

## BBS SECURITIES INC. SELF-DIRECTED LIFE INCOME FUND AGREEMENT

**THIS ADDENDUM** dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Contract (the "**Contract**") for the establishment of a Life Income Fund (the "**LIF**") **RIF 1591** between Computershare Trust Company of Canada (the "**Trustee**"), a trust company incorporated under the federal laws of Canada and having a place of business at 100 University Ave. – 8<sup>th</sup> Floor, Toronto Ontario. M5J 2Y1 and the applicant (the "**Annuitant**") named in the application for a BBS Securities Inc. Self-Directed Retirement Income Fund, Declaration of Trust (the "**RIF**"), such application as found on the reverse side hereof or attached hereto (the "**Application**"). The parties agree for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties hereto, as follows:

1. **Registration:** The Trustee shall apply for registration of the LIF on behalf of the Annuitant with the appropriate taxation authorities in Québec and Canada and declares that, where required by applicable pension legislation, the text of this Contract has been filed with and accepted by the appropriate pension authorities in Québec and Canada. The LIF held and maintained by the Trustee for the Annuitant shall be invested, used and applied by the Trustee for the purpose of providing a life annuity to the Annuitant as specified in the *Supplemental Pension Plans Act (Québec)* (the "**Québec Act**").
2. **Compliance:** The LIF shall at all times comply with all relevant provisions of the *Income Tax Act (Canada)* (the "**Act**"), the *Taxation Act (Québec)*, the Québec Act and the *Regulation respecting supplemental pension plans* (R.R.Q. c. R-15.1, r.1; the "**Regulation**"). The Act, the Taxation Act (Québec), the Québec Act, the Regulation, provincial securities legislation, provincial legislation governing investment dealers, and any other governing legislation applying to life income funds, including any regulations, policies, rules, decrees, court orders or other provisions thereunder, all of which shall hereinafter collectively be referred to as the "**Applicable Legislation**". All references herein to legislation shall include all statutes, regulations or provisions related thereto, all as may be amended, re-enacted or replaced from time to time.
3. **Definition of Spouse:** The term "**Spouse**" when used herein refers to the person who fulfils the conditions specified in the Act and in Section 85 of the Québec Act, and spousal status is established on the day on which payment of the annuity to the Annuitant begins or on the day preceding the Annuitant's death, whichever comes first.  
Notwithstanding the aforementioned or anything to the contrary contained in herein, including any endorsements forming a part hereof, Spouse does not include any person who is not recognised as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act (Canada)* respecting RRIFs.
4. **Declaration of Trust:** The Annuitant has signed the application and declaration of trust for the RIF agreeing to be bound by the terms thereof. The Annuitant agrees to be bound by the terms of the Contract as well. If there is a conflict between the provisions of the RIF and those of the Contract, the latter shall prevail to the extent necessary to resolve the conflict, so long as the Act is not contravened. If there is a conflict between the Contract and the RIF and the Applicable Legislation, the latter shall prevail to the extent necessary to resolve the conflict, so long as the Act is not contravened. The Act shall prevail, in case of conflict with any of the foregoing.
5. **Application of Contract:** This Contract applies only to the funds transferred to this LIF in accordance with the RIF, together with interest or earning on those funds.
6. **Contributions:** The Trustee shall accept from time to time only such transfers of cash or other property acceptable to the Trustee as may be directed by the Annuitant to be transferred directly or initially from the following:
  - a) a fund established under a registered pension plan subject to the Québec Act and in accordance with the Act;
  - b) a fund established under a supplemental pension plan governed by an act emanating from a legislative authority other than the National Assembly of Québec and granting entitlement to a deferred pension or a supplemental pension plan established by an act emanating from the National Assembly of Québec or from another legislative authority;
  - c) a fund established under a locked-in retirement account which meets the requirements of the Québec Act and Section 29 of the Regulation;
  - d) a fund established under an annuity contract which meets the requirements of the Québec Act and Section 30 of the Regulation and in accordance with paragraph 60(1) of the Act, or
  - e) another life income fund.

The contributions paid to a registered retirement savings plan that do not initially come from a supplemental pension plan may not be transferred into the LIF.

Such contributions, together with any income therefrom, shall constitute a trust fund to be used, invested and held subject to the terms herein.

Sums transferred to the LIF shall be deemed to come entirely from a life income fund of the Annuitant, unless the Annuitant provides to the Trustee a declaration in conformity with Schedule 0.9 or 0.9.1 of the Regulation, as the case may be.

7. **Investments:** The Trustee shall invest and reinvest the funds in the LIF, as directed by the Annuitant from time to time, in such securities acceptable to the Trustee, at the then current offering price (including acquisition charges if applicable) of the securities. The Trustee may, but need not, require any such direction to be in writing. The Trustee shall not be limited to securities authorised by law for investment by trustees. In the absence of a direction from the Annuitant as to the investment of the assets of the LIF from time to time, the Trustee may leave such assets uninvested or may invest same in its sole discretion.

8. **Annuitant's Responsibility:** THE ANNUITANT IS SOLELY RESPONSIBLE, TO THE ENTIRE EXONERATION OF THE TRUSTEE, TO ENSURE THAT THE ASSETS AND SECURITIES HELD IN THE LIF ARE INVESTED IN COMPLIANCE WITH THE INVESTMENT RULES UNDER THE APPLICABLE LEGISLATION, INCLUDING THAT ALL SECURITIES HELD ARE QUALIFIED INVESTMENTS FOR A LIFE INCOME FUND UNDER THE ACT AND SIMILAR PROVINCIAL LEGISLATION AND THAT INVESTMENTS IN FOREIGN PROPERTY DO NOT EXCEED LIMITS PRESCRIBED BY THE ACT AND SIMILAR PROVINCIAL LEGISLATION.

THE TRUSTEE SHALL NOT BE BOUND TO VERIFY WHETHER AN INVESTMENT MADE PURSUANT TO THE ANNUITANT'S INSTRUCTIONS IS A QUALIFIED INVESTMENT OR FOREIGN PROPERTY WITHIN THE MEANING OF THE ACTS OR OF SIMILAR PROVINCIAL LEGISLATION.

THE ANNUITANT SHALL ENSURE THAT PAYMENTS REQUESTED FROM THE LIF DO NOT EXCEED THE MAXIMUM AMOUNT SPECIFIED BY APPLICABLE LEGISLATION.

THE TRUSTEE SHALL NOT BE LIABLE FOR ANY INCOME TAX, CHARGE OR TAX THAT THE ANNUITANT MAY BE REQUIRED TO PAY ON A NON-QUALIFIED INVESTMENT, FOREIGN PROPERTY OR PAYMENTS FROM THE LIF OR FOR ANY LOSS OR SHORTFALLS RESULTING FROM THE INVESTMENT OR REINVESTMENT OF THE ASSETS OF THE LIF, THE SALE OR OTHER DISPOSITION OF ASSETS HELD IN THE LIF.

THE TRUSTEE SHALL BE ENTITLED TO ACT UPON ANY INSTRUMENT, CERTIFICATE, NOTICE OR OTHER WRITING BELIEVED BY THE TRUSTEE TO BE GENUINE AND PROPERLY SIGNED OR PRESENTED. THE TRUSTEE SHALL BE ENTITLED TO ACCEPT SAME AS CONCLUSIVE EVIDENCE OF THE TRUTH AND ACCURACY OF THE STATEMENTS CONTAINED THEREIN. WHEN THE LIF IS TERMINATED, AND THE PROCEEDS THEREON ARE WITHDRAWN, THE TRUSTEE SHALL BE RELEASED AND DISCHARGED FROM ANY FURTHER RESPONSIBILITY OR OBLIGATION IN CONNECTION THEREWITH.

THE ANNUITANT AT ALL TIMES INDEMNIFIES AND SAVES HARMLESS THE TRUSTEE IN RESPECT OF ANY TAXES, ASSESSMENTS OR OTHER CHARGES LEVIED OR IMPOSED UPON OR IN RESPECT OF THE LIF.

THE TRUSTEE SHALL NOT BE LIABLE FOR OR IN RESPECT OF ANY LOSS OR DAMAGES SUFFERED OR INCURRED BY THE LIF, THE ANNUITANT OR ANY OTHER PERSON IN CONNECTION WITH THE LIF, AS A RESULT OF THE ACQUISITION, RETENTION OR TRANSFER OF ANY INVESTMENT, OR AS A RESULT OF PAYMENTS OR DISTRIBUTIONS OUT OF THE LIF, MADE IN ACCORDANCE WITH THE TERMS HEREOF OR AS A RESULT OF THE TRUSTEE ACTING OR DECLINING TO ACT UPON ANY INSTRUCTIONS GIVEN TO THE TRUSTEE, UNLESS CAUSED BY OR RESULTING FROM GROSS NEGLIGENCE, WILFUL MISCONDUCT OR LACK OF GOOD FAITH ON THE PART OF THE TRUSTEE, ITS DIRECTORS, OFFICERS OR EMPLOYEES.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE ANNUITANT SHALL HAVE NO CLAIM WHATSOEVER AGAINST THE TRUSTEE IN RELATION TO ANY LOSSES, DIMINUTION, DAMAGES, CHARGES, COSTS, TAXES, ASSESSMENTS, LEVIES, INTEREST, DEMANDS, FINES, CLAIMS, PENALTIES, FEES OR EXPENSES INCURRED DIRECTLY OR INDIRECTLY WITH RESPECT TO THE ADMINISTRATION OR TRUSTEESHIP OF THE LIF OR THE LIF ASSETS ("**LIABILITIES**"), PROVIDED THAT THE FOREGOING WILL NOT APPLY IN RESPECT OF ANY ACTION OR FAILURE TO ACT BY THE TRUSTEE ARISING FROM OR IN CONNECTION WITH THE TRUSTEE'S DISHONESTY, BAD FAITH, WILFUL MISCONDUCT, GROSS NEGLIGENCE OR RECKLESS DISREGARD OF ANY DUTY.

SUBJECT TO THE FOREGOING, THE ANNUITANT SHALL INDEMNIFY AND SAVE HARMLESS THE TRUSTEE, ITS ASSOCIATES AND AFFILIATES AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, CUSTODIANS, MANDATARIES (INCLUDING THE MANDATARY, AS DEFINED IN THE RIF) AND EMPLOYEES FROM AND AGAINST ALL LIABILITIES (INCLUDING ALL EXPENSES REASONABLY INCURRED IN THE DEFENCE THEREOF) OF ANY NATURE WHATSOEVER WHICH MAY AT ANY TIME BE BROUGHT AGAINST THE TRUSTEE BY ANY PERSON, REGULATORY AUTHORITY OR GOVERNMENT AUTHORITY, AND WHICH MAY IN ANY WAY WHATSOEVER ARISE OUT OF OR BE CONNECTED IN ANY WAY WITH THE LIF. WHERE THE TRUSTEE MAKES ANY CLAIM FOR INDEMNIFICATION HEREUNDER AGAINST THE LIF, THE ANNUITANT ACKNOWLEDGES THAT THE MANDATARY SHALL WITHDRAW PAYMENT THEREFORE FROM

THE LIF AND FORWARD SUCH PAYMENT TO THE TRUSTEE ON A TIMELY BASIS. IF THE ASSETS OF THE LIF ARE INSUFFICIENT TO COVER THE TRUSTEE'S CLAIM FOR INDEMNIFICATION, OR IF THE TRUSTEE'S CLAIM FOR INDEMNIFICATION IS MADE AFTER THE FUND HAS CEASED TO EXIST OR AFTER ALL DISTRIBUTIONS HAVE BEEN PAID OUT OF THE FUND, THE ANNUITANT SHALL PAY THE AMOUNT OF THE TRUSTEE'S CLAIM FOR INDEMNIFICATION DIRECTLY TO THE TRUSTEE.

THE ANNUITANT SPECIFICALLY ACKNOWLEDGES THAT THE TRUSTEE SHALL HAVE NO LIABILITIES CAUSED BY ANY ACTION OR INACTION OF THE MANDATARY.

9. **Indemnification:** The Annuitant, any beneficiary receiving proceeds payable hereunder and the personal legal representatives of the Annuitant, if any, shall at all times indemnify and save harmless the Trustee against any taxes, assessments, expenses, including reasonable legal fees, liabilities, penalties, claims and demands arising out of the holding and depositing of the investments of the LIF or arising from the performance of the Trustee's duties and obligations hereunder, other than as a result of the Trustee's gross negligence or wilful misconduct. If the LIF becomes liable for tax, interest or penalties under the Act or similar provincial legislation, the Annuitant authorises the Trustee to redeem sufficient securities in the LIF to pay such liability.
10. **Payments (Excluding Temporary Income Payments):** The amount of the income paid from the LIF during a fiscal year, subject to the Minimum Amount and Maximum Amount defined hereinafter, must be set by the Annuitant either each year as indicated in Section 10 a) below, or at another agreed to interval of more than one year as indicated in Section 10 b) below.

- a) Life Income Payments for an Interval of One Year: In each fiscal year following the establishment of the LIF, the Trustee shall make one or more payments, the aggregate of which is not less than the Minimum Amount and not more than the Maximum Amount as set forth below:  
The minimum amount of life income paid during a fiscal year of the LIF (hereinafter the "**Minimum Amount**") will be determined in accordance with the applicable provisions of the Act as determined on the basis of the Annuitant's age. Where the Annuitant's Spouse is younger than the Annuitant, the Minimum Amount may be determined on the basis of the age of the Spouse.  
The maximum amount of life income paid during a fiscal year of the LIF (hereinafter the "**Maximum Amount**") shall be calculated according to the following formula:

A + E

"A" represents the maximum temporary income for the fiscal year, determined in accordance with Section 20.4 or 20.5 of the Regulation as the case may be or, where no amount has been determined, the figure zero;

"E" represents the maximum life income (hereinafter the "**Maximum Life Income**") determined in accordance with Section 20 of the Regulation.

The amount paid during a fiscal year of the LIF may not exceed the total of the Maximum Temporary Income as determined in Section 11 below, or where no amount has been determined, the figure zero and the Maximum Amount defined above.

The transfer to the LIF of sums originating directly or not from a LIF income fund of the Annuitant during a given year may not result in a review of the Maximum Amount that may be paid to the Annuitant from the LIF during the fiscal year.

- b) Life Income Payments for an Interval of More than One Year: The annual income payable from the LIF may be set at an interval of more than one year where the Trustee guarantees the balance of the LIF at the end of such interval (which shall terminate at the end of a fiscal year of the LIF), and if the Annuitant is not entitled to payment of the income in a form other than a life income. In such a case, the Maximum Amount that may be paid during each of the fiscal years comprised in the interval is calculated on the date of the beginning of the first of those fiscal years, so as to be equal:

- i) for the initial fiscal year, to the Maximum Life Income determined in accordance with Section 20 of the Regulation; and

- ii) for each of the subsequent fiscal years, an amount calculated as per the following formula:

$$\frac{M \times J}{K}$$

"M" represents the Maximum Life Income;

"J" represents the balance of the LIF at the beginning of the fiscal year; and

"K" represents the LIF's reference balance at the beginning of the fiscal year and is equal to the reference balance of the preceding fiscal year, reduced as of the first day of the said preceding fiscal year by the Maximum Life Income calculated for the initial fiscal year and

increased by the earnings determined by applying, in the case of the first 16 fiscal years, the reference rate, and in all other cases, a rate of interest of 6%.

The LIF's reference balance at the beginning of the initial fiscal year shall be equal to the balance of the LIF at that date.

- 11. Temporary Income Payments (age 54 - 64):** The Annuitant may direct the Trustee to pay to the Annuitant a temporary income, determined by the latter, provided that: a) the Annuitant provides the Trustee with an application to that effect, accompanied by a declaration in conformity with that prescribed by the Schedule 0.4 of the Regulation; and b) the Annuitant is at least 54 years of age, but is under 65 years of age at the end of the year preceding the application.

If the payment of a portion of the income is made in the form of a transfer to a retirement savings instrument, the balance of which is not to be converted into a life annuity, such portion may not exceed the Maximum Life Income, defined in Section 10 b) above, determined by assuming that the Annuitant is not entitled to payment of a temporary income.

The Trustee shall not pay any temporary income to the Annuitant after the end of the year during which the Annuitant reaches 65 years of age.

When the Annuitant is at least 54 years of age but less than 65 years of age at the end of the year preceding the one covered by a fiscal year of the LIF, the Trustee shall establish a reference temporary income (the "**Reference Temporary Income**") the amount of which shall be the lesser of:

- a) 40% of the maximum pensionable earnings (the "**Maximum Pensionable Earnings**"), determined for the year covered by the fiscal year, pursuant to the *Act Respecting the Québec Pension Plan* (the "**Québec Pension Act**"); and
- b) a sum calculated pursuant to the following formula:

FxCxD

"**F**" represents the factor provided for in Schedule 0.6 of the Regulation with respect to the reference rate for the year covered by the fiscal year and the Annuitant's age at the end of the preceding year;

"**C**" represents the balance of the LIF at the beginning of the fiscal year, increased by the sums transferred to the LIF after that date and reduced by the sums originating directly or not during the same year from a life income fund of the Annuitant; and

"**D**" represents the factor provided for in Schedule 0.7 of the Regulation with respect to the Annuitant's age at the end of the year preceding the one covered by the fiscal year.

The Annuitant who is entitled to receive a temporary income as provided herein above may determine for each fiscal year of the LIF a maximum temporary income (the "**Maximum Temporary Income**") that may not exceed the lesser of:

- i) The Reference Temporary Income.
- ii) Forty percent (40%) of the Maximum Pensionable Earnings determined for the year covered by the fiscal year less the sum of, (1) the total temporary income that the Annuitant must receive during the year covered by the fiscal year under a pension plan subject to or established by law or under a contract creating a pension the capital of which comes directly or not from such a plan; and (2) the total of the amounts that the Annuitant has determined or that the Annuitant must determine for the Annuitant's other life income funds, in the form of a maximum temporary income for the current fiscal year.

In the event that the Reference Temporary Income calculated according to the above formula is less than the amount calculated in paragraph ii) above, where the Annuitant provides to the Trustee a declaration in conformity with that prescribed by Schedule 0.8 of the Regulation, the Annuitant may determine, as the Maximum Temporary Income, an amount that does not exceed the lesser of the following amounts:

- (1) the amount calculated in paragraph ii) above; and
- (2) the balance of the LIF at the beginning of the fiscal year, increased by any sums transferred to the LIF and any income earned by the LIF after that date and reduced by any sums originating directly or not during the same year from a life income fund of the Annuitant.

The Annuitant may, at any time before the end of the fiscal year, determine a new, increased, Maximum Temporary Income for the fiscal year. In such event, the Annuitant shall send to the Trustee declarations in conformity with the ones prescribed by Schedules 0.4 and 0.8 to the Regulation.

- 12. Temporary Income Payments (prior to age 54):** The Annuitant may, during a fiscal year of the LIF, upon written application provided to the Trustee, receive the balance of the LIF, in whole or in part, in the form of a temporary income payable in monthly payments, none of which may exceed one twelfth of the difference between the following amounts:

- a) Forty percent (40%) of the Maximum Pensionable Earnings determined for the year in which the payment is made;
- b) Seventy-five percent (75%) of the Annuitant's income for the twelve (12) months that follow, excluding the income provided for in this Section;

The temporary income contemplated by this Section 12 may only be paid if the following conditions are met:

- I) the income of the Annuitant for the twelve (12) months that follow, excluding the income provided for in this Section, does not exceed the amount referred to in a) above;
- ii) the Annuitant makes an application to the Trustee to that effect, accompanied by a declaration in conformity with the one prescribed by Schedule 0.5 of the Regulation and the Annuitant's written undertaking to request a suspension of payments as soon as the Annuitant's income, excluding the income provided for in this Section, becomes equal to or greater than the amount referred to in a) above; and
- iii) the Annuitant was less than 54 years of age at the end of the year that precedes the Annuitant's application.

The Trustee determines the maximum temporary income for each fiscal year of the LIF following the presentation of an application for payment under this Section 12. The said maximum income shall be equal to the product obtained by multiplying the maximum monthly income as determined by this Section, by the number of months remaining in the year as of the first day of the month of the application or, where the Annuitant is entitled for that month to a temporary income by reason of prior application, as of the first day of the following month. The product is increased where necessary by any income provided for in this Section and paid to the Annuitant during the year but prior to the payment of income payable as a consequence of the application and is reduced by any income paid to the Annuitant, during the same period, from another life income fund. The maximum temporary income for a fiscal year may not be less than zero.

The income provided for in this Section may not be paid to the Annuitant where the Annuitant has requested a suspension of payments, nor after the end of the year during which the Annuitant reaches 54 years of age. An Annuitant who is entitled to receive the temporary income referred to in this Section and who is a member or a Spouse who has become entitled to another pension under a pension plan may, for the purposes of replacing such pension by a temporary income, apply once a year for the transfer from the pension plan to the LIF of an amount equal to the lesser of the following amounts:

- a) the additional amount required to be added to the balance of the LIF to make same sufficient for the payment of the monthly payments provided for in this Section, until the end of the year; and
- b) the value of the Annuitant's benefits under the plan.

Where a sum is transferred from a pension plan to the LIF as stated above, Sections 15.1 to 15.3 of the Regulation shall apply, adapted as required, with respect to the allocation of benefits and the determination of the residual benefits of the member or Spouse in the pension plan.

**13. Reference Rate:** The reference rate for a year is determined on the basis of the month-end, nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number B-14013 in the CANSIM system, adjusted by applying successively to that rate the following adjustments:

- a) An increase of one half of one percent (0.5%);
- b) The conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest; and
- c) the rounding of the effective interest rate to the nearest multiple of one half of one percent (0.5%).

The reference rate thus determined may not be less than six percent (6%).

**14. Conversion to a Life Annuity:** The Annuitant may at any time direct the Trustee to pay an amount equal to the remaining value of the LIF to a company (which may include the Trustee) (the "**Insurer**") authorised to issue life annuities pursuant to Paragraph 60(l) of the Act. From the date of conversion of the LIF into a life annuity, annuity payments to the Annuitant by the Insurer shall be made in accordance with the Québec Act and with the instructions and terms of payment provided in writing by the Annuitant.

The Conversion of the remaining value of the LIF into a life annuity must comply with the following conditions:

- a) The Insurer shall guarantee payment of that annuity in periodic equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or a rate provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on the Annuitant's benefits, a redetermination of the Annuitant's pension, by reason of the partition of the Annuitant's benefits with the Annuitant's Spouse, by reason of the payment of a temporary pension pursuant to Section

91.1 of the Québec Act or by reason of an election made pursuant to subsection 3 of the first paragraph of Section 93 of the Québec Act, as the case may be.

- b) The payment of the annuity may be guaranteed by the Insurer for a given period extending after the death of the Annuitant, but ending not later than the day preceding the day on which the Annuitant would have reached 90 years of age.
- c) In the event of the death of the Annuitant, the Insurer must guarantee to the Annuitant's Spouse a life annuity equal to at least 60% of the amount of the annuity that the Annuitant was receiving during his/her lifetime, including during any replacement period, the amount of any temporary pension payable thereunder, as the case may be.

The Annuitant's Spouse may waive his/her right to the life annuity by means of a written notice addressed to the Trustee. Such waiver may itself be revoked by the Annuitant's Spouse by way of a written notice addressed to the Trustee or the Insurer before the date of conversion, in whole or in part, of the LIF. The Annuitant's Spouse's right to a life annuity is subject to Section 20 below.

Upon conversion of the LIF into a life annuity as provided herein above, the Trustee shall have no further duties, obligations or liabilities to the Annuitant in connection with the assets paid out from the LIF.

- 15. Notice of Purchase of a Life Annuity:** The Annuitant will, by 90 days' written notice to the Trustee, specify the date for the commencement of a life annuity referred to in Section 12 hereof. Such notice shall indicate the name of the Insurer from which such life annuity shall be purchased and shall instruct the Trustee to liquidate the assets in the LIF, using the remaining value of the LIF to purchase a life annuity guaranteed by an Insurer in accordance with the provisions herein. If the Annuitant fails to provide the Trustee with the name of the Insurer at least 90 days prior to the commencement of the life annuity, the Trustee is authorised to liquidate the assets of the LIF and, subject to the requirements of the Applicable Legislation, to purchase on behalf of the Annuitant, a life annuity from the Insurer of its choice.

- 16. Lump Sum Payment:** The entire balance of the LIF may be paid in a lump sum to the Annuitant upon an application to the Trustee accompanied by a declaration in conformity with that prescribed by Schedule 0.2 of the Regulation provided that:

- a) the Annuitant has attained 65 years of age by the end of the year preceding the application; and
- b) the total sums credited to the Annuitant's account in the retirement savings instruments referred to in the above-mentioned declaration do not exceed 40% of the Maximum Pensionable Earnings for the year in which the Annuitant applies for the payment.

The entire balance of the LIF may also be paid in a lump sum to the Annuitant upon an application to the Trustee accompanied by a declaration in conformity with that prescribed by Schedule 0.2 of the Regulation provided that the agreed to term of investment has not expired and that the Annuitant has not resided in Canada for at least two years.

The seizable portion of the balance of the LIF may be paid in a lump sum in execution of a judgement rendered in favour of the Annuitant's Spouse, provided that the latter is entitled to a right of seizure for unpaid alimony.

- 17. Annuitant's Account:** The Trustee will cause to be established and maintained an account (the "Account") in the name of the Annuitant which will reflect all contributions made to the LIF and all investment transactions made with respect to its assets.

**17.1 Statements**

At the beginning of each fiscal year and until such time as the balance of the funds in this LIF is transferred out, converted or withdrawn, the Trustee shall cause to be forwarded to the Annuitant a statement showing:

- a) the balance of the LIF at the said date;
- b) where required, the reconciliation of that balance with the balance indicated on the previous statement pertinent thereto indicating, amongst others, the sums on deposit, the accumulated earnings, the withdrawals made and the fees charged;
- c) where the beginning of the fiscal year is later than the beginning of the year, the sums coming directly or initially during the year from another life income fund of the Annuitant;
- d) the Maximum Amount and Minimum Amount, as defined herein, that may or must be paid to the Annuitant as life income during the current fiscal year;
- e) if the Annuitant was at least 54 years of age but less than 65 years of age at the end of the preceding year:
  - i) the terms and conditions that the Annuitant must meet to be entitled to the payment of the temporary income referred to in Section 11 hereof;
  - ii) the Reference Temporary Income for the current fiscal year;
  - iii) the effect of payment of an income greater than the Maximum Amount that may be paid to the Annuitant as income for each year until the end of the year during which the

- Annuitant reaches 65 years of age, on the income that may be paid to the Annuitant after that date;
- iv) the conditions under which the Annuitant may obtain payment of a temporary income greater than the Reference Temporary Income; and
  - v) a copy of Schedules 0.4 and 0.8 to the Regulation;
- f) if the Annuitant was less than 54 years of age at the end of the preceding year, the terms and conditions that the Annuitant must meet in order to be entitled to the payment of the temporary income referred to in Section 12 hereof;
  - g) that the transfer to the LIF of sums originating directly or not from another life income fund of the Annuitant during a given year may not result in a review of the Maximum Amount that may be paid to the Annuitant by the LIF during the fiscal year;
  - h) that if the Annuitant wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income that the Annuitant determined for the fiscal year, the Annuitant must ensure that the balance of the LIF after the transfer is at least equal to the difference between the income determined for the fiscal year and the income that the Annuitant has already received since the beginning of the fiscal year;
- Furthermore, where sums that do not originate directly or indirectly from a life income fund of the Annuitant are deposited in the LIF or the Annuitant informs the Trustee of the Maximum Temporary Income that the Annuitant determines, the Trustee shall, within the following 30 days, supply the Annuitant with a statement that indicates the following:
- aa) the balance of the LIF at the beginning of the fiscal year and the sums that have been deposited therein, identifying any amounts coming directly or not during that year from a life income fund of the Annuitant, as well as the balance of the fund for the purpose of calculating the Maximum Amount that may be paid to the Annuitant as income during the fiscal year;
  - bb) the Maximum Amount that may be paid to the Annuitant as income during the fiscal year;
  - cc) the Minimum Amount that must be paid to the Annuitant as income during the fiscal year; and
  - dd) where the Annuitant is at least 54 years of age but less than 65 years of age at the end of the preceding year, the Reference Temporary Income for the current fiscal year and the Maximum Temporary Income, if any, determined by the Annuitant.

**18. Valuation of Accounts:** The value of an Account for purposes of transfer of assets, conversion into an annuity, withdrawal, payment, or establishment of all payment amounts herein contemplated and upon death of the Annuitant, will be equal to the total market value of the investments held in the Account after deduction of any fees and expenses properly chargeable to the LIF. The market value of the investments shall be established by the Trustee or its Mandatary as defined in the RIF using market prices in accordance with the standards in general use in the securities industry from time to time. If the income paid to the Annuitant during a fiscal year of the LIF exceeds the Maximum Amounts that may be paid to the Annuitant in accordance with this Contract or the Regulation, the Annuitant may, unless the payment is attributable to a false declaration by him/her, require that the Trustee pay him/her, as a penalty, a sum equal to the surplus income paid.

**19. Death of the Annuitant:** In the event that the Annuitant dies prior to conversion of the total balance of the LIF into a life annuity, the Spouse of the Annuitant (or where no Spouse exists, the successors of the Annuitant) shall be entitled, upon presentation of documents as may be required by the Trustee, to a benefit hereunder equal to the value of the balance of the unconverted LIF at the date of death after deductions of costs and fees and, where applicable, income tax withheld at source.

The Trustee shall remit to the Annuitant's Spouse (or where no Spouse exists, to the successors of the Annuitant) a statement as of the date of death of the Annuitant, which contains the information prescribed by paragraphs a) and b) of Section 17.1 hereof.

The Annuitant's Spouse may waive his/her right to receive the balance of the LIF by way of a written notice addressed to the Trustee. Such waiver may itself be revoked by the Annuitant's Spouse by way of a written notice addressed to the Trustee before the Annuitant's death.

In the event of the death of the Annuitant, the Insurer must guarantee to the Annuitant's Spouse who has not waived the right to such entitlement, a life annuity equal to at least 60% of the amount of the Annuitant's pension, including, during the replacement period the amount of any temporary pension. The Spouse of an Annuitant may, at any time before the date of conversion of the assets of the LIF into a life annuity, waive entitlement to a surviving Spouse's annuity or revoke such waiver upon written notice to the Trustee. The contract entered into with the Insurer may guarantee payment of the annuity during a given

period extending after the death of the Annuitant but ending no later than the day preceding the day on which the Annuitant would have reached 90 years of age.

The Trustee shall be fully discharged from any further duty, obligation and liability in connection with the LIF, upon payment being made in accordance with this Section 19.

- 20. Loss of Annuitant's Spouse's Rights:** The Spouse of an Annuitant ceases to be entitled to the amount set out in Section 12 above, upon separation from bed and board, divorce, dissolution of civil union, annulment of marriage or civil union, or, in the case of an unmarried Spouse, upon cessation of the conjugal relationship, except if the Annuitant has transmitted to the Trustee a copy of a notice addressed to the pension committee and giving instructions for the payment of the life annuity to his/her Spouse, notwithstanding the divorce, dissolution of civil union, annulment of marriage or civil union, separation from bed and board or cessation of conjugal relationship, as the case may be.

Continuation of annuity payments to an Annuitant's Spouse shall not cease by reason of the fact that such Spouse subsequently remarries or is living in a conjugal relationship with another person.

- 21. Transfers:** The Annuitant may transfer all or part of the balance in the LIF, provided that the agreed to term of investment has not expired, to any of the following:

- a) a fund established under a registered pension plan subject to the Québec Act and in accordance with the Act;
- b) a fund established under a supplemental pension plan governed by an act emanating from a legislative authority other than the National Assembly of Québec and granting entitlement to a deferred pension or a supplemental pension plan established by an act emanating from the National Assembly of Québec or from another legislative authority;
- c) a fund established under a locked-in retirement account which meets the requirements of the Québec Act and Section 29 of the Regulation;
- d) a fund established under an annuity contract which meets the requirements of the Québec Act and Section 30 of the Regulation and in accordance with paragraph 60(1) of the Act, or
- e) another life income fund.

in accordance with the requirements of the Applicable legislation.

The date of transfer shall be not more than 30 days after the date of receipt of a written request by the Annuitant for the transfer the assets, unless the agreed to term for the investments held in the LIF has not expired. The transfer may be affected by remittance of the investment securities of the LIF.

The Trustee shall promptly take all steps necessary to effect the transfer to an eligible vehicle as specified herein, subject to the deduction from the assets of the LIF, or the portion thereof being transferred, of its transfer out fees and any unpaid annual administration fees and any other such similar charges or expenses, together with applicable goods and services taxes as may be established from time to time. In the event that the LIF has an insufficient cash balance to satisfy the transfer out fees and any unpaid administration fees or other similar charges or expenses for the year or part then ending, the Trustee, may in its sole discretion realise sufficient assets of the LIF and apply the proceeds to the unpaid fees and charges.

Upon such transfer, the Trustee shall not have any further duty, obligation or liability to the Annuitant hereunder with respect to the assets of the LIF so transferred.

Upon completion of the transfer of the entire balance of the LIF to another financial institution or conversion thereof into a life annuity, the Trustee shall provide the Annuitant with a statement as at the date of the transfer or the contract establishing the life annuity, as the case may be, containing the information provided under paragraphs a) and b) of Section 17.1 hereof.

- 22. Designation of Successor Annuitant or Beneficiary:** The Annuitant may designate a beneficiary or his or her Spouse as successor annuitant by instrument in writing in a form prescribed by the Trustee and delivered to the Trustee prior to the death of the Annuitant. The Annuitant may amend the designation by way of written notice sent to the Trustee. Any amended designation will be valid only from the day following its receipt by the Trustee.

- 23. Proof of Age:** The statement of the Annuitant's date of birth, and if applicable that of the Annuitant's Spouse, on the Application shall constitute a certification by the Annuitant thereof and an undertaking to furnish such further evidence of proof of age as may be required for the provision of a retirement income. The Trustee shall be entitled to rely on all information provided in the Application, and shall be under no duty to make further inquiry thereto.

- 24. No Benefit, Advantage, Loan or Assignment:** Unless permitted under the Applicable Legislation, no benefit, advantage or loan that is conditional in any way on the existence of the LIF may be extended to the Annuitant or to any person with whom the Annuitant does not deal at arm's length. The LIF nor any payment required to be made in accordance with the provisions hereof may be assigned in whole or in part nor be pledged, hypothecated, charged or otherwise encumbered, attached or disposed of.



- 25. Amendment:** The Trustee may at any time, unilaterally and without other notice, amend this agreement in order to bring it into compliance with the Applicable Legislation.  
The Trustee may, from time to time, in its discretion, make other amendments to this agreement by giving 90 days' written notice to the Annuitant; provided, however, that any such amendments shall not have the effect of disqualifying the LIF as a registered retirement income fund within the meanings of the Applicable Legislation. The Trustee may not make any amendment that would have the effect of reducing benefits under this Contract unless, before the date of the amendment, the Annuitant has the right to transfer the balance of the LIF and receives, not less than 90 days before the date on which he/she may exercise that right, a notice indicating the nature of the amendment and the date from which the Annuitant may exercise that right. The transfer of such LIF may be affected by remittance of the investment securities of the LIF. Notwithstanding the above, any amendments to this Contract must be made with the approval of the authorities administering any Applicable Legislation to the extent same is required for this Contract to remain in conformity with legal requirements.
- 26. Notices:** Any notice given by one of the parties hereto to the other party or by the Mandatary to the Annuitant shall be sufficiently given if mailed, postage prepaid, to the following addresses : In the case of the Annuitant, to the Annuitant's address set out in the accompanying Application and in the case of the Trustee, to the address set out on the first page hereof or to any subsequent address as provided by either party to the other in writing from time to time, and any such notice shall be deemed to be given on the second business day following the day of mailing.
- 27. Contract Binding:** The provisions of this Contract shall be binding upon the Annuitant's heirs, liquidators, administrators, representatives and assigns and upon the Trustee's successors and assigns. On the date of the final payment required hereunder, the Trustee shall be discharged from all further duties, obligations and liabilities with respect to this Contract.
- 28. Fiscal Year:** The fiscal year of the LIF ends on December 31 of each year and may not exceed 12 months.
- 29. Governing Law:** This Contract shall be construed, enforced and governed according to the laws of the province of Québec and the laws of Canada applicable therein.
- 30. Language:** It is the express wish of the parties hereto that this Contract and any documents related to it be drawn up in the English language. Les parties ont expressément convenu que cette convention et tous documents s'y rapportant soient rédigés en anglais.
- 31. Annuitant's Declaration:** The Annuitant understands that the information contained herein shall be maintained in a file headed "Investments". The object of this file is to enable the Trustee, the Mandatary and their respective mandataries or representatives to assess the present Application, answer any questions the Annuitant may have regarding this Application and the file in general, manage the Account and any claim or instructions received by the Annuitant on an ongoing basis, and develop programs for their respective clients.  
The personal information contained in this file may be used by the Trustee or by the Mandatary to make any decision relevant to the object of the file and only the Trustee's or the Mandatary's employees, mandataries, representatives and any other person required for the execution of the Trustee's duties and obligations, or any other person expressly authorised in writing by the Annuitant may have access to the file.  
Furthermore, the Annuitant understands that his/her file will be kept at the Trustee's place of business mentioned on the first page hereof and that the Annuitant is entitled to consult his/her file at the same address and, when applicable, to have it corrected. The Annuitant must, in order to exercise these rights, send a written notice to the Trustee at its above- mentioned place of business.

**IN WITNESS WHEREOF** the parties hereto have read this Contract and have caused same to be executed as of the date indicated on the Application.

**YOUR CURRENT MARITAL STATUS:**

(This data is necessary in order to complete prescribed government forms.)

- |                          |            |                          |          |
|--------------------------|------------|--------------------------|----------|
| <input type="checkbox"/> | Single     | <input type="checkbox"/> | Married  |
| <input type="checkbox"/> | Common law | <input type="checkbox"/> | Divorced |
| <input type="checkbox"/> | Separated  | <input type="checkbox"/> | Widowed  |

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Annuitant's signature

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Annuitant's name (please print)

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Account Number

BBS Securities Inc. as agent for:  
COMPUTERSHARE TRUST COMPANY OF CANADA

per: \_\_\_\_\_