

LOCKED-IN RETIREMENT INCOME FUND (LRIF) ADDENDUM

Steadyhand

PROVINCE OF MANITOBA

Steadyhand Investment Funds Inc.
1747 West 3rd Avenue,
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1-888-888-3147

Annuitant's Name (Please print)

Social Insurance Number

LRIF 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) **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 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) **LRIF** means an "LRIF" or "locked-in retirement income fund" as defined in Pension Legislation;
- (f) **Pension Legislation** means the *Pension Benefits Act* (Manitoba) and its Regulations, governing locked-in funds transferred or to be transferred to the Fund directly or indirectly from an RPP;
- (g) **prescribed RIF** means a "registered retirement income fund" as defined in Section 21.4 of the Pension Legislation;
- (h) **RPP** means a registered pension plan governed by Pension Legislation or established by other legislative authority;
- (i) **Spouse** means a "spouse" 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 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, 16, 17 and 19 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 LIF, an LRIF, a life annuity the capital of which originated from an RPP, or another source permitted by the 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.

Within 30 days after receipt of a transfer to the Fund, the Trustee will provide the Annuitant with the information as specified in Pension Legislation.

4. **Investments.** The investments held in the Fund must comply with the investment rules imposed by the 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.
5. **Withdrawals.** Subject to paragraphs 6, 10, 12, 16, 17 and 19 of this Addendum, no withdrawal, commutation or surrender of property is permitted in respect of this Fund except as may be permitted by the Act and 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 property of the Fund may be withdrawn as a lump sum payment or series of payments where the life expectancy of the Annuitant is likely to be shortened considerably due to mental 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 a waiver from the Annuitant and Spouse in the form and manner required by Pension Legislation.

7. **Fiscal Year of the Fund.** The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.
8. **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 marriage 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.

9. **Annual Information Statement.** The Trustee will provide the Annuitant with the information as specified in Pension Legislation.
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. 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 the receipt of the information as outlined in Pension Legislation. If the Annuitant fails to establish the amount of income to be paid during each fiscal year of the Fund, the minimum amount required to be paid under the Act shall be deemed to be the amount to be paid.

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 Act and will not exceed the maximum amount, being:

(a) for the first fiscal year, 6% of the total value of the Fund at the beginning of that fiscal year and all amounts transferred into the Fund in the year, other than amounts, if any, transferred in directly or indirectly from a LIF or LRIF;

(b) for the second fiscal year, the greatest of:

(i) the value of the Fund at the beginning of that fiscal year less the difference between the amounts transferred to the Fund before that time and the amounts transferred out of the Fund before that time;

(ii) the investment return earned in the immediately previous fiscal year of the Fund;

(iii) 6% of the total value of the Fund at the beginning of that fiscal year;

(iv) where the money in the Fund is derived directly from money transferred from a LIF, the sum of the investment income earned in the first fiscal year under the LIF and the LRIF;

plus 6% of the total of all amounts transferred to the Fund in the year, other than amounts transferred to the Fund directly or indirectly from a LIF or LRIF; and

(c) for third and any subsequent fiscal year, the greater of:

(i) the value of the Fund at the beginning of that fiscal year less the difference between the amounts transferred to the Fund before that time and the amounts transferred out of the Fund before that time;

(ii) the investment return earned in the immediately previous fiscal year of the Fund;

plus 6% of the total of all amounts transferred to the Fund in the year, other than amounts transferred to the Fund directly or indirectly from a LIF or LRIF;

except that if the maximum amount is less than the minimum amount, the minimum amount prevails.

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.

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 LRIF or LIF of the Annuitant, the maximum amount 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 LRIF 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 LRIF 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, marriage contract or separation agreement under applicable marital property legislation; or
 - (b) pursuant to an execution, seizure, attachment or other process of law in satisfaction of an order for support or maintenance.

Within 30 days after a payment out of the Fund, the Trustee will provide the Annuitant with the information as specified in Pension Legislation.

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 pay out the property of the Fund in cash or to transfer the property of the Fund to a registered retirement savings plan, a registered retirement income fund or life annuity, as permitted by Pension Legislation and paragraph 60(1) of the 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.

As soon as practicable after notification of the death of the Annuitant, the Trustee will provide the information as specified in Pension Legislation.

17. **Transfers from the Fund.** Subject to any restrictions imposed by the Act and Pension Legislation, and after payment to the Annuitant of the minimum amount for the year, the property of the Fund may be transferred to an RPP, a LIRA, a LIF or an LRIF, or used to purchase a life annuity in accordance with paragraph 60(1) of the Act. In addition, a one-time transfer of no more than fifty percent (50%) of the funds in a Fund may be transferred to a prescribed RIF provided the Annuitant is not less than 55 years of age. 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. 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.

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 the Pension Legislation that governs the property;
- (b) not permit the transfer unless the issuer of the recipient plan agrees to administer the transferred property according to Pension Legislation;
- (c) the issuer of the recipient plan is on the list of financial institutions maintained by the Superintendent of Pensions; and
- (d) the recipient plan is on the list of LIRAs, LIFs, or LRIFs, maintained by the Superintendent of Pensions, or in the case of a one-time transfer to a prescribed RIF, the recipient plan meets the conditions under Pension Legislation.

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 the Pension Legislation, the Trustee will provide or ensure the provision of an LRIF equal in value to the LRIF that was paid out.

If, prior to the transfer, the minimum required payment for the fiscal year, by reason of the application of paragraph 11 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 Act.

As soon as practicable after a transfer from the Fund, the Trustee will provide the Annuitant with the information as specified in Pension Legislation.

18. **Life Annuity.** The Annuitant is permitted to transfer all or a part of the balance of the Fund to purchase a life annuity contract that meets the conditions set out in the Act and Pension Legislation. 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 66-2/3 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.
19. **Option to Withdraw Small Balances.** The Annuitant may apply to the Trustee for a lump sum payment equal to the value of the entire contract if the total value of the Annuitant's assets in all LIRAs, LIFs, and LRIFs governed by Pension Legislation, when combined and compounded annually at a rate of 6% per annum for each year by which the age of the Annuitant, as of December 31 of the year in the application is filed with the Trustee precedes their 65th birthday, is less than 40 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 the Trustee, 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.
20. **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 pension equal in value to the pension that would have been provided if the property had not been transferred out of the Fund.

COMMENTS AND INSTRUCTIONS

This form must be completed where the retiring member of a pension plan wishes to

- elect a form of pension or purchase a life annuity that provides the spouse or common-law partner with less than the 60% joint survivor pension required by *The Pension Benefits Act*, or no survivor pension; or
- transfer the funds to a Life Income Fund (LIF) or Variable Benefit.

Prior to completing this form, the spouse or common-law partner should consider obtaining independent legal advice concerning his or her individual rights and the effect of this waiver as well as qualified financial advice about the financial consequences.

This form must be completed where the owner of a Locked-In Retirement Account (LIRA) wishes to

- transfer the funds to a Life Income Fund (LIF) or Variable Benefit; or
- withdraw all or a part of the LIRA account balance as a result of shortened life expectancy.

This form must be

- completed in its entirety;
- signed by the spouse or common-law partner, and witnessed while the member is not present, within 60 days before the member's pension commences;
- filed with the plan administrator;
- used for benefits earned under pension plans subject to *The Pension Benefits Act* of Manitoba;
- provided to the transferee if funds are moved from one financial institution to another; and
- before money is transferred to another vehicle permitted under the Regulation, provided to the administrator of the vehicle receiving the money.

For further information please contact the plan administrator or financial institution.

Definitions

Administrator

Means in relation to a pension plan, the person or body of persons responsible for administering the plan, and in relation to a LIRA, the financial institution responsible for administering the plan or fund.

Common-law partner of a member or member-owner means

(a) a person who, with the member or former member, registered a common-law relationship under section 13.1 of *The Vital Statistics Act*, or

(b) a person who, not being married to the member or former member, cohabited with him or her in a conjugal relationship

(i) for a period of at least three years, if either of them is married, or

(ii) for a period of at least one year, if neither of them is married.

Joint survivor pension

Means a form of pension that pays a pension on retirement to the member or member-owner for his or her lifetime and, after death, to the spouse or common-law partner for his or her lifetime.

60% joint survivor pension

Means the **joint survivor pension** required by *The Pension Benefits Act* that pays a pension to the member for his or her lifetime and, after death, provides the spouse or common-law partner with a pension for his or her lifetime that is at least 60% of the pension that was payable to the member.

Member

Means an employee or former employee who is accruing or entitled to a pension under a pension plan, but is not yet retired and receiving a pension under the plan.

Member-owner

Means the individual identified in the LIRA contract as the annuitant and who as a former member of a pension plan transferred a pension benefit credit directly or indirectly to that LIRA.

Spouse

Where used in relation to another spouse means the person who is married to that other spouse, and “spouses” mean two persons who are married to each other.

Variable Benefit

Means a retirement benefit payable to a member from a pension plan that is subject to the requirements of the Act and pays an adjustable flow of retirement income to the member based on prescribed annuity factors.



**FORM 5A - WAIVER OF 60% JOINT SURVIVOR PENSION
FOR PENSION PLAN OR LOCKED-IN RETIREMENT ACCOUNT**

*The Pension Benefits Act, Sections 23, Pension Benefits Regulation, Section 3.35,
Section 10.2 of Division 1, and Section 10.22 of Division 2 of Part 10*

This form should be completed where:

The retiring member of a pension plan wishes to

- elect a form of pension or purchase a life annuity that provides the spouse or common-law partner with less than the 60% joint survivor pension required by *The Pension Benefits Act*, or no survivor pension; or
- transfer the funds to Life Income Fund (LIF) or Variable Benefit.

The owner of a Locked-In Retirement Account (LIRA) wishes to

- transfer the funds to a Life Income Fund (LIF) or Variable Benefit; or
- withdraw all or a part of the LIRA account balance as a result of shortened life expectancy.

I, _____, am the spouse or common-law partner
(as described above) of _____.
(name of member or member-owner)

The member or member-owner earned benefits under a pension plan subject to *The Pension Benefits Act* of Manitoba (Act) and was employed in Manitoba on the day he or she ceased to be an active member of the plan.

I understand that under the Act

- I am entitled to a joint survivor pension on the member's death that must be at least 60% of the pension payment that was payable to the member;
- I may waive my entitlement to the 60% joint survivor pension after receiving certain information and completing this waiver;
- if I sign this waiver I will no longer be entitled to the 60% joint survivor pension;
- this waiver may be revoked before the retirement of the member or member-owner by filing with the administrator a written revocation signed by me.

I certify that

- I have read this waiver and understand it;
- I have read the member's retirement statement or a statement from the financial institution showing the balance in the owner's account and know the amount of the benefit I am giving up;
- I am aware of the consequences of waiving the 60% joint survivor pension, and despite the consequences, I waive it;

- I am not living separate and apart from the spouse or common-law partner by reason of a breakdown of our relationship;
- the member or member-owner is not present while I am signing this form;
- I am signing this form of my own free will without duress, coercion or compulsion of any kind; and
- I realize that:
 - this form only gives a general description of the legal rights I have under the Act and the regulation, and
 - if I wish to understand exactly what my legal rights are, I must read the Act and the regulation and seek legal advice.

I hereby waive my entitlement to the 60% joint survivor pension by signing this form in the presence of a witness.

I sign this form at

_____ (city/town) _____ (province/territory/state) _____ (country)

this _____ day of _____, _____

(signature of spouse or common-law partner)

I, _____, of _____
(print name of witness)

(print address of witness)

do witness the signature of the spouse or common-law partner who signed this form before me outside of the presence of the member or member-owner.

(signature of witness)

21. **Prohibition.** The property of the Fund may not be assigned, charged, alienated, anticipated or given as security or subjected to execution, seizure or attachment, except as permitted by Pension Legislation. A transaction that is contrary to this paragraph is void.
22. **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 LRIF and if the amendment is filed with and approved by Canada Revenue Agency and provincial authorities. The Trustee will provide the Annuitant with 90 days written notice (including notice of the Annuitant's entitlement to transfer the property out of the Fund) of any amendment that reduces benefits under the Fund.

Signature of Annuitant

Date (yyyy/mm/dd)

Accepted by:
Steadyhand Investment Funds Inc. as agent for
Canadian Western Trust Company
 600 – 750 Cambie Street
 Vancouver, BC V6B 0A2

Authorized Signature

TO BE COMPLETED BY THE ANNUITANT:

CURRENT SPOUSAL STATUS:

(This data is necessary in order to complete prescribed government forms.)

Single Married Common law Divorced Separated

Spousal Information:

Name: _____

SIN: _____ Birth Date: _____

Please mail completed addendum with your Transfer Authorization for Registered Investments to:

Steadyhand Investment Funds Inc.
 1747 West 3rd Avenue
 Vancouver, BC
 V6J 1K7