

**ADDENDUM TO THE DESJARDINS SECURITIES INC.
SELF-DIRECTED RETIREMENT INCOME FUND DECLARATION OF TRUST (RIF 694)**

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

In this Addendum, "Trustee" means Desjardins Trust Inc. of Canada and "Agent" means Desjardins Securities Inc. "Fund" means the Desjardins Securities Inc. Life Income Fund (Quebec). "Declaration of Trust" means the declaration of trust which sets forth the terms and conditions governing the Desjardins Securities Inc. Self-Directed Retirement Income Fund.

Upon receipt of locked-in money, the Trustee further declares as follows:

1. For purposes of this Addendum, "**SPPA**" means the *Supplemental Pension Plans Act* (Québec), as amended; "**Regulation**" means the *Regulation Respecting Supplemental Pension Plans*, as amended; "**Act**" means the *Income Tax Act* (Canada), as amended; "**Applicable Tax Legislation**" means the Act and any applicable provincial income tax legislation relating to retirement income funds; "**Fund**" means a life income fund registered as a retirement income fund in accordance with section 146.3 of the Act; and "**Owner**" shall mean the annuitant under the Declaration of Trust to which this Addendum attaches.
2. **COMPLIANCE:** The Fund shall at all times comply with the provisions of the SPPA, the Regulation and Applicable Tax Legislation with respect to registered retirement income funds as defined in the Applicable Tax Legislation.
3. **CONTRIBUTIONS:** The Trustee shall not accept transfer of property into the Fund other than property transferred directly or initially from:
 - (1) a pension plan governed by the SPPA and the Act;
 - (2) a supplemental pension plan governed by legislation emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
 - (3) a locked-in retirement account referred to in section 29 of the Regulation;
 - (4) another life income fund referred to in section 18 of the Regulation;
 - (5) a supplemental pension plan established by legislation emanating from the Parliament of Québec or another legislative authority;
 - (6) an annuity contract referred to in section 30 of the Regulation.
4. **STATEMENTS:** The Trustee shall provide the Owner at the beginning of each fiscal year of the Fund a statement that indicates:
 - (1) the balance of the Fund at the said date and, where required, the reconciliation of that balance with the balance indicated on the previous statement pertinent thereto, with, notably, an indication of the sums on deposit, the accumulated earnings, the withdrawals made and the fees charged;
 - (2) where the beginning of the fiscal year is later than the beginning of the year, the sums coming directly or initially during the year from a life income fund under which the Owner is an annuitant;
 - (3) the Maximum Income Amount (defined below) that may be paid to the Owner as a life income during the current fiscal year;
 - (4) the Minimum Income Amount (defined below) that must be paid to the Owner during the current fiscal year;
 - (5) where the Owner was at least 54 years of age but less than 65 years of age at the end of the preceding year, the statements shall include the following:
 - (a) the terms and conditions that the Owner must meet to be entitled to payment of a Temporary Pension (defined below);
 - (b) the Reference Temporary Pension (defined below) for the current fiscal year;
 - (c) the effect of payment of an income greater than the amount referred to in paragraph 4(3) hereof for each year until the end of the year in which the Owner reaches 65 years of age, and on the income that may be paid to him or her after that date; and
 - (d) under what conditions the Owner may obtain payment of a Temporary Pension greater than the Reference Temporary Pension (defined below);
 - (6) where the Owner was less than 54 years of age at the end of the preceding year, the terms and conditions that the Owner must meet to be entitled to payment of the Temporary Pension;
 - (7) that the transfer to the Fund of sums originating directly or not from a life income fund under which the Owner is an annuitant during a given year may not result in a revision

or the Owner's assign, have subsequently communicated to the Trustee.

- (8) that if the Owner wishes to transfer, in whole or in part, the balance of the Fund and still receive from the Fund the income that he or she determined for the fiscal year, he or she must ensure that the balance of the Fund after the transfer is at least equal to the difference between the income determined for the fiscal year and the income that he or she has already received since the beginning of the fiscal year.

Where the Owner was at least 54 years of age but less than 65 years of age at the end of the preceding year, the Trustee shall accompany the statements with a copy of the declarations that are prescribed in Schedules 0.4 and 0.8 of the Regulation.

Where the total balance of the Fund is transferred in accordance with paragraph 11 hereof or converted in accordance with paragraph 8 hereof, the Trustee shall provide the Owner with a statement established at the date of the transfer containing the information described in paragraph 4(1) above. Upon death of the Owner prior to the conversion provided in paragraph 8 hereof of the total balance of the Fund, the Trustee shall provide the Spouse or common law partner or, failing a Spouse or common law partner, to the Owner's successors a statement containing the information described in paragraph 4(1) above established at the date of death of the Owner.

Where sums that are deposited in the Fund of the Owner do not originate directly or indirectly from a life income fund of the Owner, or where the Owner informs the Trustee of the amount of the Maximum Temporary Pension that he/she determines, then within 30 days the Trustee shall provide the owner with a statement that indicates the following:

- (1) the balance of the Fund at the beginning of the fiscal year and the sums that have been deposited therein, identifying any amounts coming directly or not during that year from a life income fund under which the Owner is the annuitant, as well as the balance of the Fund for the purpose of calculating the Maximum Income Amount that may be paid to the Owner as income during the fiscal year;
- (2) the Maximum Income Amount that may be paid to the Owner during the fiscal year; and
- (3) the Minimum Income Amount that must be paid to the Owner during the fiscal year.
- (4) where the Owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, the Reference Temporary Pension for the current fiscal year and the Maximum Temporary Pension, if any, determined by the owner.

Any notice sent by the Trustee shall be deemed to have been served if mailed postpaid to the address indicated in the Application for membership in the Fund, or to any other address that the Owner or, where applicable, the Spouse or common law partner

5. INVESTMENTS: Assets in the Fund shall be invested in accordance with the provisions of the Declaration of Trust to which this Addendum attaches.

6. PAYMENTS: The whole of the property of the Fund shall be invested, used and applied by the Trustee only for the provision of the following payments:

- (1) Between the date of the first payment of income until the date of conversion of the Fund into a life pension, an annuity paid in accordance with the terms of payment indicated by the Owner on the Application.
- (2) A lump-sum to the Owner upon an application to the Trustee accompanied by the prescribed declaration.
- (3) A Temporary Pension
- (4) In the event of death of the Owner after the date of conversion of the Fund into a life pension, the benefits from the life pension paid by the Insurer according to the instructions and terms of payment indicated by the Owner.
- (5) In the event of the death of the Owner prior to the date of conversion of the balance of the Fund into a life pension, an amount paid in accordance with paragraph 9 hereof.

Maximum Payment. During the fiscal year of the Fund, the total payment ("Maximum Payment") to the Owner may not exceed the sum of the Maximum Temporary Pension calculated in accordance with paragraph 6.3 hereof; and the Maximum Income Amount, calculated in accordance with paragraph 6.1(1) hereof.

6.1. Income: The amount of the annuity paid shall be fixed by the Owner, if the return of the Fund is guaranteed over a period greater than one year and that ends at the end of a fiscal year of the Fund, the amount of annuity to be paid in each year of such period may be fixed at the beginning of such period, the whole subject to the following limits:

- (1) **Maximum Income Amount.** The annuity for a fiscal year of the Fund shall at no time exceed the result obtained by multiplying the balance of the Fund at the beginning of the fiscal year (increased by any sums transferred to the Fund after that date and reduced by any sums originating directly or not during the same year from a life income fund of the Owner) by the prescribe factor provided in Schedule 0.6 of the Regulation with respect to the reference rate for the year and the owner's age at the end of the preceding year, and subtracting the amount obtained by dividing the maximum temporary pension ("Maximum temporary Pension") by the prescribed factor in Schedule 0.7 of the Regulation with

However, when the amount of annuity has to be determined for a period exceeding one year, in application of the second part of the introductory paragraph above, the maximum income amount that may be paid to the owner for any fiscal year of such period shall be determined at the beginning of the initial fiscal year so as to be equal:

- (1) For the initial fiscal year to the Maximum income Amount determined under the regular provision described above.
- (2) For each of the subsequent fiscal years to the result obtained by multiplying the Maximum Income Amount determined for the initial fiscal year by the amount obtained by dividing the balance of the fund at the beginning of the fiscal year by the Fund's Reference Balance at the beginning of such fiscal year.

Reference Balance. The Fund's Reference Balance at the beginning of the initial fiscal year shall be equal to the balance of the Fund at that date. For subsequent years the Fund's Reference Balance 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 Income Amount calculated for the initial fiscal year and increased by the fictitious 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%.

Reference Rate: The Reference Rate for a year may not be less than 6% and is determined on the basis of the month-end, nominal rate of interest earned on long-term Government of Canada bonds for the month of November preceding the beginning of the fiscal year, published in the Bank of Canada Review under identification number B-14013 in the CANSIM system, by applying successively to that rate the following adjustments: an increase of 0.5%; the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest; and the rounding of the effective interest rate to the nearest multiple of 0.5%.

- (2) **Minimum Income Amount.** The annuity shall at no time be less than the minimum amount as defined in subsection 146.3(1) of the Act ("Minimum Income Amount"). In accordance with the SPPA, the Minimum Income Amount may be determined as a

function of the age of the Owner's Spouse, if he or she is younger than the Owner. For the initial fiscal year of the Fund, the Minimum Income Amount shall be set at zero, except to the extent that the Act requires the payment of a higher amount. If, however, the Maximum Income Amount is less than the Minimum Income Amount, the Minimum Income Amount shall prevail.

The amount and frequency of the payment or payments referred to in paragraph 6.1 hereof in respect of any year shall be specified in writing by the Owner on the application form to the Declaration of Trust to which this Addendum attaches or on such form as the Trustee may provide for this purpose. The Owner may change the amount and frequency of the said payment or payments or request additional payments by instructing the Trustee in writing on such form as the Trustee may provide for this purpose. If the Owner does not specify the payment or payments to be made in a year or the payment or payments specified are less than the Minimum Income Amount for a year, the Trustee shall make such payment or payments as it deems necessary so that the Minimum Income Amount for that year is paid to the Owner. The Trustee may sell such investments as it, in its sole discretion, deems appropriate for the purpose of providing the required cash to make such payment or payments. The Trustee shall withhold from any payment any income tax or other amount required to be withheld by the Act and any Applicable Tax Legislation. The Trustee may impose any other requirements and conditions in respect of the foregoing that are consistent with the provisions of the SPPA, the Regulation and the Act.

6.2. Lump Sum: The entire balance of the Fund may be paid in a lump sum to the Owner upon an application to the Trustee accompanied by the declaration prescribed by Schedule 0.2 of the Regulation declaration under the following conditions:

- (a) the Owner is at least 65 years of age at the end of the year preceding the application; and
- (b) the total sums credited to the Owner's retirement savings instruments, as set out in the prescribed declaration, do not exceed 40% of the maximum pensionable earnings determined in accordance with the *Act Respecting the Québec Pension Plan* ("MPE") for the year in which the Owner applies for the payment.

6.3. Temporary Pension:

- (1) **Under Age 54.** An Owner may during a fiscal year of the Fund receive on application the balance of the Fund in

months remaining in the year, beginning with the first day of the month in which application was made or, where the Owner is entitled, for that month, to a Temporary Pension by reason of a prior application, as of the first day of the following month; the product is increased where necessary by any income provided for in paragraph 6.3(1) hereof and paid to the owner during the year but prior to payment of the income payable as a consequence of the application and reduced by any income paid to the Owner, during the same period, from another life income fund.

- (i) the income of the Owner for the 12 months that follow, excluding the income provided for in this section, does not exceed the amount referred to in paragraph 6.3(1)(i) above;
- (ii) the Owner makes an application to the Trustee accompanied with a declaration in conformity with the one prescribed in Schedule 0.5 of the Regulation;
- (iii) the Owner undertakes to request a suspension of payments as soon as his income, excluding the income provided for in this paragraph 6.3 reaches the amount referred to in paragraph 6.3(1)(i) above, and;
- (iv) the Owner was less than 54 years of age at the end of the year that precedes his application.

The Temporary Pension may not be paid to the Owner where he or she has requested a suspension of payments nor after the end of the year in which he or she reaches 54 years of age.

The Owner who is entitled to receive the Temporary Pension referred to in this paragraph and who is a member or a spouse who has become entitled to a pension under a registered pension plan may, for the purposes of replacing such pension by a Temporary Pension, apply once a year for the transfer from the registered pension plan to the Fund of an amount equal to the lesser of: (i) the additional amount required for the balance of the Fund to allow, until the end of the year, the payment of the monthly payments provided for in paragraph 6.3(1) hereof; and (ii) the value of the benefits under the plan.

Maximum Temporary Pension. The Trustee determines the maximum temporary pension ("Maximum Temporary Pension") for the fiscal year of the Fund following presentation of an application in accordance with paragraph 6.3(1) hereof. The Maximum Temporary Pension shall be equal to the product of the maximum monthly payment set in accordance with paragraph 6.3(1) hereof by the number of

- (2) **Age 54 – 65.** An Owner is entitled to the payment of a Temporary Pension if the Owner makes an application to the Trustee accompanied with a declaration in conformity with the one prescribed in Schedule 0.4 of the Regulation, and is at least 54 years of age but less than 65 years at the end of the year preceding the application.

If the payment of a portion of the income is made in the form of a transfer to a retirement saving instrument of which the balance is not to be converted to a life annuity, such portion may not exceed the Maximum Income Amount referred to in paragraph 6.1 hereof, determined by assuming the Owner is not entitled to payment of a Temporary Pension.

The temporary Pension may not be paid after the end of the year in which the Owner reaches 65 years of age.

For paragraphs 6.3(1) and (2) above the sums transferred to the Fund are deemed to come in their entirety from another life income fund of the Owner, unless he or she provides the Trustee with a declaration in conformity with one prescribed in Schedule 0.9 or Schedule 0.9.1 of the Regulation.

Reference Temporary Pension. Where the Owner was at least 54 years of age but less than 65 years of age at the end of the year preceding the one covered by a fiscal year of the Fund, the Trustee shall establish a reference temporary pension ("Reference Temporary Pension") the amount of which shall be equal to the lesser of the following;

- (i) 40% of the MPE, determined for the year covered by the fiscal year, pursuant to the "Act respecting the Quebec Pension Plan", and
- (ii) The result obtained by multiplying the balance of the Fund at the beginning of the fiscal year (increased by the sums transferred to the Fund after that date and reduced by the sums originating directly or indirectly during the same year from a life income fund of the

Owner was not dealing at arm's length, other than the benefits or amounts described in subparagraphs 146.3(2)(g)(i) to (iii) of the Act.

Maximum Temporary Pension. An Owner who is entitled to payment of the Temporary Pension referred to in paragraph 6.3(2) above, may determine, for each fiscal year of the Fun, a maximum Temporary Pension that may not exceed the lesser the of the following amounts:

- (i) the Reference Temporary Pension:
- (ii) the result obtained by subtracting the sum of the total temporary pension that the owner must receive during the year covered by the fiscal year under a registered pension plan and the total of the amounts of the Maximum Temporary Pensions for the fiscal year determined for the Owner's other life income funds, from 40% of the MPE.

However, in the event that the Reference Temporary Pension is less than the Maximum temporary Pension, where the Owner provides to the Trustee a declaration in conformity with one prescribed in Schedule 0.8 of the Regulation, the Owner may determine, as the Maximum Temporary Pension, an amount that does not exceed the lesser of the amount obtained in paragraph (ii) above and the balance of the Fund at the beginning of the fiscal year, increased by any sums transferred to the Fund and any income earned by Fund after that date and reduced by any sums originating directly or not during the same year from a life income fund of the Owner.

The Owner may, at any time before the end of the fiscal year, determine a new, increased Maximum Temporary Pension for the fiscal year. In such event, the Owner shall send to the Trustee declarations in conformity with the ones prescribed in Schedules 0.4 and 0.8 of the Regulation.

Trustee's Responsibility. If a sum is paid to the Owner during a fiscal year of the Fund which exceeds the maximum amount that may be paid in accordance with the provisions contained herein or the Regulation, the Owner may, unless such payment is attributable to a false declaration by the Owner, require that the Trustee pay him or her, as a penalty, a sum equal to the surplus income paid.

7. **CONDITIONAL BENEFIT:** No benefit or loan that is conditional in any way on the existence of the Fund may be extended to the Owner or to a person with whom the

8. **CONVERSION INTO A LIFE PENSION:** The Fund may be converted into a life pension at any time, in accordance with paragraph 60(l) of the Act, as long as the following conditions are met:

- (1) The Insurer guarantees that the life pension will be paid in equal periodic payments that may not vary unless each of them is uniformly increased in accordance with an index or rate provided for in the annuity contract as described in subparagraphs 146(3)(b)(iii) to (v) of the Act, or uniformly adjusted by reason of a seizure effected on the Owner's benefits, a redetermination of the Owner's pension, a partition of the Owner's benefits in favor of his or her Spouse or common law partner or the election provided for in subparagraph 3 of the first paragraph of section 93 of the SPPA;
- (2) in the event of the death of the Owner, the Insurer guarantees to the Owner's Spouse or common law partner a life pension equal to at least 60% of the amount of the Owner's pension , unless the Spouse or common law partner has waived such pension; and
- (3) the agreed to term of the investments has expired.

The Spouse or common law partner of the Owner may, at any time before the date of conversion of the Fund in whole or in part into a life pension, waive his or her right to the pension described in paragraph 8(2) hereof or revoke such waiver, by giving written notice to the Trustee.

9. **DEATH OF THE OWNER:** In the event of the death of the Owner prior to the conversion of the total balance of the Fund into a life annuity, the balance of the Fund shall be paid in a single amount, after deduction of the costs and fees of the Trustee, and, where applicable, income tax withheld at source, to his or her Spouse or common law partner or, in the absence of a Spouse or common law partner, to his or her assigns. The Spouse or common law partner of the Owner may waive his or her right to receive such payment or revoke such waiver, by transmitting to the Trustee a written notice to that effect before the death of the Owner.

10. **MARITAL BREAKDOWN:** The Spouse or common law partner of the Owner ceases to be entitled to the benefits provided under paragraph 8(2) or paragraph 9 hereof upon separation from bed and board, divorce, annulment of marriage or, in the case of an unmarried Spouse, upon cessation of the conjugal relationship, unless the Owner has transmitted to the Trustee a copy of the notice provided for in section 89 of the SPAA, to pay the pension to the Spouse or common law partner notwithstanding the divorce, annulment of marriage, separation from bed and board or cessation of conjugal relationship.

The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgment rendered in favor of the Owner's Spouse or common

law partner that gives entitlement to a seizure for unpaid alimony.

11. TRANSFER OF THE FUND TO ANOTHER CARRIER: By written application in a form satisfactory to the Trustee, the Owner may request the transfer of all or part of the balance of the Fund to the following, unless the agreed to term of the investments has not expired:

- (1) a pension plan governed by the SPPA;
- (2) a supplemental pension plan governed by legislation emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- (3) a supplemental pension plan established by legislation emanating from the Parliament of Québec or from another legislative authority;
- (4) a life income fund referred to in section 18 of the Regulation;
- (5) a locked-in retirement account referred to in section 29 of the Regulation; or
- (6) an annuity contract referred to in section 30 of the Regulation that is in accordance with paragraph 60(l) of the Act.

The Owner may, provided the agreed to term of the investments has not expired, require that the total balance of the Fund be paid to him or her in a lump sum if he or she has not resided in Canada since at least two years.

At the date of the transfer, the Trustee shall retain an amount equal to the lesser of that part of the Fund as would, provided the fair market value thereof does not decline after the transfer, be sufficient to ensure payment of the Minimum Income Amount during the year of transfer and the fair market value of all property, as required by paragraph 146.3(2)(e) of the Act. Upon such transfer, the Trustee shall have no further liability to the Owner with respect to the property of the Fund or the portion thereof so transferred.

If only a portion of the property of the Fund is transferred, the Owner may instruct the Trustee in the said notice as to which investments he or she wishes to sell or transfer for the purpose of effecting the said transfer. If the Owner fails to so instruct the Trustee, the Trustee will sell or transfer such investments as it in its sole discretion deems appropriate. If the Trustee is required to exercise its discretion hereunder, an additional charge may be made by it against the Fund.

The Owner shall not require transfer of the balance of the Fund unless the term agreed to for the investments has expired or the investments be liquid, the Owner being solely responsible for the liquidity of the investments.

The transfer may, at the option of the Trustee, be effected by remittance of the investment securities held in the Fund.

12. LIMITATION ON PAYMENTS FROM THE FUND: The Trustee shall make only those payments described in paragraphs 6, 9 and 11 hereof and paragraph 146.3(14) of the Act and the corresponding provisions of any other Applicable Tax Legislation. Notwithstanding the foregoing, the Trustee may charge to the Fund any taxes, assessments or other charges imposed by any applicable legislation, including any penalties which may arise with respect to any non-qualified investments held in the Fund, and the Trustee's administration and transfer fees, and the Owner may withdraw all or part of the Fund where the withdrawal is necessary to reduce the amount of tax otherwise payable by the taxpayer under Part X.1 of the Act or any Applicable Tax Legislation.

13. ASSIGNMENT: No payment hereunder may in whole or in part be assigned. Subject to partition between the Owner and his or her Spouse in accordance with a judgment rendered under the provisions of the Civil Code of Québec, the Fund, including interest thereon, shall not be assigned, charged, anticipated or given as security and any transaction purporting to do so is void.

14. AMENDMENTS: The Trustee may not amend this Addendum, except to meet the requirements of the SPPA, and Applicable Tax Legislation in respect of such Owner, without having previously notified the Owner.

No amendment, including increases in the Trustee's remuneration or expenses, that would entail a reduction of the benefits granted to the Owner hereunder shall be made unless the Owner becomes entitled, prior to the effective date of the amendment, to a transfer of the Fund in accordance with paragraph 11 hereof and has received, at least 90 days before the day on which he may exercise such right to transfer, a notice indicating the nature of the amendment and the date from which he may exercise such right to transfer.

No amendment to this Addendum may be made if, as a result of such amendment, this Addendum no longer complies with the standard Declaration of Trust, as amended from time to time and registered with the Régie des rentes du Québec.

15. SPOUSE: For the purposes of the Fund, "Spouse" has the meaning set in section 85 of the SPPA, however, notwithstanding anything contrary contained in the Fund and this Addendum, including any endorsements forming a part thereof, "spouse" does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act*. (Canada).

Spousal status is established on the day on which payment of the pension of the Owner, referred to in paragraph 6(1) hereof, begins or on the day preceding the death of the Owner, whichever comes first.

16. GENERAL PROVISIONS:

- (1) the word "Insurer" herein includes an insurer authorized to issue a life pension;

- (2) where the context so requires, the singular shall include the plural and the masculine shall include the feminine;
- (3) the fiscal year of the Fund shall terminate on December 31 of each year and shall not be more than twelve (12) months;
- (4) all capitalized terms not defined in this Addendum shall have the meanings ascribed to them in the Declaration of Trust; and
- (5) the provisions of this Addendum will take precedence over the provisions of the Declaration of Trust in the event of conflicting or inconsistent provisions.

17. GOVERNING LAW: The provisions of this Agreement and the Fund shall be interpreted in accordance with the laws of the Province of Québec

and of Canada.

18. CERTIFICATION: The Owner certifies that his/her statement of his/her date of birth and, if applicable, his/her Spouse's date of birth contained in the Application for the Fund shall be deemed to be his/her certification of his/her age upon which the Trustee may rely and his/her undertaking to provide any further evidence of proof of age that the Trustee may require.

19. TYPE OF OWNER : The Owner represents to the Trustee that the Owner is:

- a member or former member of the pension plan from which the Locked-In assets originate;
- a spouse or former spouse of a member or former member of the pension plan from which the Locked-In assets originate.

RIF 0694
29 novembre 2007

Name of the Annuitant: _____ Account number: _____

Desjardins Securities is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and a member of the Canadian Investor Protection Fund (CIPF).