

Federal RLIF Addendum

ADDENDUM

RE: Federal RLIF Addendum

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 Restricted Life Income Fund (RLIF).

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" refers to the *Pension Benefits Standards Act, 1985* (Canada) ("the PBSA") and its Regulations ("the PBSA Regulations").
4. A "Federal RLIF" refers to a Restricted Life Income Fund governed by the Applicable Pension Legislation, and will hereinafter be referred to in this Addendum as an "RLIF".
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. "Life Income Fund" ("LIF");
 - d. "Locked-in Registered Retirement Savings Plan" ("Locked-in RRSP", "LRSP");
 - e. "Member";
 - f. "Pension Benefit";
 - g. "Pension Benefit Credit";
 - h. "Pension Plan";
 - i. "Restricted Life Income Fund" ("RLIF");
 - j. "Restricted Locked-in Savings Plan" ("RLSP");
 - k. "Spouse"; and
 - 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 20(1)(d), 20.2(1)(e), 20.1(1)(m), and 20.3(1)(m) of the PBSA Regulations, and include any withdrawal made under paragraph 29 of this Addendum.
9. The "Maximum Financial Hardship Amount" is the lesser of
 - a. the amount determined by the formula "M + N", where

- i. "M" is the total amount of the expenditures that the Applicant expects to make on medical or disability-related treatment or adaptive technology for the calendar year, and
- 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*, excluding withdrawals in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions, and
 - b. 50% of the YMPE minus any amount withdrawn in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions.

Establishing the RLIF

10. All contributions and investment income held in the RLIF 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 RLIF shall be governed by, and in accordance with, the investment provisions of the RIF.
12. If the Applicant is transferring assets to the RLIF from a LIF, LRSP, Pension Plan, the transfer must occur no sooner than the calendar year in which the Applicant reaches 55 years of age, or such other age as identified under paragraph 20.3(1)(n) of the PBSA Regulations.
13. Subject to subsection 25(4) of the PBSA Act, the funds in the RLIF shall not be assigned, charged, anticipated or given as security, and any transaction purporting to assign, charge, anticipate or give the funds as security is void or, in Quebec, null.

Valuation

14. For information regarding the method of valuation of the assets in the RLIF, the Applicant shall refer to the Simplified Prospectus and the Annual Information Form for the particular mutual fund investments in which the Applicant's RLIF assets are invested.

Periodic payments from the RLIF

15. Payments must begin from the RLIF to the Applicant no later than the last day of the first calendar year following the year in which the RLIF is established.
16. The Applicant shall, no later than November 30th of each calendar year, decide the amount to be paid out of the RLIF 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.
17. If the Applicant has never provided the Trustee with the instructions described in paragraph 16 of this Addendum in regards to the amount to be paid out of the RLIF, the Trustee will pay out of the RLIF in that year, the minimum amount determined in accordance with the *Income Tax Act* (Canada).
 18. 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 RLIF shall not exceed the amount determined by the formula: "C/F", where:
 - a. "C" is the balance in the RLIF
 - i. at the beginning of the calendar year, or
 - ii. if the amount determined in subparagraph (i) is zero, on the day on which the initial amount is transferred into the RLIF, and
 - b. "F" is the value, as at the beginning of the calendar year, of a Pension Benefit whose 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 RLIF 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%.
 19. 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 RLIF shall not exceed the value of the funds held in the RLIF immediately before the time of the payment.
 20. For the calendar year in which the RLIF is established, the amount determined in accordance with paragraphs 18 or 19 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.
 21. If, at the time the RLIF was established, part of the RLIF was composed of funds that had been held in another RLIF of the Applicant earlier in the calendar year in which the RLIF was established, the amount determined in accordance with paragraphs 18 or 19 of this Addendum, as the case may be, is deemed to be zero in respect of that part of the RLIF for that calendar year.
 22. 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.
 23. Payments shall be made from each RLIF 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.
 24. The Trustee shall surrender sufficient assets from each RLIF in order to make the payment(s) to the Applicant.

Transferring assets from the RLIF

25. Subject to any restrictions imposed by the *Income Tax Act*, the funds in the RLIF may only be
 - a. transferred to another RLIF subject to the same Applicable Legislation,
 - b. transferred to an RLSP subject to the same Applicable Legislation, or
 - c. used to purchase an immediate life annuity or deferred life annuity.

Conversion to a life pension

26. For the purposes of the purchase of an immediate or deferred life annuity referred to in paragraph 25 of this Addendum where the RLIF is derived directly or indirectly from a Pension Plan,
 - a. Where a pension benefit credit transferred into the RLIF was not varied according to the sex of the plan member, an immediate or deferred life annuity purchased by the funds accumulated in the RLIF shall not differentiate as to sex, and
 - b. A pension benefit transferred into the RLIF 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 RLIF – Shortened life expectancy

27. The funds in the RLIF 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 RLIF – Small accounts

28. 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 the transfer of Pension Benefit Credits under section 26 of the *PBSA* a transfer authorized by the *PBSA* Regulations is less than or equal to 50% of the YMPE, and
 - b. where the RLIF is derived directly or indirectly from a pension plan, the Applicant gives a copy of Form 2 and Form 3 of Schedule V of the *PBSA* Regulations to the Trustee.

Withdrawals from the RLIF – Financial hardship

29. 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 RLIF is derived directly or indirectly from a pension plan the Applicant gives a copy of Form 1 and Form 2 of Schedule V of the *PBSA* Regulations to the Trustee.

Withdrawals from the RLIF – Non-residency

30. The holder of the RLIF who has ceased to be a resident of Canada for at least two years may withdraw any amount from that RLIF.

Withdrawals from the RLIF – Marriage breakdown

31. In accordance with subsection 25(4) of the *PBSA Act*, the Applicant may assign all or part of the RLIF to the Applicant's Spouse, former Spouse, Common-law Partner or former Common-Law Partner, effective as of divorce, annulment, separation, or breakdown of the common-law partnership, as the case may be.

Withdrawals from the RLIF – 50% unlocking in the first 60 days

32. The Applicant may transfer up to 50% of the funds in the RLIF to a registered retirement savings plan or a registered retirement income fund within 60 days after the establishment of the RLIF if
 - a. the RLIF was created as the result of
 - i. the transfer of a Pension Benefit Credit under section 16.4 or 26 of the *PBSA* or
 - ii. a transfer from
 1. a LRSP or
 2. a LIF, and
 - b. where the RLIF is derived directly or indirectly from a pension plan, the Applicant gives a copy of Form 2 of Schedule V of the *PBSA* Regulations to the Trustee.

Death of Applicant – Survivor benefits

33. 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 RLIF shall be paid as follows:
 - a. to the Survivor of the Applicant by
 - i. transferring the RLIF assets to another RLIF or to a LIF subject to the same Applicable Pension Legislation;

- ii. using the RLIF assets to purchase an immediate life annuity or deferred life annuity; or
 - iii. transferring the RLIF assets to an LRSP or to an RLSP subject to the same Applicable Pension Legislation; or
- b. if the Applicant appointed a beneficiary and there is no Survivor, transferring the RLIF assets to the Applicant's beneficiary; or
 - c. if the Applicant did not designate a beneficiary and there is no Survivor, transferring the RLIF assets to the Applicant's estate.

Amending the Addendum

- 34. 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

- 35. No money that is not locked in under the Applicable Pension Legislation will be transferred to or held under the RLIF.