

**ADDENDUM ESTABLISHING A LOCKED-IN RETIREMENT ACCOUNT UNDER THE NATIONAL BANK INVESTMENTS INC. SELF-DIRECTED RETIREMENT SAVINGS PLAN**

**RECITALS**

- A. The Annuitant wishes to transfer assets derived, directly or indirectly, from a pension plan governed by the provisions of the Act, or any other source acceptable under the Act, to a locked-in retirement account with the Trustee;
- B. For these purposes, and to comply with the requirements of the Act, the Regulation and the Directive, the Annuitant and the Trustee wish to supplement the declaration of trust of the National Bank Investments Inc. self-directed retirement savings plan entered into between them (the “**declaration**”) with this addendum. In the event of any conflict between the provisions of the declaration and this addendum, the provisions of this addendum prevail. In case of conflict between this addendum and the Directive, the Directive prevails.

**NOW THEREFORE**, the Annuitant and the Trustee agree as follows:

1. **Definitions.** Terms not defined in this addendum have the same meaning as in the declaration, the Act, the Regulation or the Directive. The terms below have the following meaning:
- a) “**Act**” means the *Pension Benefits Act, 1997* (Newfoundland and Labrador);
  - b) “**Directive**” means Directive no. 4 entitled “Locked-In Retirement Account Requirements”. This Directive and the other Directives mentioned in this addendum are issued under the Act;
  - c) “**LIF**” refers to a life income fund, namely a registered retirement income fund within the meaning of the Tax Act that is locked-in in accordance with the Regulation and meets the requirements set out in Directive no. 5;
  - d) “**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 Tax Act, a non-commutable pension, in accordance with Directive no. 6, that will not commence before the Annuitant attains the age of 55 years, or, if the Annuitant provides satisfactory evidence that the plan or any of the plans from which the assets were transferred provided for payment of the pension at an earlier age, that earlier age;
  - e) “**LIRA**” refers to a locked-in retirement account, namely an RSP that is locked-in in accordance with the Regulation and meets the requirements set out in the Directive;
  - f) “**LRIF**” refers to a locked-in retirement income fund, namely a registered retirement income fund within the meaning of the Tax Act that is locked-in in accordance with the Regulation and meets the requirements set out in Directive no. 17;
  - g) “**Regulation**” means the *Pension Benefits Act Regulations* (Newfoundland and Labrador) under the Act;
  - h) “**RSP**” means a retirement savings plan within the meaning of the Tax Act that is registered under that Act;
  - i) “**Spouse**” has the same meaning as that given to the term “principal beneficiary” under the Directive, but does not include any person who is not recognized as a spouse or a common-law partner for the purposes of the provisions of the Tax Act respecting an RSP;
  - j) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations adopted thereunder;
  - k) “**Trustee**” means Natcan Trust Company, 600 De La Gauchetière Street West, 28th Floor, Montréal (Québec) H3B 4L2, the issuer of the Plan also referred to as the “financial institution” in the Regulation and the Directive.
2. **Locked-in assets.** Subject to the Act, the Regulation and the Directive, all assets in the Plan, including investment earnings, but excluding fees, charges, expenses and taxes charged to the Plan are locked-in for the purposes of retirement. No assets that are not locked-in may be transferred to or held in the Plan. The fiscal year of the Plan must end on the 31st day of December and must not exceed twelve months.
3. **Value of the Plan.** The fair market value of the Plan, as determined by the Trustee in good faith, is used to establish the balance of the assets in the Plan at any particular time, including on the death of the Annuitant, the establishment of a Life Annuity Contract or a transfer of assets. Any such determination by the Trustee is conclusive for all purposes hereof.
4. **Investments.** The assets in the Plan are invested in the manner provided in the declaration. They will not be invested directly or indirectly in any mortgage in respect of which the mortgagor is the Annuitant or the parent, brother, sister or child of the Annuitant or the spouse of any of those persons. All investments must comply with the rules set out in the Tax Act regarding investments in an RSP.
5. **Restrictions.** The Annuitant agrees not to assign, charge, anticipate, or give as security assets in the Plan except as permitted under the Act.
6. **Permitted transfers.** Except as otherwise permitted in the Directive, assets in the Plan, including investment earnings, may not be transferred except:
- a) before December 31st in the year in which the Annuitant reaches the age at which a pension benefit is required to begin under the Tax Act, to the pension fund of a registered pension plan subject to the Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Act, or of Canada;
  - b) before December 31st in the year in which the Annuitant reaches the age at which a pension benefit is required to begin under the Tax Act, to another LIRA;
  - c) to purchase a Life Annuity Contract;
  - d) to a LIF;
  - e) to a LRIF.
- The Annuitant’s application for transfer must be in a form satisfactory to the Trustee.
7. **Conditions for transfer.** Before transferring assets from the Plan as mentioned in section 6, the Trustee ensures that the transfer is permitted under the Act and notifies the transferee in writing that the assets transferred are to be administered as a pension benefit under the Act. The transferee must agree to abide by such condition.
8. **Permitted withdrawals.** A withdrawal, commutation or surrender of assets in the Plan, in whole or in part, is not permitted and will be void, unless otherwise permitted by the Directive as in the following circumstances:
- a) **Withdrawal for shortened life expectancy.** The Annuitant may withdraw all or part of the assets as a lump sum or

series of payments, in accordance with the Directive, if the following conditions are met:

- i) a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably; and
  - ii) if the Annuitant is a former member of a pension plan, such payment may only be made if his or her Spouse has waived the joint and survivor pension entitlement in the form and manner required by the Superintendent of Pensions.
- b) **Withdrawal of small balance.** The Annuitant may withdraw a lump sum equal to the value of the entire Plan on application to the Trustee, in accordance with the Directive, if, at the time the Annuitant signs the application, the following conditions are met:

- i) the value of all assets in all LIFs, LRIFs and LIRAs which are held by him or her and subject to the Act is less than 10 percent of the year's maximum pensionable earnings under the *Canada Pension Plan* ("YMPE") for the calendar year in which the application is made;

or

where the Annuitant has reached the earlier of age 55 or the earliest date on which he or she would have been entitled to receive a pension benefit under the plan from which assets were transferred, the value of all assets in all LIFs, LRIFs and LIRAs which are held by the Annuitant and subject to the Act is less than 40% of the YMPE for the calendar year in which the application is made;

and

- ii) within the same calendar year, the Annuitant has not made a withdrawal due to financial hardship from the Plan or, where part of the Plan corresponds to amounts transferred directly or indirectly from another LIRA, LIF or LRIF, the Annuitant has not made a withdrawal due to financial hardship from the original retirement savings arrangement.

The application for withdrawal is made on a form approved by the Superintendent of Pensions and, where the Annuitant is a former member of a pension plan, is accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner required by the Superintendent.

- c) **Withdrawal due to financial hardship.** Subject to any requirements outlined in this subsection, the Annuitant may withdraw a lump sum not greater than the sum of the following amounts on application to the Trustee, in accordance with the Directive:

- i) an amount with respect to one of the following categories:
  - A) **Low income:** Where the Annuitant's 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;
  - B) **Medical expenses :** Where the Annuitant is unable to pay for medical expenses incurred or to be incurred by him or her, his or her Spouse, 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;
  - C) **Disability-related expenses:** Where the Annuitant is unable to pay for disability-related expenses incurred or to be incurred by him or her, his or her Spouse, 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;

- D) **Mortgage payments:** Where the Annuitant or his or her Spouse has received a written notice in respect of a default on a mortgage that is secured against the principal residence of either which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;
- E) **Rental arrears:** Where the Annuitant or his or her Spouse has received a written notice in respect of arrears in the payment of rent for the principal residence of either and either could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or
- F) **First month's rent and security deposit:** Where the Annuitant is unable to pay the first month's rent and the security deposit required to rent a principal residence for him or her or his or her Spouse, the amount required to pay the first month's rent and the security deposit;

and

- ii) the amount of any applicable tax required to be withheld by the Trustee.

The application is made on a form approved by the Superintendent of Pensions and must include any supporting documentation required by the Regulation, which are specified on the form. Where the Annuitant is a former member of a pension plan, the application must be accompanied by the written consent of his or her Spouse, in the form and manner required by the Superintendent. The Annuitant may apply for withdrawal once within a calendar year for each category of financial hardship described in paragraph i) above.

- d) **Withdrawal by non-resident.** The Annuitant may withdraw a lump sum equal to the value of the entire Plan, in accordance with the Directive, where he or she provides the Trustee with:
- i) a statutory declaration in accordance with the *Evidence Act* confirming he or she has resided outside Canada for at least 2 consecutive calendar years and is residing outside of Canada on the date of signing the declaration; and
  - ii) where he or she is a former member of a pension plan, the written consent of his or her Spouse, in the form and manner required by the Superintendent of Pensions.

The Trustee may rely upon the information provided by the Annuitant in any application made pursuant to this section and such application constitutes sufficient authorization to withdraw assets from the Plan.

- 9. **Joint pension.** The pension benefit payable to a former member who has a Spouse at the date the pension commences is a joint and survivor pension benefit with at least 60% continuing to be payable to the survivor for life after the death of the former member unless the Spouse waives the entitlement in the form and manner required by the Superintendent of Pensions.
- 10. **Death of the Annuitant:** On the death of a former member of a pension plan who has a Spouse, the surviving Spouse, or where there is no surviving Spouse or the surviving Spouse has waived entitlement in the form and manner required by the Superintendent of Pensions, a designated beneficiary, or where there is no designated beneficiary, the estate of the Annuitant is entitled to a lump sum payment of the full value of the Plan. Where, however, the Annuitant is not a former member of a pension plan, the full value of the Plan is paid to the designated beneficiary or, where there is no such beneficiary, to the Annuitant's estate.
- 11. **Marriage breakdown.** This addendum is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.

**12. Differentiation on the basis of sex.** Where the commuted value of a pension benefit transferred to the Plan is determined in a manner that does not differentiate on the basis of sex, the Life Annuity Contract purchased with the assets in the Plan may not make such a differentiation.

**13. Irregular payment.** If assets are paid out contrary to the Act or the Directive, the Trustee will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the assets not been paid out, unless the payment is attributable to a false declaration by the Annuitant.

**14. Amendment.** The Trustee may not amend this addendum except where it has given the Annuitant at least 90 days written notice and an explanation of the proposed amendment.

An amendment that would result in a reduction in the Annuitant's benefits under this addendum 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 Plan under the terms of the addendum that existed before the amendment is made.

When making such an amendment, the Trustee provides written notice to the Annuitant of the nature of the amendment and allows him or her at least 90 days after the written notice is given to transfer all or part of the balance in the Plan.

Notice under this section is sent either by mail to the Annuitant's address as set out in the records of the Trustee or, subject to

receiving the authorization of the Annuitant, by electronic means provided that the e-communication is accessible by the Annuitant and capable of being retained to be usable for subsequent reference.

**15. Representations and warranties of the Annuitant.** The Annuitant represents and warrants the following to the Trustee:

- a) The assets transferred herein pursuant to the Act, the Regulation and the Directive are locked-in assets resulting directly or indirectly from the commuted value of a pension benefit;
- b) The provisions of the pension plan do not prohibit the Annuitant from entering into this addendum and, in the event that such prohibition does exist, the Trustee is not liable for the consequences to the Annuitant of executing this addendum nor for anything done in accordance with the provisions hereof; and
- c) The commuted value of the pension benefit transferred herein is not determined in a manner that differentiates on the basis of sex, unless otherwise indicated in writing to the Trustee.

**16. Governing law.** This addendum is to be governed by and construed in accordance with the laws applicable in the Province of Newfoundland and Labrador.

**17. Effective date.** This addendum takes effect on the date of transfer of assets into the Plan.