

ADDENDUM FOR LOCKED-IN RETIREMENT ACCOUNT (LIRA)

Pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador)

BMO RETIREMENT SAVINGS PLAN (RSP 527-006)
BMO MUTUAL FUNDS RETIREMENT SAVINGS PLAN (RSP 527-002)
BMO MUTUAL FUNDS GROUP RETIREMENT SAVINGS PLAN (RSP 527-003)
BMO RETIREMENT SAVINGS PLAN (ADVISOR) (RSP 527-016)

Plan Carrier – BMO Trust Company
100 King St. W., 41st Floor, Toronto, Ontario M5X 1H3
Acting through its Agent, Bank of Montreal or BMO Investments Inc. , as applicable.

Customer Name: _____

Branch Transit: _____

Account #: _____

Upon receipt of locked-in pension assets pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador), and in accordance with the instructions of the Planholder to transfer the assets to a Newfoundland & Labrador locked-in retirement account, the Plan Issuer and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the declaration of trust for the above-named retirement savings plan.

1. **Pension Legislation.** For the purposes of this Addendum, the word "Act" means the *Pension Benefits Act, 1997* (Newfoundland & Labrador), the word "Regulations" means the *Pension Benefits Act Regulations* made under the Act and the word "Directives" means the *Directives* made under the Act.
2. **Definitions.** All terms in this Addendum which are used in the Act, Regulations or Directives have the same meaning as under the Act, the Regulations or Directives. In this Addendum, "Plan" means the above-named retirement savings plan, governed by the declaration of trust and the additional terms of this Addendum. "Planholder" means the planholder, accountholder or annuitant under the declaration of trust and application form and includes the "owner" as that term is used in Directive No. 4. "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, Cohabiting Partner and Principal Beneficiary.** The word "Spouse" means a person who:
 - (a) is married to the Planholder,
 - (b) is married to the Planholder by a marriage that is voidable and has not been voided by a judgment of nullity, or
 - (c) has gone through a form of a marriage with the Planholder, in good faith, that is void and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Cohabiting Partner" means a person who:

- (a) in relation to a Planholder who has a Spouse, is not the Spouse of the Planholder who has cohabited continuously with the Planholder in a conjugal relationship for not less than 3 years, or
 - (b) in relation to a Planholder who does not have a Spouse, has cohabited continuously with the Planholder in a conjugal relationship for not less than 1 year
- and is cohabiting or has cohabited with the Planholder within the preceding year.

The word "Principal Beneficiary" means the Spouse of a Planholder or where the Planholder has a Cohabiting Partner, the Planholder's Cohabiting Partner.

Notwithstanding anything to the contrary contained in the Plan, for the purposes of any provision of the *Income Tax Act* (Canada) respecting registered retirement savings plans, "Spouse", "Cohabiting

Partner” and “Principal Beneficiary” do 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 assets that may be transferred into the Plan are assets originating, directly or indirectly, from:
- (a) the pension fund of a registered pension plan that that conforms with the Act and the Regulation;
 - (b) another Locked-In Retirement Account that conforms with Directive No. 4;
 - (c) a Life Income Fund that conforms with Directive No. 5; or
 - (d) a Locked-In Retirement Income Fund that conforms with Directive No. 17.

Any transfer into the Plan must be made before maturity of the Plan and on a tax-deferred basis under the *Income Tax Act*(Canada).

5. **Only Locked-In Assets, Except Separate Account.** Assets that are not locked-in shall not be transferred to or held under a Plan with this Addendum, other than a life annuity contract, that holds or will hold locked-in assets, unless the locked-in assets are to be held in a separate account.

6. **Investments.** The Locked-In Assets shall be invested and re-invested on the direction of the Planholder as provided in the declaration of trust. The Locked-In Assets will be invested in a manner that complies with the rules of investment contained in the *Income Tax Act* (Canada) and will not be invested directly or indirectly in any mortgage in respect of which the mortgagor is the Planholder or the parent, brother, sister or child of the Planholder or the Principal Beneficiary of any of those persons.

7. **Transfers Out of the Plan.** All the Locked-In Assets shall be used to provide a pension benefit and shall not be transferred or withdrawn except:

- (a) before December 31st in the year in which the Planholder reaches the age at which a pension benefit is required to begin under the *Income Tax Act* (Canada), to transfer the money to the pension fund of a registered pension plan subject to the Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Act, or of Canada;
- (b) before December 31st in the year in which the Planholder reaches the age at which a pension benefit is required to begin under the *Income Tax Act* (Canada), to transfer the money to another LIRA that meets the requirements of Directive No. 4;
- (c) to purchase a life annuity contract that meets the requirements of the Superintendent, commencing not before the earlier of:
 - (i) the Planholder reaching the age of 55 years, or
 - (ii) the earliest date on which the Planholder would have been entitled to receive a pension benefit under the pension plan from which the money was transferred to the LIRA;
- (d) to transfer the money to a Life Income Fund (LIF) that meets the requirements of Directive No. 5; or
- (e) To transfer the money to a Locked-In Retirement Income Fund (LRIF) that meets the requirements of Directive No. 17.

Any transfer out of the Plan must be made on a tax-deferred basis under the *Income Tax Act* (Canada).

All of the Locked-In Assets must be transferred or paid on or before the 31st day of December of the year in which the Planholder reaches age 71 (or such other time for maturity as is permitted by the *Income Tax Act* (Canada)). If the Plan Issuer does not receive instructions from the Planholder by this time, the Plan Issuer may in its discretion transfer the Locked-In Assets to a life income fund or a locked-in retirement income fund pursuant to paragraph 7(c); and the Plan Issuer will not be responsible for any loss that may result from this action, including but not limited to investment losses or diminution of the Locked-In Assets, or for any related administration expenses.

8. **Subsequent Transfer.** The Plan Issuer shall advise in writing any subsequent transferee that the amount transferred must be administered as a pension benefit under the Act. The Plan Issuer shall not permit any subsequent transfer except where
- (a) the transfer would be permitted under the Act, and
 - (b) the subsequent transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act.

9. **Overcontribution.** The Planholder may withdraw an amount of Locked-In Assets from the Plan where

it is required to be paid to the Planholder to reduce the amount of tax that would otherwise be payable under Part X.1 of the *Income Tax Act* (Canada), as permitted by the Act, the Regulation and Directive No. 4.

10. **Joint and Survivor Pension Benefit.** The pension benefit payable to a Planholder who is a former member who has a Principal Beneficiary at the date the pension commences shall be a joint and survivor pension benefit with at least 60% continues to be payable to the survivor for life after the death of either, unless the Principal Beneficiary waives the entitlement in a form and manner set out in a form provided by the Superintendent.
11. **Withdrawal Where Shortened Life Expectancy.** Notwithstanding any other provision in this Addendum, Locked-In Assets may be withdrawn as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Planholder is likely to be shortened considerably. But where the Planholder 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 the form and manner required by the Superintendent.
12. **Withdrawal Where Small Amount.** Notwithstanding paragraph 7 of this Addendum, the Planholder may withdraw all of the Locked-In Assets as a lump sum on application by the Planholder to the Plan Carrier for payment if, at the time the Planholder signs the application:
 - (a) Either:
 - (i) The value of all assets in all LIRAs, LIFs, and LRIFs which are held by the Planholder subject to the Act is less than 10 percent of the year's maximum pensionable earnings ("YMPE") for the calendar year in which the application is made; or
 - (ii) Where the Planholder has reached age 55 or the member or former member would have been entitled to receive a pension benefit under the pension plan from which the money was transferred, the value of all assets in all LIRAs, LIFs, and LRIFs which are held by the Planholder subject to the Act is less than 40 percent of the YMPE for the calendar year in which the application is made;

And

- (b) Within the same calendar year, the Planholder has not made a withdrawal due to financial hardship under paragraph 13 or, where part of the LIRA corresponds to amounts transferred directly or indirectly from another LIRA, LIF, or LRIF subject to the Act, the Planholder has not made a withdrawal for financial hardship from the original retirement savings arrangement.

An application made under this paragraph shall be on a form approved by the Superintendent and, where the Planholder is a former member of a pension plan, accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner required by the Superintendent.

13. **Withdrawals due to Financial Hardship.** Notwithstanding paragraph 7 of this Addendum, the Planholder may withdraw an amount as provided by subparagraph 13(c) from the Locked-In Assets as a lump sum due to financial hardship, subject to the following:
 - (a) An application for a withdrawal due to financial hardship under this section must be made directly to the financial institution providing the LIRA;
 - (b) The Planholder may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship described in subparagraph 13(c)(i);
 - (c) Subject to any requirements outlined in this section, a Planholder is eligible to complete an application to withdraw an amount not greater than the sum of the following amounts:
 - (i) An amount as provided by one of the following categories:
 - **Low Income:** where the Planholder's expected total income for the one-year period following the date on which the application is signed, from all sources other than the withdrawal amount, is not more than 66.66% of the YMPE for the calendar year in which the application is signed, the amount determined by subtracting 75% of the expected total income from 50% of the YMPE for the calendar year in which the application for the withdrawal is signed;
 - **Medical Expenses:** where the Planholder is unable to pay for medical expenses incurred or to be incurred by the Planholder, the Planholder's Principal Beneficiary, or a dependent of either, and the medical expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay such medical expenses;
 - **Disability-related Expenses:** where the Planholder is unable to pay for disability-related expenses incurred or to be incurred by the Planholder. The Planholder's Principal Beneficiary, or a dependent of

either, and the expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay such disability-related expenses;

- **Mortgage Payments:** where the Planholder or the Planholder's Principal Beneficiary has received a written notice in respect of a default on a mortgage that is secured against the principal residence of the Planholder or the Planholder's Principal Beneficiary which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;
- **Rental Arrears:** where the Planholder or the Planholder's Principal Beneficiary has received a written notice in respect of arrears in the payment of rent for the principal residence of the Planholder or the Planholder's Principal Beneficiary and the Planholder or the Principal Beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or
- **First Month's Rent and Security Deposit:** where the Planholder is unable to pay the first month's rent and the security deposit required to rent a principal residence for the Planholder or the Planholder's Principal Beneficiary, the amount required to pay the first month's rent and the security deposit;

And

- (ii) The amount of any applicable tax required to be withheld by the Plan Carrier.

An application for withdrawal under this paragraph shall be:

- (d) On a form approved by the Superintendent and shall include any supporting documentation required by the Regulations, which are specified on the form; and
- (e) Where the Planholder is a former member of a pension plan, accompanied by the written consent of the Principal Beneficiary of the former member, in the form and manner required by the Superintendent.

14. **Withdrawals due to Non-Residency.** Notwithstanding paragraph 7 of this Addendum, the Planholder may withdraw all of the Locked-In Assets as a lump sum where the Planholder provides the Plan Carrier with:

- (a) A statutory declaration in accordance with the *Evidence Act* (Newfoundland & Labrador) confirming they have resided outside of Canada for at least 2 consecutive calendar years and are residing outside of Canada on the date of signing the declaration; and
- (b) Where the Planholder is a former member of a pension plan, the written consent of the Principal Beneficiary of the former member, in the form and manner required by the Superintendent.

15. **Withdrawal of Small Amounts.** Notwithstanding any other provision in this Addendum, a lump sum payment equal to the value of the Locked In Assets may be made on application by the Planholder to the Plan Issuer for payment if, at the time the Planholder signs the application, the following conditions are met:

- (a) the value of all assets in all LIFs, LRIFs, and LIRAs owned by him or her and governed by Newfoundland and Labrador pension benefits legislation is less than 10 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year; or
- (b) (i) the Planholder has reached the earlier age of 55 or the earliest date on which the Planholder would have been entitled to receive a pension benefit under the plan from which money was transferred, and

(ii) the value of the Planholder's assets in all LIFs, LRIFs and LIRAs governed by Newfoundland and Labrador pension benefits legislation is less than 40 percent of the year's maximum pensionable earnings under the Canada Pension Plan for that calendar year.

An application for payment under this paragraph shall be on a form approved by the Superintendent and accompanied by a waiver by the Principal Beneficiary of a former member of a pension plan of joint and survivor pension entitlement, in the form and manner required by the Superintendent.

16. **Marriage Breakdown Provisions.** A Plan with this Addendum is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.

17. **Death of Planholder.** On the death of the Planholder who is 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 Planholder who is a member or former member is entitled to a lump sum payment of the full value of the Locked-In Assets of the Plan.

Where the Planholder is not a former member, the full value of the Locked-In Assets of the Plan shall be paid to the designated beneficiary or, where there is no beneficiary, to the Planholder's estate.

The Plan Issuer must receive satisfactory evidence of death, satisfactory 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 Issuer may require.

18. **Differentiation on the Basis of Sex.** Where the commuted value of a pension benefit which was transferred to the Plan was determined in a manner that did not differentiate on the basis of sex, an immediate or deferred life annuity purchased with the Locked-In Assets shall not differentiate on the basis of the sex of the recipient.
19. **No Commutation or Surrender.** Except as provided in Part VI of the Act (Marriage Breakdown), Locked-In Assets shall not be commuted or surrendered during the lifetime of the Planholder. Any transaction purporting to surrender or commute the Locked-In Assets is void.
20. **No Assignment etc.** The Locked-In Assets shall not be assigned, charged, anticipated or given as security except as permitted by section 37 of the Regulations (division of a pension benefit in accordance with Part VI of the Act). Any transaction purporting to assign, change, anticipate or give the Locked-In Assets as security is void.
21. **Provision of Pension on Improper Pay Out.** Where Locked-In Assets are paid out contrary to the Act or Directive No. 4, the Plan Issuer will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the Locked-In Assets not been paid out.
22. **Indemnity.** Should the Plan Issuer and/or its Agent be required to make payments or to provide an annuity or 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 Regulations, Directive No. 4 or as may be required by applicable law, the Planholder will indemnify and hold harmless the Plan Issuer and/or the Agent to the extent that Locked-In Assets were previously received by or accrued to the benefit of any of them or the Planholder's estate. This indemnity will be binding upon the Planholder's legal representatives, successors, heirs and assigns.
23. **Transfers and Payments; Terms of Investments.** All transfers and payments from the Plan are subject to the terms of the investments and will be subject to the withholding of any applicable tax and deduction of all reasonable expenses, costs, fees and charges. Transfers and payments may be made in cash or in kind, in accordance with the instructions of the Planholder and subject to the terms of the investments and the requirements of the Plan Issuer or the Agent.
24. **Amendment.** No amendment shall be made to the Plan unless the Plan as amended remains in conformity with the Act, the Regulation and Directive No. 4 and with section 146 of the *Income Tax Act* (Canada).
25. **Amendment Reducing Planholder's Benefits.** An amendment that would result in a reduction in the Planholder's benefits under the Plan with this Addendum is permitted only where:
 - (a) The Plan Carrier is required by law to make the amendment; and
 - (b) the Planholder is entitled to transfer the balance in the LIRA under the terms of the Plan with this Addendum that existed before the amendment is made.

The Plan Carrier will give the Planholder at least 90 days written notice and an explanation of any proposed amendment; and where the amendment would result in a reduction of the Planholder's benefits, the Plan Carrier must allow the Planholder at least 90 days after written notice of the nature of the amendment is given to transfer all or part of the Locked-In Assets. Notice of amendment must be sent by registered mail to the Planholder's address as set out in the records of the Plan Carrier, or, subject to receiving the authorization of the Planholder, be delivered to the Planholder by electronic means provided that the e-communication is accessible by the Planholder and capable of being retained to be usable for subsequent reference.

26. **Information to be Provided by Plan Issuer.** At the beginning of each fiscal year, the Plan Carrier must provide the following information to the Planholder:
 - (a) amounts transferred to the Plan, any accumulated investment earnings including any unrealized capital gains or losses, any transfers, payments or withdrawals from the Plan and any fees, expenses, costs and charges to the Plan during the previous fiscal year; and
 - (b) the value of the Locked-In Assets as of the beginning of the fiscal year.

If the Locked-In Assets are transferred out of the Plan, the information must be determined as of the date of transfer. Upon the death of the Planholder, the person entitled to receive the Locked-In Assets

must be provided the information determined as of the date of the Planholder's death.

27. **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.

28. **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.

Determination of Commuted Value on the Basis of Sex. Was the commuted value of the pension benefit that was transferred into the Plan determined in a manner that differentiated on the basis of sex? YES NO

If the commuted value of the pension benefit that was transferred into the Plan was not determined in a manner that differentiated on the basis of sex, then an annuity purchased with funds from the Plan shall not differentiate on the basis of sex.

Plan Issuer, by its Agent

Planholder:

Print Full Name

Signature of Authorized Person

Signature of Planholder

Date

Date

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