

**LEAGUE SAVINGS AND MORTGAGE
LIFE INCOME FUND – SPECIMEN # 210**

**Agreement under the
Newfoundland and Labrador Pension Benefits Act, 1997
For Locked-In Pension Transfers to a
LIFE INCOME FUND (LIF)**

ANNUITANT'S IDENTIFICATION

Name: _____
Address: _____
Account # _____

WHEREAS the Annuitant has applied for a Life Income Fund ("the Plan") with League Savings and Mortgage Company ("the Issuer") to receive and hold funds governed by the Newfoundland and Labrador Pension Benefits Act 1997 ("the Act") and the Regulations and Directives ("the Regulations") thereto.

AND WHEREAS the Issuer has agreed to apply for the registration of the Plan, as a Life 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 Issuer, that the full amount of locked-in funds transferred from the

Locked-in RRSP ("LIRA"), Registered Pension Plan ("RPP"), Life Income Fund ("LIF") or Locked-in Retirement Income Fund ("LRIF") to the Plan, inclusive of all future investment earnings and gains or losses accruing thereto, shall be governed by the terms and conditions of this Agreement and thereafter by the Plan as approved by CRA from time to time. In the event the conditions in this Agreement conflict with the Act, the conditions of the Act shall prevail.

1. **Life Income Fund.** A Life Income Fund (LIF) means a Registered Retirement Income Fund established in accordance with the *Income Tax Act* (Canada) that is locked-in in accordance with the Regulations and meets the conditions set out in Directive 5 of the Newfoundland and Labrador Pension Benefits Act, 1997.
2. **Pension Legislation.** For the purposes of this Agreement, the word "Act" means *the Pension Benefits Act, 1997* (Newfoundland and Labrador), the word "Directives" means the Directives issued under the Act and the word "Regulations" means the Regulations made under the Act (the Act, Directives and Regulations collectively referred to as the "Applicable Pension Legislation").
3. **Annuitant.** For the purposes of this Agreement, the "Annuitant" means the member or former member of a pension plan who has made a transfer pursuant to section 40 of the Act to a LIF 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.
4. **Spouse.** For the purposes of this Agreement, the word "Spouse" and "Cohabiting Partner" have the same meanings as are respectively given to these words in the Applicable Pension Legislation, but will not include any person who is not recognized as a spouse or cohabiting partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting Life Income Funds.
5. **Principal Beneficiary.** For the purposes of this Agreement, the word "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 Act.
6. **Fiscal Year.** The fiscal year of the LIF ends on December 31 of each year and will not exceed 12 months.
7. **Life Annuity Contract.** Means an arrangement made to purchase, through a person authorized under the laws of Canada or a province to sell annuities as defined in the *Income Tax Act* (Canada), a non-commutable pension, in accordance with Directive No. 6, that will not commence before that person attains the age of 55 years, or, if that person provides evidence to the satisfaction of the Issuer that the plan or any of the plans from which the money was transferred provided for payment of the pension at an earlier age, that earlier age will apply.
8. **Contributions.** The Annuitant acknowledges that all benefits to be transferred to the LIF and all investment earnings thereon are subject to the locking-in provisions of the Act. No money that is not locked-in will be transferred to or held under the Plan. LIF contracts can be funded by locked-in funds transferred directly from an eligible Registered Pension Plan (RPP), a Locked-in Retirement Account (LIRA), a Life Income Fund (LIF), or a Locked-in Retirement Income Fund (LRIF) of the same jurisdiction or

on relationship breakdown from a LIF, LRIF, LIRA, RPP or the spouse or former spouse of the Annuitant. Direct transfer pursuant to a decree, order, judgement of a court, or written separation agreement on or after relationship breakdown. The assets in the LIF shall include all property deposited into the LIF and all investment earnings thereon. The LIF assets shall be invested in a manner that complies with the rules for investment of money in a LIF.

9. **Commencement of Payments.** The Annuitant will be paid an income, the amount of which may vary annually, which will not begin before the earlier of 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 money was transferred and not later than the last day of the second fiscal year.
10. **Payments During Initial Fiscal Year.** For the initial fiscal year of the LIF, the Maximum Amount and the Maximum Temporary Income Amount will be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.

If LIF assets are derived from assets transferred directly or indirectly during the first fiscal year of the LIF from another Life Income Fund or Locked-in Retirement Income Fund of the Annuitant, the Maximum Amount and the Maximum Temporary Income Amount shall be deemed to be zero.

11. **Establishment of Payment Amounts.** The Annuitant is to decide the amount of income to be paid out of the LIF during each fiscal year of the LIF at the beginning of that fiscal year, or at such other time as may be agreed upon by the Issuer and the Annuitant, and such decision will expire at the end of the fiscal year to which it relates. If the Annuitant does not decide the amount to be paid out of the LIF, the minimum amount discussed below will be paid.

The amount of income paid out of the LIF during a Fiscal Year will not be less than the **Minimum** amount prescribed for Registered Retirement Income Funds under the *Income Tax Act* and will not exceed the **Maximum**, being the greater of (i) and (ii) as follows:

- (i) The amount calculated using the following formula:
$$\frac{C}{F}$$
In which
C = the value of the assets in the LIF at the beginning of the fiscal year.
F = the present value, at the beginning of the fiscal year, of a pension of which the annuity payment is \$1 payable at the beginning of each fiscal year between the date and the 31st day of December of the year in which the annuitant reaches ninety years of age; and
- (ii) The amount of the investment earnings, including any unrealized capital gains or losses, of the LIF in the immediately previous fiscal year.

The value "F" above will be established at the beginning of each fiscal year of the LIF using an interest rate as follows:

- (a) For the first fifteen (15) years after the date of the valuation, the greater of 6% per year and the percentage 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 under identification number V122487 in the CANSIM system; and
- (b) For the sixteenth (16) and each subsequent year, a rate of 6% per year

Where the Maximum Amount is less than the Minimum Amount, the Minimum Amount will be paid.

12. **Additional Temporary Income Payments.** The Annuitant shall be entitled to receive additional temporary income from the LIF provided that:
 - (a) The Annuitant submits to the Issuer an application for additional temporary income on a form approved by the Superintendent, accompanied by the written consent of the principal beneficiary of the Annuitant where the Annuitant is a former member of a pension plan;
 - (b) The total pension income received by the Annuitant for the calendar year in which the additional temporary income is made from all pension plans, life annuities, Life Income Funds, Locked-in Retirement Income Funds governed by the Newfoundland pension benefits legislation or established or governed by an Act of Canada or another Province or Territory, except income from a pension under the *Canada Pension Plan*, is less than 40% of the year's maximum pensionable earnings (**YMPE**) under the calendar year in which the application is made, and
 - (c) The Annuitant has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes application for additional temporary income.

The amount of the additional temporary income paid out of the LIF in a fiscal year must not exceed the "maximum" calculated as follows:

$$\text{Maximum Temporary Income Amount} = \mathbf{A} - \mathbf{B}$$

$\mathbf{A} = 40\%$ of the YMPE for the calendar year in which an application is made

$\mathbf{B} =$ the maximum amount of income the Annuitant is entitled to receive from all Life Income Funds, Locked-in Retirement Income Funds, life annuity contracts and pension plans governed by the Act or

established under or governed by an Act of Canada or another Province or Territory, except income from a pension under the *Canada Pension Plan*, for the calendar year in which the application is made.

13. **Adjustments to Payments Due to Transfers-In.** Notwithstanding paragraph 12, where a full transfer of a LIF or RLIF contract is transferred into a LIF, during the fiscal year, the receiving institution will calculate the maximum payment and maximum temporary income payment, if applicable, under the receiving LIF. If the maximum calculated exceeds the amount already received by the Annuitant, the difference can be paid to the Annuitant. To permit additional payments, the Issuer must receive written confirmation from the transferring institution confirming the amount paid to the annuitant during the current year. If the amount paid is less than the maximum calculated under the receiving LIF, the difference may be paid to the Annuitant.
14. **Payment due to Small Amount.** The LIF shall provide for a lump sum payment equal to the value of the entire plan on application by the Annuitant to the Issuer 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 or former member would have been entitled to receive a pension benefit under the plan from which money was transferred,
 - (b) The value of all assets in all Life Income Funds (LIFs), Locked-in Retirement Income Funds (LRIFs) and Locked-in Retirement Accounts (LIRAs) owned by the Annuitant and governed by Newfoundland and Labrador pension benefits legislation is less than 40 percent of the YMPE for that calendar year, and
 - (c) The Annuitant has not, within the same fiscal year, elected to receive additional temporary income under subsection 8(f) or, where a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or Locked-in Retirement Income Fund, elected to receive additional temporary income from that LIF or Locked-in Retirement Income Fund.
 - (d) Application for payment is on a form approved by the Superintendent, and
 - (e) Where the Annuitant is a former member of a pension plan, accompanied by a waiver of the joint and survivor pension entitlement by the principal beneficiary of the former member, in the form and manner required by the Superintendent.
15. **Payment due to Shortened Life Expectancy.** The LIF shall 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 acceptable to the Superintendent. Any payment claimed shall be subject to the maturity of investments held in the Plan.
16. **Transfers.** The Annuitant may, provided that the Issuer shall retain such amount as prescribed in paragraph 146.3(2)(e.1) or (e.2) of the *Income Tax Act* transfer all or part of the balance of the Plan to:
 - (a) To another Life Income Fund (LIF)
 - (b) To a Locked-in Retirement Income Fund (LRIF)
 - (c) To purchase an immediate life annuity contract that meets the requirements of the Superintendent and paragraph 60(l) of the Tax Act; or
 - (d) Before December 31st in the year in which the annuitant reaches the age at which a pension benefit is required to begin under the *Income Tax Act* (Canada), to a Locked-in Retirement Account.

The Issuer shall make such transfer within 30 days after the date of the request for transfer by the Annuitant, unless the term agreed to for the investments extends beyond the thirty-day period.

17. **Withdrawals.** No commutation or surrender of LIF assets is permitted, and withdrawals are limited to those permitted under the Act, the Regulations, the Directives, and the Tax Act. If money is paid out contrary to the Act or the Directive, the Issuer will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.

18. **Death of Annuitant.** On the death of the 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 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 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.

- Annuitant is the original RPP member
- Annuitant is not the original RPP member

19. **No Assignment, etc.** The Annuitant hereby agrees that none of the LIF assets may be assigned, charged, anticipated or given as security. Any transaction purporting to the contrary is void.

20. Valuation of Locked-in Assets. The locked-in assets shall be invested and re-invested on the direction of the Annuitant as provided by the RIF Application Form. The value of the locked-in assets at any time will be determined by the Issuer according to regular practice.

21. Amendment. The Issuer may from time to time, amend this Addendum at its discretion, or in order to bring it into compliance with the Act, the Regulations, a Directive, and the Tax Act, by providing ninety (90) days written notice of the proposed amendment by registered mail addressed to the Annuitant at the address set out in the Issuer's records, provided that any such amendments shall not have the effect of disqualifying the LIF as a Registered Retirement Income Fund within the meaning of the Income Tax Act.

An amendment to this Addendum that would result in a reduction in the Annuitant's benefits under the contract is permitted only where the Issuer is required by law to make the amendment and the Annuitant has received a prior notice of at least ninety (90) days indicating the nature of the amendment. The notice, sent by registered mail to the Annuitant at the address set out in the Issuer's records, will inform the Annuitant of his or her right to transfer the value of his or her Account under the terms and conditions of the Plan that existed before the amendment is made. The Issuer will provide the Annuitant at least ninety (90) days after the notice is given to transfer all or part of the value of the account. No other amendment may occur without having given 90 days prior notice to the Annuitant.

22. Statements. At the beginning of each fiscal year, the following information will be provided to the Annuitant:

- (a) The sums deposited to the LIF, the accumulated earnings of the LIF, the payments made out of the LIF and the fees charged against the LIF during the previous fiscal year,
- (b) The balance in the LIF,
- (c) The Minimum amount that must be paid out of the LIF during the current fiscal year,
- (d) The Maximum amount that may be paid out of the LIF during the current fiscal year, and,
- (e) If application, notification that the Annuitant may be entitled to receive additional temporary income under paragraph 11 during the current fiscal year.

If the balance of the LIF is transferred as described in paragraph 16, the Annuitant must be given the information described above as of the date of the transfer.

If the Annuitant dies, the person entitled to receive the balance must be given the information described above, determined as of the date of the Annuitant's death.

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

ANNUITANT'S ACKNOWLEDGEMENT

Annuitant's Signature: _____

Witness: _____

Date: _____

By execution of the Agreement the Issuer hereby undertakes to administer the transferred locked-in funds and all subsequent earnings on such funds in accordance with the provisions of this Agreement.

League Savings and Mortgage (or agent)

6074 Lady Hammond Rd

Halifax NS B3K 2R7

Authorized Signature: _____