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## Part I – Ontario RPP New LIF Addendum

We are pleased to provide you with this Addendum which forms part of the DOT contained in the Application signed by you. This Addendum contains additional provisions that govern your Life Income Fund LIF).

We ask that you review this Addendum and keep this copy for your records.

If you have any questions regarding this Addendum, please contact your Financial Advisor or Client Relations at 1-800-387-0614.

Thank you for continuing to make Mackenzie Investments a part of your long-term investment plan.

Sincerely,

MACKENZIE INVESTMENTS

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## PART II – ADDENDUM

### Definitions

1. The “Application” refers to the Mackenzie Multi-Plan Application. The “DOT” refers to the Mackenzie Retirement Income Fund Declaration of Trust.
2. This Addendum shall form part of the DOT contained in the Application. The provisions of this Addendum shall take precedence over any provisions to the contrary contained in the DOT, so long as those provisions do not contravene the *Income Tax Act* (Canada)
3. “Pension Legislation” refers to the Pension Benefits Act of Ontario (“the Act”) and its Regulations (“the Regulations”).
4. An “Ontario New LIF” refers to a Life Income Fund governed by Schedule 1.1 of the Regulations, and will hereinafter be referred to in this Addendum as a “the LIF” or “the fund”.
5. The individual whose signature appears on this Addendum is the “Applicant” under the Retirement Income Fund, and the Applicant hereby transfers money and other property B2B Trustco (the “Trustee”), which agrees to act as trustee of the trust created hereunder. The Trustee’s Head Office is located at 199 Bay Street, Suite 600, PO Box 279 STN Commerce Court, Toronto, Ontario M5L 0A2.
6. The following terms, where used in this Addendum, shall have the same meaning as in the Pension Legislation:
  - a. “Former Member”;
  - b. “Member”;
  - c. “Pension Plan”;
  - d. “Pension Benefit”;
  - e. “Spouse”; and
  - f. “Year’s Maximum Pensionable Earnings” (“YMPE”).

7. Notwithstanding anything to the contrary contained in this Addendum, the term “Spouse” does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

### Establishing the fund

8. The Applicant must be one of:
  - a. a Former Member who is entitled to make a transfer under clause 42(1)(b) of the Act;
  - b. a Spouse or former Spouse of a person who was a Member who is entitled to make a transfer under clause 42(1)(b) of the Act;
  - c. a person who has previously transferred an amount under clause 42(1)(b) of the Act into a life income fund, locked-in retirement account (“LIRA”) or a locked-in retirement income fund (“LRIF”);
  - d. a person who has previously transferred an amount under paragraph 2 of subsection 67.3(2) of the Act into a LIF or LIRA;
  - e. an eligible Spouse who is entitled to transfer a lump sum under paragraph 2 of subsection 67.3(2) of the Act.
9. The fund must be purchased using all or part of the amount transferred under clause 42(1)(b) of the Act or under paragraph 2 of subsection 67.3(2) of the Act, or using all or part of the assets in a LIF, LIRA or LRIF.
10. The Applicant must have the written consent of his or her Spouse to establish the fund. However,
  - a. The consent of a Spouse who is living separate and apart from the Applicant on the date of the application is not required; and
  - b. The consent of a Spouse is not required if none of the money to be transferred into the fund is derived, directly or indirectly, from a Pension Benefit provided in respect of any employment of the Applicant.

11. The investments in the fund shall be governed by and in accordance with the investment provisions of the RIF.
  12. The Applicant cannot assign, charge, anticipate or give as security money payable under the LIF except as required by an order under the *Family Law Act*, a family arbitration award or a domestic contract.
  13. The Applicant cannot commute, withdraw or surrender from the LIF in whole or in part, except as permitted by section 49 or 67 of the Act, section 22.2 of the Regulations under the Act, or Schedule 1.1 of the Regulations under the Act. Any transaction that contravenes this section is void.
  14. The fiscal year of the LIF governed by this Addendum must end on December 31 and cannot exceed 12 months.
- ii. transferring fund in the previous fiscal year; and
  - the investment earnings, including any unrealized capital gains or losses, of the receiving fund in the previous fiscal year; and
  - c. The amount calculated using the formula, C/F, in which:
    - i. "C" is the value of the assets in the fund at the beginning of the fiscal year; and
    - ii. "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 the Applicant reaches 90 years of age.

#### Periodic payments out of the fund

15. Payments out of the LIF must begin :
  - a. no earlier than the earliest date on which the Former Member is entitled to receive a pension under any Pension Plan from which money was transferred into the fund directly or indirectly; and
  - b. no later than the end of the second fiscal year of the fund; but
  - c. despite subparagraph a, payments out of the fund must begin no earlier than the date on which the Applicant reaches 55 years of age, if none of the money in the fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the Applicant.
16. The Applicant shall, no later than November 30th of each calendar year, decide the amount to be paid out of the fund in that year and inform the Trustee. The Trustee has no obligation to accept instructions after November 30 and will do so only in its sole discretion. If in the prior year, the Applicant had elected to receive "minimum" or "maximum" payments, the Trustee may continue to pay the new calendar year's "minimum" or "maximum" payments to the Applicant, unless and until the Applicant gives alternate instructions to the Trustee.
17. If the Applicant has never provided the Trustee with the instructions described in paragraph 16 of this Addendum in regards to the amount to be paid out of the fund, the Trustee will pay out of the fund in that year the minimum amount determined under paragraph 22 of this Addendum, unless and until the Applicant gives alternate instructions to the Trustee.
18. The amount of income paid during a fiscal year out of the LIF must not exceed the greatest out of the following amounts:
  - a. The investment earnings, *including any* unrealized capital gains or losses, of the fund in the previous fiscal year;
  - b. If the money in the fund (the "receiving fund") is derived from money transferred directly from another LIF (whether governed by Schedule 1 or Schedule 1.1 of the Regulations under the Act) or an 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 earnings, including any unrealized capital gains or losses, of the
19. The following interest rate assumptions are to be used to determine the amount "F" in paragraph 18(c)(ii) of this Addendum:
  - a. 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
    - i. 6 per cent; and
    - ii. 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; and
  - b. 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.
20. Notwithstanding paragraph 18 of this Addendum, if any money in the fund is derived from money transferred directly or indirectly from another LIF (whether governed by Schedule 1 or Schedule 1.1 of the Regulations under the Act) or a LRIF, the maximum amount that may be paid out of the fund in the fiscal year in which the money is transferred into the fund is zero.
21. If the initial fiscal year of the fund is not 12 months long, the maximum amount determined under paragraph 18 of this Addendum 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.
22. The amount of income paid out of the fund during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada).
23. If the minimum amount specified by paragraph 22 of this Addendum is greater than the maximum amount determined under paragraphs 18, 20, or 21 of this Addendum, the minimum amount must be paid out of the fund during the fiscal year.
24. Paragraphs 17-23 of this Addendum shall not be construed to prevent or limit a payment from the fund that is permitted under section 3, 8, 9, 10, 11, 11.1, 11.2, 11.3, or 11.4 of Schedule 1.1 of the Regulation or under section 22.2 of the Regulation under the Act.

#### Transferring assets from the fund

25. The Applicant may transfer any or all the assets in the LIF either:

- a. to another LIF that is governed by Schedule 1.1 of the Regulations under the Act; or
  - b. to purchase an immediate life annuity that meets the requirements of section 22 of the Regulations under the Act.
26. Where the Applicant requests a transfer in accordance with paragraph 17 of this Addendum, the Trustee will make such transfer within 30 days. This does not apply with respect to the transfer of assets held as securities whose term of investment extends beyond the 30-day period.
27. If assets in the fund consist of identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Applicant.
28. For the purposes of the purchase of an immediate life annuity referred to in subparagraph 15(b) of this Addendum:
- a. a determination as to whether the Applicant has a Spouse is to be made on the date the annuity is purchased;
  - b. the annuity shall not differentiate on the basis of the sex of the beneficiary if the commuted value of the pension benefit that was transferred into the fund was determined in a manner that did not differentiate on the basis of sex; and
  - c. the commuted value of the pension benefit that was transferred into the fund will be deemed to have been determined in a manner that did not differentiate on the basis of sex, unless the Applicant furnishes the Trustee with information to the contrary.
29. The Trustee shall not make a transfer described in paragraph 15 of this Addendum, except where:
- a. the transfer is permitted under the Act and the Regulations;
  - b. the transferee agrees to administer the amount transferred in accordance with the Act and the Regulations; and
  - c. the Trustee advises the transferee in writing that the amount transferred must be administered in accordance with the Act and the Regulations.

#### **Withdrawals from the fund – marriage breakdown**

30. The value of the assets in the fund is subject to division in accordance with the terms of an order under the *Family Law Act* of Ontario, a family arbitration award or a domestic contract.
31. An order under Part I (Family Property) of the *Family Law Act*, a family arbitration award or a domestic contract is not effective to the extent that it purports to entitle a Spouse or Former Spouse of the Applicant to the transfer of a lump sum that exceeds 50 per cent of the assets in the fund, determined on the family law valuation date.
32. Payments under a life annuity referred to in paragraph 15 of this Addendum are subject to division in accordance with the terms of an order under the *Family Law Act*, a family arbitration award, or a domestic contract.
33. An order under Part I (Family Property) of the *Family Law Act*, a family arbitration award or a domestic contract is not effective to the extent that it purports to entitle a Spouse or Former Spouse of the Applicant to a share that exceeds 50 per cent of the payments

under the life annuity, determined on the family law valuation date.

#### **Withdrawals from the fund – 50% withdrawal, small accounts, non-residents, shortened life expectancy, financial hardship**

34. An application under any of paragraphs 40-47 of this Addendum to withdraw money or transfer assets from the fund must be made on a form approved by the Chief Executive Officer and must be given to the Trustee.
35. The Trustee is entitled to rely upon the information provided by the Applicant in the application to withdraw money or transfer assets from the fund under any of paragraphs 40-47 of this Addendum, as the case may be.
36. An application that meets the requirements of any of paragraphs 41-48 of this Addendum constitutes authorization to the Trustee to make the payment or transfer from the fund in accordance with that or those paragraphs.
37. The Trustee is required to make the payment or transfer to which the Applicant is entitled under any of paragraphs 41-48 of this Addendum within 30 days after the Trustee receives the completed application and the accompanying documents required by that or those paragraphs.
38. If the Applicant is required by any of paragraphs 40-47 of this Addendum to give a document to the Trustee, then the document is a nullity in the following circumstances:
- a. If the document is one that must be signed by the Applicant or by his or her Spouse, it is a nullity if it is signed by either of them more than 60 days before the Trustee receives it; and
  - b. In any other case, if the document is required by any of paragraphs 44-47 of this Addendum, it is a nullity if it is signed or dated more than 12 months before the Trustee receives it.
39. Where the Trustee receives a document required by any of paragraphs 40-47 of this Addendum, the Trustee shall give the Applicant a receipt for the document stating the date on which it was received.

#### **Withdrawals from the fund – 50% withdrawal privilege**

40. If assets are transferred into the LIF (the “receiving fund”) from a pension fund, or a LIRA, on or after January 1, 2010, then :
- a. The Applicant of the receiving fund may, upon application in accordance with this paragraph, either withdraw from the fund or transfer from it to an RRSP or RRIF an amount representing up to 50% of the total market value of the assets transferred into the fund in relation to a transfer of assets made on or after January 1, 2010;
  - b. Despite subparagraph (a), if the assets are transferred into the receiving fund from another LIF or LRIF, the Applicant cannot make a withdrawal or transfer described in subparagraph (a) unless the transfer of assets into the receiving fund was 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 in subparagraph (a) must be given to

the Trustee within 60 days after the assets are transferred into the LIF;

- d. An application in accordance with this paragraph must be accompanied by the documents required by the Regulations under the Act;
- e. If assets in the receiving fund consist of identifiable and transferable securities, the Trustee may transfer the securities with the consent of the Applicant; and
- f. The total market value of the assets transferred into the fund is to be determined as of the date the assets were transferred into the fund.

- c. The maximum amount that may be withdrawn is the lesser of "X" and "G", where
  - i. "X" is 50 per cent of the YMPE for the year in which the application is signed; and
  - ii. "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.

#### **Withdrawals from the fund – Small accounts**

41. Notwithstanding any other provisions of the Addendum, the Applicant may apply to withdraw all the money in the fund or transfer the assets to an RRSP or RRIF if the Applicant meets the conditions set forth in section 9 of Schedule 1.1 to the Regulations under the Act, which include that
  - a. the Applicant must be at least age 55; and
  - b. the value of all assets in all LIFs, LRIFs, and LIRAs owned by the Applicant (as determined in accordance with the most recent statement about each fund or account given to the Applicant, which must be dated within one year before the Applicant signs the application) must be less than 40% of the YMPE for that calendar year.

#### **Withdrawals from the fund – Non-resident**

42. Notwithstanding any other provisions of the Addendum, the Applicant may apply to withdraw all the money in the fund if the Applicant meets the conditions set forth in section 10 of Schedule 1.1 to the Regulations under the Act, which include that
  - a. the Applicant must be a non-resident of Canada as determined by Canada Revenue Agency for the purposes of the *Income Tax Act* (Canada); and
  - b. the application must be made at least 24 months after the Applicant's date of departure from Canada.

#### **Withdrawals from the fund – Shortened life expectancy**

43. Notwithstanding any other provisions of the Addendum, the Applicant may apply to withdraw all or part of the money in the fund if the Applicant provides evidence that the Applicant meets the conditions set forth in section 11 of Schedule 1.1 to the Regulations under the Act relating to an illness or physical disability of the Applicant which is likely to shorten the Applicant's life expectancy to less than two years.

#### **Withdrawals from the fund – Financial hardship – Medical expenses**

44. Notwithstanding any other provisions of the Addendum, the Applicant may, once during a calendar year, apply to withdraw money in the fund if the Applicant provides evidence that the Applicant meets the conditions set forth in section 11.1 of Schedule 1.1 to the Regulations under the Act, which include that
  - a. The Applicant, his or her Spouse, or a dependant, has incurred or will incur medical expenses relating to an illness or physical disability of any of them;
  - b. The minimum amount that may be withdrawn is \$500; and

#### **Withdrawals from the fund – Financial hardship – Arrears in the payment of rent or mortgage**

45. Notwithstanding any other provisions of the Addendum, the Applicant may, once during a calendar year, apply to withdraw money in the fund if the Applicant provides evidence that the Applicant meets the conditions set forth in section 11.2 of Schedule 1.1 to the Regulations under the Act, which include that
  - a. The Applicant or his or her Spouse has received a written demand in respect of
    - i. arrears in the payment of rent on the Applicant's principal residence, and the Applicant could face eviction if the debt remains unpaid; or
    - ii. a default on a debt that is secured against the Applicant's principal residence, and the Applicant could face eviction if the amount in default remains unpaid;
  - b. The minimum amount that may be withdrawn is \$500; and
  - c. The maximum amount that may be withdrawn is the lesser of "X" and "H", where
    - i. "X" is 50 per cent of the YMPE for the year in which the application is signed; and
    - ii. "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.

#### **Withdrawals from the fund – Financial hardship – First and last months' rent**

46. Notwithstanding any other provisions of the Addendum, the Applicant may, once during a calendar year, apply to withdraw money in the fund if the Applicant provides evidence that the Applicant meets the conditions set forth in section 11.3 of Schedule 1.1 to the Regulations under the Act, which include that
  - a. The Applicant or his or her Spouse requires money to pay the first and last months' rent to obtain a principal residence for the Applicant;
  - b. The minimum amount that may be withdrawn is \$500; and
  - c. The maximum amount that may be withdrawn is the lesser of "J" and "K"; where
    - i. "J" is 5 per cent of the YMPE for the year in which the application is signed; and
    - ii. "K" is the amount required for the first and last months' rent.



## Withdrawals from the fund – Financial hardship – Low income

47. Notwithstanding any other provisions of the Addendum, the Applicant may, once during a calendar year, apply to withdraw money in the fund if the Applicant provides evidence that the Applicant meets the conditions set forth in section 11.4 of Schedule 1.1 to the Regulations under the Act, which include that
- The Applicant's 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 YMPE for the year in which the application is signed;
  - The minimum amount that may be withdrawn is \$500; and
  - The maximum amount that may be withdrawn is calculated using the formula, "X-L"; where
    - "X" is 50 per cent of the YMPE for the year in which the application is signed; and
    - "L" is 75 per cent of the Applicant's expected total income from all sources, before taxes, for the 12 months after the date on which the application is signed.

## Death of Applicant - Survivor's benefits

48. Upon the death of the Applicant, the Applicant's Spouse or, if there is none or if the Spouse is otherwise disentitled, the Applicant's named beneficiary or, if there is none, the Applicant's estate is entitled to receive a benefit equal to the value of the assets in the fund. This benefit may be transferred to an RRSP or a RRIF in accordance with the *Income Tax Act* (Canada).
49. Notwithstanding paragraph 48 of this Addendum,
- a Spouse of the Applicant is not entitled to receive the value of the assets in the fund unless the Applicant was a Member or Former Member of a Pension Plan from which assets were transferred directly or indirectly to purchase the fund; and
  - a Spouse who is living separate and apart from the Applicant on the date of the Applicant's death is not entitled to receive the value of the assets in the fund.
50. For the purposes of paragraph 48 of this Addendum,
- a determination as to whether the Applicant has a Spouse is to be made on the date of the Applicant's death; and
  - the value of the assets in the fund includes all accumulated investment earnings, including any unrealized capital gains and losses, of the fund from the date of death until the date of payment.
51. A Spouse of the Applicant may waive his or her entitlement to receive the survivor's benefit described in paragraph 48 of this Addendum from the fund by delivering to the Trustee a written waiver in a form approved by the Chief Executive Officer. A Spouse who has delivered a waiver may cancel it by delivering a written and signed notice of cancellation to the Trustee before the date of the death of the Applicant.

## Amending the fund

52. This Addendum is subject to all applicable legislation, as may be amended from time to time, which will prevail over any inconsistent or conflicting provisions

in the Addendum. The Trustee reserves the right to amend this Addendum from time to time, only to the extent that it remains in conformity with the Pension Legislation. The Trustee shall provide the Applicant with prior notice in writing of any amendment unless the amendment is a requirement of Legislation. Furthermore, the Trustee shall not make any amendment that would reduce the benefits resulting from this agreement without giving the Applicant notice that there is a right to transfer the fund in accordance with Legislation to another account with the Trustee or with another financial institution. The Trustee shall provide the Applicant with such notice at least 90 days in advance of the date the account balance can be transferred.

## Information to be provided by the Trustee

53. At the beginning of each fiscal year, the Trustee will provide the following information to the Applicant:
- With respect to the previous fiscal year:
    - the sums deposited;
    - any accumulated investment earnings including any unrealized capital gains or losses;
    - the payments made out of the fund;
    - the withdrawals taken out of the fund; and
    - the fees charged against the fund;
  - The value of the assets in the fund as of the beginning of the fiscal year;
  - The minimum amount that must be paid out of the fund to the Applicant during the current fiscal year; and
  - The maximum amount that may be paid out of the fund to the Applicant during the current fiscal year.
54. If the assets in the fund are transferred in accordance with paragraph 25 of this Addendum,
- the Trustee shall advise the transferee in writing that the amount transferred must be administered in accordance with the Act and the Regulations under the Act;
  - the Trustee will provide the Applicant with the information described in paragraph 53 of this Addendum, determined as of the date of the transfer; and
  - the Trustee shall not make the transfer unless the transferee agrees to administer the amount transferred in accordance with the Act and the Regulations under the Act.
55. Upon the death of the Applicant, the Trustee will provide the person entitled to receive the assets in the fund with the information described in paragraph 53 of this Addendum, determined as of the date of the Applicant's death.

## If this LIF receives transfers from Nortel wind-up

56. If some or all of the funds transferred into this LIF derive from the wind-up of either the Nortel Networks Limited Managerial and Non-Negotiated Pension Plan or the Nortel Networks Negotiated Pension Plan, then this LIF:
- must satisfy the requirements that apply to a life income fund governed by Schedule 1.1 to the Regulations, **other than** the following requirements of that Schedule:

- i. Section 1 of that Schedule and paragraphs 8-10 of this Addendum, which specify the persons who are entitled to purchase the life income fund, and
  - ii. Section 8 of that Schedule and paragraph 40 of this Addendum, which governs the withdrawal or transfer of amounts transferred into the life income fund from a pension fund, a locked-in retirement income fund or another life income fund.
- b. must not permit me to withdraw or transfer from the fund under section 8 of Schedule 1.1 to the Regulations or paragraph 40 of this Addendum, any amount transferred into the fund under subsection 102 (2) of the Act.

**Other**

- 57. No money that is not locked-in under the Act will be transferred to or held under the fund.
- 58. The Applicant will inform the Trustee of any changes in his or her spousal status, and of the identity of any new Spouse.
- 59. For further information regarding the value of the assets in the LIF, the Applicant shall refer to the Simplified Prospectus and the Annual Information Form for the particular investments the Applicant's LIF assets are invested in.