

# Addendum

## Addendum For New Ontario LIFs

(Opened beginning January 1st, 2008)

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

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.

The mailing address of The Bank of Nova Scotia Trust Company (Scotiustrust) is as follows:

Scotiustrust, 44 King St. West, Toronto, Ontario M5H 1H1.

### 1. Definitions

All of the definitions regarding life income funds set out in the Act and the Regulations to it are incorporated in this LIF Agreement. In addition, in this Addendum, the term "Schedule" means Schedule 1.1 of the Regulations to the Act.

### 2. Transfers

The paragraph heading of section 9 of the main LIF Agreement titled "From your Scotia Self-Directed LIF, LRIF, or Saskatchewan PRRIF to:" and the bullets thereunder are replaced with the following:

From your Scotia Self-Directed LIF to:

- an immediate life annuity that meets the requirements of paragraph 60(l) of the Tax Act and the Act and the Regulations to it;
- another LIF you own that is governed by Schedule 1.1 to the Regulations to the Act; or
- another permissible registered retirement investment vehicle that meets the requirements of applicable tax legislation and the Act and the Regulations to it."

### 3. Calculating Payments

- (a) To calculate the maximum amount payable under your Scotia Self-Directed LIF in a fiscal year, the fifth to ninth paragraphs of section 7 of the main LIF Agreement do not apply. Instead, the maximum amount payable under your LIF in a fiscal year is, subject to subsections (b), (c) and (d), equal to the greater of the following amounts:
- (i) The investment earnings, including any unrealized capital gains or losses, of your LIF in the previous fiscal year.
- (ii) If the money in your LIF is derived from money transferred directly from another life income fund or a locked-in retirement income fund (the "transferring fund"), and if the income is being paid out of your LIF in the fiscal year following the fiscal year in which it was established, the sum of,
1. the investment earnings, including any unrealized capital gains or losses, of the transferring fund in the previous fiscal year, and
  2. the investment earnings, including any unrealized capital gains or losses, of your LIF in the previous fiscal year.
- (iii) The amount calculated using the formula  $C/F$  in which,
- "C" is the value of the assets in your LIF at the beginning of the fiscal year, and
- "F" is the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which you reach age 90.

The following interest rate assumptions are to be used to determine the amount "F":

1. The interest rate for each of the first 15 fiscal years of the period referred to in the definition of "F" is the greater of 6 per cent and the nominal rate of interest on long-term bonds issued by the Government of Canada for November of the year before the beginning of the fiscal year, as determined from the Canadian Socio-Economic Information Management System (CANSIM) series V122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada.
  2. For the sixteenth and each subsequent fiscal year of the period referred to in the definition of "F", the interest rate is 6 per cent.
- (b) If any money in your Scotia Self-Directed LIF is derived from money transferred directly or indirectly from another life income fund or a locked-in retirement income fund, the maximum amount that may be paid out of the LIF in the fiscal year in which the money is transferred into the LIF is zero.
- (c) If the initial fiscal year of your Scotia Self-Directed LIF is not 12 months long, the maximum amount determined under this section 3 shall be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.
- (d) The amount of income paid out of your Scotia Self-Directed LIF during a fiscal year must not be less than the minimum amount prescribed for an RRIF under the Tax Act. If such minimum amount is greater than the maximum amount determined under this section 3, the minimum amount must be paid out of your LIF during the fiscal year.

### 4. Joint Life Annuity

When the funds in your Scotia Self-Directed LIF are used to buy an immediate life annuity, this must be a joint life annuity for you and your spouse as required by the Act and the Regulations to it, provided you have a spouse at the time and he or she has not waived his or her rights in the form and manner required by the Act and the Regulations to it.

### 5. Withdrawals

#### A. 50% Unlocking Option (Effective January 1, 2010)

- (a) If assets are transferred to your Scotia Self-Directed LIF from a pension fund, a locked-in retirement account, a locked-in retirement income fund or another life income fund, you may, upon application in accordance with the applicable Schedule provision either withdraw from your LIF or transfer from it to an RRSP or RRIF an amount representing up to 50 per cent of the total market value of the assets transferred into your LIF.
- (b) Despite subsection (a), if the assets are transferred into your Scotia Self-Directed LIF from another life income fund that is governed by the Schedule, you cannot make a withdrawal or transfer described in paragraph (a) unless the transfer into your LIF is made in accordance with the terms of an order under the *Family Law Act*, a family arbitration award or a domestic contract.
- (c) An application for a withdrawal or transfer described

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in this paragraph (a) must be given to us within 60 days after the assets are transferred into your Scotia Self-Directed LIF and must be made on a form approved by the Superintendent. The application form must be signed by you and accompanied by one of the following documents:

- (i) A declaration about a spouse, as described in the Schedule.
- (ii) A statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.

### B. YMPE-based Lump Sum Payment

- (a) Upon application in accordance with the applicable Schedule provision, you may withdraw all the money in your Scotia Self-Directed LIF or transfer the assets to an RRSP or RRIF if, when you sign the application,
  - (i) you are at least 55 years of age; and
  - (ii) the value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by you is less than 40 per cent of the Year's Maximum Pensionable Earnings for that calendar year. The value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by you when you sign the application is to be determined using the most recent statement about each fund or account given to you. Each such statement must be dated within one year before you sign the application.
- (b) An application for the withdrawal or transfer described in this section 5B must be given to us on a form approved by the Superintendent. The application form must be signed by you and accompanied by one of the following documents:
  - (i) A declaration about a spouse, as described in the Schedule.
  - (ii) A statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.

### C. Non-resident Withdrawal

- (a) Upon application in accordance with the applicable Schedule provision, you may withdraw all the money in your Scotia Self-Directed LIF,
  - (i) if, when you sign the application, you are a non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the Tax Act; and
  - (ii) if the application is made at least 24 months after your date of departure from Canada.
- (b) An application for the withdrawal described in this section 5C must be given to us on a form approved by the Superintendent. The application form must be signed by you and accompanied by the following documents:
  - (i) A written determination from the Canada Revenue Agency that you are a non-resident for the purposes of the Tax Act.
  - (ii) Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a

pension benefit provided in respect of your employment.

### D. Shortened Life Expectancy

- (a) Upon application in accordance with the applicable Schedule provision, you may withdraw all or part of the money in your Scotia Self-Directed LIF if, when you sign the application, you have an illness or physical disability that is likely to shorten your life expectancy to less than two years.
- (b) An application for the withdrawal described in this section 5D must be given to us on a form approved by the Superintendent. The application form must be signed by you and accompanied by the following documents:
  - (i) A statement signed by a physician who is licensed to practise medicine in a jurisdiction in Canada that, in the opinion of the physician, you have an illness or physical disability that is likely to shorten your life expectancy to less than two years.
  - (ii) Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.

### E. Financial Hardship.

- (a) (i) You may, upon application in accordance with this subsection, withdraw all or part of the money in your Scotia Self-Directed LIF if you, your spouse, or a dependant has incurred or will incur medical expenses relating to an illness or physical disability of any of you or them.
  - (ii) Only one application may be made under this subsection during a calendar year in respect of a particular person.
  - (iii) The application must specify the amount to be withdrawn from your LIF.
  - (iv) The minimum amount that may be withdrawn from your LIF with respect to an application is \$500 and the maximum amount is the lesser of "X" and "G" where,
    - "X" is 50 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
    - "G" is the sum of the amount of the person's medical expenses that have been incurred and an estimate of the total amount of the person's medical expenses for the 12 months after the date on which the application is signed.
  - (v) If the maximum amount calculated under paragraph (iv) is less than \$500, no withdrawal from your LIF is permitted with respect to the application.
  - (vi) The application form must be signed by you and must be accompanied by the following documents:
    - 1. Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.

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2. A statement signed by a physician or dentist, as applicable, indicating that, in his or her opinion, the expenses claimed are or were necessary for the person's treatment. The physician or dentist must be licensed to practise medicine or dentistry, as the case may be, in a jurisdiction in Canada.
  3. A copy of the receipts or the estimate to account for the total amount of the medical expenses being claimed.
  4. A statement, signed by you, that you understand that any money released under this subsection will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (vii) For the purposes of this subsection, a person is a dependant if he or she was dependent on you or your spouse for support at some time during the calendar year in which the application is signed or during the previous calendar year.
- (viii) For the purposes of this subsection, medical expenses include,
1. expenses for goods and services of a medical or dental nature; and
  2. expenses incurred or to be incurred for renovations or alterations to your or the dependant's principal residence (as defined in paragraph 5E(b)(vii)) and any additional expenses incurred in the construction of a principal residence made necessary by your illness or physical disability or of your spouse or a dependant.
- (b) (i) You may, upon application in accordance with this subsection, withdraw all or part of the money in your Scotia Self-Directed LIF,
1. if you or your spouse has received a written demand in respect of arrears in the payment of rent on your principal residence, and you could face eviction if the debt remains unpaid; or
  2. if you or your spouse has received a written demand in respect of a default on a debt that is secured against your principal residence, and you could face eviction if the amount in default remains unpaid.
- (ii) Only one application may be made under this subsection during a calendar year.
- (iii) The application must specify the amount to be withdrawn from your LIF.
- (iv) The minimum amount that may be withdrawn from your LIF with respect to an application is \$500 and the maximum amount is the lesser of "X" and "H" where,
- "X" is 50 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
- "H" is, with respect to arrears in the payment of rent, the sum of the total amount of arrears of rent and the total amount of rent payable for a period of 12 months or, with respect to a default on a secured debt, the sum of the total amount of the payments that are in default and the total amount of payments due and interest payable on the debt for the 12 months after the date on which the application is signed.
- (v) If the maximum amount calculated under paragraph (iv) is less than \$500, no withdrawal from your LIF is permitted with respect to the application.
- (vi) The application form must be signed by you and must be accompanied by the following documents:
1. Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.
  2. A copy of the written demand in respect of arrears in the payment of rent or in respect of the default on the secured debt, as the case may be.
  3. A statement, signed by you, that you understand that any money released under this subsection will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (vii) In this subsection,
- "principal residence" means, in respect of an individual, a premises, including a non-seasonal mobile home, that is occupied by the individual as his or her primary place of residence.
- (c) (i) You may, upon application in accordance with this subsection, withdraw all or part of the money in your Scotia Self-Directed LIF if you or your spouse requires money to pay the first and last months' rent to obtain a principal residence for you.
- (ii) Only one application may be made under this subsection during a calendar year.
- (iii) The application must specify the amount to be withdrawn from your LIF.
- (iv) The minimum amount that may be withdrawn from your LIF with respect to an application is \$500 and the maximum amount is the lesser of "J" and "K" where,
- "J" is 5 per cent of the Year's Maximum Pensionable Earnings for the year in which the application is signed, and
- "K" is the amount required for the first and last months' rent.
- (v) If the maximum amount calculated under paragraph (iv) is less than \$500, no withdrawal from your LIF is permitted with respect to the application.
- (vi) The application form must be signed by you and must be accompanied by the following documents:
1. Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or

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- indirectly, from a pension benefit provided in respect of your employment.
2. A copy of the rental agreement, if available.
  3. A statement, signed by you, that you understand that any money released under this subsection will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (vii) In this subsection, “principal residence” means, in respect of an individual, a premises, including a non-seasonal mobile home, that is intended to be occupied by the individual as his or her primary place of residence.
- (d) (i) You may, upon application in accordance with this subsection, withdraw all or part of the money in your Scotia Self-Directed LIF if your expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed is 66 2/3 per cent or less of the Year’s Maximum Pensionable Earnings for the year in which the application is signed.
- (ii) Only one application may be made under this subsection during a calendar year.
- (iii) The application must specify the amount to be withdrawn from your LIF.
- (iv) The minimum amount that may be withdrawn from your LIF with respect to an application is \$500 and the maximum amount is calculated using the formula,  

$$X - L$$
in which,  
“X” is 50 per cent of the Year’s Maximum Pensionable Earnings for the year in which the application is signed, and  
“L” is 75 per cent of your expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed.
- (v) If the maximum amount calculated under paragraph (iv) is less than \$500, no withdrawal from your LIF is permitted with respect to the application.
- (vi) The application form must be signed by you and must be accompanied by the following documents:
1. Either a declaration about a spouse, as described in the Schedule, or a statement signed by you attesting to the fact that none of the money in your LIF is derived, directly or indirectly, from a pension benefit provided in respect of your employment.
  2. A statement, signed by you, setting out the amount of your expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed.
  3. A statement, signed by you, that you understand that any money released under this subsection will not be exempt under section 66 of the Act from execution, seizure or attachment.
- (vii) For the purposes of this subsection, your expected total income from all sources, before taxes, does not include,
1. a withdrawal under this subsection;
  2. a refund or repayment of taxes paid to a Canadian jurisdiction;
  3. a refundable tax credit;
  4. a refund of tax paid under the Ontario Child Care Supplement for Working Families program under section 8.5 of the Tax Act;
  5. the payment of an Ontario child benefit under section 8.6.2 of the Tax Act or under section 104 of the *Taxation Act, 2007*;
  6. a payment received by a foster parent under the *Child and Family Services Act*; or
  7. child support payments received under a court order or an agreement.
- F. Withdrawal Documentation – General Matters**
- (a) We are entitled to rely upon the information provided by you in an application described in section 5A, B, C, D, or E if the application is made in accordance with the applicable provision in the Schedule. An application that meets the requirements of the applicable Schedule provision constitutes authorization to us to make the payment or, where applicable, transfer from your Scotia Self-Directed LIF in accordance with that provision.
- (b) If you are required to give a document to us for the purposes of a withdrawal described in section 5A, B, C, D, or E or a transfer described in section 5A or B, and if the document is one that must be signed by you or by your spouse, the document is a nullity if it is signed by you or your spouse more than 60 days before we receive it. In any other case, if the document is required by section 5E, it is a nullity if it is signed or dated more than 12 months before we receive it.
- (c) When we receive a document required under the Schedule for the purposes of a withdrawal described in section 5A, B, C, D, or E or a transfer described in section 5A or B, we will give you a receipt for the document stating the date on which it was received.
- (d) If you are entitled to a withdrawal payment described in section 5A, B, C, D, or E or a transfer described in section 5A or B, we are required to make the payment or transfer within 30 days after we receive the completed application form and accompanying document(s) required under the applicable Schedule provision.
- 6. Estate Matters**
- (a) Upon your death, your spouse or, if you do not have a spouse or if your spouse is otherwise disentitled, your named beneficiary or, if there is no beneficiary named, your estate is entitled to receive a benefit equal to the value of the assets in your Scotia Self-Directed LIF. This benefit may be transferred to an RRSP or an RRIF in accordance with the Tax Act.
- (b) Your spouse is not entitled to receive the value of the assets in your Scotia Self-Directed LIF unless you were a member or former member of a pension plan from which assets were transferred directly or indirectly to purchase your Scotia Self-Directed LIF. In addition, a

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- spouse who is living separate and apart from you on the date of your death is not entitled to receive the value of the assets in your LIF.
- (c) For the purposes of subsection (a),
    - (i) the determination as to whether you have a spouse is made on the date of your death.
    - (ii) the value of the assets in your Scotia Self-Directed LIF includes all accumulated investment earnings, including any unrealized capital gains and losses, of the LIF from the date of death until the date of payment.
  - (d) Your spouse may waive his or her entitlement to receive the survivor's benefit described in this section 6 by delivering to us a written waiver in a form approved by the Superintendent. Your spouse may cancel such a waiver by delivering a written and signed notice of cancellation to us before the date of your death.
- 7. Amendments**
- (a) We must give you at least 90 days notice of a proposed amendment, other than an amendment described in subsection (b).
  - (b) We must not amend the contract governing your Scotia Self-Directed LIF if the amendment would result in a reduction of your rights under the contract unless,
    - (i) we are required by law to make the amendment; and
    - (ii) you are entitled to transfer the assets in your LIF under the terms of the contract that exist before the amendment is made.
  - (c) When making an amendment described in subsection (b), we will notify you of the nature of the amendment and allow you at least 90 days after the notice is given to transfer all or part of the assets in your Scotia Self-Directed LIF.
  - (d) Any notice described under this section 7 will be sent by registered mail to your last recorded address as set out in our files.