

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

For transfers pursuant to the Supplemental Pension Plans Act (Quebec)

**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 *Supplemental Pension Plans Act* (Quebec), the Plan Carrier and Planholder agree, further to the declaration of trust for the above-mentioned retirement income fund, as follows:

1. **Pension Legislation.** For the purposes of this Addendum the word "Act" means the *Supplemental Pension Plans Act* (Quebec) and the word "Regulation" means the *Regulation Respecting Supplemental Pension Plans* 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 the Regulation. In this Addendum, "Plan" has the same meaning given in the declaration of trust for the above-named retirement income fund and "Planholder" means the planholder, accountholder or annuitant under the declaration of trust and application form.
3. **Spouse.** The word "spouse" means, in relation to the Planholder, another person who,
 - (a) is married to or in a civil union with the Planholder;
 - (b) has been living in a conjugal relationship with the Planholder who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than three years, or for a period of not less than one year if:
 - (i) at least one child is born, or to be born, of their union;
 - (ii) they have adopted, jointly, at least one child while living together in a conjugal relationship; or
 - (iii) one of them has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

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 assets that may be transferred into the Plan are sums originating, directly or initially, from:
 - (a) the fund of a registered pension plan subject to the Act;
 - (b) a supplemental pension plan not governed by the Act namely:
 - (i) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
 - (ii) a supplemental pension plan established by an Act emanating of the Parliament of Québec or from another legislative authority.
 - (c) a locked-in retirement account which is a registered retirement savings plan under the *Income Tax Act* (Canada) and meets the requirements of the Regulation;
 - (d) a locked-in account of a voluntary retirement savings plan or an equivalent savings plan governed by the *Voluntary Retirement Savings Plans Act* or emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of his employment;
 - (e) another life income fund which is a registered retirement income fund plan under the *Income Tax Act* (Canada) and meets the requirements of the Regulation; or
 - (f) an annuity contract referred to in section 30 of the Regulation.

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

5. **Conversion to Life Pension.** Except as otherwise provided in this Addendum, all or part of the balance of the Plan may only be converted into a life pension guaranteed by an insurer and established for the duration of the life of the Planholder. The periodic amounts paid under such life pension must be made annually or more frequently and the payments must be equal, unless each amount to be paid is uniformly increased in accordance with an index or rate

provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on the Planholder's benefits, a redetermination of the Planholder's pension, a partition of the Planholder's benefits in favour of his or her spouse, the payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the Act or the option provided for under section 93(3) of the Act. Such life pension must be a qualified investment as an annuity, as provided under section 146.3 of the *Income Tax Act* (Canada).

6. **Spouse's Life Pension.** All or part of the balance of the Plan may not be converted into a life pension under paragraph 5 unless the insurer guarantee in the event of the death of the Planholder who is a member or former member, a life pension equal to at least 60% of the amount of the Planholder's pension to the Planholder's spouse, who has not waived it.
7. **Transfers Out of the Plan.** The Planholder may transfer all or part of the balance of the Plan (excluding an amount 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)) to:
- (a) the fund of a registered pension plan governed by the Act;
 - (b) a supplemental pension plan not governed by the Act namely;
 - (i) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
 - (ii) a supplemental pension plan established by an Act emanating of the Parliament of Québec or from another legislative authority.
 - (c) another life income fund which is a registered retirement income fund under the *Income Tax Act* (Canada) and meets the requirements of the Regulation;
 - (d) a locked-in account of a voluntary retirement savings plan or an equivalent savings plan governed by the *Voluntary Retirement Savings Plans Act* or emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of his employment;
 - (e) on or before the 31st day of December in the year in which the Planholder turns age 71 or such greater age permitted by the *Income Tax Act* (Canada), a locked-in retirement account which is a registered retirement savings plan under the *Income Tax Act* (Canada) and meets the requirements of the Regulation; or
 - (f) an annuity contract referred to in section 30 of the Regulation, where the transfer is made in accordance with paragraph 60(l) of the *Income Tax Act* (Canada)

unless the agreed to term of the investments under the Plan has not expired. Any transfer out of the Plan under this paragraph must be on a tax deferred basis under the *Income Tax Act* (Canada).

8. **Fiscal Year of Plan.** The fiscal year of the Plan ends on December 31 of each year and shall not exceed 12 months.
9. **Requirement to Pay Annual Income.** The Planholder will be paid an income the amount of which may vary annually and that will commence not later than the last day of the second fiscal year of the Plan. The amount of income paid during a fiscal year must, subject to the Minimum Amount and Maximum Amount according to paragraph 10 of this Addendum, be set by the Planholder each year or at another agreed to interval of more than one year. If the interval is more than one year, the financial institution will guarantee the balance of the Plan at the end of that interval and the Planholder is not entitled to payment of the income in a form other than a life income; such an interval must, in every case, terminate at the end of a fiscal year of the Plan.
10. **Minimum and Maximum Amount of Annual Income.** The amount of income paid during a fiscal year of the Plan may not be less than the minimum amount (the "Minimum Amount") prescribed by the *Income Tax Act* (Canada). The Minimum Amount will be determined on the basis of the Planholder's age or, where the spouse is younger than the Planholder, on the basis of the age of the Planholder's spouse.

The amount of income paid during a fiscal year of the Plan may not exceed the amount "M" (the "Maximum Amount") in the following formula:

$$M = A + E$$

where

"A" represents the maximum temporary income for the fiscal year determined in accordance with section 20.4 or 20.5 of the Regulation or, if no amount was determined, the figure zero; and

"E" represents the maximum life income determined in accordance with the following formula:

$$E = (F \times C) - (A / D) \quad \text{where}$$

"F" represents the factor provided for in schedule 0.6 of the Regulation with respect to the reference rate (see paragraph 11 of this Addendum) for the year covered by the fiscal year and the Planholder's age at the end of the preceding year;

"C" represents the balance of the Plan at the beginning of the fiscal year, increased by any sums transferred to the Plan after that date and reduced by any sums originating directly or not during the same year from a life income fund of the Planholder (sums transferred to the Plan are deemed to come entirely from another life income fund of the Planholder unless the Planholder provides the Plan Carrier a declaration in conformity with the one prescribed in schedule 0.9 or 0.9.1 of the Regulation);

"A" represents the maximum temporary income for the fiscal year determined in accordance with section 20.4 or 20.5 of the Regulation or, if no amount was determined, the figure zero; and

“D” represents the factor provided for in schedule 0.7 of the Regulation with respect to the Planholder’s age at the end of the year preceding the one covered by the fiscal year.

The amount “E” may not be less than zero.

The amount and frequency of the payments in respect of any fiscal year shall be as specified in writing by the Planholder at the beginning of that fiscal year and on such form as the Plan Carrier may provide or accept for this purpose. 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 or accept 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.

11. **Reference Rate (F).** The reference rate mentioned in F of paragraph 10 of this Addendum will be determined on the basis of the month-end, nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number Series v122487 in the CANSIM system, by applying successively to that rate the following adjustments:

- (a) an increase of 0.5%;
- (b) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest;
- (c) the rounding of the effective interest rate to the nearest multiple of 0.5%.

The reference rate thus determined may not, however, be less than 6%.

12. **Interval of More Than One Year.** Where, in the application of paragraph 9 of this Addendum, the amount of income to be paid to the Planholder is fixed at an interval of more than one year, the maximum income amount that may be paid during each of the fiscal years comprised in the interval is determined, on the date of the beginning of the first of those fiscal years, so as to be equal:

- (a) for the initial fiscal year, to the Maximum Amount determined in accordance with paragraph 10 of this Addendum;
- (b) for each of the subsequent fiscal years, to the amount “L” in the following formula:

$$L = M \times (J / K)$$

where

“M” represents the Maximum Amount determined for the initial fiscal year;

“J” represents the balance of the Plan at the beginning of the fiscal year; and

“K” represents the Plan’s reference balance at the beginning of the fiscal year and is equal to the reference balance of the preceding fiscal year, reduced as of the first day of the preceding fiscal year by the Maximum Amount calculated for the initial fiscal year and increased by the earnings determined by applying, in the case of the first 16 fiscal years, the reference rate and, in all other cases, a rate of interest of 6%. For this purpose, the Plan’s reference balance at the beginning of the initial fiscal year shall be equal to the balance of the Plan at that date.

13. **Right to a Temporary Income for a Planholder At Least Age 54 but Under Age 65.** A Planholder whose age is at least 54 but under 65 at the end of the year preceding his or her application is entitled to payment of a temporary income, upon making an application in a form acceptable to the Plan Carrier accompanied with a declaration in conformity with the one prescribed in schedule 0.4 of the Regulation.

The Plan Carrier shall establish a reference temporary income for the Plan in accordance with section 20.3 of the Regulation. Where the Planholder is entitled to a temporary income under this paragraph, he may determine, for each fiscal year of the Plan, a maximum temporary income that may not exceed the amount allowed in accordance with section 20.4 of the Regulation.

The Planholder may, at any time before the end of the fiscal year, determine a new, increased, maximum temporary income for the fiscal year. In that case, the Planholder shall provide the Plan Carrier declarations in conformity with the ones prescribed in schedules 0.4 and 0.8 of the Regulation.

If the payment of a portion of the income is made in the form of a transfer to a retirement savings instrument of which the balance is not to be converted into a life annuity, that portion may not exceed the Maximum Amount referred to in paragraph 10 of this Addendum, determined by assuming that the Planholder is not entitled to payment of a temporary pension.

A temporary income may not be paid after the end of the year in which the Planholder reaches age 65.

14. **Right to a Temporary Income for a Planholder under Age 54.** A Planholder may receive up to the end of the year in which he reaches age 54, during a fiscal year of the Plan, all or part of the balance of the Plan in the form of a temporary income payable in monthly payments.

None of the monthly payments can exceed one twelfth of the difference between the following amounts:

- (a) 40% of the Maximum Pensionable Earnings determined, for the year in which payment is made, pursuant to the *Act respecting the Québec Pension Plan*; and
- (b) 75% of the Planholder's income for the 12 months that follow, excluding the income provided for in this paragraph.

The Planholder's income for the 12 months that follow, excluding the income provided for in this paragraph, cannot exceed the amount referred to in subparagraph (a) above.

The Planholder must make an application in a form acceptable to the Plan Carrier for this purpose, accompanied with a declaration prescribed in schedule 0.5 of the Regulation and with his or her written undertaking to request a suspension of payments as soon as his or her income, excluding the income provided for in this paragraph, reaches 40% of the Maximum Pensionable Earnings for the year in which payment is made.

The Planholder must be less than age 54 at the end of the year that precedes his or her application. A temporary income cannot be paid to the Planholder where he has requested a suspension of payments or after the end of the year in which he reaches age 54.

A Planholder who is entitled to receive the income provided in this paragraph and who is a member or spouse who has become entitled to a pension under a pension plan may, for the purposes of replacing such pension by a temporary income, apply once a year for the transfer from the pension plan to the Plan of an amount equal to the lesser of the following amounts:

- (i) the additional amount required for the balance of the Plan to allow, until the end of the year, the payment of the monthly payments; and
- (ii) the value of his or her benefits under the Plan.

The Plan Carrier shall administer the temporary income in accordance with section 20.5 of the Regulation.

15. **Payment Due to Non-Residency.** The Planholder may, provided the agreed to term of the investments has not expired, require a lump sum withdrawal of the total balance of the Plan if the Planholder provides the Plan Carrier with written evidence satisfactory to the Plan Carrier that he has not resided in Canada for at least 2 years.

16. **Lump Sum Withdrawal of Small Amounts.** The entire balance of the Plan may be paid in a lump sum to the Planholder who is at least age 65 at the end of the year preceding the application, if the total of the sums credited to his or her account in the following retirement savings instruments:

- (a) defined contribution pension plans;
- (b) defined benefit or defined benefit-defined contribution pension plans in application of provisions similar to those of a defined contribution plan;
- (c) life income funds;
- (d) locked-in retirement accounts;
- (e) registered retirement savings plans of which the balance must be converted into a life annuity (locked-in RRSPs)

does not exceed 40% of the Maximum Pensionable Earnings determined in accordance with the *Act respecting Quebec Pension Plan* for the year in which the Planholder applies for payment. The Planholder's application to the Plan Carrier must be accompanied with a declaration that is in conformity with the one prescribed in schedule 0.2 of the Regulation.

17. **Death of Planholder.** If the Planholder who is a member or a former member should die before the conversion of the total balance of the Plan into a life pension, the balance of the Plan shall be paid:

- (a) where the Planholder had a spouse at the date of death who survives the Planholder, to the surviving spouse, unless the spouse has waived entitlement to the death benefits in accordance with paragraph 18 of this Addendum and the spouse has not revoked this waiver before the death of the Planholder;
- (b) where there is no surviving spouse entitled pursuant to subparagraph (a), to the Planholder's assigns; or
- (c) if there is no designated beneficiary, to the personal representative(s) of the Planholder.

The Trustee 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 Trustee may require.

18. **Waiver of Death Benefits or Joint Life Pension.** The Planholder's spouse who is a former member or beneficiary may, by giving written notice to the Plan Carrier, waive his or her right to receive the payment provided for in paragraph 17 or the spouse's life pension provided in paragraph 6 of this Addendum, and may revoke such a waiver. The Planholder's spouse must deliver a waiver or revocation of waiver to the Plan Carrier by a written notice in a form satisfactory to Plan Carrier before, in the case referred in paragraph 17, the death of the Planholder or, in the case referred to in paragraph 6, the date of conversion, in whole or in part, of the balance of the Plan into a life pension.

19. **Marital Breakdown.** The spouse of the Planholder who is a member or former member ceases to be entitled to the benefit provided under paragraph 6 upon separation from bed and board, divorce, nullity of marriage, dissolution or nullity of civil union, or in the case of a spouse who is not a married or civil union spouse, upon cessation of the conjugal relationship unless the Planholder has notified the Plan Carrier in writing in accordance with section 89 of the Act to make payment of the benefits to the spouse.
20. **Unseizability.** Unless otherwise provided by the Act, the Regulation, this Addendum or other law, the following amounts are unassignable and unseizable:
- (a) any amounts transferred into the Plan under paragraph 4 of this Addendum, with accrued interest;
 - (b) any amounts transferred to the Plan of a spouse which were awarded to the spouse following partition or any other transfer of benefits effected pursuant to Chapter VIII of the Act, with accrued interest, and the benefits deriving from such amounts; and
 - (c) all amounts refunded or pension benefits paid under the Plan or the Act.
- except as far as they derive from additional voluntary contributions or represent a portion of the surplus assets allocated after termination of a pension plan.
21. **Seizure for Unpaid Alimony.** All or part of the balance of the Plan may be paid in a lump sum in execution of a judgment rendered in favour of the Planholder's spouse that gives entitlement to a seizure for unpaid alimony. An amount payable pursuant to such a judgment is to be paid to the spouse upon receipt of proper documentation by the Plan Carrier, regardless of the term of any investment. The amount paid from the Plan cannot exceed 50% of the balance of the Plan at the time of seizure. The Planholder will have no further claim or entitlement to any pension respecting the amount paid and the Plan Carrier is not liable to any person by reason of having made payment pursuant to such seizure.
22. **Plan Carrier's Responsibility.** Where the income paid from the Plan exceeds the maximum amount that may be paid to the Planholder in accordance with the provisions of the Plan or the Regulation, the Planholder may, unless the payment is attributable to a false declaration by him, require that the Plan Carrier pay him, as a penalty, a sum equal to the surplus income paid.
23. **Indemnity.** Should the Plan Carrier provide or be required to make a payment to the Planholder pursuant to paragraph 22 of this Addendum, the Planholder or the Planholder's heirs and/or legal representatives will indemnify and hold harmless the Plan Carrier, to the extent that assets of the Plan were received by or accrued to the benefit of any recipient.
24. **All Payments.** Transfers and other payments under this Addendum (except a payment under paragraph 21) are subject to the terms of the investments under the Plan and are subject to the withholding of any applicable tax and deduction of all proper charges.
25. **Transfer of Securities.** A transfer under paragraphs 7 and 29 of this Addendum may, at the option of the Plan Carrier, on the instruction of the Planholder and unless otherwise stipulated, be effected by the remittance of the investment securities of the Plan.
26. **Account Statements.** The Plan Carrier will provide account statements containing the information required by sections 24 to 26 of the Regulation.
27. **Valuation of Assets.** The value of any investments in the Plan will be determined by general industry practices. The Plan Carrier will value the Locked-In Assets at the beginning of the fiscal year, on the date of a transfer and on the date of the Planholder's death. The Plan Carrier's valuation shall be conclusive and binding.
28. **General Amendments.** Subject to paragraph 29 of this Addendum, the Plan Carrier may from time to time in its discretion amend this Addendum by giving 30 days notice to the Planholder, provided that such amendment remains in conformity with the standard contract amended and registered with the Régie des rentes du Québec and such amendment does not contravene the Act, the Regulation or the *Income Tax Act* (Canada). The Plan Carrier may not, except to fulfill requirements under law, make any amendment without having previously notified the Planholder.
29. **Amendments Entailing Reduction in Benefits.** An amendment to the Plan shall not be made that would entail a reduction of the benefits resulting from the Plan unless the Planholder is entitled, before the date of the amendment, to transfer the balance of the Plan in accordance with paragraph 7 of this Addendum and unless a notice has been delivered to the Planholder at least 90 days before the date on which the Planholder may exercise the entitlement to transfer, describing the amendment and the date from which the Planholder may exercise the entitlement to transfer.
30. **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.
31. **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.

THE FOLLOWING MUST BE COMPLETED:

- A. **Type of Planholder.** The Planholder represents to the Plan Carrier that the Planholder is:
- Please check one box
- a member or former member of the pension plan from which the assets originated

a surviving spouse or former spouse of a member or former member of the registered pension plan from which the assets originated.

B. Income Payment Type. The following income payment type selected by the Planholder shall remain in effect until such time that the Planholder requests a change by way of signed request.

Please check one box

- Minimum Amount as defined in this Addendum
- Maximum Amount as defined in this Addendum.
- Flat Amount \$_____ (Before Tax After Tax)

Payment frequency is indicated in the Application. Where the Planholder selects a Flat Amount income payment type, the Plan Carrier shall pay to the Planholder the amount specified as the Flat Amount on each payment date indicated in the Application. However, the total of such payments shall not be less than the Minimum Amount required to be paid out of the Plan and shall not exceed the Maximum Amount permitted to be paid out of the Plan in accordance with this Addendum. Where the Planholder does not select a income payment type, the Planholder will be deemed to have chosen to receive the Minimum Amount.

C. Source of Assets. The assets are being transferred from the following:

- Pension Plan
- Life Income Fund
- Locked-in Retirement Account
- Life Annuity

Plan Carrier, by its Agent

_____ **Print Full Name of Planholder**

_____ **Signature of Authorized Person**

_____ **Signature of Planholder**

_____ **Date (DD/MM/YYYY)**

_____ **Date (DD/MM/YYYY)**

BMO Trust: QF - 1114