

Addendum

Addendum for Newfoundland & Labrador LIRA

This Addendum sets out further provisions required by the applicable pension legislation of **Newfoundland & Labrador** including applicable regulations and any directives of the Superintendent of Pensions thereunder (collectively the 'applicable pension legislation').

The Addendum forms part of the main LIRA Agreement to which it is attached. In the case of any inconsistency between the main LIRA Agreement and this Addendum, this Addendum shall prevail in all cases.

1. Definitions

All of the definitions pertaining to locked-in retirement accounts set out in the applicable pension legislation are incorporated in this Addendum by reference. "Tax Act" means the *Income Tax Act* (Canada). The term "principal beneficiary" means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member's cohabiting partner, as defined in the applicable pension legislation.

2. Differentiation on the Basis of Sex

If the commuted value of the pension benefit that was transferred to your Scotia LIRA was determined in a manner that did not differentiate on the basis of sex, the immediate or deferred life annuity purchased with the funds in your Scotia LIRA shall not differentiate on the basis of the sex of the recipient.

3. Payments

Your Scotia LIRA shall be used to provide a pension benefit and funds shall not be withdrawn except as provided under section 10 of the main LIRA Agreement. For the fourth bullet point in the LIRA part of section 10 of the main LIRA Agreement, the prescribed requirements under the applicable pension legislation are as follows:

- a) to purchase a life annuity contract that is provided by a person authorized under the laws of Canada or a province to sell annuities as defined in the Tax Act under an insurance contract that meets the requirements of the applicable pension legislation, commencing not before the person who is to receive the pension benefit obtains the earlier of;
 - i. age of 55 years, or
 - ii. the earliest date on which the former member is entitled to receive a pension benefit under a pension plan from which the money was transferred to the LIRA as a result of termination of your employment or termination of the plan.

4. Lump-Sum Withdrawals

In addition, you may apply in the form and manner required by the applicable pension legislation for a lump sum payment equal to the entire value of your Scotia LIRA if, at the time you sign the application,

- (a) Either
 - 1) the value of all assets in all LIFs, LRIFs and LIRAs owned by you and governed by Newfoundland & Labrador pension benefits legislation is less than 10% of the Year's Maximum Pensionable Earnings under the **Canada Pension Plan** for that calendar year; or
 - 2) (i) you have reached the earlier of age 55 or the earliest date on which you would have been entitled to receive a pension benefit under the plan from which money was transferred, and
 - (ii) the value of your assets in all LIFs, LRIFs and LIRAs governed by Newfoundland & Labrador pension benefits legislation is less than 40% of the Year's Maximum Pensionable Earnings under the Canada Pension Plan for that calendar year.
- and;
- (b) you have not made a withdrawal due to financial hardship within the same calendar year, or, where part of the LIRA corresponds to amounts transferred directly or indirectly from another LIRA,

Life Income Fund, or Locked-in Retirement Income Fund, you have not made a withdrawal due to financial hardship from the original retirement savings arrangement.

An application pursuant to the second paragraph of Section 9 of the main LIRA Agreement must be accompanied with a waiver by your principal beneficiary of the principal beneficiary's joint and survivor pension entitlement, in the form and manner required by the applicable pension legislation. However, this requirement for spousal waiver does not apply if the money in your Scotia LIRA does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

5. Transfers

Funds shall not be transferred unless permitted under the applicable pension legislation. Before we transfer funds out of your Scotia LIRA, we will tell the institution which is to receive the funds that it must be administered as a pension benefit and make acceptance of the transfer subject to the applicable pension legislation.

6. Joint Life and Survivor Benefit

If you are a former member of a pension plan, the pension benefit payable to you, if you have a principal beneficiary at the date the pension commences, shall be a joint and survivor pension benefit with at least 60 per cent continuing to be payable to the survivor for life after the death of the former member unless the principal beneficiary waives the entitlement in the form and manner required by the applicable pension legislation.

7. Responsibility

If we pay out funds from your Scotia LIRA in a way that is contrary to the applicable pension legislation, we will ensure that you receive a pension equivalent to what you would have received if the funds had not been paid out, unless the payment is attributable to a false declaration by you.

8. Investments

Your Scotia LIRA shall be invested in a manner that complies with the rules of investment contained in the Tax Act and will not be invested directly or indirectly in any mortgage in respect of which you or your spouse, or your parent, brother, sister or child or their spouse is the mortgagor.

9. General

Your Scotia LIRA shall not be assigned, charged, anticipated or given as security by you except as permitted by the applicable pension legislation and any transaction purporting to assign, charge, anticipate or give the LIRA as security is void.

If money is paid out contrary to the applicable pension legislation, we will provide or ensure the provision of a pension benefit that would have been provided had the money not been paid out.

10. Estate Matters

On the death of a former member of a pension plan 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 applicable pension legislation, a designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to a lump sum payment of the full value of the contract.

On the death of an owner who is not a former member of a pension plan, the full value of the contract shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the owner's estate.

Addendum (continued)

11. Division on Marriage Breakdown

This contract is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Pension Benefits Act, 1997 (Newfoundland & Labrador)

12. Withdrawals due to Non-Residency

Upon application to us, you may withdraw all the money in your LIRA,

- a) If, you provide a statutory declaration in accordance with the *Evidence Act*, RSNL confirming you have resided outside Canada for at least 2 consecutive calendar years and are residing outside of Canada on the date of signing the declaration; and
- b) Where you are a former member of a pension plan, the written consent of your principal beneficiary, in the form and manner required by the Superintendent.

13. Withdrawals due to Financial Hardship

You may, upon application on a form approved by the Superintendent that is given to us, request a lump sum withdrawal due to financial hardship, if you satisfy the prescribed requirements for financial hardship withdrawal set out in this section

- a) You may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship described in this section in respect of your LIRA;
- b) Your application to withdraw an amount is not greater than the sum of the amount of any applicable tax required to be withheld by us and an amount with respect to one of the following categories:
 - i. Low Income: Where your 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;
 - ii. Medical Expenses: Where you are unable to pay for medical expenses incurred or to be incurred by you, your 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 these medical expenses;
 - iii. Disability-related Expenses: Where you are unable to pay for disability related expenses incurred or to be incurred by you, your 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 these disability related expenses;
 - iv. Mortgage Payments: Where you or your principal beneficiary has received a written notice in respect of a default on a mortgage that is secured against the principal residence of you or your principal beneficiary which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;
 - v. Rental Arrears: Where you or your principal beneficiary has received a written notice in respect of arrears in the payment of rent for the principal residence of you or your principal beneficiary and you or your principal beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or

vi. First Month's Rent and Security Deposit: Where you are unable to pay the first month's rent and the security deposit required to rent a principal residence for yourself or your principal beneficiary, the amount required to pay the first month's rent and the security deposit

- c) Your application for financial hardship withdrawal is:
 - i. on a form approved by the Superintendent and includes any supporting documentation required by the Regulations, which are specified on the form; and
 - ii. where you are a former member of a pension plan, accompanied by the written consent of your principal beneficiary of the former member, in the form and manner required by the Superintendent.

14. Amendments

No amendment shall be made to the Plan or this Addendum unless the Plan and this Addendum as amended remain in conformity with the Act, the Regulations and Directive No. 4 and with section 146.3 of the *Income Tax Act* (Canada).

An amendment that would result in a reduction of your 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) you are 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 you at least 90 days' written notice and an explanation of any proposed amendment; and where the amendment would result in a reduction of your benefits, the Plan Carrier must allow you at least 90 days after 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 your address as set out in the records of the Plan Carrier, or subject to receiving your authorization, be delivered to you by electronic means provided that the e-communication is accessible by you and capable of being retained to be usable for subsequent reference.