dies, the information described in clause (a), determined as of the date of the Applicant's death

#### **Other**

43. Money that is not locked-in under the Act will not be transferred to or held under the LIF.
44. Assets in the LIF will be invested in a manner that complies with the rules for investments in a RRIF contained in the Income Tax Act (Canada).