

# Addendum

## Addendum For Federal RLIFs

This Addendum sets out further provisions that apply to Scotia Self-Directed Federal RLIFs which are subject to the Pension Benefits Standards Act, 1985 of Canada (the "Act").

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

### 1. Definitions

All of the definitions regarding restricted life income funds set out in the Act and the Regulations to it are incorporated in this Scotia Self-Directed Federal RLIF Agreement.

### 2. Calculating Payments

- (a) For any calendar year before the calendar year in which you reach 90 years of age, the amount of income paid out of your Scotia Self-Directed Federal RLIF shall not exceed the amount determined by the formula  $C/F$ , where

"C" is the balance in your Federal RLIF

- (i) at the beginning of the calendar year, or
- (ii) if the amount determined under subparagraph (i) is zero (0), on the day on which the initial amount is transferred into your Federal RLIF; and

"F" is the value, at the beginning of the calendar year, of a pension benefit whose 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 you reach 90 years of age, established using an interest rate that,

- (i) for the first 15 years after January 1 of the year in which your Federal RLIF 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%.
- (b) For the calendar year in which you reach 90 years of age and for all subsequent calendar years, the amount of income paid out of your Scotia Self-Directed Federal RLIF shall not exceed the value of the funds held in it immediately before the time of the payment.
- (c) For the calendar year in which your Scotia Self-Directed Federal RLIF is entered into, the amount determined under paragraph (a) or (b), as the case may be, shall be multiplied by the number of months remaining in that year and then divided by 12, with any part of an incomplete month counting as one month.
- (d) If, at the time your Scotia Self-Directed Federal RLIF is established, part of it is composed of funds that have been held in another Federal RLIF that you held earlier in the calendar year in which your Scotia Self-Directed Federal RLIF is established, the amount determined under paragraph (a) or (b), as the case may be is deemed to be zero in respect of that part of your Scotia Self-Directed Federal RLIF for that calendar year.

### 3. Transfers

Funds in your Scotia Self-Directed Federal RLIF may only be:

- (a) transferred to another Federal RLIF,
- (b) transferred to a Federal RLSP, or
- (c) used to purchase an immediate life annuity or a deferred life annuity.

## 4. Withdrawals

### A. 50% Unlocking Option

- (a) If your Scotia Self-Directed Federal RLIF is established in the calendar year in which you reach 55 years of age or in any subsequent calendar year, you may transfer 50% of the funds in your Federal RLIF to a RRSP or a RRIF within 60 days after the establishment of your Federal RLIF if
- (i) your Federal RLIF was created as the result of the transfer of a pension benefit credit under section 26 of the Act or a transfer from a LRSP or a LIF, and
  - (ii) you give us a completed copy of Form 2 of Schedule V to the Regulations to the Act.

### B. YMPE-based Lump Sum Payment

- (a) In the calendar year in which you reach 55 years of age or in any subsequent calendar year, the funds in your Scotia Self-Directed Federal RLIF may be paid to you in a lump sum if
- (i) you certify that the total value of all assets in all LRSPs, LIFs, Federal RLSPs and Federal RLIFs that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by the Regulations to the Act is less than or equal to 50% of the Year's Maximum Pensionable Earnings, and
  - (ii) you give us a completed copy of Form 2 and Form 3 of Schedule V to the Regulations to the Act.

### C. Financial Hardship

- (a) You may withdraw an amount from your Scotia Self-Directed RLIF up to the lesser of the amount determined by the formula set out in subparagraph (b) of this paragraph C. and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this paragraph C. -- from any Federal RLIF -- or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e) of the Regulations to the Act
- (i) if you certify that you have not made a withdrawal in the calendar year under this paragraph C. from -- any Federal RLIF -- or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e) other than within the last 30 days before this certification,
  - (ii) if, in the event that the value of M in subparagraph (b) of this paragraph C. is greater than zero,
    - A) you certify that you expect to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of twenty per cent (20%) of your 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 Federal RLIF -- or under 20(1)(d), 20.1(1)(m) or 20.2(1)(e) of the Regulations to the Act, and
    - B) a physician certifies that such medical or disability-related treatment or adaptive technology is required, and
  - (iii) if you give us a completed copy of Form 1 and Form 2 of Schedule V to the Regulations to the Act.
- (b) The amount referred to in subparagraph (a) of this paragraph C. is determined by the following formula:
- $$M + N$$

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## Addendum (continued)

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where

“M” is the total amount of the expenditures that you expect 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 your total expected income for the calendar year determined in accordance with the Tax Act, excluding withdrawals in the calendar year under this paragraph C. or under paragraph 20(1)(d), 20.1(1)(m) or 20.2(1)(e) of the Regulations to the Act.

### D. Shortened Life Expectancy

If a physician certifies that owing to mental or physical disability your life expectancy is likely to be shortened considerably, the funds in your Scotia Self-Directed Federal RLIF may be paid to you in a lump sum.

### 5. Estate Matters

Upon your death, the funds in your Scotia Self-Directed Federal RLIF shall be paid to your survivor (as defined in the Act) by

- (a) transferring the funds to another Federal RLIF or to a LIF,
- (b) transferring the funds to a LRSP or Federal RLSP, or
- (c) using the funds to purchase an immediate life annuity or a deferred life annuity.

### 6. Prohibition

Except as provided in subsection 25(4) of the Act, the funds in your Scotia Self-Directed RLIF shall not be assigned, charged, anticipated or given as security and any transaction purporting to assign, charge, anticipate or give the funds as security is void.

### 7. Differentiation on Basis of Sex

If a pension benefit credit transferred to your Scotia Self-Directed Federal RLIF was not varied according to the sex of the plan member, an immediate life annuity or a deferred life annuity purchased with funds accumulated in your Federal RLIF shall not differentiate as to sex.