

# Supplementary Terms for Life Income Fund (LIF)

Pursuant to the Pension Benefits Act (Nova Scotia)  
Addendum — Nova Scotia LIF

## BMO InvestorLine Inc. Retirement Savings Plan

Plan Issuer — BMO Trust Company

100 King St. W., 41st Floor, Toronto, Ontario M5X 1H3

Acting through its Agent, BMO InvestorLine Inc.

Client name	Branch code	Account number
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Upon receipt of locked-in pension assets pursuant to the Pension Benefits Act (Nova Scotia), and in accordance with the instructions of the Planholder to transfer the assets to a Nova Scotia life income fund, the Plan Carrier and Planholder agree that the provisions of these Supplementary Terms are appended to and form additional terms of the declaration of trust for the above-named retirement income fund:

### 1. Pension Legislation

For the purposes of these Supplementary Terms the word “Act” means the Pension Benefits Act (Nova Scotia) and the word “Regulations” means the Pension Benefits Regulations made under the Act.

### 2. Definitions

All terms in these Supplementary Terms which are used in the Act or Regulations have the same meaning as under the Act or Regulations. In these Supplementary Terms, “Plan” means the above-named retirement income fund, governed by the declaration of trust and the additional terms of these Supplementary Terms. “Planholder” means the planholder, accountholder or annuitant under the declaration of trust and application form for the Plan, and includes the “owner” as that term is used in the Regulations and Schedule 4A. “Locked-In Assets” means all the assets in the Plan at any time and includes any interest or other earnings realized or accrued to that time.

### 3. Nova Scotia LIF Addendum

These Supplementary Terms are to be read together with the “Nova Scotia LIF Addendum”, prescribed as Schedule 4A to the Regulations, which is also appended to the above-named retirement income fund.

Notwithstanding anything to the contrary contained in the Plan, for the purposes of any provision of the Income Tax Act (Canada) respecting registered retirement income funds, “spouse” and “common-law partner” as used in Schedule 4A do not include any person who is not recognized as a spouse or common-law partner under the Income Tax Act (Canada).

### 4. Transfers out of the plan

Any transfer out of the Plan in accordance with subsection 9(1) of Schedule 4A must be made on a tax deferred basis under the Income Tax Act (Canada). A transfer under paragraph 12(1)(b) of Schedule 4A must be made in accordance with paragraph 60(l) of the Income Tax Act (Canada). In accordance with paragraphs 146.3(2)(e) and (e.2) of the Income Tax Act (Canada); the Plan Carrier will retain sufficient Locked-In Assets to satisfy the requirement to pay the minimum amount to the Planholder for the year.

### 5. Amount and frequency of payments

Further to subsection 4 of Schedule 4A, regarding the income to be paid from the Plan, the Planholder must notify the Plan Carrier or the Agent by instructions of the amount and frequency of the payments for each fiscal year. If the Planholder does not give instructions as to the amount of the payments or instructs an amount less than the minimum amount for the fiscal year, the minimum amount prescribed for a registered retirement income fund under the Income Tax Act (Canada) will be paid. If the Planholder does not give instructions as to the frequency of the payments, the amount will be paid in one payment at the end of the fiscal year.

The instructions must be given at the beginning of the fiscal year to which they relate and after receipt of information specified in subsection 11 of the Nova Scotia LIF Addendum. With the consent of the Plan Carrier or Agent, the Planholder may change the amount and frequency of the payments or request additional payments by giving instructions.

If the Planholder provided instructions regarding the amount and frequency of payments in a prior year, the Plan Carrier or the Agent may continue to apply these instructions to the payment of future amounts (assuming that these instructions remain acceptable under the applicable legislation and that the Planholder does not provide any new instructions).

The Planholder must give the Plan Carrier or Agent instructions as to which of the Locked-In Assets to sell where required in order to ensure there is sufficient cash in the Plan to make the payments. If the instructions are not received within a reasonable time before a payment is required, the Plan Carrier may sell any of the Locked-In Assets that the Plan Carrier, in its discretion, considers appropriate to provide the required cash; and the Plan Carrier will not be liable for any loss that may result from this action, including but not limited to investment losses or diminution of the Locked-In Assets, or for any related investment or administration expenses.

### 6. Withdrawal in case of financial hardship

The Plan Carrier will, on application of the Planholder, provide to the Planholder a lump sum amount in the manner provided in the Regulations if the Planholder meets the requirements of the financial hardship exception under the Regulations. The Plan Carrier and the Agent are entitled to rely upon the information provided by the Planholder in the financial hardship unlocking application. An application that meets the requirements of the Act and Regulations constitutes authorization to the Plan Carrier to make the payment from the Plan in accordance with the Act and Regulations. The value of the assets in the Plan owned by the Planholder on the date an application is signed must be determined using the most recent statement about the Plan given to the Planholder and dated no earlier than 1 year before the date the Planholder signs

**Supplementary Terms for Life Income Fund (LIF)**  
**Addendum — Nova Scotia LIF**

the application. The Plan Carrier is required to make the payment to which the Planholder is entitled no later than 30 days after the date the Plan Carrier receives the completed application and accompanying documents and any additional information provided under Section 219 of the Regulations.

**7. Investment of Locked-In Assets**

The Locked-In Assets shall be invested and re-invested on the direction of the Planholder as provided in the declaration of trust.

**8. Valuation**

For the purpose of a transfer of assets, purchase of an annuity or payment upon the Planholder's death, the value of the Locked-In Assets shall be the aggregate market value of the assets held in the Plan, valued in accordance with the Agent's regular practice as of market closing immediately prior to such transfer or payment.

**9. Terms of investments, transfers and payments**

All transfers and payments from the Plan are subject to the terms of the investments and will be subject to the withholding of any applicable tax and deduction of all reasonable expenses, costs, fees and charges. Transfers and payments may be made in cash or in kind, in accordance with the instructions of the Planholder and subject to the terms of the investments and the requirements of the Plan Carrier or the Agent.

**10. Indemnity**

Should the Plan Carrier and/or its Agent be required to make payments or to provide an annuity or a pension as a result of any Locked-In

Assets being paid out or transferred otherwise than in accordance with the provisions of these Supplementary Terms, the Regulations, the Nova Scotia LIF Addendum or as may be required by applicable law, the Planholder will indemnify and hold harmless the Plan Carrier and/or the Agent to the extent that Locked-In Assets were previously received by or accrued to the benefit of any of them or the Planholder's estate. This indemnity will be binding upon the Planholder's legal representatives, successors, heirs and assigns.

**11. Amendment**

No amendment shall be made to the Plan or these Supplementary Terms unless the Plan and these Supplementary Terms as amended remain in conformity with the Act and the Regulations and with section 146.3 of the Income Tax Act (Canada).

**12. Headings and renumbering**

Headings in these Supplementary Terms are for ease of reference only and do not affect its interpretation. If any provision of the Pension or Income Tax Legislation or Nova Scotia LIF Addendum referred to in these Supplementary Terms are renumbered due to a change in law, then that reference is considered to be updated to reflect the renumbering.

**13. Conflict between Legislation and Supplementary Terms**

If there is a conflict between the applicable Pension or Income Tax Legislation or the Nova Scotia LIF Addendum and these Supplementary Terms, the Legislation and the Nova Scotia LIF Addendum will prevail to the extent necessary to resolve the conflict.

**The following must be completed**

<p><b>► Type of planholder</b></p> <p>The Planholder represents to the Plan Carrier that the Planholder is (check <b>one</b> box):</p> <p><input type="checkbox"/> A member or former member of the pension plan from which the assets originated</p> <p><input type="checkbox"/> A surviving spouse or former spouse of a member or former member of the registered pension plan from which the assets originated</p>
<p><b>► Income payment type</b></p> <p>The following income payment type selected by the Planholder shall remain in effect until such time that the Planholder requests a change by way of signed request (check <b>one</b> box):</p> <p><input type="checkbox"/> Minimum Amount as defined in this Addendum</p> <p><input type="checkbox"/> Maximum Amount as defined in this Addendum</p> <p><input type="checkbox"/> Flat Amount \$ _____ ( <input type="checkbox"/> Before Tax <input type="checkbox"/> After Tax)</p> <p>Payment frequency is indicated in the Application. Where the Planholder selects a Flat Amount income payment type, the Plan Carrier shall pay to the Planholder the amount specified as the Flat Amount on each payment date indicated in the Application. However, the total of such payments shall not be less than the Minimum Amount required to be paid out of the Plan and shall not exceed the Maximum Amount permitted to be paid out of the Plan in accordance with this Addendum. Where the Planholder does not select an income payment type, the Planholder will be deemed to have chosen to receive the Minimum Amount.</p>
<p><b>► Source of assets</b></p> <p>The assets are being transferred from the following (check all that apply):</p> <p><input type="checkbox"/> Pension Plan    <input type="checkbox"/> Locked-in Retirement Account    <input type="checkbox"/> Life Income Fund    <input type="checkbox"/> Life Annuity</p>

**The following must be completed (continued)**

<b>► Client/Planholder acknowledgement</b>		
Client/Planholder name (please print)	Client/Planholder signature 	Date (DD-MMM-YYYY)

<b>► Plan carrier (by its agent)</b>	
Authorized person signature 	Date (DD-MMM-YYYY)

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Member – Canadian Investor Protection Fund and Member of the Canadian Investment Regulatory Organization.

## Spousal Consent to Transfer to a LIF or to a Variable Benefit

### ► Why complete this form?

Complete this form if all of the following statements are true:

- You are the spouse of one of the following:
  - a member or former member of a pension plan
  - the owner of a locked-in retirement account (LIRA) or of a life income fund (LIF)
- You live with your spouse.
- Your spouse earned the pension while working in Nova Scotia for an organization that is regulated by the Province of Nova Scotia.
- Your spouse wants to make one of the following transfers:
  - a transfer of their pension benefits, LIRA, or LIF to the variable pension benefits provision of their defined contribution pension plan
  - a transfer of pension benefits or LIRA to a LIF
- You consent to the transfer of your spouse's pension moneys to a LIF or variable benefit.

**Before you complete this form**, you should have a private conversation with your own lawyer about how this consent affects your individual rights.

### 1 Give information about the pension plan, LIRA, or LIF

Name of plan / LIRA/ LIF: \_\_\_\_\_  
Registration / account number: \_\_\_\_\_  
Name of the administrator / financial institution: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_ Town or city: \_\_\_\_\_  
Postal code: \_\_\_\_\_ Phone number: \_\_\_\_\_

### 2 Give information about the member, former member, or owner

Last name: \_\_\_\_\_  
First name: \_\_\_\_\_ Middle name: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_ Town or city: \_\_\_\_\_  
Postal code: \_\_\_\_\_ Phone number: \_\_\_\_\_  
Date of birth (yyyy/mm/dd): \_\_\_\_\_

### 3 Give information about the spouse

Last name: \_\_\_\_\_  
First name: \_\_\_\_\_ Middle name: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_ Town or city: \_\_\_\_\_  
Postal code: \_\_\_\_\_ Phone number: \_\_\_\_\_

#### 4 Sign the certification and consent

**I certify** that I am the spouse of \_\_\_\_\_, the member, former member, or owner named in this form.

**I understand** that that the member wants to do one of the following:

- transfer their pension benefits to a LIF
- transfer their LIRA to a LIF
- transfer their pension benefits to the variable pension benefits provision of their defined contribution pension plan
- transfer their LIRA or LIF to the variable benefits provision of their defined contribution pension plan

**I understand** that the member or former member needs my consent to do any of the actions listed in the previous paragraph and that by signing this form I give my consent.

**I understand** that transferring the pension benefit to a LIF or to the variable benefits account will allow my spouse to manage the pension fund and will allow some flexibility in determining when the money is spent.

**I understand** that a LIF or variable benefits account will allow my spouse to withdraw some of the money each year and that, as a result, there may be much less income available to me in later years.

**I understand** that any money in the LIF or in the pension plan may be used to buy a life annuity but that my spouse is not required to buy a life annuity at any time.

**I understand** that if a variable benefits account is established with my consent, I may not receive further notice of any future transfer from this account to another locked-in plan or account, such as a pension plan including a pooled registered pension plan, LIRA, LIF or a life annuity.

**I understand** that if funds are used to buy a life annuity, the life annuity must be a joint and survivor annuity.

<p><b>Signature of spouse:</b> _____ <b>Date (yyyy/mm/dd):</b> _____</p> <p><b>Signature of witness:</b> _____ <b>Date (yyyy/mm/dd):</b> _____</p>
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This consent must be signed before a witness who must be at least 18 years of age. They must see you sign the form above, date, and complete the Witness' Information below immediately after seeing you sign and date this form. **The witness cannot be your spouse.**

#### 5 Give information about the witness

Last name: \_\_\_\_\_  
First name: \_\_\_\_\_ Middle name: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_ Town or city: \_\_\_\_\_  
Postal code: \_\_\_\_\_ Phone number: \_\_\_\_\_

**6 Give this consent to the administrator of the pension plan or the financial institution that looks after the owner's LIRA or LIF.**

**Do not** give this consent to the Department of Finance and Treasury Board, Pension Regulation Division

**Note:** This consent comes into effect ONLY AFTER it is delivered to the administrator of the pension plan or the financial institution that looks after the owner's LIRA or LIF.

*It is an offence under the Criminal Code for anyone to knowingly make or use a false document with the intent that it be acted upon as genuine.*

*This form is approved by the Superintendent of Pensions under the Pension Benefits Act.*

**How we define spouse, former member, owner, financial institution, and consent**

**Spouse**

- The person you are married to.
- The person you are married to, if the marriage hasn't been legally ended.
- The person you thought you were married to, if you are still living together.
- The person you thought you were married to, if you have lived together within the last 12 months.
- The person you are living with as a registered domestic partner under the Vital Statistics Act.
- The person you have been living with in a conjugal relationship for at least one year, if neither of you are married to someone else.
- The person you have been living with in a conjugal relationship for at least three years, even if one or both of you are married to someone else.

**Member** - member of a pension plan

**Former member** - a person who is entitled to pension benefits and

- is no longer employed by the organization that provides the pension
- is no longer a member of the pension plan

**Note:** A person who had the right to some pension benefits earned by a spouse and is no longer in a relationship with that spouse is NOT considered a former member.

**Owner** - the owner of a locked-in retirement account (LIRA) or a life income fund (LIF)

**Financial institution** - a bank, a credit union, an insurance company, or any organization that invests money in financial assets

**Consent** - permission or approval to do something

**Schedule 4A: Nova Scotia LIF Addendum**  
*(Pension Benefits Regulations)*

Note: This document is Schedule 4A to the *Pensions Benefits Regulations* (Nova Scotia). It forms part of the regulations and must be read, construed and interpreted in conjunction with the *Pension Benefits Act* and its regulations.

**Definitions for this Schedule**

**1** In this Schedule,

“Act” means the *Pension Benefits Act*;

“domestic contract”, as defined in Section 2 of the regulations, means a written agreement referred to in and for the purpose of Section 74 of the Act, or Section 14 of the *Pooled Registered Pensions Plans Act*; that provides for a division between spouses of any pension benefit, deferred pension, pension, LIRA or LIF and includes a marriage contract as defined in the *Matrimonial Property Act*;

“federal *Income Tax Act*”, as defined in Section 2 of the regulations, means the *Income Tax Act* (Canada) and, unless specified otherwise, includes the regulations made under that Act;

“owner” means any of the following persons, as set out in subsection 205(2) of the regulations, who has purchased a LIF:

- (i) a former member who is entitled to make a transfer under clause 61(1)(b) of the Act,
- (ii) a spouse of a person who was a member, and who is entitled to make a transfer under clause 61(1)(b) of the Act,
- (iii) a person who has previously transferred an amount under clause 61(1)(b) of the Act into LIRA or LIF,
- (iv) a person who has previously transferred an amount into a LIF as a result of division of any pension of benefit, deferred pension or pension under Section 74 of the Act,
- (v) a spouse who is entitled to transfer a lump sum as a result of a division of any pension benefit, deferred pension or pension under Section 74 of the Act,
- (vi) if the funds in the account of a pooled registered pension plan are used for the purchase, a person who transfers the amount in accordance with

the *Pooled Registered Pensions Plans Act* and the *Pooled Registered Pensions Plans Regulations*,

- (vii) a former member of the Public Service Superannuation Plan under the *Public Service Superannuation Act* who is entitled to make a transfer in accordance with the Public Service Superannuation Plan,
- (viii) a spouse of a person who was a member of the Public Service Superannuation Plan under the *Public Service Superannuation Act* who is entitled to make a transfer in accordance with the Public Service Superannuation Plan,
- (ix) a former member of the Teachers' Pension Plan who is entitled to make a transfer in accordance with subclause 24(11)(b)(ii) or 24(12)(b)(ii) of the *Teachers' Pension Plan Regulations*,
- (x) a spouse of a person who was a member of the Teachers' Pension Plan who is entitled to make a transfer in accordance with clause 41(4)(b) of the *Teachers' Pension Plan Regulations*;

"regulations" means the *Pension Benefits Regulations* made under the Act;

"spouse" as defined in the Act, means either of 2 persons who

- (i) are married to each other,
- (ii) are married to each other by marriage that is voidable and has not been annulled by declaration of nullity,
- (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement, and
- (iv) are domestic partners within the meaning of Section 52 of the *Vital Statistics Act*, or
- (v) not being married to each other, are cohabiting in conjugal relationship with each other, and have done so continuously for at least
  - (A) 3 years, if either of them is married, or
  - (B) 1 year, if neither of them is married;

“Superintendent” means the Superintendent of Pensions, as defined in the Act.

### **Fiscal year of LIFs**

- 2** (1) In this Schedule, “fiscal year” means the fiscal year of a LIF.
- (2) A fiscal year must end on December 31 and must not be longer than 12 months.

### **Reference rate criteria**

- 3** A reference rate in this Schedule for a fiscal year must meet all of the following criteria:
  - (a) it must be based on the month-end nominal rate of interest earned on long-term bonds issued by Government of Canada for November of the year immediately before the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series V122487, with the following adjustment applied successively to that nominal rate:
    - (i) an increase of 0.5%
    - (ii) the conversion of the increased rate, based on the interest compounded semi-annually, to an effective annual rate of interest,
    - (iii) the rounding of the effective interest rate to the nearest multiple of 0.5%
  - (b) it must not be less than 6%.

<b>Note RE Requirement of the Pension Benefits Act and Regulations and the Pooled Registered Pension Plans Act and its regulations</b>	
<b>Prohibitions on transactions from Section 91 of Act</b>	
Under Section 91 of the Act and Section 12 of the <i>Pooled Registered Pensions Plans Act</i> , money held in a LIF must not be commuted or surrendered in whole or in part except as permitted by this Schedule and the regulations including, without limiting the generality of the foregoing, the following Sections of the regulations:	
•	Section 198, respecting the transfer of an excess amount, as defined in that Section
•	Sections 211 through 229, respecting withdrawal in circumstances of financial hardship
•	Section 231, respecting withdrawal in circumstances of considerably shortened life expectancy
•	Section 232, respecting withdrawal in circumstances of non-residency
•	Section 233, respecting the withdrawal of small amounts at 55
•	Section 233A, respecting withdrawal of amounts upon transfer into Schedule 4A LIF
Pursuant to subsection 91(2) of the Act and subsection 12(2) of the <i>Pooled Registered Pensions Plan Act</i> , any transaction that contravenes Section 91 of the Act or Section 12 of the <i>Pooled Registered Pension Plans Act</i> is void.	
<b>Values of assets in LIF subject to division</b>	
The value of the assets in LIF is subject to division in accordance with all of the following:	
•	an order of the Supreme Court Nova Scotia that provides for the division of a pension benefit, deferred pension or pension under Section 74 of the Act, or a division of the funds in a pooled registered pension plan account under Section 14 of the <i>Pooled Registered Pension Plans Act</i>
•	a domestic contract that provides for the division of pension benefit, deferred pension or pension under Section 74 of the Act, or a division of the funds in a pooled registered pension plan account under Section 14 of the <i>Pooled Registered Pension Plans Act</i>
•	the regulations
<b>Money held in LIF</b>	
The following requirements are set out in the Pension Benefits Act and are applicable to LIFs governed by this Schedule:	
•	Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 88(3) of the Act, Section 90 of the Act, subsection 12(3) of the <i>Pooled Registered Pension Plans Act</i> or Section 13 of the <i>Pooled Registered</i>

*Pensions Plans Act*, and any transaction purporting to assign, charge, anticipate or give the money in the LIF as security is void.

- Money held in a LIF is exempt from execution, seizure or attachment except for the purpose of enforcing a maintenance order as permitted by Section 90 of the Act or Section 13 of the *Pooled Registered Pensions Plans Act*.

#### **Periodic payment of income out of LIFs**

##### **4**

- (1)** An owner must be paid an income from their LIF, the amount of which may vary, annually.
- (2)** Income payments from a LIF must begin no earlier than
  - (a)** the earliest date that the owner would have been entitled to receive a pension under any pension plan from which the money was transferred; or
  - (b)** if all the money in a LIF is derived from sources other than a pension benefit provided in respect of any employment of the owner, the date the owner turns 55 years old.
- (3)** Income payments from a LIF must begin no later than the end of a LIF's 2nd fiscal year.

#### **Amount of income payments from LIFs**

##### **5**

- (1)** Subject to the minimum amount in Section 6 of this Schedule, an owner of a LIF must establish the amount of income to be paid during each fiscal year at the beginning of the fiscal year and after they have received the information required by Section 11 of this Schedule.
- (2)** Except as provided in subsection (5), an owner of a LIF must notify the financial institution providing the LIF of the amount to be paid out of the LIF each year and any owner who does not do so is deemed to have selected the minimum amount determined under Section 6 of this Schedule.
- (3)** The owner's notice required by subsection (2) must be given either
  - a.** except as provided in subsection (5), at the beginning of the fiscal year;

- b. at a time agreed to by the financial institution providing the LIF.
- (4) The owner's notice required by subsection (2) expires at the end of the fiscal year to which it relates.
- (5) If a financial institution providing a LIF guarantees the rate of return of the LIF over a period that is greater than 1 year, the period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during the period at the beginning of the period.

### **Minimum annual LIF withdrawal**

#### **6**

- (1) The amount of income that is paid out of a LIF during a fiscal year must not be less than the minimum amount prescribed for a registered retirement income fund by the federal *Income Tax Act*, determined on the basis of the owner's age or the age of the owner's spouse if the spouse is younger than the owner.
- (2) Despite Sections 7, 8 and 9 of this Schedule, if the minimum amount specified by subsection (1) is greater than the maximum amount determined under those Sections for a fiscal year, the minimum amount under subsection (1) must be paid out of the LIF during the fiscal year.

### **Pro-rating amount of withdrawal if initial fiscal year less than 12 months**

#### **7**

If the initial fiscal year is less than 12 months long, the maximum amount determined under Sections 8 and 9 of this Schedule must 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 1 month.

### **Maximum annual life income from LIF**

#### **8**

The maximum annual amount of life income to be paid each year from a LIF is determined by the following formula:

$$\text{maximum payable} = F \times B$$

in which

F= is the factor in Schedule 5: Life Income Funds- Factor F that corresponds to the reference rate for the fiscal year and the owner's age at the end of the previous year

B= the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after the beginning of that fiscal year and reduce by any money transfer from another LIF, to the LIF in the same year.

### Maximum annual income payable if financial institution guarantees rate of return of LIFs

#### 9

(1) If a financial institution that provides a LIF guarantees the rate of return of the LIF over a period greater than 1 year and the owner establishes the amount of the income to be paid during that period, the maximum income that may be paid during each of the fiscal years during the period must be determined at the beginning of each fiscal year in the period in accordance with this Section.

(2) For each year after the initial fiscal year, the maximum income to be paid for the fiscal year under a LIF described in subsection (1) is equal to the lesser of the following amounts:

(a) the balance of the LIF at the time of payment in that year;

(b) the amount determined by the following formula:

$$\text{maximum income} = (I \times B) \div RB$$

In which

I= the maximum income determined for the initial fiscal year under Section 8 of this Schedule

B= the balance of the LIF at the beginning of the fiscal year

RB= the reference balance determined at the January 1 of the year as calculated under subsection (3).

(3) For the formula in clause (2)(b), the reference balance ("RB") must be calculated by the following formula:

$$RB = (PRB - I) + [(PRB - I) \times RR/100]$$

in which

PRB= the reference balance

- (i) at the beginning of the previous year, or
- (ii) for the 2nd year of period, the LIF balance at the beginning of the 1st year of the period

I= the maximum income determined for the initial fiscal year

RR= the reference rate for the year, if the fiscal year is one of the first 16 fiscal year of the LIF, or by 6% for any other year.

### **Income in excess of maximum**

#### **10**

If income paid to an owner under a LIF during a fiscal year exceeds the maximum that may be paid, the balance of the LIF must not be reduced by the excess unless the payment is attributable to incorrect information provided by the owner.

### **Information to be provided annually by financial institution**

#### **11**

**(1)** At the beginning of each fiscal year, a financial institution providing a LIF must provide all of the following information to an owner about their LIF:

(a) with respect to the previous fiscal year:

- (i) the sums deposited,
- (ii) any accumulated investment earnings including any unrealized capital gains or losses,
- (iii) the payment made out of the LIF,
- (iv) any withdrawals from the LIF made under the following circumstances, in accordance with Sections 211 to 229 of the regulations:
  - (A) a mortgage default circumstance, as defined in clause 212(1)(a) of the regulations,

- (B) a medical expense circumstance, as defined in clause 212(1)(b) of the regulations,
  - (C) a rental default circumstance, as defined in clause 212(1)(c) of the regulations,
  - (v) any transfer made out the LIF,
  - (vi) the fees charge against the LIF;
- 
- (b) the value of the assets in the LIF at the beginning of the fiscal year;
  - (c) the minimum amount that must be paid out as income to the owner during the current fiscal year;
  - (d) the maximum amount that may be paid out as income to the owner during the current fiscal year;
  - (e) a statement that the maximum amount of income that may be paid to the owner during the fiscal year will not be increased if assets held in another LIF during the year are transferred to the LIF;
  - (f) if the beginning of the fiscal year is later than the beginning of the calendar year, a statement as to whether any sums deposited were held in another LIF during the year, and the amount of those deposits;
  - (g) a statement that if the owner wishes to transfer the balance of the LIF, in whole or in part, and still receive the income determine for the fiscal year from the LIF, then amount must be retained in the LIF that is at least equal to the difference between the income determine for the fiscal year and the income already received from the LIF since the beginning of the fiscal year;
  - (h) a statement that if the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12 of this Schedule, then the financial institution must provide the owner's spouse or beneficiary or the personal representative of their estate with the information in clauses (a) and (b), determined as of the date the owner died;
  - (i) a statement that if the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, then the financial institution must

provide the owner the information in clauses (a) and (b), determined as of the date of the transfer or annuity purchase;

- (j) a statement that if the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, then the financial institution must comply with Section 209 of regulations, in accordance with subsection 12(6) of this Schedule.

- (2) If the assets in the LIF are withdrawn or transferred under Sections 211 to 233C, a financial institution that provided the LIF must provide to the owner the information described in subclauses (1)(a)(i) to (vi) and clause (b), determined as of the date of the transfer or withdrawal.

### **Transferring assets from LIFs**

#### **12**

- (1) An owner of a LIF may transfer all or part of the assets in the LIF as follows:

- (a) to either of the following:

- (i) another LIF,
- (ii) a LIRA, if permitted under the federal *Income Tax Act*;

- (b) to purchase an immediate life annuity; or

- (c) for an owner who is member or former member of pension plan that provides for the variable pension benefits, to the owner's variable benefits account in accordance with Section 150 of the regulations, if the transfer is permitted by the plan.

- (2) The date of a transfer under subsection (1) must not be later than 30 days after the owner requests it, unless any of the following apply:

- (a) the financial institution providing the LIRA does not have all the information necessary to complete the transaction, in which case the 30-day period begins to run from the date the financial institution has all the necessary information;

- (b) the transfer is in respect of assets held as securities whose term of investment extends beyond the 30-day period, in which case the 30-day period begins to run from the date the term of investment expires.

- (3) If assets in a LIF consists of identifiable and transferable securities, the financial institution providing the LIF may transfer the securities with the consent of the owner.
- (4) If assets held in a LIF are transferred to another LIF at any time in the current fiscal year, the maximum amount of the income that may be paid to the owner of the LIF must not be increased.
- (5) A financial institution providing a LIF must advise the financial institution to which the assets of the LIF are transferred
  - (a) that the assets were held in a LIF in the current year; and
  - (b) whether the assets were determined in a manner that differentiated on the basis of sex.
- (6) If the balance of a LIF is transferred to another financial institution or used to purchase a life annuity , the financial institution providing the LIF must comply with Section 209 of the regulations.

#### **Information to be provided by financial institution on transfer of balance of LIFs**

##### **13**

If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution making the transfer must provide the owner with all of the information required to be provided annually under clause 11 (a) to (g) of this Schedule, determined as of the date of the transfer or annuity purchase.

#### **Information to be provided upon transfer of additional amount to LIFs**

##### **14**

No later than 30 days after the date that money in locked-in funds that has not been held in a LIF at any time in the current year is transferred to a LIF, the financial institution providing the LIF must provide the owner with all of the following information:

- (a) the information required to be provided annually under clauses 11(a) to (e) of this Schedule, determined as of the date of the transfer;
- (b) the balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year.

## Death Benefits

### 15

- (1)** If the owner of LIF dies, the following are entitled to receive a benefit equal to the value of the assets in the LIF, subject to subsections (4) and (5):
  - (a) the owner's spouse;
  - (b) if there is no spouse or if the spouse is otherwise disentitled under subsection (4) or (5), the owner's named beneficiary;
  - (c) if there is no named beneficiary, the personal representative of the owner's estate.
- (2)** For the purposes of subsection (1) , a determination as to whether an owner of a LIF has spouse must be made as of the date the owner dies.
- (3)** For the purposes of subsection (1), the value of the assets in a LIF includes all accumulated investment earnings, including any unrealized capital gains and losses, of the LIF from the date of the death until the date of payment.
- (4)** A spouse is not entitled to receive the value of the assets in a LIF under clause (1)(a) if the owner of the LIF was not
  - (a) a member or former member of pension plan from which the assets were transferred, directly or indirectly, to purchase the LIF; or
  - (b) a member of a pooled registered pension plan from which the assets were transferred , directly or indirectly, to purchase the LIF.
- (5)** A spouse who, as of the date the owner of the LIF dies, is living separate and apart from the owner without a reasonable prospect of resuming cohabitation is not entitled to receive the value of the assets in the LIF under clause (1)(a) if any of the following conditions apply:
  - (a) the spouse delivered a written waiver to the financial institution in accordance with Section 16 of this Schedule;
  - (b) the terms of a written agreement respecting the division of the LIF entered into before the date of the owner's death disentitle, or do not expressly or impliedly entitle, the spouse to receive an amount under the LIF;
  - (c) the terms of a court order issued before the owner's death disentitle, or do not expressly or impliedly entitle, the spouse to receive an amount under the LIF.

- (6) The benefit described in subsection (1) may be transferred to an RRSP or a RRIF in accordance with the federal Income Tax Act.

#### **Waiver of entitlement to death benefits by spouse**

##### **16**

- (1) A spouse of an owner of a LIF may waive their entitlement to receive a benefit described in the Section 15 of this Schedule from the LIF, by delivering, any time before the death of the owner, a written waiver in an approved form to the financial institution providing the LIF.
- (2) A spouse who delivers a waiver under subsection (1) may cancel it by delivering a written and signed noticed of cancellation to the financial institution before the date the owner of the LIF dies.

#### **Information to be provided by financial institution on death of owner**

##### **17**

If the owner of a LIF dies before the balance in the LIF is transferred or used to purchase a life annuity contract, the financial institution providing the LIF must give the information required to be provided annually under clauses 11(a) to (f) of this Schedule, determined as of the date of the owner's death, to any person entitled to receive the assets in the LIF under subsection 15(1) of this Schedule.