



## Federal LIF Addendum

### ADDENDUM

#### RE: Federal LIF Addendum

We are pleased to provide you with this Locking-In Supplement which forms part of the Mackenzie Investments Multi-Plan Application and the Mackenzie Retirement Income Fund Declaration of Trust. This Locking-In Supplement contains additional provisions that govern your Life Income Fund (LIF).

We ask that you review this Locking-In Supplement and keep this copy for your records.

If you have any questions regarding this Locking-In Supplement, 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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### Definitions

1. A "Multi-Plan Application" refers to the application and Mackenzie Retirement Savings Plan Declaration of Trust or Mackenzie Retirement Income Fund Declaration of Trust, as applicable, contained in the Multi-Plan Application.
2. This Addendum shall form part of the Multi-Plan Application. The provisions of this Addendum shall take precedence over any provisions to the contrary contained in Multi-Plan Application, so long as those provisions do not contravene the *Income Tax Act* (Canada).
3. "Pension Legislation" and "the Applicable Pension Legislation" refers to the *Pension Benefits Standards Act, 1985* (Canada) ("the *PBSA*") and its Regulations ("the *PBSA Regulations*").
4. A "Federal LIF" refers to a Life Income Fund governed by the Pension Legislation, and will hereinafter be referred to in this Addendum as a "LIF".
5. The "Applicant" under the Retirement Income Fund hereby transfers money and other property to the 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 Applicable Pension Legislation:
  - a. "Common-law Partner";
  - b. "Former Member";
  - c. "Life Income Fund" ("LIF");
  - d. "Locked-in Registered Retirement Savings Plan" ("Locked-in RRSP", "LRSP");
  - e. "Member";
  - f. "Pension Benefit";
  - g. "Pension Benefit Credit";
  - h. "Pension Plan";
  - i. "Restricted Life Income Fund" ("RLIF");
  - j. "Restricted Locked-in Savings Plan" ("RLSP");
  - k. "Spouse"; and
  - l. "Survivor".
7. Notwithstanding anything to the contrary contained in this Addendum, the terms "Spouse", "Common-law Partner" and "Survivor" do not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).
8. The "Financial Hardship Provisions" are paragraphs 20(1)(d), 20.2(1)(e), 20.1(1)(m), and 20.3(1)(m) of the *PBSA Regulations*, and include any withdrawal made under paragraph 28 of this Addendum.
9. The "Maximum Financial Hardship Amount" is the lesser of
  - a. the amount determined by the formula "M + N", where
    - i. "M" is the total amount of the expenditures that the Applicant expects to

make on medical or disability-related treatment or adaptive technology for the calendar year, and

- ii. "N" is the greater of
  1. zero, and
  2. the amount determined by the formula, "P – Q", where
    - a. "P" is 50% of the Year's Maximum Pensionable Earnings ("YMPE"), and
    - b. "Q" is two thirds of the Applicant's total expected income for the calendar year determined in accordance with the *Income Tax Act*, excluding withdrawals in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions, and
- b. 50% of the YMPE minus any amount withdrawn in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions.

### Establishing the LIF

10. All contributions and investment income held in the LIF shall be subject to the restrictions under this Addendum and the Applicable Pension Legislation.
11. In addition to the restrictions set out in paragraph 12 of this Addendum, the investments in the LIF shall be governed by, and in accordance with, the investment provisions of the RIF.
12. Subject to subsection 25(4) of the Act, the funds in the LIF shall not be assigned, charged, anticipated, or given as security, and any transaction purporting to assign, charge, anticipate or give the assets as security is void or, in Quebec, null.

### Valuation

13. For information regarding the valuation of the assets in the LIF, the Applicant shall refer to the Simplified Prospectus and the Annual Information Form for the particular investment in which the Applicant's LIF assets are invested.

### Periodic payments from the LIF

14. Payments must begin from the LIF to the Applicant no later than the last day of the first calendar year following the year in which the LIF is established.
15. The Applicant shall, no later than November 30th of each calendar year, decide the amount to be paid out of the LIF 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 in that prior year, 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.
16. If the Applicant has never provided the Trustee with the instructions described in paragraph 158 of this Addendum in regards to the amount to be paid out of the LIF, the Trustee will pay out of the LIF in that year, the minimum amount determined in accordance with the *Income Tax Act* (Canada).

17. For any calendar year before the calendar year in which the Applicant reaches 90 years of age, the amount of income paid out of the LIF shall not exceed the amount determined by the formula: “C/F”, where:
  - a. “C” is the balance in the LIF
    - i. at the beginning of the calendar year, or
    - ii. if the amount determined in subparagraph (i) is zero, at the date when the initial amount was transferred into the LIF, and
  - b. “F” is the value, as at the beginning of the calendar year, of a Pension Benefit of which the 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 the Applicant reaches 90 years of age, established using an interest rate that
    - i. for the first 15 years after January 1 of the year in which the LIF 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 month of November before the beginning of the calendar year, and
    - ii. for any subsequent year, is not more than 6%.
18. For the calendar year in which the Applicant reaches 90 years of age and for all subsequent calendar years, the amount of income paid out of the LIF shall not exceed the value of the funds held in the LIF immediately before the time of the payment.
19. For the calendar year in which the LIF is established, the amount determined in accordance with paragraphs 17 or 18 of this Addendum, 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.
20. If, at the time the LIF was established, part of the LIF was composed of funds that had been held in another LIF of the Applicant earlier in the calendar year in which the LIF was established, the amount determined in accordance with paragraphs 17 or 18 of this Addendum, as the case may be, is deemed to be zero in respect of that part of the LIF for that calendar year.
21. The Trustee shall advise the Applicant in writing at the beginning of the calendar year, of the minimum that must be paid and the maximum that may be paid in respect of the calendar year.
22. Payments shall be made from each LIF as one aggregate annual amount or may be paid out in periodic payments. There must be at least one payment in each calendar year, except the initial calendar year. The Trustee shall make payment(s) in accordance with the Applicant’s written instructions.
23. The Trustee shall surrender sufficient assets from each LIF in order to make the payment(s) to the Applicant.

### Transferring assets from the LIF

24. Subject to any restrictions imposed by the *Income Tax Act*, the funds in the LIF may only be :
  - a. transferred to another LIF subject to the same Applicable Legislation;
  - b. transferred to an RLIF subject to the same Applicable Legislation, so long as the transfer occurs no sooner than the calendar year in which the Applicant reaches 55 years of age, or such other age as identified under paragraph 20.3(1)(n) of the PBSA Regulations,
  - c. transferred to an LRSP subject to the same Applicable Legislation, or
  - d. used to purchase an immediate life annuity or deferred life annuity.

### Conversion to a life pension

25. For the purposes of the purchase of an immediate or deferred life annuity referred to in paragraph 24 of this Addendum,
  - a. Where a pension benefit credit transferred into the LIF was not varied according to the sex of the plan member, an immediate or deferred life annuity purchased by the funds accumulated in the LIF shall not differentiate as to sex, and
  - b. A pension benefit transferred into the LIF will be deemed to have been determined in a manner that did not differentiate on the basis of the sex of the beneficiary, unless the Applicant furnishes the Trustee with information to the contrary.

### Withdrawals from the LIF – Shortened life expectancy

26. The funds in the LIF may be paid to the Applicant in a lump sum if a physician certifies that, owing to mental or physical disability, the life expectancy of the

Applicant is likely to be shortened considerably, and the Applicant provides the Trustee with such certification.

### Withdrawals from the LIF – Small accounts

27. In the calendar year in which the Applicant reaches 55 years of age or in any subsequent calendar year, the funds may be paid to the Applicant in a lump sum if:
  - a. the Applicant certifies that the total value of all assets in all LRSP s, LIFs, RLSPs, and RLIFs that were created as a result of the transfer of Pension Benefit Credits under section 26 of the PBSA, a transfer authorized by the PBSA Regulations is less than or equal to 50% of the YMPE, and
  - b. where the LIF is derived directly or indirectly from a pension plan, the Applicant gives a copy of Form 2 and Form 3 of Schedule V of the PBSA Regulations to the Trustee.

### Withdrawals from the LIF – Financial hardship

28. The Applicant may withdraw an amount up to the “Maximum Financial Hardship Amount” if:
  - a. the Applicant certifies that the Applicant has not made a withdrawal in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions, other than within the last 30 days before this certification,
  - b. in the event that the value of “M” in the definition of the Maximum Financial Hardship Amount is greater than zero,
    - i. the Applicant certifies that the Applicant expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the Applicant’s total expected income for that calendar year determined in accordance with the *Income Tax Act*, excluding withdrawals in the calendar year from any LRSP, LIF, RLSP, or RLIF under the Financial Hardship Provisions, and
    - ii. a physician certifies that such medical or disability-related treatment or adaptive technology is required, and
  - c. where the LIF is derived directly or indirectly from a pension plan, the Applicant gives a copy of Form 1 and Form 2 of Schedule V of the PBSA Regulations to the Trustee.

### Withdrawals from the LIF – Non-residency

**The holder of the LIF how has ceased to be a resident of Canada for at least two years may withdraw any amount from that LIF. Withdrawals from the LIF – Marriage breakdown**

29. In accordance with subsection 25(4) of the PBSA Act, the Applicant may assign all or part of the LIF to the Applicant’s Spouse, former Spouse, Common-law Partner or former Common-Law Partner, effective as of divorce, annulment, separation, or breakdown of the common-law partnership, as the case may be.

### Death of Applicant – Survivor benefits

30. On the death of the Applicant and upon the receipt by the Trustee of any documentation that may reasonably be required, the funds in the LIF shall be paid as follows:
  - a. to the Survivor of the Applicant, by:
    - i. transferring the LIF assets to another LIF or RLIF subject to the same Applicable Pension Legislation,
    - ii. using the LIF assets to purchase an immediate life annuity or deferred life annuity, or
    - iii. transferring the LIF assets to an LRSP subject to the same Applicable Pension Legislation; or
  - b. If the Applicant appointed a beneficiary and there is no Survivor, transferring the LIF assets to the Applicant’s beneficiary; or
  - c. if the Applicant did not designate a beneficiary and there is no Survivor, transferring the LIF assets to the Applicant’s estate.

### Amending the Addendum

31. 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.

### Other

32. No money that is not locked in under the Applicable Pension Legislation will be transferred to or held under the LIF.