

**ADDENDUM FOR LIFE INCOME FUND (LIF)**  
**Pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador)**

**FIDELITY CLEARING CANADA ULC SELF-DIRECTED RETIREMENT INCOME FUND**  
**CRA Specimen Plan No. 1735**

**Plan Issuer – TSX Trust Company**  
301- 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, 1997* (Newfoundland & Labrador), “Regulation” means the *Pension Benefits Act Regulations* made under the Act, “Directives” means the *Directives* of the Superintendent, “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, Regulation or Directives have the same meaning as under the Act, the Regulation or Directives. “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, Cohabiting Partner and Principal Beneficiary.** “Spouse” means a person who:
  - (a) is married to the Planholder,
  - (b) is married to the Planholder by a marriage that is voidable and has not been voided by a judgment of nullity, or
  - (c) has gone through a form of a marriage with the Planholder, in good faith, that is void and is cohabiting or has cohabited with the Planholder within the preceding year.

“Cohabiting Partner” means a person who:

- (d) in relation to a Planholder who has a Spouse, is not the Spouse of the Planholder who has cohabited continuously with the Planholder in a conjugal relationship for not less than 3 years, or
  - (e) in relation to a Planholder who does not have a Spouse, has cohabited continuously with the Planholder in a conjugal relationship for not less than 1 year
- and is cohabiting or has cohabited with the Planholder within the preceding year.

“Principal Beneficiary” means the Spouse of a Planholder or where the Planholder has a Cohabiting Partner, the Planholder’s Cohabiting Partner.

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

4. **Valuation.** For determining the value of the assets in the Plan on a particular date (including on the death of the Planholder, on the transfer of assets from the Plan or for establishing a life annuity contract) (a “Valuation Date”), the assets in the Plan shall be valued at their fair market value immediately prior to the Valuation Date. The fair market value shall be determined as follows:
  - (a) by using information of arm’s length transactions involving a cash sale of assets of the same classes or kinds as those in the Plan that occurred on the date immediately prior to the Valuation Date or within a reasonable time prior to the Valuation Date; or
  - (b) if the information under paragraph (a) is not available, by using information of arm’s length transactions involving a cash sale of assets of similar classes or kinds as those in the Plan that occurred on the date immediately prior to the Valuation Date or within a reasonable time prior to the Valuation Date; or
  - (c) if the information under paragraphs (a) and (b) is not available, by using such other reasonably relevant information such as the book value of the assets in the Plan.

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5. **Transfers Out of the Plan.** The Planholder may transfer any or all of the assets in the Plan:
- (a) to another LIF;
  - (b) to a locked-in retirement income fund;
  - (c) to purchase an immediate life annuity contract that meets the requirements of the Superintendent; or
  - (d) before December 31<sup>st</sup> in the year in which the Planholder reaches the age at which a pension benefit is required to begin under the Tax Act, to a LIRA.

The Plan Issuer agrees to make such a transfer within 30 days after the Planholder requests it. This does not apply with respect to the transfer of assets held as securities whose term of investment extends beyond the 30-day period.

6. **Investment of Plan Assets.** The money in the Plan shall be invested and re-invested by the Planholder as provided in the Declaration of Trust in respect of the Plan.
7. **Fiscal Year of Plan.** The fiscal year of the Plan ends on December 31 of each year and must not exceed 12 months.
8. **Payment Out of the Plan.** Payment out of the Plan must not begin before the earlier of age 55 or the earliest date on which the member or former member could receive a pension benefit under the Act or the originating pension plan from which the money in the Plan was transferred. Payment must not begin later than the last day of the second fiscal year.
9. **Amount of Payments.** The Planholder must notify the Plan Issuer of the amount to be paid out of the Plan for each fiscal year. If the Planholder does not give instructions as to the amount of the payments for a year, the minimum amount prescribed for a registered retirement income fund under the Tax Act will be paid.

The Planholder must notify the Plan Issuer of the amount to be paid out the beginning of the fiscal year of the Plan or at another time if the Plan Issuer agrees and the notification expires at the end of the fiscal year to which it relates.

10. **Amount of Annual Income.** The amount of income paid out of the Plan during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the Tax Act and must not exceed the "maximum", being the greater of **A** and **B**.

$$A = C/F$$

in which

**C** = the value of assets in the Plan at the beginning of the fiscal year; and

**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 that date and the 31<sup>st</sup> day of December of the year in which the Planholder reaches 90 years of age.

**B** = the amount of investment earnings, including any unrealized capital gains or losses, of the Plan in the immediately previous year.

11. **Value of F.** The value of F in clause 10 of this Addendum must be established at the beginning of each fiscal year of the Plan using an interest rate as follows:
- (a) for the first 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 16<sup>th</sup> and each subsequent year, a rate of 6% per year.

12. **Additional Temporary Income.** Subject to clause 13 of this Addendum, the Planholder is entitled to receive additional temporary income where:

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- (a) the maximum amount of income the Planholder is entitled to receive for the calendar year in which the application is made, calculated as “B” under clause 13 of this Addendum, is less than 40% of the Year’s Maximum Pensionable Earnings (YMPE) under the *Canada Pension Plan* for the calendar year in which the application is made; and
- (b) the Planholder has not reached his or her 65<sup>th</sup> birthday at the beginning of the fiscal year in which he or she makes application for additional temporary income.

13. **Amount of Additional Temporary Income.** The amount of the additional temporary income paid out of the Plan in a fiscal year must not exceed the “maximum” in the following formula:

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

in which

**A** = 40% of the YMPE for the calendar year in which an application is made.

**B** = the maximum amount of income the Planholder is entitled to receive from all LIFs, LRIFs, life annuity contracts and pension plans governed by the Act or established by 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.

14. **Application for Additional Temporary Income.** An application for additional temporary income under clause 12 of this Addendum shall be:

- (a) on a form approved by the Superintendent,
- (b) where the Planholder is a former member of a pension plan, accompanied by the written consent of the Planholder’s Principal Beneficiary, and
- (c) submitted to the Plan Issuer at the beginning of the fiscal year of the Plan, unless otherwise permitted by the Plan Issuer.

15. **Initial Year.** For the initial year of the Plan, the “maximum” in clauses 10 and 13 of this Addendum shall 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.

16. **Maximum Where Assets Transferred from Another LIF or LRIF.** If a part of the Plan corresponds to amounts transferred directly or indirectly from another LIF or LRIF of the Planholder during the fiscal year, the “maximum” in clauses 10 and 13 of this Addendum shall be deemed to be zero in respect of the part transferred in.

Notwithstanding the above paragraph, the Plan Issuer may allow money to be paid to the Planholder provided that the total amount received by the Planholder from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the maximum in clauses 10 and 13 of this Addendum for that part. In this case, the Plan Issuer must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the Plan.

17. **Improper Payment.** If money is paid out contrary to the Act or Directive No. 5, the Plan 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. **Withdrawal for Shortened Life Expectancy.** The Planholder may withdraw the money in the Plan 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 Planholder is likely to be shortened considerably, but where the Planholder is a former member of a pension plan such payment may only be made if the Principal Beneficiary of the Planholder has waived the joint and survivor pension entitlement in a form and manner acceptable to the Superintendent.

19. **Withdrawal for Small Amount.** The Planholder may withdraw all the money in the Plan as a lump sum payment on application by the Planholder to the Plan Issuer for payment if, at the time the Planholder signs the application,

- (a) the Planholder has reached the earlier of age 55 or the earliest date on which the member or former member would have been entitled to receive a pension benefit under the plan from which money was transferred;

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- (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by the Planholder and governed by the Act is less than 40% of the YMPE for that calendar year; and
- (c) the Planholder has not, within the same fiscal year, elected to receive additional temporary income under clause 12 of this Addendum or, where a part of the Plan corresponds to amounts transferred directly or indirectly from another LIF or a locked-in retirement income fund, elected to receive additional temporary income from that LIF or locked-in retirement income fund.

An application under this clause shall be on a form approved by the Superintendent and, where the Planholder 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.

20. **No Assignment.** The Planholder will not assign, charge, anticipate or give as security money payable under the Plan.
21. **Death of Planholder.** On the death of the Planholder who is a former member 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 the full value of the Plan as a lump sum.

Where the Planholder is not a former member, the full value of the Plan shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the Planholder's estate.

22. **Securities.** If the assets in the Plan consist of identifiable and transferable securities, the Plan Issuer may transfer the securities with the consent of the Planholder.
23. **Information to be Provided.** At the beginning of each fiscal year, the following information must be provided by the Plan Issuer to the Planholder:
- (a) in relation to the previous fiscal year: the sums deposited; the amount of the investment earnings, including any unrealized capital gains or losses; the payments made out of the Plan; and fees charged;
  - (b) the value of the assets in the Plan;
  - (c) the minimum amount that must be paid out of the Plan to the Planholder during the current fiscal year;
  - (d) the maximum amount of income under clause 10 of this Addendum that may be paid out of the Plan to the Planholder during the current fiscal year; and
  - (e) if applicable, notification that the Planholder may be entitled to receive additional temporary income under clause 12 of this Addendum during the current fiscal year.

If the balance of the Plan is transferred as described in clause 5 of this Addendum, the Planholder must be given the information described in paragraphs (a) to (e) above determined as of the date of transfer. If the Planholder dies, the person entitled to receive the balance must be given the information described in paragraphs (a) to (e) above determined as of the date of the Planholder's death.

24. **Amendment.** Subject to the second paragraph below, the Plan Issuer shall not amend this Addendum except where the Plan Issuer has given the Planholder at least 90 days' notice of a proposed amendment.

An amendment that would result in a reduction of the Planholder's benefits under the Plan is permitted only where

- (a) the Plan Issuer is required by law to make the amendment; and
- (b) the Planholder is entitled to transfer the balance in the Plan under the terms of the Plan that existed before the amendment is made.

When making an amendment under the 2<sup>nd</sup> paragraph above, the Plan Issuer shall,

- (c) notify the Planholder of the nature of the amendment; and

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- (d) allow the Planholder at least 90 days after the notice is given to transfer all or part of the balance in the Plan.

Notice of amendment must be sent by registered mail to the Planholder's address as set out in the records of the Plan Issuer.

- 25. **Conflict.** If there is a conflict between the Act or the Regulation or Directive No. 5 and a provision in this Addendum, the Act, the Regulation or Directive No. 5 will prevail.