

**NORTHWEST & ETHICAL INVESTMENTS L.P.
RETIREMENT INCOME FUND, RIF 1503**

**Agreement Under the
Province of Newfoundland and Labrador *Pension Benefits Act, 1997*
for Transfers from a
LOCKED-IN PENSION or LOCKED-IN RETIREMENT ACCOUNT (LIRA)
to a
LIFE INCOME FUND (LIF)**

WHEREAS the undersigned Annuitant has applied for a Retirement Income Fund (the Fund) as indicated above trustee by Concentra Trust (the Trustee) to receive and hold funds governed by the Province of Newfoundland and Labrador *Pension Benefits Act* (the Act) and the Regulations and Directives (the Regulations) thereto.

AND WHEREAS the term "Annuitant" herein means the member or former member of a pension plan who has made a transfer pursuant to section 40 of the Act to a Life Income Fund (LIF) as defined in the Regulations and that meets the conditions set out in this Agreement and, unless otherwise stated, includes the principal beneficiary or former principal beneficiary of the member or former member if the principal beneficiary or former principal beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown.

AND WHEREAS the Trustee has agreed to apply for registration of the Fund as a Registered Retirement Income Fund with Canada Revenue Agency (CRA) and to accept the funds referred to.

NOW IT IS HEREBY UNDERSTOOD AND AGREED by and between the Annuitant and the Trustee that the full amount of funds transferred from LIRA or LIF or Locked-in Retirement Income Fund (LRIF) or Registered Pension Plan (RPP) to the Fund, inclusive of all future investment earnings and gains or losses accruing thereto, shall be governed firstly by the terms and provisions of this Agreement and thereafter by the Fund as approved by CRA from time to time. In the event the provisions in this Agreement conflict with the Act, the provisions of the Act shall prevail.

AND IT IS FURTHER HEREBY UNDERSTOOD AND AGREED, by and between the Annuitant and the Trustee, that this Agreement may not be entered into earlier than one year before the Annuitant is entitled to receive the first payment out of the Fund.

1. For the purposes of this Agreement, word "spouse," "cohabiting partner" and "principal beneficiary" have the same meaning as is given to these words in Part 1 of the Act. If, however, there is no person to whom the definition of "spouse," "cohabiting partner" or "principal beneficiary" in Part 1 of the Act applies, the term "common-law partner" as defined in the *Income Tax Act* (Canada) (*Income Tax Act*) for the purposes of Registered Retirement Income Funds (RRIFs) applies. Notwithstanding anything to the contrary contained in this Agreement, including any endorsements forming a part thereof, "spouse," "cohabiting partner," or "principal beneficiary" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* respecting RRIFs.
2. Subject to paragraph 3 of this Agreement, all money, including all investment earnings, that is subject to any transfer to or from the Fund, is to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required or permitted by the Act and the Regulations.

3. Prior to using the balance of the Fund to purchase a life annuity as defined herein and as required by paragraph 7 of this Agreement, the Annuitant may transfer all or part of the balance of the Fund
 - a) another LIF that meets the requirements of the Regulations and paragraph 146.3(2)(e) and (e.1) or (e.2) of the *Income Tax Act*,
 - b) to a Locked-in Retirement Income Fund (LRIF) that meets the requirements of the Regulations and paragraph 146.3(2)(e) and (e.1) or (e.2) of the *Income Tax Act*,
 - c) for the purchase of an immediate life annuity contract that meets the requirements of paragraph 60(1) of the *Income Tax Act* and the requirements of the Regulations, and that is a non-commutable pension that will not commence before the Annuitant has reached the earlier of age 55 or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the pension plan or plans from which the money was transferred ("a life annuity")
 - d) not later than the RRSP maturity date provided in the *Income Tax Act*, to a LIRA that meets the requirements of paragraph 60(l) of the *Income Tax Act*.
4. Subject to Part VI of the Act, no withdrawal, commutation or surrender of money is permitted under this Agreement.
5. The money in the Fund may not be assigned, charged, anticipated or given as security and any transaction purporting to assign, anticipate or give the money as security is void.
6. The Trustee hereby affirms that the money in the Fund will be invested in a manner that complies with the rules for the investment of money in a RRIF.
7. The balance of the funds in the Fund must be used to purchase a life annuity not later than December 31 of the year in which the Annuitant attains the age of 80 years. If the Annuitant has not provided the Trustee with the necessary documentation to purchase a life annuity on or before the 31st day of March in the year after the year in which the Annuitant attains the age of 80 years, the Trustee will apply the balance of the Fund to purchase a life annuity for the Annuitant.
8. At any time prior to the date referred to in paragraph 7 of this Agreement, and subject to the provisions of paragraph 9 of this Agreement, the Annuitant will be allowed to use all or a part of the balance of the Fund to purchase a life annuity.
9. On the death of an Annuitant who is the former member of the pension plan and 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 required by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member, is entitled to receive a lump sum payment of the full value of the contract. Where the Annuitant is not a former member of the pension plan, the full value of the contract shall be paid to the designated beneficiary or, where there is no beneficiary, to the Annuitant's estate.
10. The fiscal year of the Fund ends on December 31 of each year and will not exceed 12 months.
11. The Annuitant will be paid an income from the Fund, the amount of which may vary annually. The payments will commence no earlier than age 55 or the earliest date on which the Annuitant could receive a pension benefit under the Act or the originating pension plan from which the funds have been transferred and not later than the last day of the second fiscal year of the Fund.

12. Funds held under this LIF Agreement are subject to division in accordance with the terms of a domestic contract as defined in the *Family Law Act* or the terms of an order made under that Act. Any resultant amount to be paid to an estranged or ex-spouse can be paid only by transfer to an RRSP that meets the requirements of the Regulations, to an eligible LIF or LRIF or to a life annuity.
13. Where the Trustee is properly required, within the terms of this Agreement, to liquidate investments held in the Fund for the purposes of any of
- a) a transfer of assets to another LIF or LRIF that meet the requirements of the Regulations, or
 - b) for the purchase of a life annuity, or
 - c) to effect payment or transfer on death of the Annuitant,

the value of the assets will be determined as the market value at the date of transfer; with regard to interest bearing deposits, this is the equivalent of the full principal value plus the full amount of any accrued interest owing, both without deduction, at the date of transfer. It is understood between the Trustee and the Annuitant, that unmatured investments held within the Fund are not capable of being redeemed for the purposes of transfer to another LIF or LRIF, or for the purposes of the purchase of a life annuity prior to the Annuitant's 80th birthday. Where the Annuitant requests the Trustee to make a transfer to another LIF, LRIF or to an annuity, prior to the Annuitant's 80th birthday, the Trustee will effect such transfer within 30 days of the request except where the term of any investment extends beyond the 30 day period. If the minimum payment required for the year, by reason of the application of paragraph 16 of this Agreement, has not been satisfied prior to the transfer occurring, the Trustee will withhold adequate funds to satisfy this minimum payment requirement.

14. The Annuitant is to establish the amount of income to be paid during each fiscal year of the Fund at the beginning of that fiscal year or at another time agreed to by the Trustee and after the receipt of the information specified in paragraph 32 of this Agreement. The aforesaid decision expires at the end of the fiscal year to which it relates. If the Annuitant fails to establish and advise the Trustee of the income requirement for any year, the Trustee will make provision for payment of the minimum amount required to be paid under the *Income Tax Act* during such forthcoming year.
15. The amount of income paid during a fiscal year of the Fund will not be less than the minimum amount required to be paid under the *Income Tax Act* and will not exceed M, except if M is less than the minimum, with that symbol being calculated in accordance with the following formula:

$$\frac{C}{F} = M$$

Where C = the balance of the money in the Fund on the first day of the fiscal year, and

F = the value on the first day of the fiscal year in which the calculation is made of a guaranteed amount of which the annual payment is \$1 payable at the beginning of each fiscal year between that date and December 31 of the year during which the Annuitant attains the age of 90 years.

16. For the initial fiscal year of the Fund, the minimum amount to be paid, as referred to in paragraph 15 of this Agreement, will be set at zero and the limit M in paragraph 15 and

"maximum" in paragraph 22 will be adjusted in proportion to the number of months in the fiscal year divided by 12, with any part of an incomplete month counting as one month.

17. If the money in the Fund is derived from money transferred directly or indirectly during the first fiscal year of the Fund from another LIF or LRIF of the Annuitant, the limit M in paragraph 15 and "maximum" in paragraph 22 will be equal to zero, except to the extent that the *Income Tax Act* requires the payment of a higher amount.
18. If in any fiscal year of the Fund, an additional transfer is made to the Fund and that additional transfer has never been under a LIF or LRIF before, an additional withdrawal will be allowed in that fiscal year.
19. The additional amount of withdrawal referred to in paragraph 18 of this Agreement will not exceed the maximum amount that would be calculated under this Agreement if the additional transfer were being transferred into a separate LIF and not the Fund, with paragraph 16 of this Agreement applying.
20. That the value F in paragraph 15 of this Agreement will be calculated by using
 - a) an interest rate of not more than 6% per year, or
 - b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B - 14013, and using an interest rate not exceeding 6% in subsequent years.
21. Subject to paragraph 22, an Annuitant is entitled to receive additional temporary income where:
 - a) the total pension income received by the Annuitant for the calendar year in which the application is made, calculated as "B" under paragraph 22, is less than 40% of the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan (CPP) for the calendar year in which the application is made; and
 - b) the Annuitant has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes an application for additional temporary income.
22. The amount of the additional temporary income paid out of the Fund in a fiscal year must not exceed the "maximum" in the following formula:

Maximum Temporary Income = A – B

in which A = 40% of the YMPE under the CPP for the calendar year in which an application is made.
 B = the total pension income to be received by the Annuitant for the calendar year in which the application is made from all LIFs, LRIFs, Life Annuities and pension plans governed by Newfoundland and Labrador pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the CPP.
23. An application for additional temporary income under paragraph 21 shall be
 - a) on a form approved by the Superintendent,
 - b) where the Annuitant is a former member of a pension plan, accompanied by the written consent of the principal beneficiary of the former member, and
 - c) submitted to the Trustee at the beginning of the fiscal year of the Fund, unless otherwise permitted by the Trustee.

24. The contract may provide for the withdrawal of money 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 Annuitant is likely to be shortened considerably, but where the Annuitant 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 a form and manner provided by the Superintendent.
25. The contract shall provide for a lump sum payment equal to the value of the entire contract on application by the Annuitant to the Trustee for payment if, at the time the Annuitant signs the application,
 - a) the Annuitant has reached the earlier of age 55 or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the plan from which money was transferred, and
 - b) 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 40 percent of the YMPE under the CPP for that calendar year.
26. An application under paragraph 25 shall be
 - a) on a form approved by the Superintendent, and
 - b) where the Annuitant is a former member of a pension plan, accompanied by a waiver of the principal beneficiary of the former member of joint and survivor pension entitlement, in the form and manner required by the Superintendent.
27. Subject to paragraph 28, the Trustee providing the Fund shall not amend the contract except where the Trustee has given the Annuitant of the Fund at least ninety days notice of a proposed amendment.
28. An amendment that would result in a reduction in the Annuitant's benefits under the contract is permitted only where
 - a) the Trustee is required by law to make the amendment; and
 - b) the Annuitant is entitled to transfer the balance in the Fund under the terms of the contract that existed before the amendment is made.
29. When making an amendment under paragraph 28, the Trustee shall,
 - a) notify the Annuitant of the Fund of the nature of the amendment; and
 - b) allow the Annuitant at least ninety days after the notice is given to transfer all or part of the balance in the Fund.
30. Notice under paragraphs 28 and 29 shall be sent by registered mail to the Annuitant's address as set out in the records of the Trustee.
31. Where the Fund holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 3 and 13 of this Agreement may, unless otherwise stipulated, at the option of the Trustee and with the consent of the Annuitant, be effected by remittance of the investment securities of the Fund.
32. At the beginning of each fiscal year, the Trustee will provide the Annuitant with the following information:
 - a) the sums deposited, the accumulated earnings, the payments made out of the Fund and the fees charged against it during the previous fiscal year,
 - b) the balance in the Fund,

- c) the minimum amount that must be paid out of the Fund to the Annuitant during the current fiscal year and each subsequent one, and
- d) the maximum amount that may be paid out of the Fund to the Annuitant during the current fiscal year and each subsequent one.

If the balance of the Fund is transferred as described in paragraph 3, the Trustee will supply the Annuitant with the information described above as determined at the date of the transfer. If the Annuitant dies before the balance in the Fund is used to purchase a life annuity, the person entitled to receive the balance will be given the information described above as determined as of the date of the Annuitant's death.

- 33. No money that is not locked-in will be transferred to or held under this LIF.
- 34. The Trustee hereby affirms the provisions contained in the Declaration of Trust.
- 35. This Agreement may be amended by the Trustee as permitted by, and in accord with, the terms and notice requirements as set forth in the Regulations, however, in the event of changes to the Act or Regulations, this LIF will be considered to have been amended to conform to such changes effective the date such changes come into force.

By execution of this Agreement, the Trustee hereby undertakes to administer the transferred funds and all subsequent earnings on these funds in accordance with the provisions of this Agreement.

By execution of this Agreement, the Annuitant hereby agrees to abide by the provisions stated and to waive any right to request amendment of the Contract or of this Agreement to receive any funds except as expressly provided for herein.

Signed this _____ day of _____, 20 _____.

Signature of Annuitant _____

Accepted by authorized officer, as agent for the Trustee

ANNUITANT IDENTIFICATION
(print annuitant information)

NAME _____ CONTRACT # _____
