

ADDENDUM FOR LOCKED-IN RESTRICTED LIFE INCOME FUND (RLIF)

Pursuant to the *Pension Benefits Standards Act, 1985 (Canada)*

**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 Standards Act, 1985 (Canada)*, and in accordance with the instructions of the Planholder to transfer the assets to a restricted life income fund, the Plan Carrier and Planholder agree that the provisions of this Addendum are appended to and form additional terms of the Declaration of Trust or Trust Agreement for the above-named retirement income fund.

1. **Pension Legislation.** For the purposes of this Addendum the word "Act" means the *Pension Benefits Standards Act, 1985 (Canada)* and the word "Regulation" means the regulation 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 Declaration of Trust or Trust Agreement and the additional terms of this Addendum. "Planholder" means the planholder, accountholder or annuitant under the declaration of trust and application form for the Plan. "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 a person who,
 - (a) if there is no person described in paragraph (b), at the relevant time,
 - (i) is married to the Planholder, or
 - (ii) is party to a void marriage with the Planholder; or
 - (b) at the relevant time,
 - (i) is cohabiting with the Planholder in a conjugal relationship,
 - (ii) having so cohabited with the Planholder for at least one (1) year.

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. **Locked-In Assets Only.** Only Locked-In Assets may be transferred to or held under the Plan.
5. **Transfers.** The Locked-in Assets may only be:
 - (a) transferred to another restricted life income fund or to a restricted locked-in savings plan; or
 - (b) used to purchase an immediate life annuity or a deferred life annuity which meets the requirements of paragraph 60(l) of the *Income Tax Act (Canada)* and the Regulation.

In accordance with paragraphs 146.3(2)(e) and (e.2) of the *Income Tax Act (Canada)*, the Plan Carrier will retain sufficient Locked-In Assets to satisfy the requirement to pay the minimum amount to the Planholder for the year.

6. **Payment Due to Disability.** Locked-in Assets may be paid to the Planholder in a lump sum where a physician certifies, in a form satisfactory to the Plan Carrier, that due to mental or physical disability the life expectancy of the Planholder is likely to be shortened considerably.
7. **Payment to Nonresident.** Locked-In Assets may be paid to the Planholder if, according to information provided in a form and content satisfactory to the Plan Issuer, the following conditions are met:

- (a) the Planholder is a nonresident of Canada;
- (b) the Planholder has been a nonresident of Canada for at least two calendar years; and
- (c) the Planholder has ceased employment with the employer who was contributing to the pension plan which gave rise to the locked-in pension benefit credits.

8. **Payment of Small Amount at Age 55 or Older.** The Locked-In Assets may be paid to the Planholder in a lump sum, in the calendar year in which the Planholder reaches 55 years of age or in any subsequent calendar year, if

- (a) the Planholder certifies that the total value of all the assets in all locked-in registered retirement savings plans, life income funds, restricted locked-in savings plans and restricted life income funds that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by the Regulation is less than or equal to 50% of the Year's Maximum Pensionable Earnings; and
- (b) the Planholder gives a copy of Form 2 and Form 3 of Schedule V of the Regulation to the Plan Carrier, acting through its Agent.

9. **Withdrawal for Financial Hardship.** The Planholder may withdraw Locked-in Assets in an amount up to the lesser of the amount determined by the formula $M + N$ and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any locked-in registered retirement savings plan, life income fund, restricted locked-in savings plan or restricted life income fund of the Planholder), where

M is the total amount of the expenditures that the Planholder expects to make on medical or disability-related treatment or adaptive technology for the calendar year, and

N is the greater of zero and the amount determined by the formula

$$P - Q$$

where

P is 50% of the Year's Maximum Pensionable Earnings, and

Q is two thirds of the Planholder's total expected income for the calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any locked-in registered retirement savings plan, life income fund, restricted locked-in savings plan or restricted life income fund of the Planholder)

and if

- (a) the Planholder certifies that he/she has not made a withdrawal in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any locked-in registered retirement savings plan, life income fund, restricted locked-in savings plan or restricted life income fund of the Planholder) other than within the last 30 days before this certification;
- (b) in the event that the value of M is greater than zero,
 - (A) the Planholder certifies that he/she expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the Planholder's total expected income for that calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year for financial hardship (under any of paragraphs 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation, from any locked-in registered retirement savings plan, life income fund, restricted locked-in savings plan or restricted life income fund of the Planholder), and
 - (B) a physician certifies that such medical or disability-related treatment or adaptive technology is required; and
- (c) the Planholder gives a copy of Form 1 and Form 2 of Schedule V of the Regulation to the Plan Carrier, acting through its Agent.

10. **One-Time 50% Unlocking at Age 55 or Older.** If the Plan is established in the calendar year in which the Planholder reaches 55 years of age or in any subsequent calendar year, the Planholder may, within 60 days of the establishment of the Plan, transfer 50% of the Locked-In Assets to a registered retirement savings plan or a registered retirement income fund if

- (a) the Plan was created as the result of the transfer of a pension benefit credit under section 26 of the Act or a transfer from a locked-in registered retirement savings plan or a life income fund; and
- (b) the Planholder gives a copy of Form 2 of Schedule V of the Regulation to the Plan Carrier, acting through its Agent.

11. **Requirement to Pay Annual Income and Minimum Amount.** The Planholder will be paid an income from the Plan, the amount of which may vary annually and that will commence not later than the last day of the second calendar year of the Plan. The amount of income paid out for each calendar year will not be less than the minimum amount determined in accordance with the *Income Tax Act* (Canada).

12. **Amount of Annual Income.** For any calendar year before the calendar year in which the Planholder reaches 90 years of age, the amount of income paid out of the Plan will not exceed the amount (the "Maximum Amount") determined by the formula:

$$\frac{C}{F}$$

where

C = the balance of the Locked-In Assets

- (i) at the beginning of the calendar year, or
- (ii) if the amount determined under subparagraph (i) is zero, at the date the initial amount was transferred into the Plan; and

F = 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 Planholder reaches the age of 90 years, established using an interest rate that

- (i) for the first 15 years after January 1 of the year in which the Locked-In Assets are 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 second month before the beginning of the calendar year, and
- (ii) for any subsequent year, is not more than 6 percent.

13. **Annual Income in Initial Calendar Year.** For the calendar year in which the Plan is entered into, the Maximum Amount determined under paragraph 12 or 14 of this Addendum (as the case may be) will be multiplied by the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month. If, at the time the Plan was established, part of the Plan was composed of funds that had been held in another restricted life income fund of the Planholder earlier in the calendar year in which the Plan was established, the Maximum Amount determined under paragraph 12 or 14 of this Addendum (as the case may be) is deemed to be zero in respect of that part of the Plan for that calendar year.

14. **Where Planholder 90 Years Old or Greater.** For the calendar year in which the Planholder reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the Plan shall not exceed the value of the Locked-In Assets immediately before the time of payment.

15. **Amount and Frequency of Payments.** The Planholder must notify the Plan Carrier by instructions of the amount and frequency of the payments for each fiscal year. If the Planholder does not give instructions as to the amount of the payments or instructs an amount less than the minimum amount for the fiscal year, the minimum amount prescribed for a registered retirement income fund under the *Income Tax Act* (Canada) will be paid. If the Planholder does not give instructions as to the frequency of the payments, the amount will be paid in one 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).

The instructions must be given within a reasonable time prior to the beginning of the fiscal year to which they relate, or at another time if the Plan Carrier agrees. 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.

The Planholder must give the Plan Carrier instructions as to which of the Locked-In Assets to sell where required in order to ensure there is sufficient cash in the Plan to make the payments. If the

Plan Carrier does not receive the instructions within a reasonable time before a payment is required, the Plan Carrier may sell any of the Locked-In Assets that the Plan Carrier, in its discretion, considers appropriate to provide the required cash; and the Plan Carrier will not be liable 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 investment or administration expenses.

16. **Valuation of Locked-In Assets.** The Locked-In Assets shall be invested and re-invested on the direction of the Planholder as provided in the declaration of trust or trust agreement. The value of the Locked-In Assets at any time will be determined by the Agent's regular reporting practice.
17. **Restriction on Type of Annuity.** Where a pension benefit credit transferred to the Plan was not varied according to the sex of the plan member, an immediate life annuity or a deferred life annuity purchased with the Locked-In Assets shall not differentiate as to sex.
18. **Death of Planholder.** On the death of the Planholder, the Locked-In Assets in the Plan shall:
- (a) if the Planholder is a member or former member of the registered pension plan from which the Locked-In Assets originate and is survived by a spouse, be:
 - (i) applied to purchase an immediate or deferred life annuity for the Planholder's spouse in accordance with paragraph 60(l) of the *Income Tax Act* (Canada),
 - (ii) transferred to a locked-in registered retirement savings plan or to a restricted locked-in savings plan for the spouse, or,
 - (iii) transferred to a life income fund or to a restricted life income fund for the spouse; or
 - (b) if, as of the Planholder's date of death, there is no spouse entitled pursuant to paragraph 18(a), be:
 - (i) paid to the Planholder's designated beneficiary in accordance with the Plan, or,
 - (ii) if no beneficiary has been designated in accordance with the Plan, paid to the Planholder's estate.

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.

19. **All Payments.** 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.
20. **No Assignment, etc.** The Locked-In Assets in the Plan will not be assigned, charged, anticipated or given as security except as permitted by section 25(4) of the Act. Any transaction in contravention of this paragraph is void.
21. **Amendment.** No amendment shall be made to the Plan unless the Plan as amended remains in conformity with the Act and the Regulation and with section 146.3 of the *Income Tax Act* (Canada).
22. **Information to be Provided by Plan Carrier.** 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;
 - (b) the value of the Locked-In Assets as of the beginning of the fiscal year;
 - (c) the minimum amount that must be paid out and the maximum amount that may be paid out during the current 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.

23. **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.

24. **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 Pension Benefit Credit on the Basis of Sex. Was the pension benefit credit that was transferred into the Plan determined in a manner that varied on the basis of sex of the Planholder as a plan member? **YES** **NO**

Plan Carrier, by its agent

Full Name of Planholder

Signature of Authorized Person

Signature of Planholder

Date

Date

BMO Trust: FR - 1114