

ADDENDUM ESTABLISHING A LOCKED-IN RETIREMENT ACCOUNT UNDER THE NATIONAL BANK SAVINGS AND INVESTMENTS INC. SELF-DIRECTED RETIREMENT SAVINGS PLAN

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 account with the Trustee;
- B. For these purposes, and to comply with the requirements of the Act and the Regulation, the Annuitant and the Trustee wish to supplement the declaration of trust of the National Bank Savings and Investments Inc. self-directed retirement savings plan 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;
- C. The Annuitant has duly completed and signed Part I of **Form 3.2** (attached herein) and the pension plan administrator or financial institution effecting the transfer has duly completed and signed Part II of **Form 3.2**.

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 or the Regulation. The terms below have the following meaning:
- a) "**Act**" means the *Pension Benefits Act* (New Brunswick);
- b) "**LIF**" refers to a life income fund, namely a registered retirement income fund within the meaning of the Tax Act that meets the requirements set out in section 22 of the Regulation;
- c) "**Life Annuity**" means a life or deferred life annuity contract that conforms with section 23 of the Regulation, the Act and paragraph 60(l) of the Tax Act;
- d) "**LIRA**" refers to a locked-in retirement account, namely an RSP that meets the requirements set out in section 21 of the Regulation;
- e) "**Regulation**" means *Regulation 91-195* adopted pursuant to the Act;
- f) "**RSP**" means a retirement savings plan within the meaning of the Tax Act that is registered under that Act;
- g) "**Spouse**" has the meaning assigned under the Act, 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 an RSP;
- h) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations adopted thereunder.
2. **Locked-in assets.** Subject to the Act and the Regulation, all assets in the Plan, including investment earnings, but excluding fees, charges, expenses and taxes charged to the Plan, are locked-in for retirement. No assets that are not locked-in may be transferred to or held in the Plan.
3. **Contributions.** The only assets that may be transferred into the Plan are those originating, directly or indirectly, from:
- a) the fund of a pension plan that complies with the Act and the Regulation or with similar legislation in another jurisdiction, if the assets are being transferred under section 36 of the Act or under a similar provision in legislation in another jurisdiction, and the Tax Act;
- b) another LIRA;
- c) a LIF; or
- d) a Life Annuity.

If the information provided on Form 3.2 indicates that the commuted value of the pension benefits transferred into the Plan was determined in a manner that differentiates on the basis of sex while the Annuitant was a member of the pension plan, only assets that are differentiated on the same basis may subsequently be transferred into the Plan.

4. **Value of the Plan.** The fair market value of the Plan, as determined by the Trustee in good faith, is used to establish the balance of the assets in the Plan at any particular time, including on the death of the Annuitant or a transfer of assets. Any such determination by the Trustee is conclusive for all purposes hereof.

The commuted value of the Annuitant's benefits is determined in accordance with the Act and the Regulation if it is divided under section 44 of the Act.

5. **Investments.** The assets in the Plan 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 an RSP.

6. **Restrictions.** No assets transferred, including interest, may be assigned, charged, anticipated, given as security or subjected to execution, seizure, attachment or other process of law except under section 44 or subsection 57(6) of the Act.

No assets transferred, including interest, may be commuted or surrendered during the Annuitant's lifetime except under section 9 of this addendum or under section 44 or subsection 57(6) of the Act.

A transaction in contravention of this section is void.

7. **Conversion of the Plan to a Life Annuity.** Except as provided for in the Regulation, the balance in the Plan, in whole or in part, may be converted at any time only into a Life Annuity.

No assets, including interest, in the Plan may subsequently be used to purchase a Life Annuity that differentiates on the basis of the Annuitant's sex, unless the commuted value of the deferred pension transferred from the plan into the Plan was determined on transfer on the basis of such a distinction while the Annuitant was a member of the plan.

If the Annuitant has a Spouse at the time the pension payments begin, the pension provided must be in the form of a joint and survivor pension as provided under section 41 of the Act unless a waiver that complies with the Act has been delivered to the Trustee.

8. **Death of the Annuitant.** If the Annuitant dies before purchasing a Life Annuity, the balance of the Plan is paid:
- a) to the Annuitant's Spouse, unless the Spouse waives on Form 3.02 all rights that he or she may have in the Plan under the Act, the Regulation or this addendum;
- b) to a beneficiary on death designated by the Annuitant, if the Annuitant has a Spouse who has waived all rights as mentioned in subsection a) above or if the Annuitant does not have a Spouse; or
- c) to the estate of the Annuitant, if the Annuitant has a Spouse who has waived all rights as mentioned in subsection a) above or, if the Annuitant does not have a Spouse, if he or she has not designated a beneficiary on death.

No such payment is made unless and until the Trustee receives releases and other documents as it may reasonably require.

9. **Permitted withdrawals.** A withdrawal, commutation or surrender of assets in the Plan, in whole or in part, is not permitted and will be void, except in the following circumstances:

- a) **Shortened life expectancy withdrawal.** The Annuitant may withdraw the balance of the Plan, in whole or in part, and receive a payment or series of payments upon application to the Trustee if the following conditions are met:
- i) a physician certifies in writing to the Trustee that the Annuitant suffers from a significant physical or mental disability that considerably reduces life expectancy; and
- ii) if he or she has a Spouse, the Annuitant delivers to the Trustee a waiver completed by the Spouse in the prescribed form (Form 3.01).
- b) **Excess amount.** The Annuitant may, upon application to the Trustee, withdraw an amount from the Plan in accordance with paragraph 21(2)(e) of the Regulation if the following conditions are met:
- i) the amount is withdrawn to reduce the amount of tax that would otherwise be payable pursuant to Part X.1 of the Tax Act by the Annuitant; and
- ii) the Trustee, notwithstanding section 20 of the Regulation, establishes a sub-account, that is not an RSP, of the LIRA, in which the Annuitant deposits the amount withdrawn, less any amount required to be withheld by the Trustee under the Tax Act.
- c) **Small balance.** The Annuitant may, upon application to the Trustee, withdraw the balance of the Plan if the following conditions are met:
- i) the Annuitant requests that the balance be withdrawn by delivering the applicable prescribed form(s) duly completed to the Trustee (Forms 3.6 and/or 3.7);
- ii) the total assets held by the Annuitant in all LIRAs, LIFs, and Life Annuities would be commutable upon termination of employment if they were held in a pension fund under a pension plan that permitted payment of the commuted value of the pension benefit in accordance with section 34 of the Act;
- iii) the total of the pension adjustments reported to the Annuitant by the Canada Revenue Agency for the two taxation years immediately preceding the request for withdrawal is zero; and
- iv) the Trustee is satisfied, based upon the information provided in Forms 3.6 and 3.7 and any other information that it has requested, that the reported present distribution of assets transferred from pension funds connected with employment

in the Province is consistent with the amounts reported to have been transferred from such pension funds.

- d) **Non-resident.** The Annuitant may withdraw the balance of the Plan if the following conditions are met:
- i) he or she and his or her Spouse, if any, are not Canadian citizens;
 - ii) he or she and his or her Spouse, if any, are not resident in Canada for the purposes of the Tax Act; and
 - iii) his or her Spouse, if any, waives, in the prescribed form (Form 3.5), any rights that he or she may have in the Plan under the Act, the Regulation or this addendum.

The Trustee is entitled to rely upon the information provided by the Annuitant in any application made pursuant to this section. The Trustee makes the payment within a reasonable time of receipt of the completed forms and required documents.

10. **Permitted transfers.** The Annuitant may at any time after the expiration of the term agreed to for the investments:

- a) transfer before a conversion referred to in section 7 of this addendum, the balance in the Plan, in whole or in part:
 - i) to the pension fund of a pension plan that complies with the Act and the Regulation, or similar legislation in another jurisdiction, and with the Tax Act, where permitted by the terms of such pension plan;
 - ii) to another LIRA;
 - iii) to a LIF; or
- b) convert the balance of the Plan, in whole or in part, into a Life Annuity.

The transfer under paragraph i) to a pension plan that is not registered in the Province can only be carried out if the pension plan is registered for persons employed in a designated jurisdiction and the Annuitant is employed in that jurisdiction by an employer who is making contributions on his or her behalf to the pension fund that is to receive the assets to be transferred.

The Annuitant's application must be in a form satisfactory to the Trustee. Subsections 21(8.1) to 21(11) of the Regulation and Form 3.2 apply to any transfer hereunder, with necessary modifications.

Transfers pursuant to subsections 10 a) and 12 a) are made within 30 days from the Annuitant's application provided that the term agreed to for the investments has expired. The transfer may, at the option of the Trustee, be effected by the remittance to the Annuitant of the investment securities held in the Plan.

11. **Marriage breakdown.** Sections 27 to 33 of the Regulation apply with the necessary modifications to the division of the assets in the Plan on the breakdown of a marriage or common-law partnership.
12. **Amendment.** An amendment to this addendum may not be made:
 - a) that would result in a reduction of the benefits arising from the Plan unless the Annuitant is entitled, before the effective date of the amendment, to transfer the balance of the Plan in accordance with section 10 and a notice is delivered to him or her at least 90 days before such date, describing the amendment and the date on which the Annuitant may exercise the entitlement to transfer;
 - b) unless the addendum as amended remains in conformity with the Act and the Regulation; or
 - c) except to bring it into conformity with requirements under an Act of the Legislature or other legislation in another jurisdiction.
13. **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 and the Regulation are locked-in assets resulting directly or indirectly from the commuted value of pension benefits;
 - 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; and
 - c) The commuted value of the pension benefits transferred herein was not determined in a manner that differentiates on the basis of sex, unless otherwise indicated in writing to the Trustee on Form 3.2.
14. **Governing law.** This addendum is to be governed by and construed in accordance with the laws applicable in the Province of New Brunswick.
15. **Effective date.** This addendum takes effect on the date of transfer of assets into the Plan.