LOCKED-IN RETIREMENT SAVINGS PLAN (FEDERAL) ADDENDUM

ADDENDUM ESTABLISHING A LOCKED-IN RETIREMENT SAVINGS PLAN 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 savings plan 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.

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 Standard Act, 1985* (Canada);
   b) **"LIF"** means a life income fund, namely a RIF that meets the requirements set out in section 20.1 of the Regulation;
   c) **"Life Annuity"** means an arrangement that is made to purchase an immediate or deferred life annuity (as defined in section 2 of the Regulation) that complies with the relevant provisions of the Tax Act and section 21 of the Regulation, provided that the annuity does not differentiate on the basis of the sex of the beneficiary unless otherwise permitted under the Regulation;
   d) **"LRSP"** refers to a locked-in retirement savings plan, namely a registered retirement savings plan within the meaning of the Tax Act that meets the requirements set out in section 20 of the Regulation;
   e) **"Regulation"** means the *Pension Benefits Standards Regulations, 1985* adopted pursuant to the Act;
   f) **"RLIF"** refers to a restricted life income fund, namely a RIF that meets the requirements set out in section 20.3 of the Regulation;
   g) **"RLSP"** refers to a restricted locked-in retirement savings plan, namely a registered retirement savings plan within the meaning of the Tax Act that meets the requirements set out in section 20.2 of the Regulation;
   h) **"RIF"** means a retirement income fund within the meaning of the Tax Act that is registered under that Act;
   i) **"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 concerning a registered retirement savings plans;
   j) **"Survivor"** means
      i) if there is no person described in paragraph ii), the spouse of the Annuitant at the time of the Annuitant's death; or
      ii) a person who was the common-law partner of the Annuitant at the time of the Annuitant's death;
   k) **"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 otherwise held in the Plan.
3. **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.
4. **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 a registered retirement savings plan.
5. **Permitted transfers:** The Annuitant may transfer assets of the Plan only:
   a) to another LRSP;
   b) to a pension plan, including any pension plan referred to in subsection 26(5) of the Act, if the plan permits such a transfer and if it administers the benefit attributed to the transferred assets as if the benefit were that of a plan member with two years of membership in the plan;
   c) to purchase a Life Annuity; or
   d) to a LIF or to a RLIF.

   The Annuitant's application for transfer must be in a form satisfactory to the Trustee. If assets in the Plan consist of identifiable and transferable securities, the Trustee may transfer these securities.
6. **Death of the Annuitant:** On the death of the Annuitant, the assets in the Plan are paid to the Survivor by:
   a) transferring the assets to another LRSP;
   b) transferring the assets to a pension plan, including any pension plan referred to in subsection 26(5) of the Act, if the plan permits such a transfer and if it administers the benefit attributed to the transferred assets as if the benefit were that of a plan member with two years of membership in the plan;
   c) using the assets to purchase a Life Annuity; or
   d) transferring the assets to a LIF or to a RLIF.

   No such payment is made unless and until the Trustee receives releases and other documents as it may reasonably require.
7. **Restrictions:** Subject to subsection 25(4) of the Act, the assets in the Plan cannot be assigned, charged, anticipated or given as security and any transaction purporting to assign, charge, anticipate or give the assets as security is void.
8. **Sex discrimination prohibited:** Where a pension benefit credit transferred into the Plan was not varied according to the sex of the Annuitant, a Life Annuity purchased with the assets accumulated in the Plan may not differentiate as to sex. The pension benefit credit transferred herein was not varied according to the sex of the Annuitant, unless otherwise indicated in writing to the Trustee.
9. **Permitted withdrawals:** A withdrawal, commutation or surrender of assets, in whole or in part, held in the Plan is not permitted and will be void, except in the following circumstances:
   a) **Small balance starting at age 55:** In the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the assets may be paid to the Annuitant in a lump sum if
      (i) the Annuitant certifies that the total value of all assets in all LRSPs, LIFs, RLSPs and RLIFs that were created as a result of a transfer of pension benefit credits under section 16.4 or 26 of the Act, a transfer under the Regulation or a transfer under section 50, 53 or 54 of the *Pooled Registered Pension Plans Act* or the *Pooled Registered Pension Plans Regulations,* is less than or equal to 50% of the year's maximum pensionable earnings, and
      (ii) the Annuitant gives a copy of Form 2 and Form 3 of Schedule V of the Regulation to the Trustee.
   b) **Financial difficulties:** The Annuitant may withdraw an amount up to the lesser of the amount determined by the **Formula** set out below and 50% of the year's maximum pensionable earnings minus any amount withdrawn in the calendar year from any LRSP under this subsection or paragraph 20.1(1)*m*), 20.2(1)*e*) or 20.3(1)*m*) of the Regulation if the following conditions are met:
      (i) the Annuitant certifies that he or she has not made a withdrawal in the calendar year from any LRSP under this subsection or paragraph 20.1(1)*m*), 20.2(1)*e*) or 20.3(1)*m*) of the Regulation, other than within the last 30 days before this certification,
      (ii) in the event that the value of M in the **Formula** set out below is greater than zero,
         (A) the Annuitant certifies that he or she expects to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of the Annuitant's total expected income for that calendar year determined in accordance with the Tax Act, excluding withdrawals in the calendar year from any LRSP under this subsection or paragraph 20.1(1)*m*), 20.2(1)*e*) or 20.3(1)*m*) of the Regulation, and
         (B) a physician certifies that such medical or disability-related treatment or adaptive technology is required, and
      (iii) the Annuitant gives a copy of Form 1 and Form 2 of Schedule V of the Regulation to the Trustee.

      Formula: M + N

      where

      M is the total amount of the expenditures that the Annuitant expects to make on medical or disability-related treatment or adaptive technology for the calendar year, and

      N is the greater of zero and the amount determined by the formula:

      P - Q

      where

      P is 50% of the year's maximum pensionable earnings, and

      Q is two thirds of the Annuitant's total expected income for the calendar year determined in accordance with the Tax Act, excluding withdrawals in the calendar year under paragraph 20(1)*d*), 20.1(1)*m*), 20.2(1)*e*) or 20.3(1)*m*) of the Regulation.
   c) **Shortened life expectancy:** The Annuitant may withdraw the assets as a lump sum upon application to the Trustee, where a physician certifies that owing to mental or physical disability, the life expectancy of the Annuitant is likely to be shortened considerably.
   d) **Non-resident:** The Annuitant may withdraw all or part of the assets as a lump sum upon application to the Trustee, if the following conditions are met:
      (i) the Annuitant has ceased to be a resident of Canada for at least two calendar years and has ceased employment with the employer who is a party to the pension plan or ceased membership in a multi-employer pension plan. The Annuitant will be deemed to have been a resident of Canada throughout a calendar year if he or she has sojourned in Canada in the year for a period of, or periods the total of which is, 183 days or more; and
      (ii) the Annuitant files with the Trustee written evidence that the Canada Revenue Agency has determined him or her to be a non-resident of Canada for the purposes of the Tax Act.
10. **Amendment:** The Trustee may amend this addendum provided that it remains in conformity with the Act, the Regulation and the Tax Act.
11. **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 a pension benefit credit;
   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 benefit credit transferred herein was not determined in a manner that differentiates on the basis of sex, unless otherwise indicated in writing to the Trustee.

12. **Governing law:** This addendum is to be governed by and construed in accordance with the laws applicable in the province or territory of residence of the Annuitant.

13. **Effective date:** This addendum takes effect on the date of transfer of assets into the Plan.