

# Declaration of Trust

## 1. Terms Used in this Agreement

Words and phrases used in this Agreement have the following meanings:

*Agreement* means the Application and this Declaration of Trust;

*applicable pension legislation* means the *Pension Benefits Act* and regulations, as amended from time to time, of the jurisdiction which governs the Scotia Self-Directed LIF, LRIF, Saskatchewan PRRIF or Manitoba PRRIF set up with your Application. The governing jurisdiction is indicated on the Application;

*applicable tax legislation* means the Tax Act and any applicable provincial tax legislation, as amended from time to time;

*Application* means your application for this Plan;

*fiscal year* means the fiscal year of the Plan. It ends on December 31 each year and shall not exceed 12 months;

*life annuity* has the same meaning as in the applicable pension legislation and as stipulated in the definition of "retirement income" under subsection 146 (1) of the Tax Act and that complies with paragraph 60 (l) of the Tax Act;

*LIF* means a life income fund that is registered as a RIF under the Tax Act and complies with applicable pension legislation;

*LIRA* means a locked-in retirement account that is registered as a RSP under the Tax Act and complies with applicable pension legislation;

*LRIF* means a locked-in retirement income fund that is registered as a RIF under the Tax Act and complies with applicable pension legislation;

*Locked-in RRSP (LRSP)* means a RRSP which contains provisions required under applicable pension legislation that restrict the holder's access to the funds because they originated from a registered pension plan governed by applicable pension legislation;

*Manitoba PRRIF* means a RRIF that complies with section 18.3.1 of the *Pension Benefits Act Regulations* (Manitoba)

*marriage breakdown* means divorce, annulment of your marriage, separation for the period of time required by any applicable legislation or, in the case of unmarried spouses, when you stop living together;

*owner or customer* means the annuitant;

*Plan* means the Scotia Self-Directed RIF, LIF, LRIF, Saskatchewan PRRIF or Manitoba PRRIF set up with your Application;

*Registered Retirement Income Fund (RRIF) and Registered Retirement Savings Plan (RRSP)* means a retirement income fund (RIF) and a retirement savings plan (RSP), respectively, that have been registered under the Tax Act;

*RIF* means a retirement income fund as defined by the Tax Act;

*Saskatchewan PRRIF* means a RRIF that complies with Section 29.1 of the *Pension Benefits Regulations 1993* (Saskatchewan);

*spouse* has the same meaning as recognized in applicable pension and tax legislation and includes a common-law partner as defined in the Tax Act;

*Tax Act* means the *Income Tax Act* (Canada), as amended from time to time;

*we, our* and *us* mean The Bank of Nova Scotia Trust Company (Scotiabank);

*you and your* mean the customer (annuitant) named on the Application.

## 2. Registration

We will apply for registration of your Plan, as required by applicable tax legislation. We agree to accept the position of

trustee of your Plan once we have received your completed Application.

## 3. Purpose

The purpose of the Plan is to provide you with a retirement income. All funds transferred to the Plan, including all income, investments, interest and gains, will be held in trust by us and invested in accordance with this Agreement and applicable pension and tax legislation.

## 4. Sources of Funds

Cash, mutual funds or other investments transferred to the Plan must be qualified investments within the meaning of the applicable tax legislation.

All amounts transferred to your Scotia Self-Directed RIF must come from:

- another RRIF or RRSP you own;
- a RRSP or RRIF of which your spouse or former spouse is an owner, as part of a judgement of a competent tribunal or written separation agreement relating to the division of property following marriage breakdown;
- another RRIF, RRSP or registered pension plan if the money is an amount described in subparagraph 60(1) (v) of the Tax Act;
- a provincial pension plan in the circumstances permitted by subsection 146 (21) of the Tax Act; or
- other sources that may be permitted from time to time by the applicable tax legislation.

Where required, a transfer from a registered pension plan to a RIF as a result of the death of your spouse must not include any amount that is actuarial surplus.

All amounts transferred into your Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF must be locked-in, meaning that your access to them is restricted by applicable pension legislation and must comply with applicable tax legislation.

Funds transferred to your Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF must come from:

- a registered pension plan of which you are a member or former member;
- a LRSP or LIRA you own;
- a registered pension plan, LRSP, LIRA or LIF of which your former spouse is a member, former member or owner as part of a judgment of a competent tribunal or written separation agreement relating to the division of property following marriage breakdown;
- a registered pension plan of which your spouse was a member, as a result of the death of your spouse;
- other sources that may be permitted as stipulated in paragraph 146.3 (2) (f) of the Tax Act from time to time;
- a provincial pension plan in the circumstances permitted by subsection 146 (21) of the Tax Act;
- if you hold a Scotia Self-Directed LIF, another LIF you own or, if allowed under applicable pension legislation, from a LRIF you own;
- if you hold a Scotia Self-Directed LRIF, another LRIF you own or, if allowed under applicable pension legislation, from a LIF you own; or
- if you hold a Scotia Self-Directed LIF or LRIF, a LRSP, LIRA, registered pension plan, or a LIF or LRIF, as may be allowed under applicable pension legislation, under the circumstances described in subparagraph 60(1)(v) of the Tax Act.

A transfer to your Scotia Self-Directed LIF or LRIF from a registered pension plan of which you are a member or former member or from a LRSP or LIRA that you own may require the written consent of your spouse.

## Declaration of Trust (continued)

### 5. Investments

You may invest your funds in any investment permitted by the Tax Act and applicable provincial legislation and which are permitted by us. To do so, you must tell us how you want your funds to be invested. We may require you to provide such documentation in respect of any investment or proposed investment, as we in our sole discretion deem necessary in the circumstances. We will not be responsible for determining whether any investment is a qualified investment.

You may appoint an agent, satisfactory to us, to give us your investment directions which we may act on without incurring any liability.

You may transfer funds from one investment to another, provided this is permitted by the terms of the investment. To do so, you must tell us in writing.

None of the funds held in your Scotia Self-Directed LIF may be invested directly or indirectly in a mortgage in which you, your spouse, parent, brother, sister or child, or the spouse of any of these people, have an interest.

We will keep legal ownership and possession of the investments in your Plan in whatever form we determine.

We may calculate interest on investments in your Plan and credit it to your account more frequently than we tell you when you complete the Application. All interest and income earned by the investments, as well as any bonus we may declare, is credited to your Plan.

We do not pay interest on regular payments or amounts that you withdraw or transfer after we have processed your request for the transaction.

Unless you give us instructions, we are not obliged to exercise voting rights with respect to the investments in your Plan.

### 6. Valuation

Your Plan is worth the total market value of all of its assets. The market value of a Guaranteed Investment Certificate in your Plan is the original face value of the investment plus compounded interest, as well as any accrued interest. In the case of a cash balance, the market value is the current balance plus accrued interest. Accrued interest is included whether or not it has been credited.

The market value of other investments held in your Plan is determined by general industry practices.

We calculate the value of your Plan at the end of the last business day of the fiscal year, on the date of a transfer or permitted withdrawal, on the date of your death and at such other times as we deem appropriate. Our valuation is conclusive and binding.

### 7. Calculating Payments

Payments from your Scotia Self-Directed RIF, Saskatchewan PRRIF or Manitoba PRRIF will always fall between the minimum amount required to be withdrawn under the Tax Act and the total value of your Plan immediately before the payment.

Payments from your Scotia Self-Directed LIF or LRIF will always fall between the minimum amount required to be withdrawn under the Tax Act and the maximum amount permitted by applicable pension legislation.

In calculating the required minimum amount under your Plan, you can use your age or the age of your spouse. This decision is binding and cannot be changed once the first payment is made. For the first year of your Plan, the minimum amount to be paid is set at zero.

To calculate the maximum amount payable under your Scotia Self-Directed LRIF in a fiscal year, we use one of the following methods, whichever results in the greatest amount:

- the LRIF's value at the beginning of the fiscal year minus the net amount transferred into the LRIF. The net amount

is calculated by subtracting the amount transferred out of the LRIF under Section 9 of this Agreement from the amount transferred into the LRIF,

- the investment income earned in the previous fiscal year, or
- 6% of the LRIF's value at the beginning of the fiscal year the LRIF was established or the fiscal year after.

To calculate the maximum amount payable under your Scotia Self-Directed LIF in a fiscal year, we divide the total amount in your LIF on the first day of the fiscal year by the value, at the beginning of the fiscal year, of a pension which would pay you \$1 a year on the first day of each fiscal year from that year until December 31 of the year in which you reach age 90.

In calculating the value of this pension, we must use an interest rate of not more than six per cent per year. For the first 15 years of the LIF, however, an interest rate greater than six per cent may be used provided that it is no more than the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November in the year preceding the year of the valuation. This rate is compiled by Statistics Canada and published in the Bank of Canada Review under identification number B-14013 in the CANSIM system.

If the minimum amount is greater than the maximum amount, then the minimum amount must be paid out of your Scotia Self-Directed LIF or LRIF.

In the first year of your Scotia Self-Directed LIF or LRIF, the maximum permitted payment is adjusted in proportion to the number of months in that fiscal year, with any part of an incomplete month counting as one month.

If your Scotia Self-Directed LIF or LRIF includes funds transferred in the first fiscal year from another LIF or a LRIF that you own, you are not allowed to withdraw any of the transferred portion in that year, unless applicable tax legislation states otherwise.

### 8. Making Payments

Payments from your Plan begin no earlier than allowed by applicable pension legislation and no later than the last day of the year after the year in which you open the Plan.

We pay you the amount you choose on your Application provided that (a) if this is a Scotia Self-Directed RIF, Saskatchewan PRRIF or Manitoba PRRIF, the amount must fall between the required minimum amount and the total value of your Plan, and (b) if this is a Scotia Self-Directed LIF or LRIF, the amount must fall between the required minimum amount and the maximum amount permitted by the applicable pension legislation.

In each subsequent year, we pay you the same amount unless you tell us in writing that you have chosen another amount. If you do not choose an amount on your Application, we pay you the required minimum amount.

If permitted by the applicable pension legislation, you may make withdrawals from your Scotia Self-Directed LIF or LRIF if a physician certifies to us that, due to a mental or physical disability or terminal illness, your life expectancy is likely to be shortened considerably. These withdrawals may be in the form of a lump sum or a series of payments, depending on the applicable pension legislation.

The last payment to you from your Scotia Self-Directed LIF must be made no later than the end of the year in which you reach age 80, unless applicable pension legislation states otherwise. At or before that time, you must use the funds in the LIF to purchase an immediate life annuity that meets the requirements of the Tax Act and applicable pension legislation. If you do not do so, we will make the purchase on your behalf. You appoint us your attorney, or agent, to make all the necessary arrangements.

## Declaration of Trust (continued)

All amounts you receive from your Plan are subject to tax in the year of withdrawal. Any withdrawals above the required minimum amount will have the appropriate income tax withheld. At the end of the fiscal year, you have to declare all payments and pay any tax that you owe.

In order to make payments to you, we may have to withdraw, liquidate or sell all or part of one or more of your investments prior to their maturity date. We assume no liability for any losses that result.

### 9. Transfers

Provided that the investments involved have matured, we will, if you tell us in writing to do so, transfer all or part of the funds in your Plan. We will transfer the funds within 30 days of your request, as follows:

**From your Scotia Self-Directed RIF to:**

- another RRIF you own;
- a RRSP you own, provided that it is before the end of the year in which you reach age 71;
- an immediate or deferred annuity that meets the requirements of paragraph 60 (l) of the Tax Act. The deferred annuity must start no later than the end of the year in which you turn age 71; or
- another permissible registered retirement investment vehicle that meets the requirements of the Tax Act.

**From your Scotia Self-Directed Manitoba PRRIF to:**

- another Manitoba PRRIF; or
- a life annuity contract.

**From your Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF to:**

- a LRSP or LIRA, depending on applicable pension legislation, provided that it is before the end of the year in which you reach age 71;
- an immediate or deferred life annuity that meets the requirements of paragraph 60 (l) of the Tax Act and applicable pension legislation. The deferred annuity must start no later than the end of the year in which you turn age 71;
- if you hold a Scotia Self-Directed LIF, another LIF you own or, if allowed under applicable pension legislation, to a LRIF you own;
- if you hold a Scotia Self-Directed LRIF, another LRIF you own or, if allowed under applicable pension legislation, to a LIF you own; or
- another permissible registered retirement investment vehicle that meets the requirements of applicable tax and pension legislation.

Before we make a transfer, you must give us any documents we need.

We may make a transfer by remitting the investment securities held in your Plan.

All transfers must be made in accordance with applicable pension and tax legislation and will not include funds to be retained under paragraph 146.3(2)(e) of the Tax Act.

We will provide all necessary information to the new carrier.

### 10. Estate Matters

If you die before the payments from your Scotia Self-Directed RIF end, we will (a) make the remaining payments to your spouse, or (b) transfer the funds in your RIF to a RRSP, RRIF or life annuity owned by your spouse, if this is what you elected on your Application. This assumes that you have a spouse at the time of your death.

Except as may otherwise be provided in this Agreement, if you die before the payments from your Scotia Self-Directed LIF, LRIF, Saskatchewan PRRIF or Manitoba PRRIF end, we will pay the remaining funds in your Plan to your spouse. This

assumes that you have a spouse at the time of your death. This provision does not apply to the spouse of the surviving spouse of the original Plan owner.

Your spouse may transfer the funds from your Scotia Self-Directed LIF or LRIF to another LIF, LRIF, life annuity or any other permitted retirement income vehicle available under applicable pension legislation or, if permitted under applicable pension legislation, receive the funds in a lump sum cash payment.

Upon your death, we will pay the funds in your Plan to your beneficiary, if any, if

- you do not have a spouse when you die; or
- this is a Scotia Self-Directed RIF and you have elected other than as indicated in the first paragraph of this Section 10; or
- this is a Scotia Self-Directed Saskatchewan PRRIF and either your spouse does not survive you for 30 days or more, or you are not a former member of the pension plan from which the money in your Scotia Self-Directed Saskatchewan PRRIF was directly or indirectly transferred; or
- this is a Scotia Self-Directed Manitoba PRRIF and your spouse has received or is entitled to receive all or any part of the funds in your Plan pursuant to an agreement or order under *The Family Property Act* (Manitoba); or
- this is a Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF and your spouse has provided us with the waiver referred to in Section 11 of this Agreement.

You may designate your beneficiary in your will. Alternatively, in provinces where it is allowed, you may designate your beneficiary on a form acceptable to us and in accordance with applicable provincial legislation. You can change or revoke your designation at any time, either in your will or, if allowed, on a form that we accept.

We will make payment to the most recently designated beneficiary of which we have notice, if you have made designations more than once.

If, upon your death, the funds in your Plan are not payable pursuant to this Agreement to your spouse, and if you do not designate a beneficiary, your beneficiary dies before you or your designation is not permitted by the province where you live, we will pay the funds in your Plan to your estate.

Before we make any payment pursuant to this Section 10, we need proof of your death and may need other documents. We will deduct any applicable taxes, fees and expenses from the payment.

### 11. Entitlement of Your Spouse

The provisions of the applicable pension legislation regarding division on marriage breakdown and subsection 146.3(14) of the Tax Act apply to this Agreement.

If permitted your spouse may, within the time permitted by applicable pension legislation and before conversion of your Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF to a life annuity, waive his or her interest in the funds or revoke such a waiver in the manner required by the applicable pension legislation. We must be told in writing, in a form acceptable to us, of a waiver or revocation and before the time set out in the applicable pension legislation.

If your marriage breaks down, the funds in your Scotia Self-Directed LIF, LRIF or Saskatchewan PRRIF and the payments out of the LIF, LRIF or Saskatchewan PRRIF may be divided according to any court order under applicable family law that divides family property. Except as may be provided by applicable law regarding division on marriage breakdown, on marriage breakdown your spouse ceases to be entitled to the funds in your Scotia Self-Directed LIF or LRIF unless you have named him or her as beneficiary.

## Declaration of Trust (continued)

### 12. Proof of Information

You certify the accuracy of all of the information you have given us in your Application, including all birth dates, and you agree to give us any further proof that we may need.

### 13. Exemptions and Prohibitions

You cannot commute, withdraw or surrender any of the funds in your Scotia Self-Directed LIF or LRIF except (a) where an amount has to be paid to you in order to reduce the tax otherwise payable under Part X.1 of the Tax Act, or (b) as permitted by applicable pension legislation. Any transaction that contravenes this provision is void.

Except where permitted by law, the amounts held in your Plan may not be used to satisfy a judgment against you and cannot be seized or attached. In addition, except if applicable pension legislation requires otherwise, you agree not to give anyone else an interest in the funds in your Plan or to assign in whole or in part the payments thereunder and any transaction purporting to so give or assign is void.

Except as otherwise provided in Section 15 of this Agreement, we cannot use any right of set-off against any amounts in your Plan to pay a debt obligation you may have to us.

### 14. No Benefit

No benefit or loan other than those permitted under paragraph 146.3 (2) (g) of the Tax Act that is conditional in any way on the existence of the Plan may be extended to you or to any person with whom you are not dealing at arm's length.

### 15. Fees and Expenses

We are entitled to receive fees and to recover all reasonable expenses for the administration of your Plan. We tell you what our fees are when you apply to open your Plan. We may change them from time to time and, if we do so, we will tell you in writing at least 60 days before the new fees go into effect.

Our fees and expenses and those of our agent as well as any applicable taxes may be deducted from the funds in your Plan.

We may retain part of your Plan in cash to pay our fees and other expenses. To cover these charges, we can liquidate assets in your Plan without liability.

### 16. Amendments

From time to time we may amend this Agreement, with the concurrence of regulatory authorities if required. If we do so, we will give you 60 days notice in writing. No amendment, however, will disqualify your Plan as a RIF, LIF, LRIF, Saskatchewan PRRIF or Manitoba PRRIF, as applicable.

If this is a Scotia Self-Directed LIF or LRIF Agreement, no amendment shall be made to this Agreement that would reduce its benefits unless we give you at least 90 days prior written notice describing the amendment and indicating the date before which you may transfer, in accordance with the applicable pension legislation, the assets in your Scotia Self-Directed LIF or LRIF, as applicable. In addition, the Agreement must remain in conformity with the standard contract filed with the Superintendent of Pensions and an amendment shall only be made if we are required by law to make the amendment.

If an amendment results from changes to the Tax Act or applicable pension legislation, this Agreement will be considered to be automatically amended and we will not be required to tell you about it. Nor will we be required to tell you about changes to investment options that do not affect the investments in your Plan.

### 17. Statements

We will give you a monthly statement for your Plan. The statement will show the following information since your last statement:

- amounts deposited, their source, the accumulated earnings, the payments made and the fees charged;
- cost and current value of your investments;
- required minimum amount and additionally, for LIFs and LRIFs, the maximum permitted amount that can be paid to you in the current fiscal year;
- proceeds from the sale of your investments.

If you transfer funds from the Plan, we give you the same information, determined at the date of the transfer.

If you die, the information is determined at the time of your death and given to the person entitled to receive the balance of your Plan.

### 18. Our Right to Appoint an Agent

You authorize us to delegate the performance of our duties under this Agreement to an agent or agents or professional advisors that we choose. We acknowledge, however, that the ultimate responsibility for the administration of your Plan is ours.

### 19. Resignation

We may resign from our duties under this Agreement by giving you 90 days notice in writing. If we resign, we will transfer the balance of your Plan to another carrier that we choose. We will give the other carrier all the information necessary for the administration of your Plan within 90 days of notifying you of our resignation. If we transfer your Plan to another carrier, we will retain an amount equal to the minimum amount which must be paid out of your Plan to ensure this payment is made to you in the year of transfer.

### 20. Notice

To give us notice about anything relating to this Agreement, write to us at the branch location indicated on the monthly statement for your Plan. We consider that we have received your notice on the day it is actually delivered to us.

If we send you a notice, statement or receipt, we consider that you have received it 48 hours after we have mailed it to you at the last address that we have for you in our records.

### 21. Indemnity

You, your spouse and your respective heirs and personal representatives shall indemnify us for any governmental charges imposed on your Plan or the payments made from it as well as for any other charge or liability which we may incur as a result of our undertaking our obligations under this Agreement.

We are not responsible for any losses incurred by the Plan or for any reduction in the value of your Plan, except if due to our own negligence, deliberate wrongdoing or lack of good faith. From the date the Plan is converted into a life annuity, we have no further liability to you for it.

### 22. Governing Laws

This Agreement is governed by applicable tax and pension legislation and by the laws of the jurisdiction in Canada indicated on your Application. It is to be interpreted in accordance with those laws.

### 23. Branch of Account

For purposes of the *Trust and Loan Companies Act* (Canada), the branch of account for your Plan is the branch location indicated on the monthly statement for your Plan. We may change your branch of account by giving written notice to you.

# Addendum

## Addendum for British Columbia, Manitoba, Ontario, Newfoundland & Labrador and New Brunswick LIFs

This Addendum sets out further provisions required by the applicable pension legislation of the provinces of **British Columbia, Manitoba, Ontario, Newfoundland & Labrador and New Brunswick** ("the provinces").

This Addendum forms a part of the main LIF Agreement to which it is attached. In the case of any inconsistency between the main LIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### 1. Definitions

In all the provinces, all of the definitions regarding life income funds set out in the applicable pension legislation are incorporated in this LIF Agreement.

In **Newfoundland & Labrador**, the term "spouse" includes a principal beneficiary, as that term is defined in both Directive No. 5 of the *Pension Benefits Act Regulations* and in the *Pension Benefits Act, 1997*, except where such inclusion would conflict with the requirements of the Tax Act.

### 2. Transfers

In all the provinces **except Ontario, Newfoundland & Labrador and New Brunswick**, we will ensure that the financial institution and, if applicable, the contract to which your funds are being transferred are filed with and acknowledged by the Superintendent of Pensions. Before we transfer funds out of your Scotia Self-Directed LIF, we will tell the financial institution which is to receive the funds of their locked-in status and make acceptance of the transfer subject to applicable pension legislation.

In **Newfoundland & Labrador**, an administrator of a pension plan shall not effect a transfer to a financial institution unless the administrator has ascertained that the financial institution's name and LIF are currently on the list of approved contracts, and advised the financial institution in writing that, subject to the applicable pension legislation, no withdrawal, commutation or surrender of money is permitted.

In **British Columbia**, all references to age 71 under the paragraph heading of Section 9 of the main LIF Agreement titled "From your Scotia Self-Directed LIF, LRIF, or Saskatchewan PRRIF to:" shall read age 69.

### 3. Responsibility

In all the provinces **except Ontario, Newfoundland & Labrador and New Brunswick**, if we pay out funds from your Scotia Self-Directed LIF in a way that is contrary to the applicable pension legislation, we will ensure that you receive a pension equivalent to what you would have received if the funds had not been paid out. The same applies if we transfer any funds from your Scotia Self-Directed LIF to another financial institution without fulfilling our obligations and the other institution fails to administer the funds in the manner required by the applicable pension legislation.

### 4. Calculating Payments

In **British Columbia**, to calculate the maximum amount payable under your Scotia Self-Directed LIF in a fiscal year, the method identified in the fourth and fifth paragraphs of Section 7 of the main LIF Agreement does not apply. Instead, the maximum amount payable under your Scotia Self-Directed LIF is equal to the greater of

- the amount arrived at when we multiply the prescribed factor that corresponds to the reference rate for the year and your age at the end of the immediately preceding fiscal year by the balance of the LIF at the beginning of the fiscal year, and
- the amount equal to the preceding year's investment returns for the LIF, if there was a preceding year for the LIF.

In **Manitoba**, to calculate the maximum amount payable under your Scotia Self-Directed LIF in a fiscal year, the method identified in the fourth and fifth paragraphs of

Section 7 of the main LIF Agreement does not apply. Instead, the following applies:

- Subject to paragraph (b) of this Section 4, we will multiply the prescribed factor that corresponds to the reference rate for the year and your age at the end of the immediately preceding year by the balance of the LIF at the beginning of the fiscal year plus, in the case of a transfer to the LIF in the year (other than a transfer directly or indirectly from an LRIF or another LIF) the amount of the transfer on the date of the transfer.
- If we guarantee the return under your LIF for a period of two or more fiscal years, you must set the amount of income to be paid from the LIF during each of those years at the beginning of the period, and the maximum amount to be paid in the second or any later year within the period is calculated by multiplying the maximum amount for the initial year of the period by an amount equal to the amount that results from dividing the balance of your LIF at the beginning of the fiscal year by the reference balance at the beginning of the fiscal year. The reference balance is calculated by adding the following amounts:
  - the reference balance at the beginning of the previous year reduced by the maximum amount for the initial year of the period, and
  - the amount determined in subparagraph (b)(i) of this Section 4 multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of your LIF, or by 6% in any other case.

In applying this formula to the second year of the period, the reference balance referred to in subparagraph (b)(i) of this Section 4 is the balance of your LIF at the beginning of the initial year of the period.

In addition, in **British Columbia and Manitoba**, the eighth paragraph of Section 7 of the main LIF Agreement does not apply.

In **Ontario and Newfoundland & Labrador**, the last paragraph of Section 7 of the main LIF Agreement does not apply. Instead, if your Scotia Self-Directed LIF includes funds transferred from a LRIF or another LIF that you own, the maximum amount that may be paid out of your Scotia Self-Directed LIF in the fiscal year in which the money is transferred is zero, unless applicable tax legislation requires the payment of a higher amount.

### 5. Differentiation on the Basis of Sex

In **British Columbia and Manitoba**, we do not calculate pensions, annuities, benefits or any options as to pensions, annuities or benefits on the basis of sex.

### 6. Joint Life Annuity

In all the provinces, when the funds in your Scotia Self-Directed LIF are used to buy a life annuity, this must be a joint life annuity for you and your spouse as required by the applicable pension legislation, provided you have one at the time and he or she has not waived his or her rights in the form and manner required by the applicable pension legislation. However, in all of these provinces **except Manitoba, Ontario and Newfoundland & Labrador**, this does not apply to a life annuity purchased by you if you are the surviving spouse of the original LIF owner.

### 7. Survivor Annuity

In all the provinces, if you die after you have transferred the funds in your Scotia Self-Directed LIF to a life insurance company to purchase a life annuity, the insurer must provide your spouse, if you have one at the time of your death, with a life annuity that pays at least 60 per cent of your pension. In **Manitoba**, this annuity must be at least 66.66 per cent of your pension.

## Addendum (continued)

### 8. Withdrawals

In **British Columbia** if you make an additional transfer to your Scotia Self-Directed LIF and the transferred funds have not been in a LIF or LRIF before, you are allowed to make an additional withdrawal in the fiscal year in which the funds are transferred. This withdrawal cannot exceed your maximum permitted withdrawal, as outlined in Section 7 of the main LIF Agreement, calculated as if the funds had been transferred to a separate LIF.

In all the provinces **except Newfoundland & Labrador and New Brunswick**, subject to certain legislative requirements, you may apply in the form and manner required by the applicable pension legislation to have all or, depending on applicable pension legislation, part of the funds in your Scotia Self-Directed LIF withdrawn or, if permitted, commuted (unlocked) if the total value of the funds in all of your applicable locked-in plans and pension plans is less than the threshold amount set by the applicable pension legislation. In all of these provinces your spouse must consent to this withdrawal in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply if you are the surviving spouse of the original LIF owner.

In addition:

- (a) in **British Columbia**,
  - (i) if you have been absent from Canada for two or more years and have become a non-resident of Canada as determined for the purposes of the Tax Act, you may apply in the form and manner required by the applicable pension legislation to withdraw all or part of the money in your Scotia Self-Directed LIF. Your spouse must consent to this withdrawal in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if you are the surviving spouse of the original LIF owner.
  - (ii) you may withdraw all or part of the funds in your Scotia Self-Directed LIF, if the value of the LIF does not exceed 20% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which the withdrawal is made; provided, however, that if your Scotia Self-Directed LIF is not eligible for this option, it may not be severed into two or more of any combination of LRSPs or LIFs, if the balance of any such contracts would be less than 40% of the Year's Maximum Pensionable Earnings for the calendar year in which the severance is requested.
- (b) in **Ontario**, subject to certain legislative requirements, you may apply in the form and manner required by the applicable pension legislation to withdraw all or part of the money from your Scotia Self-Directed LIF if
  - (i) you have an illness or physical disability that is likely to shorten your life expectancy to less than two years (this is in addition to the shortened life expectancy withdrawal provided for in Section 8 of the main LIF Agreement); or
  - (ii) you suffer from a circumstance of financial hardship that is prescribed in the applicable pension legislation.

Your spouse must consent to these withdrawals in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if you are the surviving spouse of the original LIF owner.

- (c) In **New Brunswick**, you may withdraw the entire value of your Scotia Self-Directed LIF if you and your spouse, if any,
  - (i) are not Canadian citizens, and

- (ii) are not resident in Canada for the purposes of the Tax Act.

Your spouse, if any, must consent to this withdrawal in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if you are the surviving spouse of the original LIF owner.

- (d) in **Newfoundland & Labrador**, you may apply in the form and manner required by the applicable pension legislation to receive additional temporary income from your Scotia Self-Directed LIF in a lump sum or in a series of payments in an amount that does not exceed the maximum allowed by the applicable pension legislation if:
  - (i) the total pension income to be received by you for the calendar year in which the application is made from all LIFs, LRIFs, life annuities and pension plans governed by the legislation of Newfoundland & Labrador or of any other province, or governed by federal legislation (except income from a pension under the *Canada Pension Plan*) is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which the application is made, and
  - (ii) you have not reached your 65th birthday at the beginning of the fiscal year in which you make application for the additional temporary income.

Your application for additional temporary income may be submitted to us at any time in a fiscal year, however, only one such application may be submitted in a fiscal year.

To calculate the maximum additional temporary income payable under your Scotia Self-Directed LIF in a fiscal year, we subtract from the amount that is equal to 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which an application is made the amount that is equal to the total pension income to be received by you for the calendar year in which the application is made from all LIFs, LRIFs, life annuities and pension plans governed by the legislation of Newfoundland & Labrador or of any other province, or governed by federal legislation (except income from a pension under the *Canada Pension Plan*).

In the first year of your Scotia Self-Directed LIF, the maximum additional temporary income payment is adjusted in proportion to the number of months in that fiscal year, with any part of an incomplete month counting as one month.

In **Newfoundland & Labrador**, you may also apply in the form and manner required by the applicable pension legislation for a lump sum payment equal to the entire value of your Scotia Self-Directed LIF if, at the time you sign the application,

- (i) you have reached the earlier of age 55 or the earliest date on which you would have been entitled to receive a pension benefit under the plan from which money was transferred, and
- (ii) the value of all assets in all your LIFs, LRIFs and LIRAs governed by Newfoundland & Labrador pension benefits legislation is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for that calendar year.

Your spouse must consent to the payments detailed in this paragraph (d) in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if the money in your Scotia Self-Directed LIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

In **British Columbia, Manitoba and Newfoundland &**

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## Addendum (continued)

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**Labrador**, your spouse must consent to the withdrawals provided for in the fourth paragraph of Section 8 of the main LIF Agreement in the form and manner provided by the applicable pension legislation. This requirement for spousal consent does not apply if the money in your Scotia Self-Directed LIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

In **New Brunswick**, the provisions of the fourth paragraph of Section 8 of the main LIF Agreement do not apply. Instead, you may withdraw the balance of your Scotia Self-Directed LIF, in whole or in part, if a physician certifies in writing to us that you suffer from a significant physical or mental disability that considerably reduces life expectancy. These withdrawals may be in the form of a lump sum withdrawal or a series of payments. Your spouse must consent to this withdrawal in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if you are the surviving spouse of the original LIF owner. Also in **New Brunswick**, the Part X.1 Tax Act withdrawal referred to in the first paragraph of Section 13 of the main LIF Agreement must be deposited into a sub-account, that is not a registered retirement income fund, of your Scotia Self-Directed LIF and must otherwise be made in accordance with the provisions of the applicable pension legislation.

### 9. Estate Matters

In **Newfoundland & Labrador**, we will pay the funds in your Plan to your beneficiary, if any, in accordance with the applicable provisions of the fourth paragraph of Section 10 of the main LIF Agreement and we will also pay the funds in our Plan to your beneficiary, if any, if you are not a former member of the pension plan from which the money in your Scotia Self-Directed LIF was directly or indirectly transferred.

### 10. Amendments

In **Ontario and Newfoundland & Labrador**, the notice period described in the first paragraph of Section 16 of the main LIF Agreement is 90 days (rather than 60 days). In addition, in **Ontario and Newfoundland & Labrador**, the date before which a transfer must be made, as outlined in paragraph 2 of Section 16, will be at least 90 days after the notice of amendment is given.

### 11. Statements

In **Manitoba**,

- (a) within 30 days after the date you transfer funds into your LIF, we will give you a statement containing the information referred to in Section 17 of the main LIF Agreement, determined as of the date of the transfer.
- (b) in the event of a division of the balance in your LIF under the marriage breakdown provisions of the applicable pension legislation, we will give you and your spouse a statement containing the information set out in the first two bullets under Section 17 of the main LIF Agreement, current as of the date required under the applicable pension legislation.
- (c) if you apply for a prescribed transfer (as defined in the applicable pension legislation), we will provide the information required by subsection 5.2 of the *Pension Benefits Act Regulations* (Manitoba).

# Addendum

## Addendum for Nova Scotia LIFs

This Addendum sets out further provisions that apply to LIFs which are subject to the *Pension Benefits Act* of the province of Nova Scotia (the "Act").

This Addendum forms a part of the main LIF Agreement to which it is attached. In the case of any inconsistency between the main LIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### 1. Definitions

All of the definitions regarding life income funds set out in the applicable pension legislation are incorporated in this LIF Agreement.

### 2. Schedule IV of *Pension Benefits Regulations* (Nova Scotia)

In accordance with the requirements of the *Pensions Benefits Regulations* (Nova Scotia), Schedule IV thereof is included as part of this LIF Agreement and reproduced at the end of this Addendum.

### 3. Withdrawals

You may apply in the form and manner required by the applicable pension legislation to withdraw all the money in your Scotia Self-Directed LIF if

- (a) you are at least 65 years of age, and
- (b) the value of all assets in all of your LIRAs, LIFs and pension plans providing defined contribution benefits is

less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which the application is made.

### 4. Amendments

From time to time we may amend this LIF Agreement. If we do so, we will give you 90 days notice in writing.

We will not amend this LIF Agreement if the amendment would result in a reduction in your rights under it, unless we are required by law to make the amendment. In that event, we will give you at least 90 days notice in writing of the amendment and the nature of the amendment and allow you to transfer all or part of the assets in your Scotia Self-Directed LIF as permitted by this Agreement prior to the effective date of the amendment.

### 5. Address of Scotiatrust

The mailing address of Scotiatrust is as follows:

Scotiatrust  
44 King Street West  
Toronto, Ontario M5H 1H1

## Schedule IV - Nova Scotia LIF Addendum

### Interpretation

1. (1) In this Schedule,

- (a) "common-law partner" of an individual means another individual who has cohabited with the individual in a conjugal relationship for a period of at least 2 years, neither of them being a spouse;
  - (b) "regulations" means the *Pension Benefits Regulations*, of which this Schedule forms a part;
  - (c) "spouse" means either of a man and woman who
    - (i) are married to each other,
    - (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or
    - (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
  - (d) "temporary income" means periodic income paid under a pension plan, an annuity or a LIF to a person for a temporary period of time after retirement for the purposes of supplementing retirement income until the person is eligible to receive benefits under the *Old Age Security Act* (Canada) or is either eligible for or commences to receive retirement benefits under the *Canada Pension Plan* (Canada) or *Quebec Pension Plan* (Quebec).
- (2) A fiscal year referred to in this Schedule is the fiscal year of a LIF, which must end on December 31 and must never exceed 12 months.
- (3) A reference rate referred to in this Schedule for the fiscal year of a LIF
- (a) is based on the month-end nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the *Bank of Canada Review* as CANSIM Series B-14013, with the following adjustments applied successively to that nominal rate:

- (i) an increase of 0.5%,
- (ii) the conversion of the increased rate, based on 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%; and

(b) must not be less than 6%.

### Prohibitions

2. Money held in a LIF must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), in accordance with part 4 of the regulations (financial hardship).

3. Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 70(3) or Section 69A of the Act, and any transaction purporting to assign, charge, anticipate or give such money in the LIF as security is void.

4. Money held in a LIF is exempt from execution, seizure or attachment except as permitted by Section 69A of the Act.

### Income commencement

5. (1) The owner must be paid an income from the LIF, the amount of which may vary annually.

(2) Payment of the income from the LIF to the owner must begin no earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money was transferred into the LIF, directly or indirectly.

(3) Payments must begin no later than the end of the second fiscal year of the LIF.

(4) The minimum amount of income paid during a fiscal year must not be not less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada).

(5) The owner must establish the amount of income to be paid during each fiscal year at the beginning of that fiscal year and after the receipt of the information specified in subsection 11(1).

(6) If the financial institution guarantees the rate of return of the LIF over a period that is greater than one year, that

## Addendum (continued)

period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during that period at the beginning of that period.

### Minimum LIF withdrawal

6. The amount of the income paid during the fiscal year of a LIF must not be less than the minimum amount prescribed by the *Income Tax Act* (Canada), determined on the basis of the owner's age or the age of the owner's spouse or common-law partner where that person is younger than the owner.

### Maximum LIF withdrawal - no provision for temporary income

7. The maximum income (M) to be paid from a LIF from which no temporary income is paid, is determined by the following formula:

$$M = F \times C \text{ where}$$

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year; and

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money transferred from another LIF to the LIF in the same year.

### Maximum LIF withdrawal - with temporary income

8. (1) A LIF may provide that the owner be entitled to a temporary income if the owner meets the following requirements:

- (a) the owner makes an application in Form 9 (Application to a Financial Institution for Payment of Temporary Income from a LIF) to the financial institution that administers the LIF for payment of a temporary income under the LIF; and
  - (b) the owner is at least age 54 but under age 65 at the end of the year preceding the date of application.
- (2) The temporary income must not be paid after the end of the year in which the owner reaches age 65.
- (3) No temporary income is payable if any portion of a LIF payment is transferred to a non-locked-in retirement savings arrangement.

(4) The maximum temporary income (A) for the fiscal year is the lesser of

- (a) 40% of the year's maximum pensionable earnings - T; and
- (b)  $F \times C \times D$ ,

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF;

"T" is the total of temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the owner; and

"D" is the factor in Schedule VI for the owner's age at the end of the year preceding the current fiscal year.

(5) Despite subsection (4), if  $F \times C \times D$  is equivalent to less than 40% of the year's maximum pensionable earnings, and the owner is not entitled to any temporary income from another LIF or from a pension plan, "A" is the lesser of

- (a) 40% of the year's maximum pensionable earnings, and
- (b) the LIF less LIF transfers.

(6) The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided that "E" must not be less than zero:

$$E = (F \times C) - (A \div D)$$

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF.

### Maximum income payable when the financial institution guarantees the rate of return of the LIF

9. (1) If the financial institution has guaranteed the rate of return of the LIF over a period greater than one year, and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years of that period is determined at the beginning of each of those fiscal years.

(2) For the first fiscal year, the maximum income is determined in accordance with Section 7.

(3) For each subsequent year, the maximum income is equal to the lesser of

- (a) the balance of the LIF at the time of payment in that year; and
- (b) the result of the formula  $(M \times J) \div K$

where

"M" represents the maximum income determined for the initial fiscal year,

"J" represents the balance of the LIF at the beginning of the fiscal year, and

"K" represents the reference balance determined at January 1 of the year, calculated as

- (i) the reference balance at the beginning of the previous year, reduced by M, plus
- (ii) the amount determined under subclause (i) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the fund, or by 6% in any other case,

and in applying this formula to the second year of the period, the reference balance referred to in subclause (i) is the LIF balance at the beginning of the first year of the period.

### Excess income paid

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

### Information to be provided by the financial institution

11. (1) At the beginning of each fiscal year, the financial institution must provide to the owner a statement indicating

- (a) the balance in the LIF at the beginning of the fiscal year;
- (b) information on the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made during the fiscal year and the fees charged against the LIF during the previous 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

## Addendum (continued)

the owner during the current fiscal year;

- (e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;
  - (f) if the LIF provides for payment of a temporary income and the owner was at least 54 but less than 65 at the end of the preceding year,
    - (i) the terms and conditions the owner must meet to be entitled to payment of the temporary income under Section 8, and
    - (ii) that payment of temporary income will reduce the income that would otherwise be paid to the owner after age 65;
  - (g) that the maximum amount of income that may be paid to the owner will not be increased if a transfer is made to the LIF of assets held in another LIF during that year; and
  - (h) that if the owner wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income determined for the fiscal year, an amount must be retained in the LIF at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year.
- (2) If the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12, the financial institution must provide to the owner's spouse or common-law partner or beneficiary or estate the information in clauses 11(1)(a) and (b) as of the owner's date of death.
- (3) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must provide the owner the information in clauses (1)(a) and (b) as of the date of the transfer or annuity purchase.
- (4) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must comply with the requirements of an administrator under subsections 23(16), (17), and (18) of the regulations.

### Information provided upon transfer of additional amounts to a LIF

- (5) Within 30 days following a transfer to a LIF of locked-in funds that have not been held in a LIF at any time in the current year, the financial institution must provide the owner with a statement indicating
- (a) the balance of the LIF at the beginning of the fiscal year, any money transferred into the LIF during the fiscal year and balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year;

- (b) the maximum amount that may be paid to the owner as income during the fiscal year;
  - (c) the minimum amount that must be paid to the owner as income during the fiscal year; and
  - (d) if the LIF provides for payment of a temporary income and the owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, that the owner is entitled to receive payment of a temporary income.
- (6) If a transfer is made to a LIF of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner must not be increased.

### Transferring assets from a LIF

12. (1) The owner of a LIF may transfer all or part of the assets in a LIF
- (a) to another LIF;
  - (b) to purchase an immediate life annuity contract that meets the conditions of Section 24 of the regulations, provided the annuity does not commence on a date earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money in the LIF was transferred; or
  - (c) to a LIRA, if permitted under the *Income Tax Act* (Canada).
- (2) If assets in the LIF consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.
- (3) The date of transfer must not be more than 30 days after the date of application by the owner unless the term agreed to for the investments has not expired.
- (4) The financial institution must advise the financial institution to which the assets are transferred that the assets were held in a LIF in the current year.

### Death benefit

13. (1) On the death of the owner, the balance in the LIF must be paid to or for the benefit of the owner's spouse or common-law partner or, if there is no spouse or common-law partner, the owner's designated beneficiary or, if there is no valid designation of beneficiary, the owner's estate.
- (2) A spouse or common-law partner is not entitled to receive a death benefit if a division has been made under Section 61 of the Act (pension division) of the pension benefits transferred to the LIF, unless the spouse or common-law partner is the owner's designated beneficiary.

### Withdrawals

14. An application for withdrawal of the assets held in a LIF must be made in accordance with Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), in accordance with part 4 of the regulations (financial hardship).

# Addendum

## Addendum for Quebec LIFs

This Addendum sets out further provisions that apply to LIFs which are subject to the *Supplemental Pension Plans Act* of the province of Quebec (the "Act").

This Addendum forms a part of the main LIF Agreement to which it is attached. In the case of any inconsistency between the main LIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### 1. Sources of Funds:

The only amounts that may be transferred into your Scotia Self-Directed LIF are those sums which originated either directly or initially from:

- (a) the fund of a registered pension plan governed by the Act;
- (b) a supplemental pension plan established by an Act emanating from the Parliament of Quebec or from another legislative authority;
- (c) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- (d) a LIRA;
- (e) an annuity contract referred to in section 30 of the regulations to the Act; or
- (f) another LIF.

### 2. Life Annuity

The balance of your Scotia Self-Directed LIF may be converted to a life annuity only if the insurer guarantees payment of a pension in periodic, equal amounts that will not vary, unless each amount paid is

- (a) uniformly increased in accordance with an index or rate provided for in the annuity contract which satisfies the requirements of subparagraphs 146(3)(b)(iii) to (v) of the Tax Act; or
- (b) uniformly adjusted by reason of
  - (i) a seizure effected on your benefits,
  - (ii) a redetermination of your pension,
  - (iii) the partition of your benefits with your spouse on marriage breakdown, or
  - (iv) the election provided for in subparagraph 3 of the first paragraph of section 93 of the Act.

### 3. Estate Matters

Should you die before the conversion of the balance of your Scotia Self-Directed LIF into a life pension, your spouse, or, failing that, your successors, are entitled to a benefit totalling the balance of the LIF. The provisions of this section do not apply, if you are not a member or former member of the pension plan from which the sums in the Scotia Self-Directed LIF directly or indirectly originated.

### 4. Entitlement of Spouse

The balance in your Scotia Self-Directed LIF may not be converted into a life annuity guaranteed by an insurer unless, upon your death, a life pension equal to at least sixty percent (60%) of the amount of the pension to which you would have been entitled before your death is granted to your spouse, unless your spouse has waived this right. The provisions of this section do not apply, if you are not a member or former member of the pension plan from which the sums in the Scotia Self-Directed LIF directly or indirectly originated.

### 5. Spousal Waivers

Your spouse may, by giving us written notice, waive his or her right to receive the benefit provided for in section 3 of this Addendum or the pension provided for in section 4 of this Addendum and may revoke such a waiver by giving us written notice to that effect before your death, in the case

referred to in section 3 of this Addendum or, in the case referred to in section 4 of this Addendum, the date of conversion, in whole or in part, of the balance in your Scotia Self-Directed LIF to a life annuity.

### 6. Relationship Breakdown

Your spouse ceases to be entitled to the benefits set out in sections 3 and 4 of this Addendum upon separation from bed and board, divorce, annulment of marriage or, in the case of unmarried spouses, upon cessation of the conjugal relationship, except as otherwise provided for in section 89 of the Act.

### 7. Seizure For a Support Debt

The seizable portion of the balance of your Scotia Self-Directed LIF may be paid in a lump sum in execution of a judgement rendered in favour of your spouse that gives entitlement to a seizure for unpaid alimony.

### 8. Calculating Payments

The maximum amount which will be paid out of your Scotia Self-Directed LIF for a fiscal year will be determined by multiplying the prescribed factor with respect to the reference rate for the year covered by the fiscal year and your age at the end of the preceding year by the balance of your Scotia Self-Directed LIF at the beginning of the fiscal year (plus any amounts transferred into the fund after that date but not including any amounts coming from another LIF you own). This figure will be subtracted from the amount determined by the fiscal year's maximum temporary income (or zero, if this amount has not been determined) divided by the prescribed factor with respect to your age at the end of the fiscal year preceding the one covered by the present fiscal year. The maximum amount cannot be less than zero.

### 9. Transfers

Before the conversion of the total balance of your Scotia Self-Directed LIF to a life annuity, you may transfer all or part of the balance of the LIF to any of the contracts listed in paragraphs 1(a) to (f) of this Addendum, unless the agreed to term of the investments in the LIF has not yet expired.

### 10. Withdrawals

You may make the following withdrawals from your Scotia Self-Directed LIF:

- (a) Provided that the agreed to term of the investments has expired and that you have not resided in Canada for at least two years, you may request that the total balance of your Scotia Self-Directed LIF be paid to you in a lump sum.
- (b) You may apply for a lump sum payment equal to the entire value of your Scotia Self-Directed LIF, if
  - (i) your application is accompanied with a declaration in the prescribed form,
  - (ii) you are at least 65 years of age at the end of the year preceding the application, and
  - (iii) the total of the sums in all the retirement savings instruments referred to in the prescribed declaration does not exceed 40% of the Maximum Pensionable Earnings, calculated in accordance with the *Act respecting the Quebec Pension Plan*, for the year in which you apply for payment.

### 11. Responsibility

If we pay you more than the maximum amount permitted by this Agreement and the applicable pension legislation, you may, unless the payment is attributable to a false declaration which you have made, require that we pay you, as a penalty, a sum equal to the surplus income paid.

### 12. Amendments

We will not amend this Agreement in a manner that would entail a reduction of the benefits under it, unless we allow

## Addendum (continued)

you, prior to the date of the amendment, to transfer the balance of your Scotia Self-Directed LIF as permitted by this Agreement. We will give you a notice at least ninety (90) days prior to the effective date of the amendment indicating the nature of the amendment and the date before which you can transfer the assets in your Scotia Self-Directed LIF.

We will not, except to fulfill the requirements of the law, make any amendments to this Agreement, other than those provided for in this section, without giving you prior notice.

We may amend this Agreement only to the extent that it remains in conformity with the standard contract which has been filed with the Régie des rentes du Québec.

### 13. Transfer of Investment Securities

The transfers referred to in section 9 of this Addendum may, at our option and unless otherwise stipulated, be effected by the remittance of the investment securities in your Scotia Self-Directed LIF.

### 14. Statements

At the beginning of each fiscal year, we will provide you with a statement that indicates the following information for your Scotia Self-Directed LIF:

- (a) the balance of the LIF as of that date, a reconciliation of that amount with the balance indicated at the beginning of the previous fiscal year, including cash, the accumulated earnings, any withdrawals and any fees charged.
- (b) if the beginning of the fiscal year is later than the beginning of the calendar year, any amount which has been transferred in during the year directly or initially from any other LIF you own.
- (c) the maximum amount that may be paid to you in the current fiscal year together with the minimum amount that must be paid to you in the fiscal year.
- (d) that the transfer during a year, whether direct or indirect, from another LIF which you own cannot change the maximum amount that can be paid to you out of the LIF for the fiscal year.

- (e) that if you wish to transfer, in whole or in part, the balance of your Scotia Self-Directed LIF and still receive the income which was determined to be paid for that fiscal year, you must ensure that enough money remains within the LIF after the transfer for this purpose.

If you transfer funds into your Scotia Self-Directed LIF which do not come directly or indirectly from a LIF you own, we will, within thirty days of the transfer, provide you with a statement that indicates the following information:

- (a) the balance of the LIF at the beginning of the fiscal year and the sums that have been deposited in the LIF, specifically identifying any amounts which come directly or indirectly during that year from a LIF you own, as well as the balance of the fund for the purpose of calculating the maximum amount that may be paid to you as income in the fiscal year.
- (b) the maximum amount that may be paid to you as income in the fiscal year together with the minimum amount that must be paid to you in the fiscal year.

If you die before the total balance in your Scotia Self-Directed LIF has been converted to a life pension, we will provide your spouse or, failing that, your successors with a statement as of the date of your death which contains the prescribed information. The provisions of this paragraph do not apply, if you are not a member of former member of the pension plan from which the sums in the Scotia Self-Directed LIF directly or indirectly originated.

Also, where you transfer the balance of your Scotia Self-Directed LIF to another financial institution or convert it into a life pension, we will provide you with a statement as of the date of the transfer or conversion, as the case may be, which contains the prescribed information.

# Addendum

## Addendum for Manitoba, Ontario and Newfoundland & Labrador LRIFs

This Addendum sets out further provisions required by the applicable pension legislation of the provinces of **Manitoba, Ontario and Newfoundland & Labrador** ("the provinces").

This Addendum forms a part of the main LRIF Agreement to which it is attached. In the case of any inconsistency between the main LRIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### 1. Definitions

In all the provinces, all of the definitions regarding locked-in retirement income funds set out in the applicable pension legislation are incorporated in this LRIF Agreement.

In **Newfoundland & Labrador**, the term "spouse" includes a principal beneficiary, as that term is defined in both Directive No. 17 of the *Pension Benefits Act Regulations* and in the *Pension Benefits Act, 1997*, except where such inclusion would conflict with the requirements of the Tax Act.

### 2. Transfers

In **Manitoba**, we will ensure that the financial institution and, if applicable, the contract to which your funds are being transferred are filed with and acknowledged by the Superintendent of Pensions. Before we transfer funds out of your Scotia Self-Directed LRIF, we will tell the financial institution which is to receive the funds of their locked-in status and make acceptance of the transfer subject to applicable pension legislation.

In **Newfoundland & Labrador** an administrator of a pension plan shall not effect a transfer to a financial institution unless the administrator has ascertained that the financial institution's name and LRIF are currently on the list of approved contracts, and advised the financial institution in writing that, subject to the applicable pension legislation, no withdrawal, commutation or surrender of money is permitted.

### 3. Responsibility

In **Manitoba**, if we pay out funds from your Scotia Self-Directed LRIF in a way that is contrary to applicable pension legislation, we will ensure that you receive a pension equivalent to what you would have received if the funds had not been paid out. The same applies if we transfer any funds from your Scotia Self-Directed LRIF to another financial institution without fulfilling our obligations and the other institution fails to administer the funds in the manner required by the applicable pension legislation.

### 4. Differentiation on Basis of Sex

In **Manitoba**, we do not calculate pensions, annuities, benefits or any options as to pensions, annuities or benefits on the basis of sex.

### 5. Joint Life Annuity

In all the provinces, when the funds in your Scotia Self-Directed LRIF are used to buy a life annuity, this must be a joint life annuity for you and your spouse, as required by the applicable pension legislation, provided you have one at the time and he or she has not waived his or her right in the form and manner required by the applicable pension legislation.

### 6. Survivor Annuity

In all the provinces, if you die after you have transferred the funds in your Scotia Self-Directed LRIF to a life insurance company to purchase a life annuity, the insurer must provide your spouse, if you have one at the time of your death, with a life annuity that pays at least 60 per cent of your pension. In **Manitoba**, this annuity must be at least 66.66 per cent of your pension.

### 7. Calculating Payments

In **Manitoba**, to calculate the maximum amount payable under your Scotia Self-Directed LRIF in a fiscal year, the

method identified in the third paragraph of Section 7 of the main LRIF Agreement does not apply. Instead, the maximum amount payable under your Scotia Self-Directed LRIF is as follows:

- (a) For the first fiscal year, 6% of the total balance of your LRIF on the first day of that fiscal year and all amounts transferred to the LRIF in the year other than amounts transferred to it directly or indirectly from a LIF or LRIF.
- (b) For the second fiscal year, the greatest of the following amounts:
  - (i) the balance of your LRIF at the beginning of the year, less the difference between the amounts transferred to and out of the LRIF before that time, and
  - (ii) the income and gains earned by your LRIF during the immediately preceding year, net of any losses realized by it in that year,
  - (iii) 6% of the balance of your LRIF at the beginning of the year, and
  - (iv) if money in your LRIF was transferred to it directly from a LIF, the total investment income earned by the LRIF and the LIF in the first fiscal year, plus 6% of the total of all amounts transferred to your LRIF in the year, other than amounts transferred to it directly or indirectly from a LIF or LRIF.
- (c) For the third and any subsequent fiscal year, the greater of
  - (i) the balance of your LRIF at the beginning of the year, less the difference between the amounts transferred to and out of the LRIF before that time, and
  - (ii) the income and gains earned by your LRIF during the immediately preceding year, net of any losses realized by it in that year,
 plus 6% of the total of all amounts transferred to your LRIF in the year, other than amounts transferred to it directly or indirectly from a LIF or LRIF.

In addition, in **Manitoba**, the fifth paragraph of Section 7 of the main LRIF Agreement does not apply.

In **Newfoundland & Labrador**, to calculate the maximum amount payable under your Scotia Self-Directed LRIF in a fiscal year, the method identified in the first bullet under Section 7 of the main LRIF Agreement does not apply. Instead, the following method applies:

- The investment income earned from the time the LRIF was established to the end of the most recently completed fiscal year and, with respect to any money in the LRIF that is derived directly from money transferred from a LIF, the investment income earned in the final complete fiscal year of the LIF under the LIF, less the sum of all income paid to you from the LRIF.

In **Ontario**, in addition to the methods already identified in the main LRIF Agreement for calculating the maximum amount payable under your Scotia Self-Directed LRIF in a fiscal year, the following method must be included in the calculation:

- If the money in the LRIF (the "receiving fund") is transferred directly from a LIF or another LRIF (the "transferring fund"), and if the income is being paid out of the receiving fund in the fiscal year following the fiscal year in which the receiving fund is established, the sum of,
  - (i) the investment income of the transferring fund in the previous fiscal year, and

## Addendum (continued)

- (ii) the investment income of the receiving fund in the previous fiscal year.

In **Ontario** and **Newfoundland & Labrador**, the last paragraph of Section 7 of the main LRIF Agreement does not apply. Instead, if your Scotia Self-Directed LRIF includes funds transferred from a LIF or another LRIF that you own, the maximum amount that may be paid out of your Scotia Self-Directed LRIF in the fiscal year in which the money is transferred is zero, unless applicable tax legislation requires the payment of a higher amount.

### 8. Making Payments

In **Ontario**, if you elect to be paid an amount that is less than the maximum amount, the difference between the maximum amount and the amount paid in the year may be carried forward. You may elect to be paid in a fiscal year all or part of the amount carried forward from a prior fiscal year and, in that case, the amount carried forward is reduced by the amount paid to you.

### 9. Withdrawals

In all the provinces **except Newfoundland & Labrador**, subject to certain legislative requirements, you may apply in the form and manner required by the applicable pension legislation to have all or, depending on applicable pension legislation, part of the funds in your Scotia Self-Directed LRIF withdrawn or, if permitted, commuted (unlocked) if the total value of the funds in all of your applicable locked-in plans and pension plans is less than the threshold amount set by the applicable pension legislation. In all of the provinces your spouse must consent to this withdrawal in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply if you are the surviving spouse of the original LRIF owner.

In addition,

- (a) in **Ontario**, subject to certain legislative requirements, you may apply in the form and manner required by the applicable pension legislation to withdraw all or part of the money from your Scotia Self-Directed LRIF if
  - (i) you have an illness or physical disability that is likely to shorten your life expectancy to less than two years (this is in addition to the shortened life expectancy withdrawal provided for in Section 8 of the main LRIF Agreement); or
  - (ii) you suffer from a circumstance of financial hardship that is prescribed in the applicable pension legislation.

Your spouse must consent to these withdrawals in the form and manner required by the applicable pension legislation.

However, this requirement for spousal consent does not apply, if you are the surviving spouse of the original LRIF owner.

- (b) in **Newfoundland & Labrador**, you may apply in the form and manner required by the applicable pension legislation to receive additional temporary income from your Scotia Self-Directed LRIF in a lump sum or in a series of payments in an amount that does not exceed the maximum allowed by the applicable pension legislation if:

- (i) the total pension income to be received by you for the calendar year in which the application is made from all LIFs, LRIFs, life annuities and pension plans governed by the legislation of **Newfoundland & Labrador** or of any other province, or governed by federal legislation (except income from a pension under the *Canada Pension Plan*) is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which the application is made, and

- (ii) you have not reached your 65th birthday at the beginning of the fiscal year in which you make application for the additional temporary income.

Your application for additional temporary income may be submitted to us at any time in a fiscal year, however, only one such application may be submitted in a fiscal year.

To calculate the maximum additional temporary income payable under your Scotia Self-Directed LRIF in a fiscal year, we subtract from the amount that is equal to 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for the calendar year in which an application is made the amount that is equal to the total pension income to be received by you for the calendar year in which the application is made from all LIFs, LRIFs, life annuities and pension plans governed by the legislation of Newfoundland & Labrador or of any other province, or governed by federal legislation (except income from a pension under the *Canada Pension Plan*).

In the first year of your Scotia Self-Directed LRIF, the maximum additional temporary income payment is adjusted in proportion to the number of months in that fiscal year, with any part of an incomplete month counting as one month.

In **Newfoundland & Labrador**, you may also apply in the form and manner required by the applicable pension legislation for a lump sum payment equal to the entire value of your Scotia Self-Directed LRIF if, at the time you sign the application,

- (i) you have reached the earlier of age 55 or the earliest date on which you would have been entitled to receive a pension benefit under the plan from which money was transferred, and
- (ii) the value of all assets in all your LIFs, LRIFs and LIRAs governed by Newfoundland & Labrador pension benefits legislation is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* for that calendar year.

Your spouse must consent to the payments detailed in this paragraph (b) in the form and manner required by the applicable pension legislation. However, this requirement for spousal consent does not apply, if the money in your Scotia Self-Directed LRIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

In **Manitoba** and **Newfoundland & Labrador**, your spouse must consent to the withdrawals provided for in the fourth paragraph of Section 8 of the main LRIF Agreement in the form and manner provided by the applicable pension legislation. This requirement for spousal consent does not apply if the money in your Scotia Self-Directed LRIF does not derive directly or indirectly from a pension benefit provided in respect of your past or current employment.

### 10. Estate Matters

In **Newfoundland & Labrador**, we will pay the funds in your Plan to your beneficiary, if any, in accordance with the applicable provisions of the third paragraph of Section 10 of the main LRIF Agreement and we will also pay the funds in your Plan to your beneficiary, if any, if you are not a former member of the pension plan from which the money in your Scotia Self-Directed LRIF was directly or indirectly transferred.

### 11. Amendments

In **Ontario** and **Newfoundland & Labrador**, the notice period described in the first paragraph of Section 16 of the main LRIF Agreement is 90 days (rather than 60 days). In addition, in **Ontario** and **Newfoundland & Labrador**, the date before which a transfer must be made, as outlined in paragraph 2 of

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## Addendum (continued)

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Section 16, will be at least 90 days after the notice of amendment is given.

### 12. Statements

In **Manitoba**,

- (a) within 30 days after the date you transfer funds into your LRIF, we will give you a statement containing the information referred to in Section 17 of the main LRIF Agreement, determined as of the date of the transfer.
- (b) in the event of a division of the balance in your LRIF under the marriage breakdown provisions of the applicable pension legislation, we will give you and your spouse a statement containing the information set out in the first two bullets under Section 17 of the main LRIF Agreement, current as of the date required under the applicable pension legislation.
- (c) if you apply for a prescribed transfer (as defined in the applicable pension legislation), we will provide the information required by subsection 5.2 of the *Pension Benefits Act Regulations* (Manitoba).

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# Addendum

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## Addendum for Manitoba PRRIFs

This Addendum sets out further provisions required by the applicable pension legislation of the province of Manitoba. This Addendum forms a part of the main Manitoba PRRIF Agreement to which it is attached. In the case of any inconsistency between the main Manitoba PRRIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### **1. Opening a Manitoba PRRIF**

No money may be transferred to a Scotia Self-Directed Manitoba PRRIF unless

- (a) made by way of a prescribed transfer as defined in the applicable pension legislation, or
- (b) transferred from another Manitoba PRRIF that you own.

### **2. Responsibility**

If we pay out funds from your Scotia Self-Directed Manitoba PRRIF in a way that is contrary to the applicable pension legislation, we will provide or ensure the provision of an amount equal to the amount paid out.

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# Addendum

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## Addendum for Saskatchewan PRRIFs

This Addendum sets out further provisions required by the applicable pension legislation of the province of Saskatchewan.

This Addendum forms a part of the main Saskatchewan PRRIF Agreement to which it is attached. In the case of any inconsistency between the main Saskatchewan PRRIF Agreement and this Addendum, this Addendum shall prevail in all cases.

### 1. Opening a Saskatchewan PRRIF

No money may be transferred to a Scotia Self-Directed Saskatchewan PRRIF unless

- (a) either (i) you are at least 55 years of age, or (ii) you have attained the early retirement age established by the pension plan or any of the pension plans from which the money to be transferred directly or indirectly originates and you provide evidence to our satisfaction of the early retirement age established by the pension plan or plans, and
- (b) your spouse consents to the transfer in the form and manner required by the applicable pension legislation. This consent is not required if you were not a member of the pension plan from which the money to be transferred directly or indirectly originates.

### 2. Sources of Funds

In addition to the permitted sources of funds referred to in Section 4 of the main Saskatchewan PRRIF Agreement, funds transferred to your Scotia Self-Directed Saskatchewan PRRIF may come from:

- a LIRA, LIF or LRIF that you own;
- another Saskatchewan PRRIF; or
- any other source that may be permitted by the applicable pension and tax legislation.

### 3. Responsibility

If we pay out funds from your Scotia Self-Directed Saskatchewan PRRIF in a way that is contrary to the applicable pension legislation, we will ensure that you receive a pension equivalent to what you would have received if the funds had not been paid out.

### 4. Maintenance Order Attachments

Where money in your Scotia Self-Directed Saskatchewan PRRIF has been attached pursuant to *The Enforcement of Maintenance Orders Act* (Saskatchewan), we will deduct from the funds in your Scotia Self-Directed Saskatchewan PRRIF an amount that reasonably represents the cost to us of complying with the attachment, but such amount will in no event exceed \$250.00.