

**ADDENDUM FOR LOCKED-IN PENSION TRANSFERS TO A  
LIFE INCOME FUND (LIF)**

**For transfers pursuant to the Pension Benefits Act (New Brunswick)**

**BMO RETIREMENT INCOME FUND (RIF 0076)  
BMO RETIREMENT INCOME FUND (ADVISOR) (RIF 0062)**

**Plan Carrier – BMO Trust Company  
100 King St. W., 41st Floor Toronto, Ontario M5X 1H3  
Acting through its agent, Bank of Montreal**

**Customer name:** \_\_\_\_\_

**Branch Transit:** \_\_\_\_\_

**Account #:** \_\_\_\_\_

Upon receipt of locked-in pension assets pursuant to the *Pension Benefits Act* (New Brunswick) and in accordance with the instructions of the Planholder to transfer the assets to a New Brunswick life income fund, the Plan Carrier and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the Trust Agreement or Declaration of Trust for the above-named retirement income fund, as follows:

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Pension Benefits Act* (New Brunswick) and the word "Regulation" means the *General Regulation-Pension Benefits Act*, made under the Act.
2. **Definitions.** All terms in this Addendum which are used in the Act or Regulation have the same meaning as under the Act or Regulation. In this Addendum, "Plan" means the above-named retirement income fund, governed by the Trust Agreement or Declaration of Trust and the additional terms of this Addendum. "Planholder" means the planholder, accountholder or annuitant under the Trust Agreement or Declaration of Trust and application form and includes the "owner" as that term is used in the Regulation. "Locked-In Assets" means all the assets in the Plan at any time and includes any interest or other earnings realized or accrued to that time.
3. **Spouse.** The word "Spouse" means either of two persons who:
  - (a) are married to each other,
  - (b) are married to each other by a marriage that is voidable and has not been avoided by a declaration of nullity,
  - (c) have gone through a form of marriage with each other in good faith that is void and have cohabited within the preceding year, or
  - (d) not being married to each other, are cohabiting in a conjugal relationship at the relevant time and have cohabited continuously for a period of not less than two years in a conjugal relationship immediately before the relevant time.

If a person falling within (a), (b) or (c) and a person falling within (d) both claim a right or a benefit under this Plan, the person falling within (a), (b) or (c) is entitled to the right or benefit, if he or she is otherwise eligible, unless there is a valid domestic contract between the Planholder and such person, or a decree, order or judgment of a competent tribunal, that bars such person's claim.

Notwithstanding anything to the contrary contained in the Plan, this Addendum or any endorsements forming a part thereof, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement income funds, "Spouse" does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

4. **Transfers Into the Plan.** The only money that may be transferred into the Plan are sums originating, directly or indirectly, from:
  - (a) the fund of a registered pension plan;
  - (b) a locked-in retirement account or another life income fund; or
  - (c) a life or deferred life annuity under a contract;

that conforms with the *Income Tax Act* (Canada), the Act and the Regulation (or, in the case of the fund of a registered pension plan, with legislation in another jurisdiction similar to the Act and the Regulation). Any transfer into the Plan must be on a tax deferred basis under the *Income Tax Act* (Canada). Before assets are transferred into the Plan, Form 3.2 must be completed.

5. **Differentiation on the Basis of Sex.** If the information provided on Form 3.2 indicates that the

commuted value transferred to the Plan was determined on transfer in a manner that differentiated, while the Planholder was a member of the registered pension plan, on the basis of the sex of the

Planholder, the only money that may be subsequently transferred into the Plan is money that is also differentiated on the same basis.

No Locked-In Assets, including investment earnings, transferred into the Plan shall subsequently be used to purchase a life or deferred life annuity that differentiates on the basis of the annuitant's sex, unless the commuted value transferred from the registered pension plan was determined in a manner that differentiated, while the Planholder was a member of the registered pension plan, on the basis of the sex of the Planholder.

6. **Conversion to Annuity Prior to Maturity.** Except as otherwise provided in this Addendum, the balance of the Locked-In Assets in the Plan, in whole or in part, may be converted only into a life annuity that conforms with section 23 of the Regulation.
7. **Transfers Out of the Plan.** Unless the Plan provides for an early cashing-in value before the expiration of the term agreed to for the investment, the Planholder is entitled at any time after the term has expired to transfer all or part of the Locked-In Assets of the Plan (excluding funds retained to ensure the Planholder is paid the minimum amount for the year of transfer, in accordance with Section 146.3 of the *Income Tax Act* (Canada)):
  - (a) to transfer before a conversion referred to in subparagraph (c), the balance of the Locked-In Assets in the Plan, in whole or in part, to the pension fund of a registered pension plan that conforms with the Act and the Regulation (or with similar legislation in another jurisdiction provided that if the pension plan is not registered in New Brunswick, it is registered for persons employed in a designated jurisdiction and the Planholder is employed in that jurisdiction by an employer who is making contributions on behalf of the Planholder to the pension fund that is to receive the amount transferred);
  - (b) to transfer before a conversion referred to in subparagraph (c), the balance of the Locked-In Assets in the Plan, in whole or in part, to a locked-in retirement account (so long as the time is on or before December 31<sup>st</sup> in the year in which the Planholder reaches age 71, or such greater age for maturity as is permitted under the *Income Tax Act* (Canada)) or to a life income fund that conforms with the Act and the Regulation; or
  - (c) to convert the balance of the Locked-In Assets in the Plan, in whole or in part, into a life annuity that conforms with section 23 of the Regulation.

Any transfer out of the Plan must be made on a tax deferred basis under the *Income Tax Act* (Canada). Before assets are transferred out of the Plan, Form 3.2 (with any necessary modifications) must be completed. Subsections 21(8) to (11) of the Regulation apply, to the extent applicable, with necessary modifications.

8. **No Surrender or Commutation.** The Locked-In Assets of the Plan, including all investment earnings, shall not be commuted or surrendered during the lifetime of the Planholder, except under paragraphs 17 or 18 of this Addendum, subsection 57(6) of the Act (support or maintenance order) or section 44 of the Act (marriage breakdown). Any transaction in contravention of this paragraph is void.
9. **Requirement to Pay Annual Income.** The Planholder will be paid an income from the Plan, the amount of which may vary annually, until the day on which the entire balance of the Locked-In Assets is converted into a life annuity or the Locked-In Assets are exhausted.
10. **Commencement of Annual Income.** The payment of income to the Planholder shall commence not later than the last day of the second fiscal year of the Plan.
11. **Fiscal Year of Plan.** The fiscal year of the Plan ends at midnight on December 31 of each year and shall not exceed 12 months in length.
12. **Amount of Annual Income.** Subject to paragraphs 13 and 14 of this Addendum, the amount of income paid during a fiscal year of the Plan shall not be more than the Maximum Amount ("M") or less than the Minimum Amount ("m"), where "M" and "m" are calculated using the following formulas:

$$M = C/F; \text{ and}$$

$$m = C/H$$

where

C = the balance of the Locked-In Assets in the Plan on the first day of the fiscal year;

F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is \$1 payable on the first day of each fiscal year between the first day of the fiscal year and December 31<sup>st</sup>, inclusive, of the year in which the Planholder attains the age of 90 years;

and

H = the number of years between January 1<sup>st</sup> of the year in which the calculation is made and December 31<sup>st</sup> of the year in which the Planholder attains the age of 90 years.

Notwithstanding the above formula for the Minimum Amount, the Minimum Amount for a fiscal year may not be less than the minimum amount required to be paid by the Plan for the year under section 146.3 of the *Income Tax Act* (Canada). If the Maximum Amount is less than the Minimum Amount, the Minimum Amount shall be paid.

13. **Income Calculation.** The value of F in paragraph 12 of this Addendum will be calculated at the beginning of each fiscal year of the Plan, using:

- (a) an interest rate of not more than 6% per year, or
- (b) for the first 15 years after the valuation of the Plan, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the calendar year in which the calculation is made, as published in the *Bank of Canada Review* as CANSIM Series B14013, and using an interest rate not exceeding 6% per year in subsequent years.

14. **Annual Income in Initial Fiscal Year.** For the first fiscal year of the Plan, the Minimum Amount will be equal to zero. Where all or part of the Locked-In Assets in the Plan are derived from assets transferred directly or indirectly during the first fiscal year of the Plan from another LIF, the Maximum Amount shall be zero.

15. **Establishing Amount and Frequency of Payments.** The amount and frequency of the payments during each fiscal year shall be as established in writing by the Planholder, on such form as the Plan Carrier may provide for this purpose, once every year at the beginning of that fiscal year; or at intervals of greater than one year if the Plan Carrier guarantees the rate of return of the Plan during each such interval and such intervals end at the end of a fiscal year of the Plan. With the consent of the Plan Carrier, the Planholder may change the amount and frequency of the payments or request additional payments by instructing the Plan Carrier in writing, on such form as the Plan Carrier may provide for this purpose. Where the Planholder does not specify the amount or the frequency of the payments or specifies an amount less than the Minimum Amount, the Planholder will be deemed to have chosen to receive the Minimum Amount, in a payment at the end of the fiscal year.

If the Planholder provided instructions regarding the amount and frequency of payments in a prior year, the Plan Carrier or the Agent may continue to apply these instructions to the payment of future amounts (assuming that these instructions remain acceptable under the applicable legislation and that the Planholder does not provide any new instructions).

To ensure that there is sufficient cash in the Plan from time to time to make the specified payments, the Planholder must give the Plan Carrier instructions as to which of the Locked-In Assets the Plan Carrier is to sell. If the Plan Carrier does not receive the required instructions within a reasonable time before a payment is required, the Plan Carrier will sell any of the Locked-In Assets that the Plan Carrier, in its discretion, considers appropriate to provide the required cash. The Plan Carrier will not be liable for any loss that may result from this action.

16. **Income Payable at Intervals of Greater than One Year.** If the amount of income payable to the Planholder under this Addendum is established at intervals that are greater than one year, paragraphs 12 to 14 of this Addendum apply with necessary modifications to the calculation of the amount of income payable in each fiscal year in the interval, and the amount of income payable shall be established at the beginning of the first fiscal year in the interval.

17. **Withdrawal Where Shortened Life Expectancy.** The Planholder may withdraw the balance of the Locked-In Assets in the Plan, in whole or in part, and receive a payment or a series of payments if a physician certifies in writing to the Plan Carrier, in a form satisfactory to the Plan Carrier, that the Planholder suffers from a significant physical or mental disability that considerably reduces life expectancy. If the Planholder has a Spouse, the Planholder must deliver a completed spousal waiver in Form 3.01 to the Plan Carrier.

18. **Withdrawal Where Non-Resident.** The Planholder may withdraw the balance of the Locked-In Assets if:

- (a) the Planholder and his or her Spouse, if any, are not Canadian citizens;
- (b) the Planholder and his or her Spouse, if any, are not resident in Canada for the purposes of the *Income Tax Act* (Canada); and
- (c) the Planholder's Spouse, if any, waives, on Form 3.5, any rights that he or she may have in the Plan under the Act, the Regulation or this Addendum.

19. **Commutated Value on Marriage Breakdown.** The commuted value of the Planholder's benefits provided for under the Plan shall be determined in accordance with the Act and the Regulation if it is divided under section 44 of the Act.

20. **Marriage Breakdown Provisions.** Sections 27 to 33 of the Regulation, with necessary modifications, shall apply to the division on marriage breakdown of the Locked-In Assets in the Plan.
21. **No Assignment etc. and Exemption from Execution, Seizure and Attachment.** The Locked-In Assets may not be assigned, charged, anticipated, given as security, or subjected to execution, seizure, attachment or other process of law, except in accordance with section 44 or subsection 57(6) of the Act. Any transaction in contravention of this provision is void.

Except as otherwise provided in the Act, any interest in or under the Plan and any money payable under the Plan are exempt from execution, seizure or attachment or other process of law. Money payable under the Plan is subject to execution, seizure or attachment or other process of law in satisfaction of an order for support or maintenance enforceable in New Brunswick, but, other than in the case of a refund of contributions with interest, to a maximum of 50% of the payment unless otherwise ordered by a court of competent jurisdiction.

22. **Death of the Planholder.** If the Planholder dies before signing a contract under which an annuity is purchased under paragraph 6 of this Addendum, the balance of the Locked-In Assets in the Plan shall be paid:
- (a) to the Planholder's Spouse, unless the Spouse waives on Form 3.02 all rights that he or she may have in the Plan under the Act, the Regulation or this Addendum;
  - (b) if the Planholder has a Spouse who has waived all rights under subparagraph (a) or if the Planholder does not have a Spouse, to a beneficiary on death designated by the Planholder; or
  - (c) if the Planholder has a Spouse who has waived all rights under subparagraph (a) or if the Planholder does not have a Spouse and the Planholder has not designated a beneficiary on death, to the estate of the Planholder.

The Plan Carrier must receive satisfactory evidence of death, evidence as to whether or not the Planholder had a spouse at the date of the Planholder's death, and any other documents as the Plan Carrier may require.

23. **Transfers and Payments.** All transfers and other payments under this Addendum are subject to the terms of the investments under the Plan and will be subject to the withholding of any applicable tax and deduction of all proper charges.
24. **Transfer of Securities.** A transfer under subparagraphs 7(a) or (b) or 28(a) of this Addendum may, on the instruction of the Planholder, at the option of the Plan Carrier or its agent and if not otherwise stipulated in the Plan, be effected by the remittance of the investment securities in the Plan.
25. **Timing of Transfers.** Unless the Plan provides for an early cashing-in value before the end of the term agreed to for the investments, if there is money invested in the Plan that may be transferred under subparagraphs 7(a) or (b) or 28(a) of the Addendum, such funds shall be transferred no more than 30 days after the Planholder's application for the transfer.
25. **Transfer to RRIF.** Notwithstanding paragraph 12 of this Addendum, the Planholder may request that the New Brunswick Superintendent of Pensions (the "Superintendent") approve the transfer of an amount from the Plan to a registered retirement income fund as defined in the *Income Tax Act* (Canada) that is not a life income fund by filing with the Superintendent completed New Brunswick Forms 3.3 and 3.4, and the Superintendent may approve the transfer provided:
- (a) an amount has never previously been transferred under this paragraph on behalf of the Planholder; and
  - (b) the amount to be transferred is not greater than the "maximum unlocking amount", as defined in section 2 of the Regulation.

26. **Account Statements.** The Plan Carrier will provide the Planholder an annual account statement at the beginning of each fiscal year of the Plan until the date on which all the Locked-In Assets are converted to a life annuity under paragraph 6 or are transferred under paragraph 7 of this Addendum, containing the information in subparagraphs (a) to (d) as follows:
- (a) the amount of money or securities deposited, its source, the accumulated earnings of the Plan and the withdrawals from the Plan during the immediately preceding year;
  - (b) any fees deducted since the preparation of the previous such statement and the balance of the money or securities in the Plan at the beginning of the fiscal year of the Plan;
  - (c) the maximum amount that may be paid to the Planholder as income during the fiscal year; and
  - (d) the minimum amount that must be paid to the Planholder as income during the fiscal year.

Where the balance of the Locked-In Assets is converted to a life annuity under paragraph 6 or is transferred under paragraph 7 of this Addendum, the Plan Carrier will provide the Planholder with the information listed in subparagraphs (a) and (b) as of the date of conversion or transfer. Where the Planholder dies before the conversion of all the Locked-In Assets to a life annuity under paragraph 6 of this Addendum, the Plan Carrier will provide the information listed in subparagraphs (a) and (b) determined as of the date of the Planholder's death to the Planholder's Spouse, beneficiary, administrator or executor, as the case may be.

- 27. **Indemnity.** Should the Plan Carrier or its agent provide or be required to make payments or pay a pension as a result of any Locked-In Assets being paid out or transferred otherwise than in accordance with the provisions of this Addendum, the Regulation or as may be required by applicable law, the Planholder will indemnify and hold harmless the Plan Carrier and/or its agent to the extent that Locked-In Assets were received by or accrued to the benefit of the Planholder or the Planholder's estate. This indemnity will be binding upon the Planholder's legal representatives, successors, heirs and assigns.
  
- 28. **Amendments Entailing Reduction in Benefits.** An amendment to the Plan or this Addendum shall not be made:
  - (a) that would result in a reduction of the benefits arising from the Plan unless the Planholder is entitled, before the effective date of the amendment, to transfer the balance of the Locked-In Assets in the Plan in accordance with paragraph 7 of this Addendum and unless a notice is delivered to the Planholder at least 90 days before the effective date describing the amendment and the date on which the Planholder may exercise the entitlement to transfer;
  - (b) unless the Plan and this Addendum as amended remain in conformity with the Act and the Regulation; or
  - (c) except to bring the Plan and/or this Addendum into conformity with requirements under an Act of the New Brunswick Legislature or other legislation in another jurisdiction.
  
- 29. **Headings and Renumbering.** Headings in this Addendum are for ease of reference only and do not affect its interpretation. If any provision of the Pension or Income Tax Legislation referred to in this Addendum are renumbered due to a change in law, then that reference is considered to be updated to reflect the renumbering.
  
- 30. **Conflict between Legislation and Addendum.** If there is a conflict between the applicable Pension or Income Tax Legislation and this Addendum, the Legislation will prevail to the extent necessary to resolve the conflict.

**Plan Carrier, by its Agent:**

**Planholder:**

\_\_\_\_\_  
*Signature of Authorized Person*

\_\_\_\_\_  
*Print Full Name*

\_\_\_\_\_  
*Signature of Planholder*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Date*