

SUPPLEMENTARY AGREEMENT TO THE DECLARATION OF TRUST, ESTABLISHING A RESTRICTED LIFE INCOME FUND UNDER THE NATIONAL BANK FINANCIAL INC. RETIREMENT INCOME FUND

RECITALS:

- A. The Annuitant is entitled pursuant to the Act and the Regulation to effect a transfer to the Fund of amounts derived, directly or indirectly, from a pension plan governed by the provisions of the Act, or any other source acceptable under the Act and the Regulation (the “**Transfer**”);
- B. The Annuitant has established a National Bank Financial Inc. self-directed retirement income fund and wishes same to receive the Transfer;
- C. The Transfer cannot be made unless the conditions herein are satisfied;
- D. The parties now wish to supplement the Declaration with the provisions of this Agreement in order to comply with the requisite locking-in conditions. In the event of any conflict between the provisions of the Declaration and this Agreement, the provisions of this Agreement shall prevail.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. **Definitions:** In this Agreement, all capitalized terms not otherwise defined herein shall have the same meaning as in the Declaration and as provided under the Act and the Regulation. In addition, the following terms shall have the following meaning:
- a) “**Act**” means the *Pension Benefits Standard Act, 1985* (Canada), as same may be amended from time to time;
 - b) “**Declaration**” means the Declaration of Trust of the National Bank Financial Inc. Self-Directed Retirement Income Fund executed between the Annuitant and the Trustee;
 - c) “**Fiscal Year**” in connection with this Fund means a calendar year terminating on December 31, and will not exceed twelve months;
 - d) “**Fund**” refers to the National Bank Financial Inc. Retirement Income Fund established by the Declaration executed between the Annuitant, National Bank Financial Inc. and the Trustee, as supplemented and modified by this Agreement establishing a Restricted LIF that will hold the locked-in money that is the subject of the Transfer;
 - e) “**LIF**” means a registered retirement income fund, as defined in subsection 146.3(1) of the Tax Act that meets the requirements set out in section 20.1 of the Regulation;
 - f) “**Life Annuity**” means an arrangement that is made to purchase, through a person authorized to carry on a life insurance business in Canada, an “immediate life annuity or a “deferred life annuity” (as defined in section 2 of the Regulation) that complies with the relevant provisions of the Tax Act and section 21 of the Regulation, provided that the annuity shall not differentiate on the basis of the sex of the beneficiary unless otherwise permitted under the Regulation;
 - g) “**Locked-in RRSP**” means a registered retirement savings plan, as defined in subsection 146(1) of the Tax Act, that meets the requirements set out in section 20;
 - h) “**Maximum Amount**” means the maximum amount referred to in Section 5 hereof;
 - i) “**Minimum Amount**” means the minimum amount that is required to be paid out of the Fund as determined under section 6 of the Declaration;
 - j) “**Pension benefit credit**” means the aggregate value at a particular time of that Annuitant’s pension benefit and other benefits provided under a pension plan, calculated in the manner prescribed by the Regulation;
 - k) “**Regulation**” means the *Pension Benefits Standards Regulations, 1985* adopted pursuant to the Act, as same may be amended from time to time;
 - l) “**Restricted LIF**” means a registered retirement income fund, as defined in subsection 146.3(1) of the Tax Act that meets the requirements set out in section 20.3 of the Regulation;
 - m) “**Restricted Locked-in RRSP**” means a registered retirement savings plan, as defined in subsection 146(1) of the Tax Act, that meets the requirements set out in section 20.2;
 - n) “**RIF**” means a retirement income fund within the meaning of the Tax Act that is registered under that act;
 - o) “**Spouse**” shall have the meaning assigned to such term under the Act but does not include any person who is not recognized as a spouse or a common-law partner for the purposes of any provision of the Tax Act respecting a RIF;
 - p) “**Survivor**”, in relation to an Annuitant, means
 - i) if there is no person described in paragraph ii), the Spouse of the Annuitant at the time of the Annuitant’s death; or
 - ii) a person who was the common-law partner of Annuitant at the time of the Annuitant’s death;
 - q) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations adopted thereunder;
 - r) “**Transfer**” means the transfer referred to in paragraph A of the Recitals hereto.
2. **Purpose of the Fund:** Except as permitted by the Act and the Regulations, all money that is the subject of the Transfer, including all investment earnings thereon and gains realized thereof, but excluding all fees, charges, expenses and taxes charged to this Fund, shall be used to provide the Annuitant with periodic payments. No money that is not locked-in may be transferred or otherwise held under this Fund.
3. **Value of the Fund:** The fair market value of the assets held under the Fund as determined by the Trustee in good faith shall be used to calculate the balance of the money and assets held under this Fund for any particular time, including on the death of the Annuitant or on a transfer of assets from the Fund. Any such determination by the Trustee shall be conclusive for all purposes hereof.
4. **Investments:** The money and assets held under this Fund shall be invested by the Trustee, either directly or through the Agent, in the manner provided by the Declaration. All investments of money or assets held under this Fund must comply with the rules for the investment of RIF money contained in the Tax Act and the regulation thereunder.
5. **Payments:** Except as permitted by the law, payments to the Annuitant hereunder shall be determined by the Declaration and shall comply with the following conditions:
- a) **Annual Payments:** The Annuitant must notify the Trustee of the amount (such amount being no lower than the Minimum Amount and no higher than the Maximum Amount) to be paid out of the Fund each year no later than January 1 of the year to which it relates. Such notice expires on December 31 of the year to which it relates. If the Annuitant does not thereby notify the Trustee, the Annuitant will be deemed to have decided to receive the Minimum Amount with respect to such year and the Trustee will thereby pay the Minimum Amount out of the Fund in such year;
 - b) **Maximum Amount:** For any calendar year before the calendar year in which the Annuitant reaches 90 years of age, the amount of income paid out of the Fund shall not exceed the maximum amount permitted under the Act and the Regulation as calculated in accordance with the following formula:
C/F; where
“**C**” is: the balance in the restricted life income fund:
 - i) at the beginning of the calendar year; or
 - ii) if the amount determined in subparagraph i) above is zero, at the date when the initial amount was transferred into the Fund; and“**F**” is: the value, as at the beginning of the calendar year, of a pension benefit of which the annual payment is \$1, payable on January 1 of each year between the beginning of that calendar year and December 31 of the year in which the Annuitant reaches 90 years of age, established using an interest rate that:
 - i) for the first 15 years after January 1 of the year in which the life income fund is valued, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the second month before the beginning of the calendar year, and
 - ii) for any subsequent year, is not more than 6%;
 - c) **Maximum Amount for Short First Fiscal Year:** For the calendar year in which the Agreement was entered into, the amount determined under Paragraph 5.b) or f) above shall be multiplied by the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month;
 - d) **Maximum Amount on Transfer from Restricted LIF:** provide that if, at the time the LIF was established, part of the Fund was composed of funds that had been held in another Restricted LIF of the Annuitant earlier in the calendar year in which the Fund was established, the amount determined under Paragraph 5.b) or f) above is deemed to be zero in respect of that part of the Fund for that calendar year;
 - e) **Minimum Amount:** The aggregate amounts paid during a year hereunder must be not less than the Minimum Amount. If the Minimum Amount is greater than the Maximum Amount determined in this Section 5, the Minimum Amount shall be paid out of the Fund during the Fiscal Year.
 - f) **Maximum Amount starting at 90:** for the calendar year in which the Annuitant reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the Fund shall not exceed the value of the funds held in the Fund immediately before the time of the payment;
6. **Permitted Transfers Prior to Conversion:** Subject to Section 7 hereof, the Annuitant may only transfer funds in the Restricted LIF hereof:
- a) to another Restricted LIF;
 - b) to a Restricted Locked-in RRSP; or
 - c) to purchase a Life Annuity.
- The Trustee may deduct from the property being transferred all amounts to be retained in application of paragraphs 146.3(2)(e.1) or 146.3(2)(e.2) of the Tax Act, as applicable, as well as any fees and disbursements to which the Trustee is entitled.
- Such transfer shall be effected within a reasonable time from the receipt of written instructions from the Annuitant in a form deemed satisfactory by the Trustee. Once the transfer is completed in compliance with all conditions relating thereto, the Trustee and the Agent shall be released from any liability in connection with this Fund to the extent of the transfer. Notwithstanding the above, the Annuitant agrees that the Trustee shall never be obliged to refund in advance the investments held under the Fund for purposes of transfer and may, at its entire discretion, either (i) delay the requested transfer; or (ii) where such investments consist of identifiable and transferable securities, effect the transfer by the remittance of such securities.

7. **Death of the Annuitant:** On the death of the Annuitant, the funds in the Fund shall be paid to the survivor of the Annuitant by:

a) transferring the funds to another Restricted LIF or to a LIF,

b) transferring the funds to a Locked-in RRSP or to a Restricted Locked-in RRSP, or

c) using the funds to purchase a Life Annuity.

No such payment shall be made unless and until the Trustee receives releases and other documents as it may reasonably require. Such payment is subject to paragraph 60(l) of the Tax Act.

8. **Restrictions:** Subject to subsection 25(4) of the Act, the funds in the Fund shall not be assigned, charged, anticipated or given as security and that any transaction purporting to assign, charge, anticipate or give the funds as security is void.

9. **Sex Discrimination Prohibited:** Where a Pension benefit credit transferred into the Fund was not varied according to the sex of the Annuitant, a Life Annuity purchased by the funds accumulated in the Fund shall not differentiate as to sex. The Pension benefit credit that was the object of the Transfer herein was not varied according to the sex of the Annuitant, unless otherwise indicated in writing to the Trustee.

10. **Permitted withdrawals:** No withdrawal, commutation or surrender of money, in whole or in part, held in the Fund is permitted and will be void, except in the following circumstances:

a) **Transfer of 50%.** If the Fund is established in the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the Annuitant may transfer 50% of the funds in the Fund to a registered retirement savings plan or a registered retirement income fund within 60 days after the establishment of Fund if

(i) the Fund was created as the result of the transfer of a pension benefit credit under section 26 of the Act or a transfer from a Locked-in RRSP or a LIF, and

(ii) if the Annuitant gives a copy of Form 2 of Schedule V of the Regulation to the Trustee.

b) **Small Amount starting at 55.** In the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the assets in the Fund may be paid to the Annuitant in a lump sum if

(i) the Annuitant certifies that the total value of all assets in all Locked-in RRSP, LIF, Restricted Locked-in RRSP and Restricted LIF that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by these Regulations is less than or equal to 50% of the Year's Maximum Pensionable Earnings, and

(ii) the Annuitant gives a copy of Form 2 and Form 3 of Schedule V to the Trustee.

c) **Financial difficulties.** The Annuitant may withdraw an amount from the Fund up to the lesser of the amount determined by the **Formula** set out below and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this paragraph from any Restricted LIF or under paragraph 20(1)d), 20.2(1)(e) or 20.3(1)(m) of the Regulation if the following conditions are met,

(i) the Annuitant certifies that the he has not made a withdrawal in the calendar year under this paragraph from any Restricted LIF or under paragraph 20(1)d), 20.2(1)(e) or 20.3(1)(m) of the Regulation, other than within the last 30 days before this certification,

(ii) in the event that the value of M of the **Formula** set out below is greater than zero,

(A) the Annuitant certifies that he expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the Annuitant's total expected income for that calendar year

determined in accordance with the Tax Act, excluding withdrawals in the calendar year under this paragraph from any Restricted LIF or under paragraph 20(1)d), 20.2(1)(e) or 20.3(1)(m) of the Regulation, and

(B) a physician certifies that such medical or disability-related treatment or adaptive technology is required, and

(iii) the Annuitant gives a copy of Form 1 and Form 2 of Schedule V to the Trustee.

Formula: $M + N$

where

M is: the total amount of the expenditures that the Annuitant expects to make on medical or disability-related treatment or adaptive technology for the calendar year, and

N is: the greater of zero and the amount determined by the Formula:

$P - Q$

where

P is: 50% of the Year's Maximum Pensionable Earnings, and

Q is: two thirds of the Annuitant's total expected income for the calendar year determined in accordance with the Tax Act, excluding withdrawals in the calendar year under paragraph 20(1)(d), 20.1(1)(m), 20.2(1)(e) or 20.3(1)(m) of the Regulation.

d) **Shortened Life Expectancy.** The Annuitant may withdraw all or part of the money in the Fund as a lump sum, upon application by the Annuitant to the Trustee in accordance with section 20.1 (3) of the Regulation where a physician certifies that owing to mental or physical disability, the life expectancy of the Annuitant is likely to be shortened considerably.

d) **Non-Resident.** The Annuitant may withdraw all or part of the money in the Fund as a lump sum, upon application by the Annuitant to the Trustee in accordance with subsections 28.4 of the Regulation, if the following conditions are met:

(i) the Annuitant has ceased to be a resident of Canada for at least two calendar years and has ceased employment with the employer who is a party to the pension plan or ceased membership in a multi-employer pension plan. For this purpose, the Annuitant shall be deemed to have been a resident of Canada throughout a calendar year if the Annuitant has sojourned in Canada in the year for a period of, or periods the total of which is, 183 days or more; and

(ii) the Annuitant files with the Trustee written evidence that the Canada Revenue Agency has determined the Annuitant to be a non-resident of Canada for the purposes of the Tax Act.

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

a) That the pension legislation applicable and governing the Transfer at such time is the Act and Regulation;

b) That the amounts transferred herein are locked-in amounts resulting directly or indirectly from the commuted value of the Annuitant's pension entitlements and the Annuitant is entitled to effect a transfer of his or her pension entitlements pursuant to the Act or the Regulation;

c) That the provisions of the pension plan do not prohibit the Annuitant from entering into this Agreement and, in the event that such prohibition does exist, the Trustee shall not be liable for the consequences to the Annuitant of executing this Agreement nor for anything done by the Trustee in accordance with the provisions hereof; and

d) That the commuted value of the pension benefits that was transferred herein was not determined on a basis that differentiated on the basis of sex, unless otherwise indicated in writing to the Trustee.

12. **Governing law:** This Agreement shall be governed by the laws of the province of Québec and Canada.

LANGUAGE (Quebec only) - The Annuitant confirms having received a [French version](#) of this Agreement. The Annuitant also confirms it is his or her wish that this Agreement and all related documents be drawn up in English.
(Québec seulement) - Le rentier confirme avoir reçu la [version française](#) de ce contrat. Le rentier confirme également sa volonté que ce contrat et tous les documents s'y rattachant soient rédigés en anglais.

IN WITNESS WHEREOF the parties hereto have read and executed this Agreement as of the date written below and shall bind the Financial Institution, its agents and the Annuitant and their respective successors and assigns effective from the date of transfer of assets into the Restricted LIF.

Signed at _____ on this _____ day of _____ of the year _____ .

First and last name of Annuitant (In block letters)

X

Signature of Annuitant

NATIONAL BANK FINANCIAL INC. AS AGENT FOR
NATCAN TRUST COMPANY

PER: _____

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