

Addendum

Addendum for Newfoundland & Labrador LRIF

This Addendum sets out further provisions required by the applicable pension legislation of the province of **Newfoundland & Labrador**.

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

1. Definitions

All of the definitions regarding locked-in retirement income funds set out in the applicable pension legislation are incorporated in this LRIF Agreement.

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. Transfers

Notwithstanding the last paragraph of Section 4 of the main LRIF Agreement, a LRIF may only be purchased by you with respect to an entitlement to a pension under a pension plan if:

- a) you are a member or former member of the pension plan who has obtained the written consent of his or her principal beneficiary, if any; or
- b) you are the principal beneficiary or former principal beneficiary of a member or former member and if you as a principal beneficiary or former principal beneficiary are entitled to a pension benefit as a result of the death of the member or former member, or as a result of marriage breakdown.

An administrator of a pension plan shall not effect a transfer to a financial institution unless the administrator has ascertained that the financial institution's name and LRIF are currently on the list of approved contracts, and advised the financial institution in writing that, subject to the applicable pension legislation, no withdrawal, commutation or surrender of money is permitted.

3. Joint Life and Survivor Benefit

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 either unless the principal beneficiary waives the entitlement in a form and manner required by the applicable pension legislation.

4. Calculating Payments

Payment out of your Scotia LRIF must not begin before the earlier of age 55 or the earliest date on which you could receive a pension benefit under the applicable pension legislation or the originating pension plan from which the money was transferred and no later than the last day of the second fiscal year. Notwithstanding anything in section 8 of the main LRIF Agreement to the contrary, you must decide the amount to be paid out of your Scotia LRIF each year, either at the beginning of the fiscal year of the LRIF or at another time agreed to by you and us and the decision expires at the end of the fiscal year to which it relates. If you do not decide the amount to be paid out of the LRIF for a year, the minimum amount payable shall be deemed to be the amount paid.

The amount of income paid out of the LRIF during a fiscal year must not exceed the "maximum", being the greater of (i), (ii), and (iii) as follows:

- i. the amount of the investment earnings, including any unrealized capital gains or losses, earned from the time the LRIF was established to the end of the most recently completed fiscal year and, with respect to any money in the contract that is derived directly

from money transferred from a Life Income Fund, the amount of the investment earnings, including any unrealized capital gains or losses, earned in the Life Income Fund in the final complete fiscal year, less the sum of all income paid to the owner from the LRIF;

- ii. the amount of the investment earnings, including any unrealized capital gains or losses, of the LRIF in the immediately previous fiscal year; and
- iii. if the payment is being made in the fiscal year in which the LRIF was established or in the fiscal year immediately following its establishment, 6% of the fair market value of the LRIF at the beginning of that fiscal year.

In the first year of your LRIF, the "maximum" is adjusted in proportion to the number of months in that fiscal year, with any part of an incomplete month counting as one month.

5. Additional Temporary Income

In addition, you may apply in the form and manner required by the applicable pension legislation to receive additional temporary income from your Scotia LRIF in a lump sum or in a series of payments in an amount that does not exceed the maximum allowed by the applicable pension legislation if:

- a) the total pension income to be received by you for the calendar year in which the application is made from all LIFs, LRIFs, life annuities and pension plans governed by the legislation of *Newfoundland & Labrador* or of any other province, or governed by federal legislation (except income from a pension under the Canada Pension Plan) is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which the application is made, and
- b) you have not reached your 65th birthday at the beginning of the fiscal year in which you make application for the additional temporary income.

Your application for additional temporary income may be submitted to us at any time in a fiscal year, however, only one such application may be submitted in a fiscal year.

The amount of the additional temporary income paid out of the Plan in a fiscal year must not exceed the "maximum" using the following formula:

A - B
in which
A = 40% of the YMPE for the calendar year in which an application is made
B = the maximum amount of income the Planholder is entitled to receive from all LRIFs, Life Income Funds, life annuity contracts and pension plans governed by the Act or pension benefits legislation of a designated province, as defined in the Act, or of Canada, excluding income from a pension under the *Canada Pension Plan*, and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.

In the first year of your Scotia LRIF, the maximum additional temporary income payment is adjusted in proportion to the number of months in that fiscal year, with any part of an incomplete month counting as one month.

An application for additional temporary income shall be:

- i. on a form approved by the Superintendent of Pensions for **Newfoundland and Labrador**
- ii. where the owner is a former member of a pension plan, accompanied by the written consent of the principal beneficiary of the former member; and
- iii. submitted to the financial institution at the beginning of the fiscal year of the LRIF, unless otherwise permitted by the financial institution;

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6. Withdrawals

Your principal beneficiary must consent to the withdrawals provided for in the fourth paragraph of Section 8 of the main LRIF Agreement in the form and manner provided by the applicable pension legislation. This requirement for consent does not apply if the money in your Scotia LRIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

The amount of income paid out of the LRIF during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the Income Tax Act.

If a part of the LRIF corresponds to amounts transferred directly or indirectly from another LRIF or a Life Income Fund of the owner during the fiscal year, the "maximum" in sections 4 and 5 of this addendum shall be deemed to be zero in respect of the part transferred in.

Notwithstanding the above paragraph, we may allow money to be paid to you provided that the total amount received by you from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the "maximum" in sections 4 and 5. In this case, we must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the LRIF.

7. Withdrawal Where Small Amount

You may also 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 LRIF if, at the time you sign the application,

- 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 all assets in all your 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.
- iii. within the same fiscal year, you have not elected to receive additional temporary income under **section 5** or, where part of the LRIF corresponds to amounts transferred directly or indirectly from another LRIF or Life Income Fund, you have not elected to receive additional temporary income from that LRIF or Life Income Fund; and
- iv. within the same calendar year, you have not made a withdrawal due to financial hardship from the LRIF or, where part of the LRIF corresponds to amounts transferred directly or indirectly from a Locked-In Retirement Account, Life Income Fund, or another LRIF, you have not made a withdrawal due to financial hardship from the original retirement savings arrangement.

Your principal beneficiary must consent to the payments detailed in this paragraph in the form and manner required by the applicable pension legislation. However, this requirement for consent does not apply, if the money in your Scotia LRIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

8. Withdrawals due to Non-Residency

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

- 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.

9. 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 LRIF;
- 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.

10. Security

You agree not to assign, charge, anticipate or give as security money payable under your Scotia LRIF, except as permitted under the Act.

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)

Addendum (continued)

12. Estate Matters

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 has waived entitlement in the form and manner acceptable to the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to receive the full value of the contract as a lump sum.

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

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

13. Investments

Your Scotia LRIF 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 are the mortgagor or your parent, brother, sister or child or their spouse is the mortgagor.

14. Responsibility

If we pay out funds from your Scotia LRIF 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 made by you.

15. 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. 17 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 LIF 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 electronic communication is accessible by you and capable of being retained to be usable for subsequent reference.