NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT
800 Saint-Jacques Street, Montreal, Quebec H3C 1A3

LOCKED-IN RETIREMENT INCOME FUND FOR NEWFOUNDLAND AND LABRADOR ADDENDUM

ADDENDUM ESTABLISHING A LOCKED-IN RETIREMENT INCOME FUND UNDER THE NATIONAL BANK FINANCIAL INC. RETIREMENT INCOME FUND

RECITALS

A. The Annuitant wishes to transfer assets derived, directly or indirectly, from a pension plan governed by the provisions of the Act, or any other source acceptable under the Act, to a locked-in retirement income fund with the Trustee;

B. For these purposes, and to comply with the requirements of the Act, the Regulation and the Directive, the Annuitant and the Trustee wish to supplement the declaration of trust of the National Bank Financial Inc. retirement income fund entered into between them (the **"declaration"**) with this addendum. In the event of any conflict between the provisions of the declaration and this addendum, the provisions of this addendum prevail. In case of conflict between this addendum and the Directive, the Directive prevails.

NOW THEREFORE, the Annuitant and the Trustee agree as follows:

1. **Definitions.** Terms not defined in this addendum have the same meaning as in the declaration, the Act, the Regulation or the Directive. The terms below have the following meaning:
   a) **"Act"** means the *Pension Benefits Act, 1997* (Newfoundland and Labrador);
   b) **"Annuitant"** means the person identified as such in the Application and is also referred to as the "owner" under the Directive;
   c) **"Directive"** means Directive no. 17 entitled "Locked-In Retirement Income Fund Requirements". This Directive and the other Directives mentioned in this addendum are issued under the Act.;
   d) **"Fiscal Year"**, in connection with the Fund, means a calendar year terminating on December 31st and not exceeding 12 months;
   e) **"LIF"** refers to a life income fund, namely a RIF that is locked-in in accordance with the Regulation and meets the requirements set out in Directive no. 5;
   f) **"Life Annuity Contract"** means an arrangement made to purchase, through a person authorized under the laws of Canada or a province to sell annuities as defined in the Tax Act, a non-commutable pension, in accordance with Directive no. 6, that will not commence before the Annuitant attains the age of 55 years, or, if the Annuitant provides satisfactory evidence that the plan or any of the plans from which the assets were transferred provided for payment of the pension at an earlier age, that earlier age;
   g) **"LIRA"** refers to a locked-in retirement account, namely a registered retirement savings plan within the meaning of the Tax Act that is locked-in in accordance with the Regulation and meets the requirements set out in Directive no. 4;
   h) **"LRIF"** refers to a locked-in retirement income fund, namely a RIF that is locked-in in accordance with the Regulation and meets the requirements set out in the Directive;
   i) **"Regulation"** means the *Pension Benefits Act Regulations* (Newfoundland and Labrador) under the Act;
   j) **"RIF"** means a retirement income fund within the meaning of the Tax Act that is registered under that Act;
   k) **"Spouse"** has the meaning given to the term "principal beneficiary" under the Directive, but does not include any person who is not recognized as a spouse or a common-law partner for the purposes of the provisions of the Tax Act respecting a RIF;
   l) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations adopted thereunder;
   m) **"Trustee"** means Natcan Trust Company, 800 Saint-Jacques Street, Montreal, Quebec H3C 1A3, the carrier of the Fund also referred to as the "financial institution" in the Regulation and the Directive.
2. **Purpose of the Fund.** Subject to the Act, the Regulation and the Directive, all assets in the Fund, including investment earnings, but excluding fees, charges, expenses and taxes charged to the Fund, are used to provide a pension benefit for the Annuitant. No assets that are not locked-in may be transferred to or held in the Fund.
3. **Investments.** The assets in the Fund are invested in the manner provided in the declaration. All investments must comply with the rules set out in the Tax Act regarding investments in a RIF.
4. **Restrictions.** The Annuitant agrees not to assign, charge, anticipate, or give as security assets payable under the Fund except as permitted under the Act.
5. **Value of the Fund.** The fair market value of the Fund, as determined by the Trustee in good faith, is used to establish the balance of the assets in the Fund at any particular time, including on the death of the Annuitant, the establishment of a Life Annuity Contract or a transfer of assets. Any such determination by the Trustee is conclusive for all purposes hereof.
6. **Payments.** Payments to the Annuitant are subject to the following conditions:
   a) **Commencement of payments.** Payments may not begin before the earlier of age 55 or the earliest date on which the Annuitant could receive a pension benefit under the Act or the originating pension plan from which assets were transferred and not later than the last day of the second Fiscal Year.
   b) **Annual payments.** The amount of income payable during each Fiscal Year is, subject to the minimum and maximum amounts provided below, set by the Annuitant each year by notice to the Trustee no later than January 1. A notice expires on December 31 of the Fiscal Year to which it relates. If the Annuitant does not provide such notice in a given Fiscal Year, the minimum amount provided in subsection c) below is deemed to be the amount paid for that year.
   c) **Minimum amount.** The amount of income paid out of the Fund during a Fiscal Year must not be less than the minimum amount prescribed for RIF under the Tax Act.
   d) **Maximum amount.** The amount of income paid out of the Fund during a Fiscal Year must not exceed the "maximum", being the greater of i), ii) and iii) as follows:
      i) the amount of the investment earnings, including any unrealized capital gains or losses, from the time the Fund was established to the end of the most recently completed Fiscal Year and, with respect to any assets in the Fund that are derived directly from assets transferred from a LIF, the amount of the investment earnings, including any unrealized capital gains or losses, of the LIF in the final complete Fiscal Year, less the sum of all income paid to the Annuitant from the Fund;
      ii) the amount of the investment earnings, including any unrealized capital gains or losses, of the Fund in the immediately previous Fiscal Year; and
      iii) if the payment is being made in the Fiscal Year in which the Fund was established or in the Fiscal Year immediately following its establishment, 6% of the fair market value of the Fund at the beginning of that Fiscal Year.
   e) **Maximum amount for first Fiscal Year.** For the initial year of the Fund, the "maximum" determined in subsection d) and section 7 is 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.
   f) **Maximum amount on transfer from another LRIF or LIF.** If a part of the Fund corresponds to assets transferred directly or indirectly from another LRIF or a LIF of the Annuitant during the Fiscal Year, the "maximum" determined in subsection d) and section 7 is deemed to be zero in respect of the part transferred in.
   g) **Maximum amount on transfer from other financial institutions.** Notwithstanding subsection f), the Trustee may allow money to be paid to the Annuitant provided that the total amount received by the Annuitant from all financial institutions in respect of that part transferred in during the Fiscal Year does not exceed the "maximum" in subsection d) and section 7 for that part. In this case, the Trustee must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the Fiscal Year in respect of that part of the Fund.
   h) **Adjustments to payments due to transfers-in.** If in any Fiscal Year, an additional transfer is made to the Fund from a source other than a LIF or LRIF, the withdrawal of an additional amount from the Fund will be allowed in that Fiscal Year. This additional amount will not exceed the maximum amount that would have been allowed had the additional amount been transferred into a separate LRIF.
7. **Additional temporary income**
   a) **Entitlement.** Subject to subsection b), the Annuitant is entitled to receive additional temporary income where:
      i) the maximum amount of income the Annuitant is entitled to receive for the calendar year in which the application is made, calculated as "B" hereunder, is less than 40% of the Year's Maximum Pensionable Earnings under the *Canada Pension Plan* ("**YMPE**") for the calendar year in which the application is made; and
      ii) the Annuitant has not reached his or her 65th birthday at the beginning of the Fiscal Year in which he or she makes application for additional temporary income.
   b) **Maximum temporary income.** The amount of the additional temporary income paid out of the Fund in a Fiscal Year must not exceed the "maximum" using the following formula:
      A-B
      in which
      A = 40% of the YMPE for the calendar year in which an application is made.
      B = the maximum amount of income the Annuitant is entitled to receive from all LIFs, LRIFs, Life Annuity Contracts and pension plans governed by the Act or the pension benefits legislation of a designated province, as defined in the Act, or of Canada, excluding income from a pension under the *Canada Pension Plan* and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.
   c) **Application form.** An application for additional temporary income must be:
      i) on a form approved by the Superintendent of Pensions;
      ii) where the Annuitant is a former member of a pension plan, accompanied by the written consent of his or her Spouse; and
      iii) submitted to the Trustee at the beginning of the Fiscal Year of the Fund, unless otherwise permitted by the Trustee.
8. **Permitted withdrawals.** A withdrawal, commutation or surrender of assets in the Fund, in whole or in part, is not permitted and will be void, unless otherwise permitted by the Directive as in the following circumstances:
   a) **Withdrawal for shortened life expectancy.** The Annuitant may withdraw all or part of the assets as a lump sum or series of payments, in accordance with the Directive, if the following conditions are met:
      i) a medical practitioner certifies that due to mental or physical disability the life expectancy of the Annuitant is likely to be shortened considerably; and

ii) where the Annuitant is a former member of a pension plan, such payment may only be made if his or her Spouse has waived the joint and survivor pension entitlement in the form and manner required by the Superintendent of Pensions.

b) **Withdrawal of small balance.** The Annuitant may withdraw a lump sum equal to the value of the entire Fund on application to the Trustee, in accordance with the Directive, if, at the time the Annuitant signs the application, the following conditions are met:

i) he or she has reached the earlier of age 55 or the earliest date on which the member or former member would have been entitled to receive a pension benefit under the plan from which assets were transferred;

ii) the value of all assets in all LRIFs, LIFs and LIRAs which are held by him or her and subject to the Act is less than 40% of the YMPE for the calendar year in which the application is made;

iii) within the same Fiscal Year, he or she has not elected to receive additional temporary income under section 7 or, where part of the Fund corresponds to assets transferred directly or indirectly from another LRIF or LIF, he or she has not elected to receive additional temporary income from that LRIF or LIF; and

iv) within the same calendar year, he or she has not made a withdrawal due to financial hardship under subsection c) from the Fund or, where part of the Fund corresponds to assets transferred directly or indirectly from a LIRA, LIF, or another LRIF, he or she has not made a withdrawal due to financial hardship from the original retirement savings arrangement.

The application is made on a form approved by the Superintendent of Pensions and, where the Annuitant is a former member of a pension plan, is accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner provided by the Superintendent.

c) **Withdrawal due to financial hardship.** Subject to any requirements outlined in this subsection, the Annuitant may withdraw a lump sum not greater than the sum of the following amounts on application to the Trustee, in accordance with the Directive:

i) an amount with respect to one of the following categories:

A) Low income: Where the Annuitant's expected total income for the one-year period following the date on which the application is signed, from all sources other than the withdrawal amount, is not more than 66.66% of the YMPE for the calendar year in which the application is signed, the amount determined by subtracting 75% of the expected total income from 50% of the YMPE for the calendar year in which the application for the withdrawal is signed;

B) Medical expenses: Where the Annuitant is unable to pay for medical expenses incurred or to be incurred by him or her, his or her Spouse, or a dependent of either and the medical expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these medical expenses;

C) Disability-related expenses: Where the Annuitant is unable to pay for disability-related expenses incurred or to be incurred by him or her, his or her Spouse, or a dependent of either and the expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these disability-related expenses;

D) Mortgage payments: Where the Annuitant or his or her Spouse has received a written notice in respect of a default on a mortgage that is secured against the principal residence of either which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;

E) Rental arrears: Where the Annuitant or his or her Spouse has received a written notice in respect of arrears in the payment of rent for the principal residence of either and either could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or

F) First month's rent and security deposit: Where the Annuitant is unable to pay the first month's rent and the security deposit required to rent a principal residence for him or her or his or her Spouse, the amount required to pay the first month's rent and the security deposit;

and

ii) the amount of any applicable tax required to be witheld by the Trustee.

The application is made on a form approved by the Superintendent of Pensions and must include any supporting documentation required by the Regulation, which are specified on the form. Where the Annuitant is a former member of a pension plan, the application must be accompanied by the written consent of his or her Spouse, in the form and manner required by the Superintendent. The Annuitant may apply for withdrawal once within a calendar year for each category of financial hardship described in paragraph i) above.

d) **Withdrawal by non-resident.** The Annuitant may withdraw a lump sum equal to the value of the entire Fund, in accordance with the Directive, where he or she provides the Trustee with:

i) a statutory declaration in accordance with the *Evidence Act* confirming he or she has resided outside Canada for at least 2 consecutive calendar years and is residing outside of Canada on the date of signing the declaration; and

ii) where he or she is a former member of a pension plan, the written consent of his or her Spouse, in the form and manner required by the Superintendent of Pensions.

The Trustee may rely upon the information provided by the Annuitant in any application made pursuant to this section and such application constitutes sufficient authorization to withdraw assets from the Fund.

9. Permitted transfers. Except as otherwise permitted in the Directive, assets in the Fund, including investment earnings, may not be transferred except:

a) before December 31st in the year in which the Annuitant reaches the age at which a pension benefit is required to begin under the Tax Act, to the pension fund of a registered pension plan subject to the Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Act, or of Canada;

b) before December 31st in the year in which the Annuitant reaches the age at which a pension benefit is required to begin under the Tax Act, to a LIRA;

c) to purchase a Life Annuity Contract that meets the requirements of the Superintendent of Pensions;

d) to a LIF; or

e) to another LRIF.

The Annuitant's application for transfer must be in a form satisfactory to the Trustee.

10. Conditions for transfer. Before transferring assets from the Fund as mentioned in section 9, the Trustee ensures that the transfer is permitted under the Act and notifies the transferee in writing that the assets transferred are to be administered as a pension benefit under the Act. The transferee must agree to abide by such condition.

11. Joint pension. The pension benefit payable to a former member who has a Spouse at the date the pension commences is a joint and survivor pension benefit with at least 60% continuing to be payable to the survivor for life after the death of the former member unless the Spouse waives the entitlement in the form and manner required by the Superintendent of Pensions.

12. Death of the Annuitant. On the death of a former member of a pension plan who has a Spouse, the surviving Spouse, or where there is no surviving Spouse or the surviving Spouse has waived entitlement in the form and manner required by the Superintendent of Pensions, a designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to a lump sum payment of the full value of the Fund. Where, however, the Annuitant is not a former member of a pension plan, the full value of the Fund is paid to the designated beneficiary or, where there is no such beneficiary, to the Annuitant's estate.

13. Marriage breakdown. This addendum is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.

14. Irregular payment. If assets are paid out contrary to the Act or the Directive, the Trustee will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the assets not been paid out, unless the payment is attributable to a false declaration by the Annuitant.

15. Amendment. The Trustee may not amend this addendum except where it has given the Annuitant at least 90 days written notice and an explanation of the proposed amendment.

An amendment that would result in a reduction in the Annuitant's benefits under this addendum is permitted only where:

a) the Trustee is required by law to make the amendment; and

b) the Annuitant is entitled to transfer the balance in the Fund under the terms of the addendum that existed before the amendment is made.

When making such an amendment, the Trustee provides written notice to the Annuitant of the nature of the amendment and allows him or her at least 90 days after the written notice is given to transfer all or part of the balance in the Fund.

Notice under this section is sent either by mail to the Annuitant's address as set out in the records of the Trustee or, subject to receiving the authorization of the Annuitant, by electronic means provided that the e-communication is accessible by the Annuitant and capable of being retained to be usable for subsequent reference.

16. Statements

a) At the beginning of each Fiscal Year, the following information is provided to the Annuitant:

i) in relation to the previous Fiscal Year: the assets deposited; the amount of the investment earnings, including any unrealized capital gains or losses; the payments made out of the Fund; and the fees charged;

ii) the value of the assets in the Fund;

iii) the minimum amount that must be paid out of the Fund to the Annuitant during the current Fiscal Year;

iv) the maximum amount of income under subsection 6 d) that may be paid out of the Fund to the Annuitant during the current Fiscal Year; and

v) if applicable, notification that the Annuitant may be entitled to receive additional temporary income under section 7 during the current Fiscal Year.

b) If the balance of the Fund is transferred as described in section 9, the Annuitant must be given the information described in subsection a), determined as of the date of the transfer;

c) If the Annuitant dies, the person entitled to receive the balance of the Fund must be given the information described in subsection a), determined as of the date of the Annuitant's death.

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

a) The assets transferred herein pursuant to the Act, the Regulation and the Directive are locked-in assets resulting directly or indirectly from the commuted value of a pension benefit;

b) The provisions of the pension plan do not prohibit the Annuitant from entering into this addendum and, in the event that such prohibition does exist, the Trustee is not liable for the consequences to the Annuitant of executing this addendum nor for anything done in accordance with the provisions hereof;

c) The Annuitant has the consent of his or her Spouse for the establishment of and transfer of assets into the Fund, or is exempt from obtaining this consent under the Act, the Regulation or the Directive; and

d) The commuted value of the pension benefit transferred herein is not determined in a manner that differentiates on the basis of sex, unless otherwise indicated in writing to the Trustee.

18. Governing law. This addendum is to be governed by and construed in accordance with the laws applicable in the Province of Newfoundland and Labrador.

19. Effective date. This addendum takes effect on the date of transfer of assets into the Fund.

TO BE COMPLETED BY THE ANNUITANT:

ANNUITANT'S CURRENT MARITAL STATUS: (This data is necessary in order to complete prescribed government forms.)

☐ Single ☐ Married ☐ Common-law ☐ Divorced ☐ Separated ☐ Widowed

Date (YYYY MM DD)

First and last name of Annuitant *(In block letters)*

X

Signature of Annuitant

If the Annuitant has a principal beneficiary[1], the consent of the principal beneficiary, set out below, to the purchase of this LRIF is required, except where the LRIF is purchased by an Annuitant who is a principal beneficiary or former principal beneficiary of a member or former member of a pension plan and who is entitled to a pension benefit as a result of the death of the member or former member, or as a result of marriage breakdown.

TO BE COMPLETED BY THE ANNUITANT'S PRINCIPAL BENEFICIARY:

Last name of principal beneficiary *(In block letters)*

First name of principal beneficiary *(In block letters)*

CONSENT

I understand that I am not required to give my consent to the opening of this locked-in fund and that this consent may have unfavorable consequences on my future rights. However, after obtaining independent advice, if applicable, I give my free and informed consent to the opening of this locked-in fund by the Annuitant.

Date (YYYY MM DD)

X

Signature of principal beneficiary

NATIONAL BANK FINANCIAL INC. AS AGENT FOR NATCAN TRUST COMPANY

PER:

[1] "Principal Beneficiary" means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member's cohabiting partner as defined in the Act.