Federal LIF Addendum (PRPP)

ADDENDUM

RE: Federal LIF Addendum (PRPP)

We are pleased to provide you with this Locking-In Supplement which forms part of the Mackenzie Investments Multi-Plan Application and the Mackenzie Retirement Income Fund Declaration of Trust. This Locking-In Supplement contains additional provisions that govern your Life Income Fund (LIF).

We ask that you review this Locking-In Supplement and keep this copy for your records.

If you have any questions regarding this Locking-In Supplement, please contact your Financial Advisor or Client Relations at 1-800-387-0614.

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

Sincerely,

Mackenzie Investments

Definitions

1. A “Multi-Plan Application” refers to the application and Mackenzie Retirement Savings Plan Declaration of Trust or Mackenzie Retirement Income Fund Declaration of Trust, as applicable, contained in the Multi-Plan Application.

2. This Addendum shall form part of the Multi-Plan Application. The provisions of this Addendum shall take precedence over any provisions to the contrary contained in Multi-Plan Application, so long as those provisions do not contravene the Income Tax Act (Canada).

3. Pension Legislation” and “the Applicable Pension Legislation” refer to the Pooled Registered Pension Plans Act (Canada) (“the PRPP Act”) and its Regulations (“the PRPP Regulations”).

4. A “Federal LIF” refers to a Life Income Fund governed by the Pension Legislation, and will hereinafter be referred to in this Addendum as a “LIF”.

5. The “Applicant” under the Retirement Income Fund hereby transfers money and other property to the B2B Trustco (the Trustee), which agrees to act as Trustee of the trust created hereunder. The Trustee’s Head Office is located at 199 Bay Street, Suite 600, PO Box 279 STN Commerce Court, Toronto, Ontario M5L 0A2.

6. The following terms, where used in this Addendum, shall have the same meaning as in the Applicable Pension Legislation:
   a. “Common-law Partner”;
   b. “Former Member”;
   c. “Locked-in Registered Retirement Savings Plan” (“Locked-in RRSP”, “LRSP”);
   d. Member”;
   e. “Pension Benefit”;
   f. “Pension Benefit Credit”;
   g. “Pension Plan”;
   h. “Pooled Registered Pension Plan” (“PRPP”);
   i. “Restricted Life Income Fund” (“RLIF”);
   j. “Restricted Locked-in Savings Plan” (“RLSP”);
   k. “Spouse”;
   l. “Survivor”.

7. Notwithstanding anything to the contrary contained in this Addendum, the terms “Spouse”, “Common-law Partner” and “Survivor” do not include any person who is not recognized as a spouse or common-law partner under the Income Tax Act (Canada).

8. The “Financial Hardship Provisions” are paragraphs 38(1)(e), 39(1)(f), 40(1)(k), and 41(1)(k) of the PRPP Regulations, and include any withdrawal made under paragraph 28 of this Addendum.

9. The “Maximum Financial Hardship Amount” is the lesser of:
   a. the amount determined by the formula “M + N”, where
   ii. “N” is the greater of
      1. zero, and
      2. the amount determined by the formula, “P – Q”, where
         a. “P” is 50% of the Year’s Maximum Pensionable Earnings (“YMPE”), and
         b. “Q” is two thirds of the Applicant’s total expected income for the calendar year determined in accordance with the Income Tax Act (Canada).

10. All contributions and investment income held in the LIF shall be subject to the restrictions under this Addendum and the Applicable Pension Legislation.

11. In addition to the restrictions set out in paragraph 12 of this Addendum, the investments in the LIF shall be governed by, and in accordance with, the investment provisions of the RIF.

12. Subject to subsection 25(4) of the Act, the funds in the LIF shall not be assigned, charged, anticipated, or given as security, and any transaction purporting to assign, charge, anticipate or give the assets as security is void or, in Quebec, null.

13. 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 from the LIF

14. Payments must begin from the LIF to the Applicant no later than the last day of the first calendar year following the year in which the LIF is established.

15. 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.

16. If the Applicant has never provided the Trustee with the instructions described in paragraph 15 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 in accordance with the Income Tax Act (Canada).
17. For any calendar year before the calendar year in which the Applicant reaches 90 years of age, the amount of income paid out of the LIF shall not exceed the amount determined by the formula: “C/F”, where:
   a. “C” is the balance in the LIF
      i. at the beginning of the calendar year, or
      ii. if the amount determined in subparagraph (i) is zero, at the date when
          the initial amount was transferred into the LIF, and
   b. “F” is the value, as at the beginning of the calendar year, of a Pension
      Benefit of which the annual payment is $1, payable on January 1 of each year
      between the beginning of that calendar year and December 31 of the year in
      which the Applicant reaches 90 years of age, established using an interest rate that
      i. for the first 15 years after January 1 of the year in which the LIF is valued,
          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 month of November before the beginning of the
          calendar year, and
      ii. for any subsequent year, is not more than 6%.
18. For the calendar year in which the Applicant reaches 90 years of age and for all
    subsequent calendar years, the amount of income paid out of the LIF shall not exceed
    the value of the funds held in the LIF immediately before the time of the payment.
19. For the calendar year in which the LIF is established, the amount determined in
    accordance with paragraphs 17 or 18 of this Addendum, as the case may be, shall
    be multiplied by the number of months remaining in that year and then
    divided by 12, with any part of an incomplete month counting as one month.
20. If, at the time the LIF was established, part of the LIF was composed of funds
    that had been held in another LIF of the Applicant earlier in the calendar year
    in which the LIF was established, the amount determined in accordance with
    paragraphs 17 or 18 of this Addendum, as the case may be, is deemed to be
    zero in respect of that part of the LIF for that calendar year.
21. The Trustee shall advise the Applicant in writing at the beginning of the
    calendar year, of the minimum that must be paid and the maximum that may
    be paid in respect of the calendar year.
22. Payments shall be made from each LIF as one aggregate annual amount or
    may be paid out in periodic payments. There must be at least one payment
    in each calendar year, except the initial calendar year. The Trustee shall make
    payment(s) in accordance with the Applicant’s written instructions.
23. The Trustee shall surrender sufficient assets from each LIF in order to make the
    payment(s) to the Applicant.

Transferring assets from the LIF
24. Subject to any restrictions imposed by the Income Tax Act, the funds in the LIF
    may only be:
    a. transferred to another LIF subject to the same Applicable Legislation;
    b. transferred to an RRSP subject to the same Applicable Legislation, so long as
       the transfer occurs no sooner than the calendar year in which the Applicant
       reaches 55 years of age, or such other age as identified under paragraph
       40(1)(i) of the PRPP Regulations, as applicable,
    c. transferred to an RRSP subject to the same Applicable Legislation, or
    d. used to purchase an immediate life annuity or deferred life annuity.

Conversion to a life pension
25. For the purposes of the purchase of an immediate or deferred life annuity
    referred to in paragraph 24 of this Addendum,
    a. Where a pension benefit credit transferred into the LIF was not varied
       according to the sex of the plan member, an immediate or deferred life
       annuity purchased by the funds accumulated in the LIF shall not differentiate
       as to sex, and
    b. A pension benefit transferred into the LIF will be deemed to have been
       determined in a manner that did not differentiate on the basis of the sex of
       the beneficiary, unless the Applicant furnishes the Trustee with information
       to the contrary.

Withdrawals from the LIF – Shortened life expectancy
26. The funds in the LIF may be paid to the Applicant in a lump sum if a physician
    certifies that, owing to mental or physical disability, the life expectancy of the
    Applicant is likely to be shortened considerably, and the Applicant provides the
    Trustee with such certification.

Withdrawals from the LIF – Financial hardship
27. In the calendar year in which the Applicant reaches 55 years of age or in any
    subsequent calendar year, the funds may be paid to the Applicant in a lump sum if:
    a. the Applicant certifies that the total value of all assets in all LRSPs, LIFs,
       RLSPs, and RLIFs that were created as a result of a transfer from another
       PRPP under section 50, 53, or 54 of the PRPP Act or a transfer authorized by
       the PRPP Regulations is less than or equal to 50% of the YMPE, and
    b. where the LIF is derived directly or indirectly from a PRPP, the Applicant
       gives a copy of Form 2 and Form 3 of the Schedule to the PRPP Regulations
       to the Trustee.

Withdrawals from the LIF – Non-residency
28. The Applicant may withdraw an amount up to the “Maximum Financial
    Hardship Amount” if:
    a. the Applicant certifies that the Applicant has not made a withdrawal in the
       calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship
       Provisions, other than within the last 30 days before this certification,
    b. in the event that the value of “M” in the definition of the Maximum Financial
       Hardship Amount is greater than zero,
       i. the Applicant certifies that the Applicant expects to make expenditures
          on medical or disability-related treatment or adaptive technology for the
          calendar year in excess of 20% of the Applicant’s total expected income
          for that calendar year determined in accordance with the Income Tax Act,
          excluding withdrawals in the calendar year from any LRSP, LIF, RLSP, or
          RLIF under the Financial Hardship Provisions, and
       ii. a physician certifies that such medical or disability-related treatment or
          adaptive technology is required, and
    c. where the LIF is derived directly or indirectly from a PRPP, the Applicant
       gives a copy of Form 1 and Form 2 of the Schedule to the PRPP Regulations
       to the Trustee.

Death of Applicant – Survivor benefits
30. On the death of the Applicant and upon the receipt by the Trustee of any
    documentation that may reasonably be required, the funds in the LIF shall be
    paid as follows:
    a. to the Survivor of the Applicant, by:
       i. transferring the LIF assets to another LIF or RRSP subject to the same
          Applicable Pension Legislation,
       ii. using the LIF assets to purchase an immediate life annuity or deferred life
          annuity,
       iii. transferring the LIF assets to an LRSP subject to the same Applicable
          Pension Legislation; or
    b. If the Applicant appointed a beneficiary and there is no Survivor, transferring
       the LIF assets to the Applicant’s estate.

Amending the Addendum
31. This Addendum is subject to all applicable legislation, as may be amended from
time to time, which will prevail over any inconsistent or conflicting provisions in
the Addendum.

Other
32. No money that is not locked in under the Applicable Pension Legislation will be
    transferred to or held under the LIF.