

**ADDENDUM TO THE DESJARDINS SECURITIES INC. SELF-DIRECTED RETIREMENT INCOME FUND DECLARATION OF TRUST (RIF 694)
FOR LOCKED-IN PENSION (NEW BRUNSWICK) TRANSFERS TO
A LIFE INCOME FUND (LIF)**

In this Addendum, "Trustee" means Desjardins Trust Inc. and "Agent" means Desjardins Securities Inc. "Fund" means the Desjardins Securities Inc. Life Income Fund (New Brunswick). "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. "Annuitant" has the same meaning as this term is used in the Declaration of Trust and with "owner" as defined in section 22 of the Regulation.

Upon receipt of a locked-in pension benefit pursuant to the *Pension Benefits Act* (New Brunswick), the Trustee, the Agent and the Annuitant agree that the presents shall form part of the terms and conditions of the Fund.

1. For the purposes of this Addendum, the word "Act" means the *Pension Benefits Act*, S.N.B. 1987, c.P-5.1, as amended from time to time, and the word "Regulation" means the *General Regulation-Pension Benefits Act*, N.B. Reg. 91-195, as amended from time to time.
 2. For the purposes of this Addendum, all terms defined in section 1 of the Act and sections 2, 21 and 22 of the Regulation shall have the same meanings herein as are respectively given to those terms in the Act and the Regulation. Notwithstanding the foregoing, "spouse" and "common-law partner" do 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* (Canada) respecting a registered retirement income fund.
 3. Subject to this Addendum, all property, including all investment earnings, that is subject to any transfer to or from the Fund, as defined by the Declaration of Trust, is to be used to provide or secure a pension that would, but for such transfer or any previous transfers, be required by the Act and the Regulation.
 4. The fiscal year of the Fund ends on December 31 of each year and shall not exceed 12 months in length.
 5. The Annuitant, by notice in writing to the Agent, 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 intervals of greater than one year where the Trustee guarantees the rate of return of the Fund during each such interval and such intervals end at the end of a fiscal year of the Fund. If the Annuitant does not provide such notice in writing to the Agent in any given year, the minimum amount determined under section 20 hereof shall be deemed to be the amount to be paid in such year.
 6. The Annuitant may transfer, to the extent permitted by paragraph 146.3(2) (e) of the *Income Tax Act* (Canada), all or part of the balance of the Fund:
 - (i) to purchase a life or deferred life annuity that meets the requirements of section 23 of the Regulation and paragraph 60(l) of the *Income Tax Act* (Canada), provided that if the Fund resulted from the transfer of the commuted value of a pension benefit which value was determined in a manner that did not differentiate on the basis of sex, the immediate life annuity purchased with the property of the Fund shall not differentiate on the basis of sex; or
 - (ii) to another retirement savings arrangement that conforms with the Act and Regulation and which is registered with the Superintendent or which conforms to similar legislation in another jurisdiction.
- Subject to the foregoing, no withdrawal, commutation or surrender of property is permitted except where an amount is required to be paid to the Annuitant to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada) in respect of the Fund.
7. A transfer pursuant to clause 6 of this Addendum will be effected thirty days after a request therefore by the Annuitant has been received by the Agent, provided that the Trustee has been given, through the Agent, all of the information required to process such a transfer. The foregoing does not apply with respect to the transfer of property in the form of securities whose term of investment extends beyond the thirty-day period. If assets in the Fund consist of identifiable and transferable securities, the Agent may transfer the securities with the consent of the Annuitant.
 8. The Annuitant may request that the Superintendent approve the transfer of an amount from the Fund to a registered retirement income fund as defined in the *Income Tax Act* (Canada) that is not a life income fund by filing with the Superintendent completed Forms 3.3 and 3.4 to the Regulation and the Superintendent shall approve the transfer if: (a) an amount has never previously been transferred pursuant to clause 22(6.1) of the Regulation on behalf of the Annuitant and (b) the amount to be transferred is not greater than the maximum unlocking amount.
 9. The Annuitant's rights with respect to the investment of property of the Fund shall be as set out in the Declaration of Trust.
 10. The method and factors used to establish the value of the Fund for the purposes of (a) a transfer of assets, (b) the purchase of a life or deferred life annuity contract and (c) a payment or transfer on the death of the Annuitant, shall be as set out in the Declaration of Trust.
 11. The Agent acting on behalf of the Trustee, before transferring out property from the Fund where permitted pursuant to this Addendum, will advise the transferee in writing of the locked-in status of the property and make acceptance of the transfer subject to the conditions provided for in the Act and the Regulation.
 12. At the beginning of the fiscal year of the Fund, until the date on which all the money in the Fund is converted into

a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, the Trustee, acting through the Agent, shall provide the Annuitant a statement indicating: (a) the amount of money deposited, its source, the accumulated earnings of the Fund and the withdrawals from the Fund during the immediately preceding fiscal year; (b) any fees deducted since the preparation of the previous such statement and the balance of the money in the Fund at the beginning of the fiscal year of the Fund; (c) the maximum amount that must be paid to the Annuitant as income during the fiscal year; and (d) the minimum amount that must be paid to the Annuitant as income during the fiscal year.

13. If the Annuitant of the Fund dies before the conversion of the balance of the money in the Fund into a life annuity, the Trustee, acting through the Agent, shall provide the Annuitant's spouse, "common-law partner", beneficiary, administrator or executor, as the case may be, with a statement containing the information listed in clause 12, determined as of the date of the Annuitant's death.

14. If the balance of the money in the Fund is, under a contract, converted to a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, the Trustee, acting through the Agent, shall provide the Annuitant with the information listed in clause 12, determined as of the date of the conversion or transfer.

15. Notwithstanding any beneficiary designation the Annuitant may make under the Fund, upon the Annuitant's death prior to signing a contract under which an annuity is purchased under subclause 6(i), the balance of the money in the Fund shall be paid:

- (i) to the spouse or common-law partner of the Annuitant, unless the spouse or common-law partner waives on Form 3.02 all rights that he or she may have in the account under the Law, the Regulation or the contract,
- (ii) if the Annuitant has a spouse or common-law partner who has waived all rights under subclause (i) or if the Annuitant does not have a spouse or common-law partner, to a beneficiary on death designated by the Annuitant, or
- (ii) if the Annuitant has a spouse or common-law partner who has waived all rights under subclause (i) or if the Annuitant does not have a spouse or common-law partner and if the Annuitant has not designated a beneficiary on death, to the estate of the Annuitant.

16. The Annuitant will be paid an income, the amount of which may vary annually. Payments from the Fund must begin:

- (i) no earlier than the earlier of:
 - (a) the earliest date on which the former member is entitled to receive pension benefits under the Act as a result of termination of employment or termination of membership in any pension plan from which pension benefits were transferred to the Fund; or
 - (b) the earliest date on which the former member is entitled to receive pension benefits under any pension plan described in subclause (a) above as a result of termination of employment or termination of membership in such plan; and

(ii) no later than the last day of the second fiscal year of the Fund.

17. On marriage or common-law partnership breakdown, the property, including all investment earnings in the Fund shall be divided between the Annuitant and his or her spouse or common-law partner in accordance with sections 27 to 33 of the Regulation applied with the necessary modifications.

18. The Trustee and the Agent hereby affirm that the property of the Fund shall conform with the rules for the investment of property in a registered retirement income fund pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.

19. The amount of income paid out of the Fund during a fiscal year must not exceed the maximum amount "M" or be less than the minimum amount "m" calculated in accordance with the following formulas:

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

And

$m=C/H$ where:

C is the balance of money in the Fund on the first day of the fiscal year;

F is the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is one dollar payable on the first day of each fiscal year between the first day of the fiscal year and the thirty-first day of December, inclusive, of the year in which the Annuitant attains the age of ninety years; and

H is the number of years between the first day of January of the year in which the calculation is made and the thirty-first day of December of the year in which the Annuitant attains the age of ninety years, inclusive.

Except that for the initial fiscal year of the Fund, m shall be equal to zero.

20. The value of F in clause 19 of this Addendum shall be established, by the parties to this Addendum, at the beginning of each fiscal year of the Fund using:

- (a) an interest rate of not more than six (6) per cent per year, or
- (b) for the first fifteen years after the valuation of the Fund, an interest rate exceeding six (6) per cent 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 calendar year in which the calculation is made, as published in the Bank of Canada Review as CANSIM Series B14013 and using an interest rate not exceeding six (6) percent per year in subsequent years.

21. The amount of income paid out of the Fund during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds pursuant to the *Income Tax Act* (Canada), as amended from time to time. The minimum payment amount shall be deemed to be zero for the initial fiscal year of the Fund. If the minimum amount to be paid out of the Fund is greater than the maximum amount, determined

pursuant to the Regulations, the minimum amount must be paid out of the Fund during the fiscal year.

22. If a part of the Fund is derived from money transferred directly or indirectly from another life income fund of the Annuitant, the maximum amount that may be paid out of the Fund in the fiscal year in which the money is transferred shall be deemed to be zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount. If in any fiscal year of the Fund, an additional transfer is made to the Fund from a source other than another life income fund, an additional withdrawal will be allowed in that fiscal year, the amount of which will not exceed the maximum amount calculated in accordance with clause 19 of this Addendum computed as if the additional transfer was transferred into a separate life income fund and not this Fund.
23. A lump sum or series of payments of the whole or part of the property in the Fund may be made to the Annuitant if a physician certifies in writing to the Agent that the Annuitant suffers from a significant mental or physical disability that considerably reduces life expectancy and, if the Annuitant has a spouse or common-law partner, the Annuitant delivers to the Agent a completed spousal waiver on Form 3.01 prescribed by the Regulation.
24. No pension benefits that are not locked-in will be transferred to or held under the Fund.

25. The property in the Fund, including investment earnings, shall not be assigned, charged, anticipated or given as security and is exempt from execution, seizure, attachment or other process of law except under and in accordance with section 44 (marriage or common-law partnership breakdown) and subsection 57(6) (support or maintenance order) of the Act, and any transaction purporting to assign, charge, anticipate or give as security such property is void.

26. This Addendum shall not be amended unless such amendment is in compliance with the provisions of the Act, the Regulation and the *Income Tax Act* (Canada).

27. The conditions of this Addendum will take precedence over the provisions in the Declaration of Trust in the case of conflicting or inconsistent provisions.

28. The Trustee, the Agent and the Annuitant hereby agree to be bound by the provisions contained in the Declaration of Trust and this Addendum.

Name of annuitant: _____

Account number: _____

**NBF0291
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