

ADDENDUM FOR LIFE INCOME FUND (LIF)
Pursuant to the *Pension Benefits Act* (New Brunswick)
Fidelity Clearing Canada ULC SELF-DIRECTED RETIREMENT INCOME FUND
CRA Specimen Plan No. 1735

Plan Issuer – TSX Trust Company
301-100 Adelaide Street West
Toronto, Ontario M5H 4H1
Acting through its Agent, Fidelity Clearing Canada ULC

1. **Legislation.** For the purposes of this Addendum, “Act” means the *Pension Benefits Act* (New Brunswick), “Regulation” means the *Regulation 91-195* made under the Act and “Tax Act” means *the Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time.
2. **Definitions.** All terms in this Addendum which are used in the Act or Regulation have the same meaning as under the Act or Regulation. “Plan” means the Fidelity Clearing Canada ULC Self-Directed Retirement Income Fund. “Planholder” means the planholder or annuitant under the Declaration of Trust and application form in respect of the Plan.
3. **Spouse and Common-Law Partner.** “Spouse” means either of two persons who:
 - (a) are married to each other,
 - (b) are married to each other by a marriage that is voidable and has not been avoided by a declaration of nullity, or
 - (c) have gone through a form of marriage with each other in good faith that is void and have cohabited within the preceding year.

“Common-Law Partner” means either of two persons who, not being married to each other, are cohabiting in a conjugal relationship at the relevant time and have so cohabited for a continuous period of at least two years immediately before the relevant time.

If a person falling within the meaning of “Spouse” and a person falling within the meaning of “Common-Law Partner” both claim a right or a benefit under this Plan, the Spouse is entitled to the right or benefit, if he or she is otherwise eligible, unless there is a valid domestic contract between the Planholder and such person, or a decree, order or judgment of a competent tribunal, that bars the Spouse’s claim.

For the purposes of any provision of the Tax Act respecting registered retirement income funds, “Spouse” or “Common-Law Partner” does not include any person who is not recognized as a spouse or common-law partner under the Tax Act.

4. **Transfers Into the Plan.** The only money that may be transferred into the Plan are the sums originating, directly or indirectly, from:
 - (a) the fund of a pension plan that conforms with the Act and the Regulation or with similar legislation in another jurisdiction, if the money is being transferred under section 36 of the Act or under a similar provision in legislation in another jurisdiction;
 - (b) a locked-in retirement account or another life income fund that conforms with the Act and the Regulation; or
 - (c) a life or deferred life annuity under a contract that conforms with the Act and the Regulation;

Only money that is locked-in will be transferred to and held in the Plan.

The form provided by the Superintendent must be completed by the Planholder, the Plan Issuer and the transferor financial institution or the pension plan administrator (as the case may be), for the transfer of money into the Plan.

5. **Differentiation on the Basis of Sex.** If the information provided in the form for transferring money into the Plan provided by the Superintendent indicates that the commuted value transferred was determined on transfer in a manner that differentiated, while the Planholder was a member of the plan, on the basis of the sex of the Planholder, the only money that may subsequently be transferred into the Plan is money that is also differentiated on the same basis.

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No money, including interest, transferred into the Plan shall subsequently be used to purchase a life or deferred life annuity that differentiates on the basis of the annuitant's sex, unless the commuted value of the deferred pension transferred from the plan into the Plan was determined on transfer in a manner that differentiated, while the Planholder was a member of the pension plan, on the basis of sex of the Planholder.

6. **Conversion to Annuity Prior to Maturity.** Except as otherwise provided in this Addendum or the Regulation, the balance in the Plan, in whole or in part, may be converted at any time only into a life or deferred life annuity that conforms with the Regulation.
7. **Transfers Out of the Plan.** Unless the Plan provides for an early cashing-in value before the expiration of the term agreed to for the investment, the Planholder is entitled at any time after the term has expired and in accordance with the Regulation:
 - (a) to transfer before a conversion referred to in clause 6 of this Addendum, the balance in the Plan, in whole or in part, to the pension fund of a pension plan that conforms with the Act and the Regulation (or with similar legislation in another jurisdiction provided that if the pension plan is not registered in New Brunswick, it is registered for persons employed in a designated jurisdiction and the Planholder is employed in that jurisdiction by an employer who is making contributions on behalf of the Planholder to the pension fund that is to receive the amount transferred);
 - (b) to transfer before a conversion referred to in clause 6 of this Addendum, the balance in the Plan, in whole or in part, to a retirement savings arrangement that conforms with the Act and the Regulation; or
 - (c) to convert the balance in the Plan, in whole or in part, into a life or deferred annuity that conforms with the Regulation.

Subsections 21(8.1) to (11) of the Regulation apply, to the extent applicable, with necessary modifications.

8. **No Surrender or Commutation.** No money in the Plan shall be commuted or surrendered during the lifetime of the Planholder, except under clause 17 or 28 of this Addendum or permitted by the Act. Any transaction in contravention of this clause is void.
9. **Requirement to Pay Annual Income.** The Planholder will be paid an income from the Plan, the amount of which may vary annually, until the day on which the entire balance of the money in the Plan is converted into a life annuity.
10. **Commencement of Annual Income.** The payment of income to the Planholder shall commence not later than the last day of the second fiscal year of the Plan.
11. **Fiscal Year of Plan.** The fiscal year of the Plan ends at midnight on December 31 in each year and shall not exceed 12 months in length.
12. **Amount of Annual Income.** Subject to clauses 13 and 14 of this Addendum, the amount of income payable during a fiscal year of the Plan shall not be more than the Maximum Amount ("**M**") or less than the Minimum Amount ("**m**"), where "**M**" and "**m**" are calculated using the following formulas:

$$M = C/F; \text{ and}$$

$$m = C/H$$

where

C = the balance of the money in the Plan on the first day of the fiscal year;

F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is \$1 payable on the first day of each fiscal year between the first day of the fiscal year and December 31st, inclusive, of the year in which the Planholder attains the age of 90 years; and

H = the number of years between January 1st of the year in which the calculation is made and December 31st of the year in which the Planholder attains the age of 90 years.

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Notwithstanding the above formula for the Minimum Amount, the Minimum Amount for a fiscal year may not be less than the minimum amount required to be paid by the Plan for the year under the Tax Act. If the Maximum Amount is less than the Minimum Amount under the Tax Act, the Minimum Amount under the Tax Act shall be paid.

13. **Income Calculation.** The value of F in a calculation under clause 12 of this Addendum shall be established by the Plan Issuer and the Planholder at the beginning of each fiscal year of the Plan using:
- (a) an interest rate of not more than 6% per year, or
 - (b) for the first 15 years after the valuation of the Plan, 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 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 6% per year in subsequent years.
14. **Annual Income in Initial Fiscal Year.** For the first fiscal year of the Plan, the Minimum Amount (m) will be equal to zero. If the money in the Plan is derived from money transferred directly or indirectly during the first fiscal year of the Plan from another LIF of the Planholder, the Maximum Amount (M) shall be zero.
15. **Establishing Amount of Payments.** The amount of income during each fiscal year of the Plan shall be established by the Planholder once every year at the beginning of the fiscal year of the Plan or at intervals of greater than one year (if the Plan Issuer guarantees the rate of return of the Plan during each such interval and such intervals end at the end of a fiscal year of the Plan).
16. **Income Payable at Intervals of Greater than One Year.** If the amount of income payable to the Planholder is established under clause 15 of this Addendum at intervals that are greater than one year, clauses 12 to 14 of this Addendum apply with necessary modifications to the establishment of the amount of income payable in each fiscal year in the interval and the amount shall be established at the beginning of the first fiscal year in the interval.
17. **Withdrawal for Shortened Life Expectancy.** The Planholder may withdraw the balance in the Plan, in whole or in part, and receive a payment or a series of payments if a physician certifies in writing to the Plan Issuer that the Planholder suffers from a significant physical or mental disability that considerably reduces life expectancy and, if the Planholder has a Spouse or Common-Law Partner, the Planholder delivers to the Plan Issuer a waiver completed by the Spouse or Common-Law Partner in the form provided by the Superintendent.
18. **Withdrawal for Non-Residency.** The Planholder may, in accordance with the Regulation, withdraw the balance in the Plan if:
- (a) the Planholder and his or her Spouse or Common-Law Partner, if any, are not Canadian citizens;
 - (b) the Planholder and his or her Spouse or Common-Law Partner, if any, are not resident in Canada for the purposes of the Tax Act; and
 - (c) the Planholder's Spouse or Common-Law Partner, if any, waives any rights that he or she may have in the Plan under the Act, the Regulation or this Addendum.
19. **Commuted Value on Division.** The commuted value of the Planholder's benefits provided under the Plan shall be determined in accordance with the Act and the Regulation if it is divided under section 44 of the Act.
20. **Marriage Breakdown Provisions.** Sections 27 to 33 of the Regulation, with necessary modifications, shall apply to the division of money in the Plan on the breakdown of a marriage or common-law partnership.
21. **No Assignment.** No money in the Plan shall be assigned, charged, anticipated, given as security, or subjected to execution, seizure, attachment or other process of law, except as provided by the Act. Any transaction in contravention of this clause is void.
22. **Death of the Planholder.** If the Planholder dies before signing a contract under which an annuity is purchased under clause 6 of this Addendum, the balance of the money in the Plan shall be paid:

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- (a) to the Planholder's Spouse or Common-Law Partner, unless the Spouse or Common-Law Partner waives in the form provided by the Superintendent all rights that he or she may have in the Plan under the Act, the Regulation or this Addendum;
- (b) if the Planholder has a Spouse or Common-Law Partner who has waived all rights under paragraph (a) above, or if the Planholder does not have a Spouse or Common-Law Partner, to a beneficiary on death designated by the Planholder; or
- (c) if the Planholder has a Spouse or Common-Law Partner who has waived all rights under paragraph (a) above, or if the Planholder does not have a Spouse or Common-Law Partner and the Planholder has not designated a beneficiary on death, to the estate of the Planholder.

23. **Investment.** The assets in the Plan will be invested and reinvested as provided in the Declaration of Trust in respect of the Plan.

24. **Transfer of Securities.** A transfer under clause 7(a), 7(b) or 29(a) of this Addendum may, at the option of the Plan Issuer and if not otherwise stipulated in this Addendum, be effected by the remittance of the investment securities respecting the Plan.

25. **Timing of Transfers.** Unless the Plan provides for an early cashing-in value before the end of the term agreed to for the investments, if there is money invested in the Plan that may be transferred under clause 7(a), 7(b) or 29(a) of this Addendum, such funds shall be transferred no more than 30 days after the Planholder's application for the transfer.

26. **Transfer to RRIF.** Despite clause 12 of this Addendum, the Planholder and, if applicable, his or her Spouse or Common-Law Partner may request that the Superintendent approve the transfer of an amount from the Plan to a registered retirement income fund as defined in the Tax Act that is not a life income fund by completing and filing with the Superintendent the forms provided by the Superintendent, and the Superintendent shall approve the transfer if:

- (a) an amount has never previously been transferred under this clause on behalf of the Planholder; and
- (b) the amount to be transferred is not greater than the "maximum unlocking amount".

"Maximum unlocking amount" is the lesser of (a) three times the Maximum Amount (**M**) as determined under clause 12 of this Addendum; and (b) 25% of the balance in the Plan on the 1st day of the fiscal year of the Plan in which a transfer is to be made under this clause.

27. **Account Statements.** At the beginning of each fiscal year of the Plan, until the date on which all the money in the Plan is converted to a life or deferred life annuity or transferred to a locked-in retirement account, another LIF or a life or deferred life annuity that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, the Plan Issuer shall provide to the Planholder a statement indicating:

- (a) the amount of money deposited, its source, the accumulated earnings of the Plan and the withdrawals from the Plan 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 Plan at the beginning of the fiscal year of the Plan;
- (c) the maximum amount that may be paid to the Planholder as income during the fiscal year; and
- (d) the minimum amount that must be paid to the Planholder as income during the fiscal year.

If the balance of the money in the Plan is converted to a life or deferred life annuity or transferred to a locked-in retirement account, another LIF or a life or deferred life annuity that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, the Plan Issuer will provide the Planholder with a statement containing the information listed in paragraphs (a) and (b) above determined as of the date of conversion or transfer. If the Planholder dies before the conversion of all the money in the Plan into a life annuity, the Plan Issuer will provide a statement containing the information listed in paragraphs (a) and (b) above determined as of the date of the Planholder's death, to the Planholder's Spouse, Common-Law Partner, beneficiary, administrator or executor, as the case may be.

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28. **Overcontribution.** Subject to the Act and the Regulation, the Planholder may withdraw an amount from the Plan where:

- (a) the amount is withdrawn to reduce the amount of tax that would otherwise be payable under Part X.1 of the Tax Act by the Planholder; and
- (b) the Plan Issuer, notwithstanding section 20 of the Regulation, establishes a sub-account, that is not a registered retirement savings plan, of the Plan, and the Planholder deposits the amount withdrawn, less any amount required to be withheld by the Plan Issuer under the Tax Act, into the sub-account.

29. **Amendments.** An amendment to this Addendum shall not be made:

- (a) that would result in a reduction of the benefits arising from the Plan unless the Planholder is entitled, before the effective date of the amendment, to transfer the balance of the money in the Plan in accordance with clause 7 of this Addendum and, unless a notice is delivered to the Planholder at least 90 days before the effective date, describing the amendment and the date on which the Planholder may exercise the entitlement to transfer;
- (b) unless the Plan and this Addendum as amended remain in conformity with the Act and the Regulation; or
- (c) except to bring the Plan or this Addendum into conformity with requirements under an Act of the New Brunswick Legislature or other legislation in another jurisdiction.

30. **Conflict.** If there is a conflict between the Act or the Regulation and a provision in this Addendum, the Act and the Regulation will prevail.

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