



PIVOTAL SOLUTIONS/PIVOTAL SOLUTIONS DSC | Savings and Retirement

# RIF/LIF Contracts



**Pivotal Solutions<sup>®</sup> / Pivotal  
Solutions DSC  
Retirement Income Fund  
Contract**

**THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA**

# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC RETIREMENT INCOME FUND (RIF) CONTRACT

Thank you for selecting Equitable Life of Canada® to help you achieve your financial goals. Throughout its more than 85 years in operation, Equitable Life® has provided generations of policyholders with sound financial protection.

The Equitable Life Insurance Company of Canada will pay, to the person or persons entitled, the Retirement Income Payments and Death Benefit, subject to the provisions of this Contract.

The Annuitant will be entitled to receive the Retirement Income Payments while living. If, at the death of the Annuitant, the Annuitant's spouse becomes the Annuitant under this Contract, the Annuitant's spouse will be entitled to receive the balance of the payments while living.

On the death of the last person entitled to receive Retirement Income Payments under this Contract, the Death Benefit described in this Contract will be paid to the Beneficiary.

The Beneficiary is as stated in the application unless subsequently changed.

Your Contract will come into effect upon receipt of your initial premium along with your signed Pivotal Solutions / Pivotal Solutions DSC RIF Application. We will send you a subsequent Confirmation Notice to affirm our receipt of your first premium and to provide you with the Contract number and the effective date of the Contract.

**Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value.**

Your Contract is a valuable investment. If you have any questions, please contact your Financial Advisor.



Fabien Jeudy, F.S.A., F.C.I.A.  
President and  
Chief Executive Officer

POLICY NUMBER

When you receive your Confirmation Notice, please enter the Policy Number in this space.

# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC RIF CONTRACT CONTENTS

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# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC RIF CONTRACT PROVISIONS

## GENERAL PROVISIONS

In this Contract, “we”, “our”, “us” and “Company” refer to both The Equitable Life Insurance Company of Canada and its Head Office located in Waterloo, Ontario. “You”, “your” and “Annuitant” refer to the Owner and Annuitant of the Contract.

**Beneficiary.** The beneficiary under this Contract is named on the application, subject to your rights to change the beneficiary, if allowed under laws that apply. Such change may be made at any time by filing written notice with us. We will not be responsible for the sufficiency or validity of any change.

**Common-law Partner.** A person, regardless of sex, who cohabits in a conjugal relationship with the Annuitant for a period of at least 12 months.

**Contract.** The Pivotal Solutions / Pivotal Solutions DSC RIF Contract consists of this Contract, the Application, Endorsements, Addendums and any amendments to the Contract agreed upon in writing between you and us. No condition or provision of this Contract may be changed, waived, or modified except by an amendment in writing signed by an authorized officer of the Company. This Contract takes effect upon payment of the initial premium.

**Contract Anniversary.** Contract years, Contract months and Contract anniversaries will be measured from the effective date of this Contract.

**Currency.** All amounts will be in Canadian currency.

**Effective Date.** The effective date of this Contract is the date that the transferred fund relating to the previously submitted payout annuity application is received by us or the date that your Pivotal Solutions / Pivotal Solutions DSC RRSP converts to this Pivotal Solutions / Pivotal Solutions DSC RRIF. We will send you a subsequent Confirmation Notice to affirm our receipt of your first premium or conversion and to provide you with the Contract number and the effective date of the Contract.

**Misstatement of Age.** If the date of birth of the Annuitant or the Annuitant’s spouse or common-law partner has been misstated, the amount payable under this Contract shall be such amount as would have been provided for the same premium at the correct ages.

**Notice and Correspondence.** Any Notice or Correspondence that is required to be provided to you by the Company will be sent by regular mail, facsimile, or electronic mail. We will consider the Notice and/or Correspondence to be received by you on the 7<sup>th</sup> business day following the mailing or transmission.

Any Notice or Correspondence from you may be sent by regular mail, facsimile, or electronic mail (provided a signature is not required) and will be considered to be received by us on the date we receive it at our Head Office in Waterloo, Ontario.

Upon receipt of any Notice or Correspondence sent to you by the Company, check for correctness of the information. Any discrepancy should be communicated to us within 30 days of receipt by contacting your advisor/broker or calling **Individual Customer Service at: 1-800-668-4095**, or else the information shall be deemed to be correct.

**Proof of Age.** We may require satisfactory proof of the date of birth of the Annuitant or the Annuitant’s spouse or common-law partner before making any payment under this Contract.

**Spouse.** A person who is legally married to the Annuitant.

The following information forms part of your Contract:

- (i) Name of the segregated fund product and the segregated fund indicated on each of the Fund Facts;
- (ii) Management Expense Ratio indicated on each of the Fund Facts;

- (iii) Risk disclosure indicated on each of the Fund Facts;
- (iv) Fees and expenses indicated on each of the Fund facts;
- (v) Right to cancel indicated on each of the Fund Facts.

The Fund Facts information is accurate and complies with the requirements of Form 1, Part H of the Guidelines G2 as of the date the information was prepared.

The remedies for any error in Fund Facts information outlined above will include reasonable measures by us to correct the error but will not entitle you to specific performance under this Contract.

You may rescind the purchase of the segregated fund contract and any allocation of premiums to a segregated fund by sending written notice by email, fax or letter requesting the rescission to us within two business days of the earlier of the date you received confirmation of the purchase or five business days after it has been mailed by us.

For any allocation of premiums to a segregated fund other than the initial contractual purchase, the right to rescind will only apply in respect to the additional allocated premiums and written notice requesting the rescission must be provided within two business days of the earlier of from the date you received confirmation or five business days after it has been mailed by us .

You will be refunded the lesser of the amount invested and the value of the fund on the valuation day following the day we received the request for rescission plus any fees or charges associated with the transaction.

## **I. ANNUITANT**

1. The Annuitant is as shown on the Pivotal Solutions / Pivotal Solutions DSC RIF application and subsequent Confirmation Notice. Upon the death of the Annuitant, the deceased Annuitant's spouse or common-law partner shall become the Annuitant only if:
  - (a) The deceased Annuitant, prior to his or her death, had provided written instructions to this effect to the Company, and the spouse or common-law partner survives the Annuitant, or
  - (b) The Last Will and Testament of the deceased Annuitant so provides.

## **II. PREMIUMS**

1. Premiums refer to a new investment into the Pivotal Solutions / Pivotal Solutions DSC RIF Contract, received and deposited by us to our bank and must be at least ten thousand dollars (\$10,000). An RRSP may be converted into a RRIF upon maturity of the RRSP.
2. The Company shall only accept premiums under this Contract as provided in Section XII.3.
3. The effective date of receipt of premiums is the date they are received by us. There are no scheduled premium payments under this Contract.
4. In the event that the premiums are or become subject to any applicable premium tax, the Company reserves the right, following written notice to you, to charge for the amount of any applicable taxes or similar impositions payable by the Company in respect of this Contract as a result of legislation or regulations enacted or becoming effective prior to or after the effective date of this Contract.
5. Subject to minimum amounts acceptable to the Company as set out below, each premium shall be applied as instructed in writing by the Annuitant at the time of each payment to the:

**Segregated Funds** (the "Fund(s)" or the "Segregated Fund(s)");

The assets of the Funds are segregated from the other assets of the Company and are not guaranteed. You assume the investment risk in exchange for the opportunity of potentially higher investment returns. You may

invest in any or all of the following Funds:

- American Growth Fund
- Asset Allocation Fund
- Canadian Bond Fund
- Canadian Stock Fund
- Equitable Life Active Balanced ETF Portfolio
- Equitable Life Acuity Canadian Balanced Fund
- Equitable Life Acuity Diversified Income Fund
- Equitable Life Acuity Pure Canadian Equity Fund
- Equitable Life Invesco Canadian Premier Growth Fund
- Equitable Life Bissett Dividend Income Fund
- Equitable Life Dynamic Far East Value Fund
- Equitable Life Dynamic Power Global Growth Fund
- Equitable Life Dynamic Value Balanced Fund
- Equitable Life Mackenzie Founders Income & Growth Fund
- Equitable Life Mackenzie Saxon Balanced Fund
- Equitable Life Mackenzie Universal U.S. Emerging Growth Fund
- Equitable Life MB Canadian Equity Value Fund
- Equitable Life Quotential Balanced Growth Portfolio
- Equitable Life Quotential Balanced Income Portfolio
- Equitable Life Quotential Diversified Income Portfolio
- Equitable Life Quotential Global Growth Portfolio
- Equitable Life Quotential Growth Portfolio
- Equitable Life Quotential Maximum Growth Portfolio
- Equitable Life Templeton Global Bond Fund
- Equitable Life Templeton Growth Fund
- Equitable Life Trimark Europlus Fund
- Equitable Life Trimark Global Balanced Fund
- Equitable Life Trimark Income Growth Fund
- Equitable Life Trimark International Companies Fund
- Money Market Fund

We currently determine the net asset value per unit of each of the Funds every Business Day, when the Company and an applicable national and/or international stock exchange are open for business, provided market values are available. This date shall be known as the Valuation Date ("Valuation Date"). If the necessary market values are unavailable, the Company reserves the right to delay or postpone the valuation of the funds if information pertaining to the Funds is delayed, without notice, until the information becomes available. In no event will the valuation be made less frequently than once per month.

The unit value of a Fund (referred to as "Unit Value") is determined by dividing the market value of the assets of the Fund on a Valuation Date (less any applicable fees and expenses), by the total number of units outstanding at the time of valuation. The Unit Value determined on that day shall remain in effect until the next Valuation Date.

The effective date of acquisition of units, withdrawal or transfer of units shall be within five (5) business days after we receive the premium payments, or written request for withdrawal or transfer of units. The Unit Value on the effective date will be used.

Dividends, interest income and capital gains are retained in each Fund to increase the market value, unless otherwise stated. All Funds incur a Management Expense Ratio (MER). The combination of the Management Fee, Insurance Fee and Operating Expenses is used to determine a Fund's Management Expense Ratio (MER). The assets of the Segregated Funds are charged the Management Fees and Operating Expenses for both the segregated funds and the underlying mutual or pooled funds through adjustments to the unit value. In no way will the investment Management Fees of the underlying mutual or pooled funds be duplicated; rather these form a portion of the Management Fee of the Fund. The Management Fees and Operating Expenses are paid to The Equitable Life Insurance Company of Canada, calculated as a percentage of the Fund's net asset value and deducted daily.

All Operating Expenses incurred directly or on behalf of the operations of a Fund are the direct responsibility of the Fund and may, at our discretion, be charged to each Fund. The Operating Expenses of a Fund include, but are not limited to: administrative charges attributable to the Segregated Fund, incidental administrative fees allocated by the underlying mutual or pooled funds, taxes of any kind (other than income taxes), audit fees, legal fees and custodial fees. The Operating Expenses exclude commissions and brokerage fees on the purchase and sale of portfolio securities, which are charged directly to the Fund. Currently, The Equitable Life Insurance Company of Canada absorbs certain Operating Expenses. This absorption shall continue at the Company's discretion and may be terminated by the Company at any time.

Both the Management Fees and the Estimated Management Expense Ratio (MER) are set out in a chart in the Fund Costs section of your Information Folder.

We reserve the right to change the MER at any time, without prior notification, if the increase is due to an increase in the operating expenses of the segregated fund. We reserve the right to change the Management Fee at any time provided we give you 60 days written advance notice, and certain Fundamental Change rights. We guarantee that the Management Fee of the Pivotal Solutions (DSC and No Load) Funds set out in the chart under the Fund Costs section of your Information Folder will never exceed 3.25% per annum per Fund.

The Company reserves the right to change the Insurance Fee, up to the Insurance Fee Limit specified for each Fund as set out in a chart in the Funds Costs section of your Information Folder, at any time provided we notify you in your subsequent periodic statement. An increase to the Insurance Fee Limit for any of these Funds would result in a Fundamental Change.

There are rights you have as a consumer if any of the following Fundamental Changes occur:

- i) an increase in the management fee which may be charged against the assets of the segregated fund;
- ii) a change in the fundamental investment objectives of a segregated fund;
- iii) a decrease in the frequency with which units of a segregated fund are valued; or
- iv) an increase in the insurance fee limit specified.

Please refer to the "Fundamental Changes" section of the Information Folder for more information on your rights.

6. Premiums are used to acquire units in the Funds, which will be credited to the Contract. The acquisition of units in the Funds will be made at our discretion but not later than five (5) business days after we receive the premium. The number of units acquired in the Fund is determined by dividing the premium allocated to the Fund by the Unit Value of the respective Fund prevailing at the date of unit acquisition. The unit value of a Fund (referred to as "Unit Value") is determined by dividing the market value of the assets of the Fund on a Valuation Date (less any applicable fees and expenses) by the total number of units outstanding at the time of valuation. The Unit Value determined on that day shall remain in effect until the next Valuation Date.

**The value of the units acquired in the Funds is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

7. The **Asset Rebalancing** feature may be selected at any time while this Pivotal Solutions / Pivotal Solutions DSC RIF Contract investing in the Segregated Funds is in force. Rebalancing is based on percentages and can occur at a monthly, quarterly, semi-annual or annual frequency. Rebalancing is based on the Account Value, not the number of units.

8. Unless advised by subsequent written notification received by us, all future premiums will be deposited to the same fund(s) and in the same proportion as the original premium payment.

9. The Company may, at its discretion, limit the acceptance of new premiums in any one calendar year to a maximum of not more than \$750,000 for a Segregated Fund.

10. We reserve the right, at our discretion, to change the minimum and maximum premium limitations stated in the Contract at any time.

11. For the purposes of this Contract, transfers between Funds are not defined by the Company as "premiums".



### III. CASH VALUE AND ACCOUNT VALUE OF THE CONTRACT

1. The Cash Value of the Contract is equal to the Account Value of the Funds less any surrender charges, if applicable.
2. The Account Value of the Contract is equal to the Account Value of the Funds. The Account Value of a Fund at any time is determined based on the then Unit Value of the particular Fund multiplied by the number of units credited to that Fund.
3. **The values are not guaranteed and will fluctuate with the market value of the assets of the Funds.**

### IV. TRANSFERS

1. You may, at any time, transfer all or a portion of the Account Value under any Fund in this Contract to another Fund within this Contract. The Company reserves the right to charge an administrative fee of 2% of the transfer value of your units from a Fund within 90 days of your acquiring them. This does not apply to regularly scheduled transfers, transfers from Money Market Fund where the units in Money Market Fund were not previously in another Fund during the past 90 days and Asset Rebalancing.
2. The minimum transfer amount is \$500 and is subject to the applicable Fund minimum premium requirements.
3. If you prefer, you may arrange to make regular scheduled transfers between various Funds on any one (1) date from the 1st to the 28th of the month. You can arrange for scheduled transfers if you have a lump sum deposited into one Fund (for example, a Money Market Fund) and you would like to make regularly scheduled investments into another Fund(s). The minimum amount of the regularly scheduled transfer is subject to the current administration rules.
4. Except as provided in this Contract, there are no other fees charged for transfers.
5. We reserve the right to limit the number of transfers in any calendar year.
6. Units cannot be transferred between Funds because each Fund has its own Unit Value. Requests for transfers between the Funds will result in the surrender of units in one Fund and the acquisition of units in another Fund. The effective date of the transfer of units credited to your Contract will be within five (5) business days after the date your written request for transfer is received by us. The value of the units transferred will be based on the Unit Value of the applicable Fund prevailing on the effective date of transfer.

**The value of the Funds surrendered or acquired for a transfer is not guaranteed and will fluctuate with the market value of the assets of the particular Fund.**

#### Transfers to Another Company

7. Any election to transfer all or part of the Cash Value of the Contract held in connection with the Funds to another company as permitted under Section 146.3 of the *Income Tax Act* (Canada) must:
  - (a) be in writing and be signed by the Annuitant,
  - (b) be filed with the Company,
  - (c) identify the company to which the values are to be transferred,
  - (d) describe the amount which is to be transferred, and
  - (e) must comply with the requirements of the *Income Tax Act* (Canada).

A surrender charge for transfers from the Funds, equal to that described in the "Contract Charges" section of this Contract will apply to transfers to another company.

8. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of the Fund less surrender charges, if applicable. The Account

Value is determined within five (5) business days after the date your written request is received by us. The value of units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the transfer.

**The value of the Fund units surrendered for a transfer is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

9. Any amounts transferred under this section shall not exceed the Cash Value of the Contract at the date of transfer.
10. The Company shall transfer the requested amount in form and manner to a company with another Retirement Income Fund of the Annuitant.
11. Where the Annuitant requests a transfer as in paragraph 7 of this section to another RRIF, the Company shall retain an amount that is sufficient to ensure that the minimum amount as per paragraph 146.3(2)(e) of the *Income Tax Act* (Canada), under the Contract for the year in which the transfer is made, may be paid to the Annuitant in the year.

## **V. LUMP SUM WITHDRAWALS**

1. At any time, you may withdraw all or a portion of the Cash Value of the Contract. The minimum lump sum withdrawal amount is \$500.
2. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of that Fund less surrender charges, if applicable. The Account Value is determined within five (5) business days after the date your written request is received by us. The value of units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the withdrawal.

**The value of the Fund units surrendered for a cash withdrawal is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

3. There are no additional fees charged for the first two (2) lump sum withdrawals from any investment option under the Contract in any calendar year. A \$25 fee will apply for each withdrawal thereafter.
4. **Withdrawals reduce guaranteed benefits and amounts available for annuity purchases.**
5. In addition to the surrender charge noted herein, you are indirectly (charged directly to the fund) charged management fees and administrative expenses for both the segregated funds and the underlying mutual or pooled funds. See the chart in the "Fund Costs and Contract Charges" section of your Information Folder for more information.
6. This Contract will terminate on the date the entire Cash Value of the Contract is withdrawn.

## **VI. DEATH BENEFIT GUARANTEE**

1. In the event of death of the Annuitant prior to the maturity date, we will pay to the designated beneficiary a Death Benefit equal to the sum of:
  - a) the Account Value of the Contract; and
  - b) the amount by which (i) exceeds (ii) below:
    - i) 100% of all premiums deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds).
    - ii) The Account Value of the Funds based on the Unit Value of the particular Fund in effect on the date of receipt by the Company of notification of death of the Annuitant.

2. The effective date of the surrender of units credited to your Contract will be within five (5) business days after the date we receive notification of the death of the Annuitant in a manner that is satisfactory to the Company. The value of the units surrendered in a particular Fund is equal to the total number of units then held multiplied by the value of each unit and is based on the Unit Value of the Fund prevailing on the date of surrender.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of Funds.**

3. Before making payment under this section, we will require this Contract and satisfactory proof of (i) the death of the Annuitant and (ii) the title of the claimant.
4. Payment of the Death Benefit will terminate this Contract.

## **VII. MATURITY BENEFIT GUARANTEE**

1. If a maturity date is not required by the applicable legislation, the Contract will mature in December of the year the Annuitant reaches age 105. You may request a maturity date provided that such maturity date shall not be less than 365 days after the date we receive your written request. Such request shall be subject to approval by us.
2. The value of the Maturity Benefit will be the sum of:
  - (a) the Cash Value of the Contract; and
  - (b) provided the maturity date is at least 15 years after the effective date of the Contract, the amount by which i) exceeds ii) below:
    - i) 75% of all gross premiums, deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds);
    - ii) the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the maturity date of the Contract.

Under no circumstances will your maturity guarantee be less than 75% of the gross premiums deposited to the Contract, reduced proportionately for any subsequent withdrawals, provided that your Contract has been in force for at least 15 years as stated under (b) above and that the maturity date elected has been reached.

3. The effective date of the surrender of Fund units credited to your Contract to provide the Maturity Benefit will be the maturity date. The value of the units surrendered in a particular Fund will be based on the Unit Value of the Fund prevailing on the date of surrender.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

4. Settlement of the Maturity Benefit will terminate this Contract.

## **VIII. ACCOUNT VALUE TOP-UP**

- Account Value Top-up is not applicable to Pivotal Solutions RIF Contracts.
- The following Account Value Top-up is only applicable to Pivotal Solutions DSC RIF Contracts.

If your RRIF was converted from an Equitable RRSP and you reset the Maturity Benefit Guarantee Base in your RRSP with less than fifteen years to the maturity of that Contract with the intention of extending the guarantees into the RRIF, then you may qualify for an Account Value Top-up.

On the fifteenth anniversary of the last Maturity Benefit Guarantee Base reset date in your RRSP (described as the Reset Anniversary Date in your RRSP), the Account Value Top-up will be added to the Account Value of your

Contract. The Account Value Top-up is equal to the amount by which (a) exceeds (b), but is never less than zero, where

- (a) is the Account Value Fund Guarantee transferred from the RRSP, reduced proportionately for any withdrawals or surrenders from the Segregated Funds (no reduction on transfers between Funds), and
- (b) is the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the fifteenth anniversary of the reset date.

The Account Value Top-up will be added to the Money Market Fund.

## IX. RETIREMENT INCOME PAYMENTS

1. The Annuitant may request the Company at any time to make one or more payments in a year as Retirement Income Payments under this Contract in any amount; however:
  - (a) the total Retirement Income Payments made in any calendar year must not be less than the Minimum Annual Payment described in paragraph 2 below;
  - (b) the Company may, at its discretion, require that a Retirement Income Payment be not less than \$100.00 each;
  - (c) any Retirement Income Payment made at any time shall not exceed the Cash Value of the Contract at that time;
  - (d) the Company reserves the right to limit the frequency and dating of Retirement Income Payments;
  - (e) Retirement Income Payments must commence no later than the end of the first calendar year after the year in which this Contract was issued;
  - (f) the Company may deduct any handling charges as determined by the Company.
2. **Minimum Annual Payment.** The Minimum Annual Payment is nil for the calendar year in which the first contract year date begins. For each subsequent calendar year, prior to age 71 of the Annuitant (or the Annuitant's spouse or common-law partner, if elected at issue), the Minimum Annual Payment as per subsection 146.3(1) of the *Income Tax Act* (Canada), shall not be less than the Account Value of the Contract at the beginning of the calendar year divided by the number that is the difference between 90 and
  - (a) the number that is, or would be, the age in whole years of the Annuitant at the beginning of the year, or
  - (b) where the Annuitant so elects at issuance of this Contract, the number that is, or would be, the age in whole years of the Annuitant's spouse or common-law partner at the beginning of the year.

After age 71 of the Annuitant (or Annuitant's spouse or common-law partner if elected at issue) the Minimum Annual Payment shall not be less than the Account Value of the Contract at the beginning of the calendar year multiplied by the applicable percentage indicated in the table below:

Age	Percent	Age	Percent
71	7.38	83	9.58
72	7.48	84	9.93
73	7.59	85	10.33
74	7.71	86	10.79
75	7.85	87	11.33
76	7.99	88	11.96
77	8.15	89	12.71
78	8.33	90	13.62
79	8.53	91	14.73
80	8.75	92	16.12
81	8.99	93	17.92
82	9.27	94 and over	20.00

3. Unless the Annuitant elects otherwise, the Company shall pay on the December anniversary date that coincides with the Initial Retirement Income Date, the Minimum Annual Payment.
4. Retirement income payments will be withdrawn from the Funds in an order determined by the Company from time to time.

5. No Retirement Income Payments will be made after the earlier of:
  - (a) the date that there is no longer any Cash Value in the Contract, or
  - (b) the date of death of the last Annuitant entitled to receive Retirement Income Payments.
6. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of that Fund less surrender charges, if applicable. The value of units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the withdrawal.
 

**The value of the Fund units surrendered to effect a Retirement Income Payment is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

## **X. OPTION TO TERMINATE**

The Company reserves the right, upon written notification to you, to pay you the Cash Value of the Contract and terminate the Contract if the Cash Value of the Contract is less than ten thousand dollars (\$10,000).

**The value of the Fund units surrendered are not guaranteed but will be based on the Unit Value of the applicable Fund prevailing on the date we advise you that the Contract is to be terminated.**

We reserve the right to discontinue the use of any Fund provided we give you 90 days' written advance notice. If you have accrued units in the discontinued Fund, you may choose to transfer the Account Value to any other Fund. If you have not notified us of your choice, within the 90 days, the Account Value will be automatically transferred to the Money Market Fund. The value of the units transferred will be based on the Unit Value of the applicable Fund on the date of the discontinuance of the Fund. The value of credited units in a Fund surrendered for the transfer is not guaranteed and will fluctuate with the market value of the assets of the particular Fund.

## **XI. CONTRACT CHARGES**

You will be subject to certain Contract or direct charges as well as fund or indirect charges.

### **Surrender Charges**

- There are no surrender charges applicable to Pivotal Solutions RIF Contracts.
- The following surrender charges are only applicable to Pivotal Solutions DSC RIF Contracts.

A Surrender Charge is a percentage of the value of the units surrendered in a particular Fund. It applies only for 6 years after the date the units of the Funds are allocated to your Contract. It is applied against the value of the units surrendered depending on the number of years since they were allocated to the Funds. Surrender charges are treated as withdrawals for purposes of calculating the guaranteed benefits. Surrender charges for Funds transferred within the Contract will be based on the original allocation date.

The order of the units to be surrendered will be on a first acquired, first surrendered basis. Units retained for more than 6 years will not be subject to the surrender charge in the event of surrender for a cash withdrawal.

<b><i>Years Since Units Allocated</i></b>	<b><i>Surrender Charge</i></b>
Less than 1	6.0%
Less than 2 but greater than or equal to 1	5.0%
Less than 3 but greater than or equal to 2	4.0%
Less than 4 but greater than or equal to 3	3.0%
Less than 5 but greater than or equal to 4	2.0%
Less than 6 but greater than or equal to 5	1.0%
Greater than or equal to 6	nil

## Free Withdrawal Privileges

- The following free withdrawal privileges are only applicable to Pivotal Solutions DSC RIF Contracts.

We will permit charge-free withdrawals, scheduled or unscheduled, from the Funds in a calendar year totalling 20% of the Account Value of the Funds, determined as at January 1st of the year in which the withdrawal is made. Unused portions cannot be carried forward to subsequent years. For Contracts issued after January 1 in any calendar year, in the initial year of the Contract, the 20% charge-free withdrawal is based on the total premiums deposited to the Fund(s) reduced proportionately by the number of units withdrawn or transferred from the Fund(s), as determined at the time of calculation. If a full surrender request is made within 30 days after withdrawal is requested, the surrender value will be adjusted to recoup the surrender charges that would have been applied to the charge-free withdrawal.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

## XII. REQUIRED CONDITIONS

This Contract is subject to the following:

1. We shall make no payments under this Contract other than:
  - (a) the Retirement Income Payments described in Section IX;
  - (b) the Death Benefit described in Section VI;
  - (c) transfers to another company as described in Section IV;
  - (d) transfers to a RRIF or RRSP of the Annuitant's spouse or common-law partner or former spouse or former common-law partner pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the Annuitant and his or her spouse or common-law partner or former spouse or former common-law partner in settlement of rights arising out of their marriage, on or after the breakdown of their marriage.
2. Payments under this Contract may not be assigned in whole or in part.
3. We shall only accept premiums under this Contract that are transferred from:
  - (a) a Registered Retirement Savings Plan under which the Annuitant is an annuitant;
  - (b) a Registered Pension Plan under which the Annuitant was a member and the Annuitant is entitled to the lump sum;
  - (c) another Registered Retirement Income Fund under which the Annuitant is an annuitant;
  - (d) the Annuitant to the extent only that the amount of the payment is an amount described in subparagraph 60(1)(v) of the *Income Tax Act* (Canada);
  - (e) Registered Retirement Income Fund, Registered Retirement Savings Plan or a Registered Pension Plan of the Annuitant's spouse or common-law partner or former spouse or former common-law partner pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the Annuitant and his or her spouse or common-law partner or former spouse or former common-law partner in settlement of rights arising out of their marriage, on or after the breakdown or their marriage;
  - (f) a Registered Pension Plan of the Annuitant's spouse or common-law partner or former spouse or former common-law partner, if the Annuitant is entitled to the lump sum due to the death of the Annuitant's spouse or common-law partner or former spouse or former common-law partner;
  - (g) a prescribed provincial pension plan to which subsection 146(21) of the *Income Tax Act* (Canada) applies; or
  - (h) a Deferred Profit Sharing Plan in accordance with subsection 147(19) of the *Income Tax Act* (Canada).
4. No benefit or loan, other than:
  - (a) a benefit, the amount of which is required to be included in computing the Annuitant's income;
  - (b) any amount referred to in paragraph (5)(a) or (b) of Section 146.3 of the *Income tax Act* (Canada); or
  - (c) the benefit derived from the provision of administrative or investment services in respect of this contract; that is conditional in any way on the existence of this Contract may be extended to the Annuitant or to a person with whom the Annuitant was not dealing at arm's length.

### **XIII. SASKATCHEWAN ADDENDUM TO THE REGISTERED RETIREMENT INCOME FUND**

#### **Locked-in Fund Transfers to a Saskatchewan PRRIF**

“Company” herein shall mean **THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA**

Upon receipt of locked-in money the Company further declares as follows:

1. For purposes of this Addendum, the word “Act” means The Pension Benefits Act, 1992 (Saskatchewan) and the word “Regulation” means The Pension Benefits Amendment Regulations, 2002 under the Act.
2. For the purposes of this Addendum, the words “contract”, “life annuity contract”, “locked-in retirement account contract”, “registered retirement income fund contract”, “pension”, and “spouse” have the same meanings as are respectively given to these words in the Act and the Regulation.
3. Notwithstanding anything to the contrary contained in the Saskatchewan PRRIF contract, including any Addendums forming a part thereof, “spouse” or “common-law partner” does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.
4. No money may be transferred to a Saskatchewan PRRIF unless the Annuitant is at least 55 years old or has reached the early retirement age established by the pension plan where the locked-in money originated.
5. No money may be transferred to a Saskatchewan PRRIF unless the spouse consents to the transfer by completing the prescribed Form 1 and filing the signed form with the Company.
6. The beneficiary under this Saskatchewan PRRIF shall be your spouse, unless your spouse waives his or her designation by completing the prescribed Form 2.
7. No transfer of money from the Saskatchewan PRRIF is permitted except:
  - (i) to another Saskatchewan PRRIF contract;
  - (ii) to purchase a life annuity contract in accordance with subsection 146(l) of the *Income Tax Act* (Canada);
  - (iii) to a locked-in retirement account contract; or
  - (iv) to a pension plan, as a transfer pursuant to section 32 of the Act.
8. Where the Annuitant requests a transfer to another Saskatchewan PRRIF, the Company shall retain an amount that is sufficient to ensure that the minimum amount under the contract for the year in which the transfer is made, may be paid to the Annuitant in the year, in accordance to paragraph 146.3(2)(e) of the *Income Tax Act* (Canada).
9. The Company hereby affirms that money in the Saskatchewan PRRIF shall be invested in a manner that complies with the rules for the investment of money in a registered retirement income fund pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.
10. A minimum amount, in accordance with subsection 146.3(1) of the *Income Tax Act* (Canada), will be paid out each year.
11. Where money in the Saskatchewan PRRIF is paid out contrary to the Act, the Regulation or this Addendum, the Company hereby declares that it will provide or ensure the provision of an amount equal to the amount that would have been provided had the money not been paid out.

12. The Company, before transferring money from the Saskatchewan PRRIF pursuant to paragraph 7 of this Addendum, will advise the transferee in writing of the locked-in status of the money and make acceptance of the transfer subject to the conditions provided for in the Regulation.
13. The money in the Saskatchewan PRRIF may not be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment and any transaction that purports to assign, charge, alienate or anticipate the money is void.
14. The Saskatchewan PRRIF shall be subject, with any necessary modification, to the division on spousal relationship breakdown provisions in Part VI of the Act.
15. The money in the Saskatchewan PRRIF shall be subject to attachment for the purpose of enforcing a maintenance order as defined in *The Enforcement of Maintenance Orders Act*, and where an amount has been attached pursuant to *The Enforcement of Maintenance Orders Act*, the issuer shall deduct from the money in the Saskatchewan PRRIF an amount, not to exceed \$250, that reasonably represents the cost to the issuer of complying to the attachment.
16. In the event of any inconsistency between the Saskatchewan PRRIF contract including this Addendum and the Act or Regulation, the Act and Regulation shall prevail.

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**Name of Policyholder**

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**Policy Number**



**Authorized Signature for**  
**THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA**  
One Westmount Road North  
Waterloo, Ontario  
N2J 4C7



## **XIV. MANITOBA ADDENDUM TO THE REGISTERED RETIREMENT INCOME FUND**

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### **Life Income Fund (LIF) Transfer to a Manitoba PRRIF**

“Company” herein shall mean **THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA**

Upon receipt of locked-in money the Company further declares as follows:

1. For purposes of this Addendum, the word “Act” means The Pension Benefits Amendment Act of Manitoba and the word “Regulation” means Manitoba Pension Benefits Amendment Act Regulations.
2. For the purposes of this Addendum, the words “contract”, “life income fund contract”, “locked-in retirement account contract”, “registered retirement income fund contract”, “pension”, “spouse” and “common-law partner” have the same meanings as are respectively given to these words in the Act and the Regulation.
3. Notwithstanding anything to the contrary contained in the Manitoba PRRIF contract, including any Addendums forming a part thereof, “spouse” or “common-law partner” does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.
4. No money may be transferred to a Manitoba PRRIF unless the Annuitant is at least 55 years old.
5. No money may be transferred to a Manitoba PRRIF unless the spouse or common-law partner consents to the transfer.
6. No money may be transferred to a Manitoba PRRIF unless there is a written statement from the Superintendent of Pensions indicating satisfaction that no previous prescribed transfer has been made.
7. There is no maximum annual withdrawal restriction and part or all of the funds may be withdrawn at any time.
8. The beneficiary under this Manitoba PRRIF shall be the spouse or common-law partner.
9. Funds in the Manitoba PRRIF are not subject to credit splitting provisions of the Act but could be subject to sharing under the applicable family property legislation.
10. Where the Annuitant requests a transfer to another Manitoba PRRIF, the Company shall retain an amount that is sufficient to ensure that the minimum amount under the contract for the year in which the transfer is made, may be paid to the Annuitant in the year, in accordance to paragraph 146.3(2)(e) of the *Income Tax Act* (Canada).
11. The Company hereby affirms that money in the Manitoba PRRIF shall be invested in a manner that complies with the rules for the investment of money in a registered retirement income fund pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.
12. A minimum amount, in accordance with subsection 146.3(1) of the *Income Tax Act* (Canada), will be paid out each year.
13. The money in the Manitoba PRRIF may not be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment and any transaction that purports to assign, charge, alienate or anticipate the money is void.

14. In the event of any inconsistency between the Manitoba PRRIF contract including this Addendum and the Act or Regulation, the Act and Regulation shall prevail.

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**Name of Policyholder**

---

**Policy Number**



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**Authorized Signature for**  
THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA  
One Westmount Road North  
Waterloo, Ontario  
N2J 4C7

**Pivotal Solutions<sup>®</sup> / Pivotal  
Solutions DSC  
Life Income Fund Contract**

**THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA**

# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC LIFE INCOME FUND (LIF) CONTRACT

Thank you for selecting Equitable Life of Canada® to help you achieve your financial goals. Throughout its more than 85 years in operation, Equitable Life® has provided generations of holders with sound financial protection.

“Act” shall mean the Pension Benefits Standards Act, 1985 that governs the pension funds invested in this Contract. “Regulation” shall mean the regulations made pursuant to the Act.

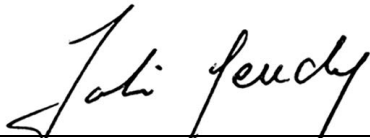
The Life Income Fund, herein referred to as a “LIF”, is a contract registered as a retirement income fund under the *Income Tax Act* (Canada) that meets the requirements of a LIF under the Act and Regulation, where applicable.

Premiums in this Contract shall be invested in a manner that complies with the rules for the investment of money in a registered retirement income fund pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.

The Equitable Life Insurance Company of Canada will pay, to the person or persons entitled, the Retirement Income Payments and Death Benefit, subject to the provisions of this Contract, the *Income Tax Act* (Canada) and regulations thereunder, the Act and Regulation.

**Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value.**

Your Contract is a valuable investment. If you have any questions, please contact your Financial Advisor.



\_\_\_\_\_  
Fabien Jeudy, F.S.A., F.C.I.A.  
President and  
Chief Executive Officer

POLICY NUMBER

When you receive your Confirmation Notice, please enter the Policy Number in this space.

# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC LIF CONTRACT CONTENTS

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# PIVOTAL SOLUTIONS / PIVOTAL SOLUTIONS DSC LIFE INCOME FUND (LIF) CONTRACT PROVISIONS

## FEDERAL

### GENERAL PROVISIONS

In this Contract, “we”, “our”, “us” and “Company” refer to both The Equitable Life Insurance Company of Canada and its Head Office located in Waterloo, Ontario. “You”, “your” and “Annuitant” refer to the Owner and Annuitant of the Contract.

**Beneficiary:** The beneficiary under this Contract is named on the application, subject to your right to change the beneficiary, if allowed under laws that apply. Under pension legislation, your spouse may be entitled to a benefit under this Contract regardless of your beneficiary designation. We will not be responsible for any incorrect or invalid designation, as communicated in writing by the Annuitant.

**Contract:** The Pivotal Solutions / Pivotal Solutions DSC LIF Contract consists of this Contract, the Application, Endorsements, Addendums and any amendments to the Contract agreed upon in writing between you and us. No condition or provision of this Contract may be changed, waived, or modified except by an amendment in writing signed by an authorized officer of the Company. This Contract takes effect upon payment of the initial premium.

**Currency:** All amounts will be in Canadian currency.

**Effective Date:** The effective date of this Contract is the date that the transferred fund relating to the previously submitted payout annuity application is received by us or the date that your Pivotal Solutions / Pivotal Solutions DSC locked-in RRSP or LIRA converts to this Pivotal Solutions / Pivotal Solutions DSC LIF. We will send you a subsequent Confirmation Notice to affirm our receipt of your first premium or conversion and to provide you with the Contract number and the effective date of the Contract.

**Notice and Correspondence:** Any Notice or Correspondence that is required to be provided to you by the Company will be sent by regular mail, facsimile, or electronic mail. We will consider the Notice and/or Correspondence to be received by you on the 7<sup>th</sup> business day following the mailing or transmission.

Any Notice or Correspondence from you may be sent by regular mail, facsimile, or electronic mail (provided a signature is not required) and will be considered to be received by us on the date we receive it at our Head Office in Waterloo, Ontario.

Upon receipt of any Notice or Correspondence sent to you by the Company, check for correctness of the information. Any discrepancy should be communicated to us within 30 days of receipt by contacting your advisor/broker or calling **Individual Customer Service at: 1-800-668-4095**, or else the information shall be deemed to be correct.

**Maturity Date:** A Maturity Date will be in accordance to applicable legislation. If a Maturity Date is not required by applicable legislation, the Contract will mature in December of the year the Annuitant reaches age 105.

You may request a Maturity Date, provided that such Maturity Date shall not be less than 365 days after the date we receive your written request. Such request shall be subject to approval by us.

**Proof of Age.** The Company may require satisfactory proof of the date of birth of the Annuitant before making any payment under this Contract.

**Spouse.** A Spouse does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

In this Contract, Spouse includes common-law partner as defined in the applicable legislation. Spousal rights are preserved when locked-in benefits are transferred to a LIF.

The following information forms part of your Contract:

- (i) Name of the segregated fund product and the segregated fund indicated on each of the Fund Facts;
- (ii) Management Expense Ratio indicated on each of the Fund Facts;
- (iii) Risk disclosure indicated on each of the Fund Facts;
- (iv) Fees and expenses indicated on each of the Fund Facts;
- (v) Right to cancel indicated on each of the Fund Facts.

The Fund Facts information is accurate and complies with the requirements of Form 1, Part H of the Guidelines G2 as of the date the information was prepared.

The remedies for any error in Fund Facts information outlined above will include reasonable measures by us to correct the error but will not entitle you to specific performance under this Contract.

You may rescind the purchase of the segregated fund contract and any allocation of premiums to a segregated fund by sending written notice by e-mail, fax or letter requesting the rescission to us within two business days of the earlier of the date you received confirmation of the purchase or five business days after it has been mailed by us..

For any allocation of premiums to a segregated fund other than the initial contractual purchase, the right to rescind will only apply in respect to the additional allocated premiums and written notice requesting the rescission must be provided within two business days of the earlier of the date you received confirmation or five business days after it have been mailed by us.

You will be refunded the lesser of the amount invested and the value of the fund on the valuation day following the day we received the request for rescission plus any fees or charges associated with the transaction.

## **I. ANNUITANT**

1. Only the following persons may purchase a LIF with respect to their entitlement to a pension under a pension plan:
  - (a) A member or former member of a pension plan;
  - (b) The Spouse or former Spouse of a member or former member if the Spouse or former Spouse is entitled to a pension benefit as a result of the death of a member or former member or as a result of marriage breakdown.
2. The purchaser of the LIF is herein referred to as the "Annuitant".

## **II. PREMIUMS**

1. Premiums refer to a new investment into the Pivotal Solutions / Pivotal Solutions DSC LIF Contract, received and deposited by us to our bank and must be at least ten thousand dollars (\$10,000). A locked-in RRSP or LIRA may be converted into a LIF upon maturity of the locked-in RRSP or LIRA.
2. The Company shall only accept premiums under this Contract as provided in Section XII.2.
3. The effective date of receipt of premiums is the date they are received by us. There are no scheduled premium payments under this Contract.
4. In the event that the premiums are or become subject to any applicable premium tax, the Company reserves the right, following written notice to you, to charge for the amount of any applicable taxes or similar imposition payable by the Company in respect of this Contract as a result of legislation or regulations enacted or becoming effective prior to or after the effective date of this Contract.

5. Subject to minimum amounts acceptable to the Company as set out below, each premium shall be applied as instructed in writing by the Annuitant at the time of each payment to the:

**Segregated Funds** (the "Fund(s)" or the "Segregated Fund(s)"):

The assets of the Funds are segregated from the other assets of the Company and are not guaranteed. You assume the investment risk in exchange for the opportunity of potentially higher investment returns. You may invest in any or all of the following Funds:

- American Growth Fund
- Asset Allocation Fund
- Canadian Bond Fund
- Canadian Stock Fund
- Equitable Life Active Balanced ETF Portfolio
- Equitable Life Acuity Canadian Balanced Fund
- Equitable Life Acuity Diversified Income Fund
- Equitable Life Acuity Pure Canadian Equity Fund
- Equitable Life Invesco Canadian Premier Growth Fund
- Equitable Life Bissett Dividend Income Fund
- Equitable Life Dynamic Far East Value Fund
- Equitable Life Dynamic Power Global Growth Fund
- Equitable Life Dynamic Value Balanced Fund
- Equitable Life Mackenzie Founder Income & Growth Fund
- Equitable Life Mackenzie Saxon Balanced Fund
- Equitable Life Mackenzie Universal U.S. Emerging Growth Fund
- Equitable Life MB Canadian Equity Value Fund
- Equitable Life Quotential Balanced Income Portfolio
- Equitable Life Quotential Balanced Growth Portfolio
- Equitable Life Quotential Diversified Income Portfolio
- Equitable Life Quotential Global Growth Portfolio
- Equitable Life Quotential Growth Portfolio
- Equitable Life Quotential Maximum Growth Portfolio
- Equitable Life Templeton Global Bond Fund
- Equitable Life Templeton Growth Fund
- Equitable Life Trimark Europlus Fund
- Equitable Life Trimark Global Balanced Fund
- Equitable Life Trimark Income Growth Fund
- Equitable Life Trimark International Companies Fund
- Money Market Fund

We currently determine the net asset value per unit of each of the Funds every Business Day, when the Company and an applicable national and/or international stock exchange are open for business, provided market values are available. This date shall be known as the Valuation Date ("Valuation Date"). If the necessary market values are unavailable, the Company reserves the right to delay or postpone the valuation of the funds if information pertaining to the Funds is delayed, without notice, until the information becomes available. In no event will the valuation be made less frequently than once per month.

The unit value of a Fund (referred to as "Unit Value") is determined by dividing the market value of the assets of the Fund on a Valuation Date (less any applicable fees and expenses), by the total number of units outstanding at the time of valuation. The Unit Value determined on that day shall remain in effect until the next Valuation Date.

The effective date of acquisition of units, withdrawal or transfer of units shall be within five (5) business days after we receive the premium payments, or written request for withdrawal or transfer of units. The Unit Value on the effective date will be used.

Dividends, interest income and capital gains are retained in each Fund to increase the market value, unless otherwise stated. All Funds incur a Management Expense Ratio (MER). The combination of the Management



Fee, Insurance Fee and Operating Expenses is used to determine a Fund's Management Expense Ratio (MER). The assets of the Segregated Funds are charged the Management Fees and Operating Expenses for both the segregated funds and the underlying mutual or pooled funds through adjustments to the unit value. In no way will the investment Management Fees of the underlying mutual or pooled funds be duplicated; rather these form a portion of the Management Fee of the Fund. The Management Fees and Operating Expenses are paid to The Equitable Life Insurance Company of Canada, calculated as a percentage of the Fund's net asset value and deducted daily.

All Operating Expenses incurred directly or on behalf of the operations of a Fund are the direct responsibility of the Fund and may, at our discretion, be charged to each Fund. The Operating Expenses of a Fund include, but are not limited to: administrative charges attributable to the Segregated Fund, incidental administrative fees allocated by the underlying mutual or pooled funds, taxes of any kind (other than income taxes), audit fees, legal fees and custodial fees. The Operating Expenses exclude commissions and brokerage fees on the purchase and sale of portfolio securities, which are charged directly to the Fund. Currently, The Equitable Life Insurance Company of Canada absorbs certain Operating Expenses. This absorption shall continue at the Company's discretion and may be terminated by the Company at any time.

Both the Management Fees and the Estimated Management Expense Ratio (MER) are set out in a chart in the Fund Costs section of your Information Folder.

We reserve the right to change the MER at any time, without prior notification, if the increase is due to an increase in the operating expenses of the segregated fund. We reserve the right to change the Management Fee at any time provided we give you 60 days written advance notice, and certain Fundamental Change rights. We guarantee that the Management Fee of the Pivotal Solutions (DSC and No Load) Funds set out in the chart under the Fund Costs section of your Information Folder will never exceed 3.25% per annum per Fund.

The Company reserves the right to change the Insurance Fee, up to the Insurance Fee Limit specified for each Fund as set out in a chart in the Funds Costs section of your Information Folder, at any time provided we notify you in your subsequent periodic statement. An increase to the Insurance Fee Limit for any of these Funds would result in a Fundamental Change.

There are rights you have as a consumer if any of the following Fundamental Changes occur:

- i) an increase in the management fee which may be charged against the assets of the segregated fund;
- ii) a change in the fundamental investment objectives of a segregated fund;
- iii) a decrease in the frequency with which units of a segregated fund are valued; or
- iv) an increase in the insurance fee limit specified.

Please refer to the "Fundamental Changes" section of the Information Folder for more information on your rights.

6. Premiums are used to acquire units in the Funds, which will be credited to the Contract. The acquisition of units in the Funds will be made at our discretion but not later than five (5) business days after we receive the premium. The number of units acquired in the Fund is determined by dividing the premium allocated to the Fund by the Unit Value of the respective Fund prevailing at the date of unit acquisition. The unit value of a Fund (referred to as "Unit Value") is determined by dividing the market value of the assets of the Fund on a Valuation Date (less any applicable fees and expenses) by the total number of units outstanding at the time of valuation. The Unit Value determined on that day shall remain in effect until the next Valuation Date.

**The value of the units acquired in the Funds is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

7. The **Asset Rebalancing** feature may be selected at any time while this Pivotal Solutions / Pivotal Solutions DSC LIF Contract investing in the Segregated Funds is in force. Rebalancing is based on percentages and can occur at a monthly, quarterly, semi-annual or annual frequency. Rebalancing is based on the Account Value, not the number of units.

Unless advised by subsequent written notification received by us, all future premiums will be deposited to the same fund(s) and the same proportions as the original premium payment.

8. The Company may, at its discretion, limit the acceptance of new premiums in any one calendar year to a maximum of not more than \$750,000 for a Segregated Fund.
9. We reserve the right, at our discretion, to change the minimum and maximum premium limitations stated in the Contract at any time.
10. For the purposes of this Contract, transfers between Funds are not defined by the Company as “premiums”.

### **III. CASH VALUE AND ACCOUNT VALUE OF THE CONTRACT**

1. The Cash Value of the Contract is equal to the Account Value of the Funds less any surrender charges, if applicable.
2. The Account Value of the Contract is equal to the Account Value of the Funds. The Account Value of a Fund at any time is determined based on the then Unit Value of the particular Fund multiplied by the number of units credited to that Fund.

**The values are not guaranteed and will fluctuate with the market value of the assets of the Funds.**

### **IV. TRANSFERS BETWEEN FUNDS**

1. You may, at any time, transfer all or a portion of the Account Value under any Fund in this Contract to another Fund within this Contract. The Company reserves the right to charge an administrative fee of 2% of the transfer value of your units from a Fund within 90 days of your acquiring them. This does not apply to regularly scheduled transfers, transfers from Money Market Fund where the units in Money Market Fund were not previously in another Fund during the past 90 days and Asset Rebalancing.
2. The minimum transfer amount is \$500 and is subject to the applicable Fund minimum premium requirements.
3. If you prefer, you may arrange to make regular scheduled transfers between various Funds on any one (1) date from the 1<sup>st</sup> to the 28<sup>th</sup> of the month. You can arrange for scheduled transfers if you have a lump sum deposited into one Fund (for example, a Money Market Fund) and you would like to make regularly scheduled investments into another Fund(s). The minimum amount of the regularly scheduled transfer is subject to the current administration rules.
4. Except as provided in this Contract, there are no other fees charged for transfers.
5. We reserve the right to limit the number of transfers in any calendar year.
6. Units cannot be transferred between Funds because each Fund has its own Unit Value. Requests for transfers within the Funds will result in the surrender of units in one Fund and the acquisition of units in another Fund. The effective date of the transfer of units credited to your Contract will be within five (5) business days after the date your written request for transfer is received by us. The value of the units transferred will be based on the Unit Value of the applicable Fund prevailing on the effective date of transfer.

**The value of the Funds surrendered for a transfer is not guaranteed and will fluctuate with the market value of the assets of the particular Fund.**

### **V. TRANSFERS TO ANOTHER CARRIER**

1. Any election to transfer all or part of the Cash Value of the LIF held in connection with the Funds to another company as permitted by the Act, and under Section 146.3 of the *Income Tax Act* (Canada) must:
  - (a) be in writing and be signed by the Annuitant,
  - (b) be filed with the Company,
  - (c) identify the company to which the values are to be transferred,

- (d) describe the amount which is to be transferred, and
  - (e) must comply with the requirements of paragraph 2 in this section, the Act and the *Income Tax Act* (Canada).
2. Prior to using the Cash Value of the Contract to purchase an annuity, the Annuitant may transfer all or part of the Cash Value of the Contract:
    - (a) to another company who has agreed to a LIF contract with the Annuitant, and such contract is registered and in compliance with the *Income Tax Act* (Canada) and the Act, where applicable; or
    - (b) before the 31<sup>st</sup> day of December in the year in which the Annuitant reaches 71 years of age, or the age limit for registered plans, to a locked-in RRSP or a LIRA (locked-in retirement account), where applicable, that complies with the Act; or
    - (c) to purchase a life annuity contract in accordance with subsection 146(1) of the *Income Tax Act* (Canada); or
    - (d) to another retirement arrangement acceptable by applicable legislation and agreed upon by the transferee company.
  3. The transfer of funds shall take place within 30 days after the Company has received the information necessary to proceed with the transfer.
  4. Prior to transferring all or part of the Cash Value of the Contract, as described in paragraph 2 in this section, the Company shall notify the transferee of the locked-in status of the balance and the transferee shall make acceptance of the balance and ascertain that the balance transferred will be administered as a deferred life annuity under the Act.
  5. If applicable, the transferee and/or the retirement vehicle must be on the provincial list of approved financial institutions
  6. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of that Fund less surrender charges, if applicable. The Account Value and surrender charge are determined within five (5) business days after the date your written request is received by us. The value of units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the withdrawal.

**The value of the Fund units surrendered for a transfer is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

7. Where the Annuitant requests a transfer as in paragraph 2(a) of this section, the Company shall retain an amount that is sufficient to ensure that the minimum amount as per paragraph 146.3(2)(e) of the *Income Tax Act* (Canada) under the Contract for the year in which the transfer is made, may be paid to the Annuitant in the year.

## **VI. RETIREMENT INCOME PAYMENTS**

1. The Annuitant may request the Company at any time to make one or more payments in a year as Retirement Income Payments under this contract in any amount; however,
  - (a) subject to paragraph 6 in this section, the total Retirement Income Payments made in any calendar year must not be less than the minimum annual income payment described in paragraph 2 in this section;
  - (b) subject to paragraphs 5, 6 and 7 in this section, the total Retirement Income Payments made in any calendar year must not be more than the maximum annual income payment described in paragraph 3 in this section;
  - (c) the Company may, at its discretion, require that a Retirement Income Payment be not less than \$100 each;
  - (d) any Retirement Income Payment shall not exceed the Cash Value of the Contract as determined immediately prior to the time of such payment;
  - (e) the Company reserves the right to limit the frequency and dating of Retirement Income Payments;
  - (f) payments must begin no later than the end of the second fiscal year of the Annuitant's LIF. The fiscal year of the Annuitant's LIF shall end on December 31<sup>st</sup> of each year and shall never exceed 12 months;

(g) the Company may deduct any handling charges as determined by the Company.

2. **Minimum Annual Payment.** The Minimum Annual Payment is nil for the calendar year in which the first contract year date begins. For each subsequent calendar year, prior to age 71 of the Annuitant (or the Annuitant's spouse or common-law partner, if elected at issue), the Minimum Annual Payment as per subsection 146.3(1) of the *Income Tax Act* (Canada) shall not be less than the Account Value of the Contract at the beginning of the calendar year divided by the number that is the difference between 90 and

- (a) the number that is, or would be, the age in whole years of the Annuitant at the beginning of the year, or
- (b) where the Annuitant so elects at issuance of this Contract, the number that is, or would be, the age in whole years of the Annuitant's spouse or common-law partner at the beginning of the year.

After age 71 of the Annuitant (or Annuitant's spouse or common-law partner if elected at issue) the Minimum Annual Payment shall not be less than the Account Value of the Contract at the beginning of the calendar year multiplied by the applicable percentage indicated in the table below:

Age	Percent	Age	Percent
71	7.38	83	9.58
72	7.48	84	9.93
73	7.59	85	10.33
74	7.71	86	10.79
75	7.85	87	11.33
76	7.99	88	11.96
77	8.15	89	12.71
78	8.33	90	13.62
79	8.53	91	14.73
80	8.75	92	16.12
81	8.99	93	17.92
82	9.27	94 and over	20.00

3. The Annuitant's "maximum" amount of income paid during the fiscal year shall be:

Maximum = C/F in which

C = the Account Value of the Contract at the beginning of the fiscal year, and

F = the value, at the beginning of the fiscal year, of a pension of which the annual payment is \$1 payable at the beginning of each fiscal year between that date and the 31<sup>st</sup> day of December of the year in which the Annuitant reaches age 90.

4. The value of F in paragraph 3 in this section shall be calculated by using:

- (a) for the first 15 years after the date of valuation, an interest rate that is less than or equal to the yield obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series V-122487, and
- (b) For any subsequent year, is not more than 6 per cent.

5. Where the premiums in the Contract are derived from premiums transferred directly or indirectly during a year from another life income fund contract of the Annuitant, the maximum amount for that same year in paragraph 3 in this section is equal to zero with respect to that premium, unless the *Income Tax Act* (Canada) requires the payment of a higher amount with respect to that premium.

6. For the initial fiscal year of the fund,

- (a) the "maximum" in paragraph 3 in this section 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, and
- (b) the "minimum" in paragraph 2 in this section shall be deemed to be zero.

7. Where the premiums are transferred to the Contract with respect to which locked-in money has previously been transferred:

- (a) other than from another life income fund contract, either directly or indirectly; and
- (b) after the beginning of the fiscal year of the Contract;

the maximum amount in paragraph 3 in this section shall be adjusted by adding an amount calculated by applying the formula in paragraph 3 in this section at the date of the transfer, using the amount transferred as the value of C and assuming that the transfer occurred in the initial fiscal year of the Contract, as determined by paragraph 6 in this section.

- 8. The Annuitant must decide the amount to be paid out of the Contract each year. The Annuitant must do so either at the beginning of the fiscal year of the Contract or at another time agreed to by the Company. The Annuitant's decision expires at the end of the fiscal year to which it relates.
- 9. If the Annuitant does not decide the amount to be paid out of the Contract for a fiscal year, the minimum amount determined under paragraph 2 in this section shall be deemed to be the amount paid.
- 10. Retirement income payments will be withdrawn from the Funds in an order determined by the Company from time to time.
- 11. The Annuitant may select an annuity option at any time. The form of annuity must comply with the provisions of the Act and Regulations and the *Income Tax Act* (Canada) and its regulations.
- 12. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of that Fund less surrender charges, if applicable. The value of the units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the withdrawal.

**The value of the Fund units surrendered to effect a Retirement Income Payment is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

## VII. LUMP SUM WITHDRAWALS

- 1. Any cash withdrawals, other than payments under Section VI are subject to the maximum annual income payment described in Section VI.3.
- 2. The surrender value of a Fund held under your Contract is the amount payable upon the surrender of units in that Fund and is equal to the Account Value of that Fund less surrender charges, if applicable. The Account Value is determined within five (5) business days after the date your written request is received by us. The value of units surrendered will be based on the Unit Value of the applicable Fund prevailing on the effective date of the withdrawal.

**The value of the Fund units surrendered for a cash withdrawal is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

- 3. There are no additional fees charged for the first two (2) lump sum withdrawals from any investment option under the Contract in any calendar year. A \$25 fee will apply for each withdrawal thereafter.
- 4. In addition to the surrender charge noted herein and in the "Contract Charges" section of this Contract, you are indirectly (charged directly to the fund) charged management fees and administrative expenses for both the segregated funds and the underlying mutual or pooled funds. Please see the chart in the "Fund Costs and Contract Charges" section of your Information Folder for more information.
- 5. **Withdrawals reduce guaranteed benefits and amounts available for annuity purchases.**

## VIII. DEATH BENEFIT GUARANTEE

1. In the event of death of the Annuitant, the Death Benefit is to be paid to or on behalf of the surviving Spouse, or, if there is none, the designated beneficiary or, if there is no valid designation of beneficiary, the personal representatives of the estate in their representative capacity.
2. A Spouse living separate and apart from the Annuitant, as defined by applicable legislation, or who has received or is entitled to receive a payment due to marital breakdown, on the date of the Annuitant's death is not entitled to receive the Death Benefit unless such Spouse is the Annuitant's named beneficiary. The Annuitant's Spouse may waive his or her survivor benefit or may revoke any such waiver previously given at any time before the Cash Value of the Contract is used to purchase an immediate life annuity by giving written notice to the Company and/or completing a prescribed form, if applicable, and filing such form with the Company.
3. In the event of death of the Annuitant prior to the Maturity Date, we will pay to the Beneficiary a Death Benefit equal to the sum of:
  - a) the Account Value of the Contract; and
  - b) the amount by which (i) exceeds (ii) below:
    - i) 100% of all premiums deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds);
    - ii) The Account Value of the Funds based on the Unit Value of the particular Fund in effect on the date of receipt by the Company of notification of death of the Annuitant.
4. The effective date of the surrender of Fund units credited to your Contract will be within five (5) business days after the date we receive notification of the death of the Annuitant in a manner that is satisfactory to the Company. The value of the units surrendered in a particular Fund is equal to the total number of units then held multiplied by the value of each unit and is based on the Unit Value of the Fund prevailing on the date of surrender.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

5. Payment of the Death Benefit will terminate this Contract.

## IX. MATURITY BENEFIT GUARANTEE

1. The Maturity Date will be in accordance to applicable legislation. If a Maturity Date is not required by applicable legislation, the Contract will mature in December of the year the Annuitant reaches age 105. You may request a Maturity Date provided that such Maturity Date shall not be less than 365 days after the date we receive your written request and shall comply with applicable provincial pension legislation. Such request shall be subject to approval by us.
2. On the Maturity Date, we will provide settlement to the Annuitant in the form of an annuity that complies with the requirements of the Act and the *Income Tax Act* (Canada).

The value of the Maturity Benefit will be the sum of:

- (a) the Cash Value of the Contract; and
- (b) provided the Maturity Date is at least 15 years after the effective date of the Contract, the amount by which i) exceeds ii) below:
  - i) 75% of all gross premiums, deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds);
  - ii) the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the Maturity Date of the Contract.

Under no circumstances will your maturity guarantee be less than 75% of the gross premiums deposited to the Contract, reduced proportionately for any subsequent withdrawals, provided that your Contract has been in force for at least 15 years as stated under (b) above and that the maturity date elected has been reached.

3. The effective date of the surrender of Fund units credited to your Contract to provide the Maturity benefit will be the Maturity Date. The value of the units surrendered in a particular Fund will be based on the Unit Value of the Fund prevailing on the date of surrender.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

4. Settlement of the Maturity Benefit will terminate this Contract.

## **X. ACCOUNT VALUE TOP-UP**

- Account Value Top-up is not applicable to Pivotal Solutions LIF Contracts.
- The following Account Value Top-up is only applicable to Pivotal Solutions DSC LIF Contracts.

If your LIF was converted from an Equitable Locked-In Retirement Account (LIRA) and you reset the Maturity Benefit Guarantee Base in your LIRA with less than fifteen years to the maturity of that Contract with the intention of extending the guarantees into the LIF, then you may qualify for an Account Value Top-up.

On the fifteenth anniversary of the last Maturity Benefit Guarantee Base reset date in your LIRA, (described as the Reset Anniversary Date in your LIRA), the Account Value Top-up will be added to the Account Value of your Contract. The Account Value Top-up is equal to the amount by which (a) exceeds (b), but is never less than zero, where

- (a) is the Account Value Fund Guarantee transferred from the LIRA, reduced proportionately for any withdrawals or surrenders from the Segregated Funds (no reduction on transfers between Funds), and
- (b) is the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the fifteenth anniversary of the reset date.

## **XI. CONTRACT CHARGES**

You will be subject to certain contract or direct charges as well as fund or indirect charges.

### **Surrender Charges**

- There are no surrender charges applicable to Pivotal Solutions LIF Contracts.
- The following surrender charges are only applicable to Pivotal Solutions DSC LIF Contracts.

A Surrender Charge is a percentage of the value of the units surrendered in a particular Fund. It applies only for 6 years after the date the units of the Funds are allocated to your Contract. It is applied against the value of the units surrendered depending on the number of years since they were allocated to the Funds. Surrender charges are treated as withdrawals for purposes of calculating the guaranteed death and maturity benefits. Surrender charges for Funds transferred within the Contract will be based on the original allocation date.

The order of the units to be surrendered will be on a first acquired, first surrendered basis. Units retained for more than 6 years will not be subject to the surrender charge in the event of surrender for a cash withdrawal.

<b><i>Years Since Units Allocated</i></b>	<b><i>Surrender Charge</i></b>
Less than 1	6.0%
Less than 2 but greater than or equal to 1	5.0%
Less than 3 but greater than or equal to 2	4.0%
Less than 4 but greater than or equal to 3	3.0%
Less than 5 but greater than or equal to 4	2.0%
Less than 6 but greater than or equal to 5	1.0%
Greater than or equal to 6	nil

## Free Withdrawal Privileges

- The following free withdrawal privileges are only applicable to Pivotal Solutions DSC LIF Contracts.

We will permit charge-free withdrawals, scheduled or unscheduled, from the Funds in a calendar year totalling 20% of the Account Value of the Funds, determined as at January 1st of the year in which the withdrawal is made. Unused portions cannot be carried forward to subsequent years. For Contracts issued after January 1 in any calendar year, in the initial year of the Contract, the 20% charge-free withdrawal is based on the total premiums deposited to the Fund(s) reduced proportionately by the number of units withdrawn or transferred from the Fund(s), as determined at the time of calculation. If a full surrender request is made within 30 days after withdrawal is requested, the surrender value will be adjusted to recoup the surrender charges that would have been applied to the charge-free withdrawal.

**The value of the Fund units surrendered is not guaranteed and will fluctuate with the market value of the assets of the Funds.**

## XII. REQUIRED CONDITIONS

1. The Company shall make no payments under this Contract other than:
  - (a) the Retirement Income Payments described in Section VI,
  - (b) any other benefit that may be payable, as provided for in this Contract, the Act and the *Income Tax Act* (Canada).
2. The Company shall only accept premiums under this Contract that are transferred from:
  - (a) an RRSP or a LIRA (locked-in retirement account) where applicable, under which the funds are locked-in in accordance with the Act;
  - (b) another LIF under which the Annuitant is the owner;
  - (c) a locked-in RRSP, LIRA or LIF of a pension plan member's Spouse or former Spouse in accordance with the Act;
  - (d) a registered pension plan;
  - (e) another retirement arrangement if agreed to by us and the transferee and permitted by applicable legislation.
3. The Annuitant's LIF shall be governed by the applicable provisions of the Act and Regulation, and the *Income Tax Act* (Canada) and regulations thereunder.
4. The definitions and interpretations set out in the Act and Regulation are hereby incorporated into this Contract and shall have the same meaning in this Contract. In the event of any inconsistency between the Contract and the Act or Regulation, the Act and Regulation shall prevail.
5. All money, including investment earnings, that is subject to any transfer to or from the Contract, is to be used to provide or secure a pension that would, but for the transfer and previous transfers, if any, be required or permitted by the Act and Regulation.
6. Only locked-in premiums may be transferred to or held under this Contract.
7. The money in this Contract may not be assigned, charged, anticipated or alienated and is exempt from execution, seizure or attachment and any transaction purporting to do so is void.
8. At the beginning of each fiscal year, the following information must be provided to the Annuitant:
  - a) the premiums deposited, their source, the accumulated earnings and the payments made out of the Contract during the previous fiscal year;
  - b) the Account Value of the Contract;
  - c) the minimum amount that must be paid out of the Contract to the Annuitant during the current fiscal year;
  - d) the maximum amount that may be paid out of the Contract to the Annuitant during the current fiscal year.



9. If the Annuitant dies before the Cash Value of the Contract is used to purchase a life annuity, the person entitled to receive the Death Benefit shall be provided with the information described in paragraph 8 in this section.
10. Where the Cash Value of the Contract is transferred out or used to purchase a life annuity, the Company shall provide the Annuitant with the information in paragraph 8 in this section, as of the date of transfer or annuity purchase.
11. For the purposes of the life annuity, the spousal status of the Annuitant is to be determined on the date the annuity is purchased.
12. The Company may amend this Contract only to the extent that it remains in conformity with the Act and Regulation, and the *Income Tax Act* (Canada) and regulations thereunder. The Company shall provide to the Annuitant, 90 days advance written notice of any amendment.
13. In the event that the life expectancy of the Annuitant of this Contract is likely to be shortened considerably due to mental or physical disability, and as certified in writing by a qualified medical practitioner, the Annuitant may withdraw the Cash Value of the Contract as a payment or series of payments.
14. Payments out of a life income fund or a life annuity are subject to division in accordance with the terms of a domestic contract as defined in the Family Law Act or the terms of an order made under the Family Law Act.

**Addendum to the Federal LIF (relevant to the Federal LIF only)**

- (i) The Annuitant may request to transfer the LIF to a Restricted Life Income Fund (RLIF).
- (ii) In the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the Annuitant may withdraw an amount from the Federal LIF up to the lesser of the amount determined by the formula set out in the Regulation and 50% of the Year's Maximum Pensionable Earnings (YMPE) minus any amount withdrawn in the calendar year from any LIF or under paragraph 20(1)d, 20.2(1)e or 20.3(1)(m) of the Regulation and after the completion of Forms 1 and 2 of Schedule V of the Regulation and delivery to the Company.
- (iii) In the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the Annuitant may request to receive in a lump sum the value of the LIF, if the total value of all assets in all locked-in Registered Retirement Savings Plans, Life Income Funds, Restricted Locked-in Savings Plans and Restricted Life Income Funds is less than or equal to 50% of the YMPE and Forms 2 and 3 of Schedule V of the Regulation have been completed and delivered to the Company.

## Addendums and Provincial Schedules:

### XIII – QUEBEC LIFE INCOME FUND CONTRACT SPECIFICATIONS

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Schedule to Life Income Fund Contract Specifications for funds governed under the Supplemental Pension Plans Act (Quebec).

“Act” shall mean the provincial Supplemental Pension Plans Act that governs the pension funds invested in this contract. “Regulation” shall mean the regulations made pursuant to the Act.

The definition of “Spouse” is replaced with the following:

**Spouse.** A Spouse means, in relation to the Annuitant, is a person who, on the day of reference defined below:

- (1) is married to or in civil union with the Annuitant;
- (2) has been living in a conjugal relationship with the Annuitant who is neither married nor in a civil union, whether the person is of the opposite or same sex, for a period of not less than three years, or for a period of not less than one year if
  - at least one child is born, or to be born, of their union;
  - they have adopted, jointly at least one child while living together in a conjugal relationship; or
  - one of them has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

Spousal status is established as of the day preceding the Annuitant’s death, or in the case of a life annuity, as of the day payment of the pension begins.

A Spouse does not include any person who is not recognized as a Spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

In the Section entitled “**VI. RETIREMENT INCOME PAYMENTS**” the maximum amount paid during the fiscal year and the reference rate are replaced by the following:

The maximum amount of the life income for a fiscal year of the life income fund is equal to the amount “E” in the following formula:

$$F \times C - A/D = E$$

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 purchaser’s age at the end of the preceding year;

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

A – represents the maximum temporary income for the fiscal year determined in accordance with Section 20.4 or 20.5 of the Regulation or, if no amount was determined, the figure zero;

D – represents the factor provided for in Schedule 0.7 of the Regulation with respect to the purchaser’s age at the end of the year preceding the one covered by the fiscal year;

The amount “E” may not be less than zero.

The amount of the income paid during a fiscal year of the life income fund may not exceed the amount “M” in the following formula:

$$A + E = M$$

A – represents the maximum temporary income for the fiscal year determined in accordance with Section 20.4 or 20.5 of the Regulation or, if no amount was determined, the figure zero;

E – represents the maximum life income determined in accordance with Section 20 of the Regulation.

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, by applying successively to that rate the following adjustments:

- (1) an increase of 0.5%;
- (2) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest;
- (3) the rounding of the effective interest rate to the nearest multiple of 0.5%.

The reference rate thus determined may not, however, be less than 6%.

In the Section entitled “**VI. RETIREMENT INCOME PAYMENTS**” the following temporary income provision is added:

If the Annuitant is at least 54 years of age and less than 65 years of age, the Annuitant is entitled to a payment of a temporary income that he/she determines provided the following requirements are met:

- (a) the Annuitant is at least 54 years of age and less than 65 years of age on December 31<sup>st</sup> of the year preceding the request for additional temporary income;
- (b) the Annuitant makes a request for payment of a temporary income under the LIF, and submits the Regulation’s **Schedule 0.4 – Declaration of the Purchaser**, duly signed;
- (c) where the payment of a portion of the income is made in the form of a transfer to a RRSP, such portion may not exceed the maximum referred to in Section 20 of the Regulation, determined by assuming that the Annuitant is not entitled to payment of a temporary income;
- (d) the temporary income must not be paid after the end of the year in which the Annuitant reaches 65 years of age.

If the Annuitant is less than 54 years of age, the Annuitant is entitled to the balance of the fund, in whole or in part, in the form of a temporary income provided the following requirements are met:

- (a) the Annuitant is less than 54 years of age on December 31<sup>st</sup> of the year preceding the request for additional temporary income;
- (b) the income will be payable monthly over 12 months following the application and must not exceed one twelfth of the difference between the following amounts:
  - (i) 40% of the Maximum Pensionable Earnings determined, for the year in which the payment is made, pursuant to the Act respecting the Quebec Pension Plan;
  - (ii) 75% of the Annuitant’s income for the 12 months that follow excluding the income provided for in this section.
- (c) the Annuitant makes a request for payment of a temporary income under the LIF, and submits the Regulation’s **Schedule 0.5 – Declaration of the Purchaser**, duly signed. The Annuitant must also have a written undertaking to request a suspension of payments as soon as his/her income, excluding the income provided for in this section, reaches the amount referred to in (b)(i) above.
- (d) the temporary income must not be paid after the end of the year in which the Annuitant reaches 54 years of age nor where the Annuitant has requested a suspension of payments.
- (e) the Annuitant who is entitled to receive the income referred to in this section and who is a member or spouse who has become entitled to a 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 a LIF of an amount equal to the lesser of the following amounts:
  - (i) the additional amount required for the balance of the LIF to allow, until the end of the year, the payment of the monthly payments provided for in (d);
  - (ii) the value of his benefits under the plan.

In the Section entitled “**VIII. DEATH BENEFIT GUARANTEE**” items 1 and 2 are replaced with the following:

1. If the Annuitant dies before the Cash Value of the Contract is used to purchase a life annuity, the payments will cease and the Death Benefit will be paid to the Annuitant’s Spouse or, failing that, to his/her assigns.

Assigns is the designated beneficiary(ies), if none, the estate.

The Annuitant's Spouse may waive his/her entitlements to receive the Death Benefit or revoke such waiver by giving notice to Equitable Life prior to the Annuitant's death.

2. The Spouse of an Annuitant who is a former member or a member of a pension plan, ceases to be entitled to the pension benefit provided for in paragraph (2) of the second paragraph of Section 23 of the Regulation upon separation from bed and board, divorce, annulment of marriage or, in the case of an unmarried spouse, upon cessation of the conjugal relationship, unless the Annuitant has transmitted to the financial institution the notice provided for in Section 89 of the Act.

Specific Exceptions:

1. The seizable portion of the balance of the fund may be paid in a lump sum in execution of a judgment rendered in favour of the Annuitant's spouse that gives entitlement to a seizure for unpaid alimony.
2. The Annuitant may, at any time, require that the total balance of the fund be paid to him in a lump sum if he certifies he has not resided in Canada for the preceding 2 years.
3. If the income paid to the Annuitant during a fiscal year of the fund exceeds the maximum amount that may be paid to him in accordance with the provisions of the contract or the Regulation, the Annuitant may, unless the payment is attributable to a false declaration by him, require that the financial institution pay him, as a penalty, a sum equal to the surplus income paid.

### **Conversion into a Life Annuity**

Upon receipt of a written request duly filed by the Annuitant, total or partial conversion of the Cash Value of the Contract into a life annuity are allowed at any time. Equitable Life will purchase the life annuity after ensuring that the Annuitant has received the minimum amount set out in subsection 146.3(1) of the *Income Tax Act* (Canada).

This conversion must respect the requirements of paragraph 60(l) of the *Income Tax Act* (Canada), the Quebec Taxation Act, the Supplemental Pension Plans Act and the regulations thereunder.

All or part of the Cash Value of the Contract may be converted into a life annuity upon the following conditions:

- (1) the insurer guarantees 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 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, a partition of the Annuitant's benefits in favour of his/her spouse, the payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the Act or the option provided for in subparagraph 3 of the first paragraph of section 93 of the Act;
- (2) in the event of the Annuitant's death who is a former member or a member, the insurer guarantees to the Annuitant's spouse who has not waived it, a life pension equal to at least 60% of the amount of the Annuitant's pension, including, during the replacement period, the amount of any temporary pension.

## XIV – ALBERTA FORM 2 – LIFE INCOME FUND (Alberta LIF) ADDENDUM

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### Life Income Fund (Alberta LIF) Addendum

**IMPORTANT NOTES:** This addendum forms an integral part of the LIF to which it is attached. The provisions of this addendum prevail over other provisions of the LIF in the event of any conflict or inconsistency. The LIF (including this addendum) is also subject to section 40 of the Regulation and all other provisions of the Act and the Regulation (excluding this addendum) that apply to LIFs and in the event of any conflict or inconsistency, that other legislation prevails. This addendum is only a general and abbreviated description of the legal rights and obligations relating to the LIF vehicle and as such may not necessarily reflect fully or accurately the rights and obligations in the legislation. It should be noted that there are transitional arrangements in place covering mainly the period between August 2006 and the end of 2007, that are not necessarily reflected in this addendum, and that also affect relationships with LRIFs.

I, \_\_\_\_\_ (in this addendum referred to as “the owner”) certify that I am:  
(insert name of LIF owner)

- the original owner\*
  - a surviving pension partner owner
  - a non-member-pension partner owner as defined in paragraph 1 of this addendum.
- [Please check the box that applies to you.]**

With respect to Alberta locked-in money to which the LIF of which this addendum forms part applies, I, the owner, and we

\_\_\_\_\_  
(insert name of acknowledged financial institution underwriter or depositary of the LIF)

(in this addendum referred to as “the LIF issuer”), having signed the LIF agreement to which this addendum is attached, agree that the provisions set out in this addendum constitute fundamental terms of the contract between us and agree to comply with those provisions, subject to the above-mentioned legislation.

\*As the original owner (if applicable) I have identified in that agreement any pension partner, as defined in paragraph (1)(1)(n) below, that I have at the time when this LIF is issued.

### Part 1

#### General Provisions

##### Interpretation and requisites for LIF

**1(1)** The following terms, used in this addendum, have the meanings respectively given them as indicated below, except where the context otherwise requires:

- (a) “the Act” means the *Employment Pension Plans Act* of Alberta, “the Regulation” means the *Employment Pension Plans Regulation* (Alberta Regulation 35/2000) under that Act, and “EPPA/R” means either or both, as applicable, all as amended to the time as of which the legislation is being interpreted;
- (b) “acknowledged” means, in relation to a financial institution, currently acknowledged under section 38 of the Regulation in relation to LIFs or LIRAs, as applicable;
- (c) “Alberta locked-in money” means money in a pension plan, LIRA or LIF
  - (i) that
    - (A) originally belonged to a member who terminated membership in Alberta,
    - (B) belongs to a surviving pension partner of

- (I) a member who died while employed in Alberta,
- (II) a former member who terminated membership while employed in Alberta, or
- (III) the original owner of a LIRA,
- or
- (C) belongs to a non-member-pension partner owing to the application of Parts 4 of the legislation and originally belonged to a member who was employed in Alberta at the end of the period of joint accrual referred to in section 57(a),  
and
- (ii) with respect to which the locking-in requirements of the legislation are still required to be met;
- (d) “annuity” means a non-commutable life annuity contract issued or to be issued by an insurance business licensed to do business in Canada that meets the conditions in paragraph 60(l) of the federal *Income Tax Act* and will not commence before the annuitant reaches 50;
- (e) “DC RIA” (an acronym for defined contribution retirement income account) means an account created under defined contribution provisions of a pension plan that covers the benefits referred to in section 46(8) of the Act and that exists to provide retirement income under section 46.1 of the Regulation;
- (f) “DC RIA benefits” means the benefits referred to in clause (e);
- (g) “financial institution” means the issuer of a LIF (including this one) or a LIRA, as the case may be and, where the context relates to an annuity, includes an insurance business referred to in clause (d);
- (h) “Form”, followed by a number, means the form in Schedule 1 to the Regulation corresponding to that number;
- (i) “non-member-pension partner owner” means a pension partner who owns this LIF as a result of the application of the marriage breakdown/matrimonial property order/agreement rules in EPPA/R;
- (j) “Option”,
  - (i) followed by the numeral “1”, means the option in Part 1 of **Form 6** agreeing to the unlocking of up to 50% of commuted value or the value of the vehicle account in question,
  - (ii) followed by the numeral “2”, means the option in Part 1 of **Form 6** giving up the right to receive the minimum 60% survivor payments, and
  - (iii) followed by the numeral “3”, means the option in Part 2 of **Form 6** giving up all rights as automatic designated beneficiary;
- (k) “original owner” means the individual who was the member or former member of a pension plan and who made a transfer under section 30(5) or 38 of the Act or section 39, 40, 41 or 46.1 of the Regulation at any time, the assets deriving from which transfer are now held in this LIF;
- (l) “owner” means the original owner, a surviving pension partner owner or a non-member-pension partner owner;
- (m) “paragraph” and “Part” mean a paragraph and a Part, respectively, of this addendum;
- (n) “pension partner” means, in relation to an original owner,
  - (i) a person who, at retirement income commencement, was married to that original owner and had not been living separate and apart from that original owner for 3 or more consecutive years, or
  - (ii) if there is no such married person, a person, if there is any, who, immediately preceding that time, had lived with that original owner in a conjugal relationship
    - (A) for a continuous period of at least 3 years, or
    - (B) of some permanence, if there was a child of the relationship by birth or adoption,
but does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the federal income tax legislation respecting RRIFs;
- (o) “retirement income commencement” means the time when the former member or original owner initially transferred the money from a pension plan or a LIRA to a LIF, a DC RIA or an LRIF (before its abolition);
- (p) “surviving pension partner owner” means
  - (i) an individual who made a transfer of the money under section 39(6) of the Act, or
  - (ii) a surviving pension partner of the original owner.

(2) Terms used in this addendum and not defined in subparagraph (1) but defined generally in EPPA/R have the meanings assigned to them in EPPA/R.

(3) Reference in this addendum to the execution of a waiver also requires the provision of it to the applicable pension plan administrator or financial institution for it to be effective.

(4) This addendum has no effect as a part of a RRIF or a LIF unless and until

- (a) the owner is at least 50,
  - (b) this addendum is attached to the RRIF,
  - (c) the issuer has made reasonable efforts to ascertain whether or not the original owner has a pension partner at the time the LIF would be established and, if so, his or her identity,
  - (d) if there is such a pension partner, that institution has received an executed Option 2 of the **Form 6** waiver, and
  - (e) that waiver has been attached to the RRIF,
- and the waiver referred to in clause (e) becomes part of the LIF on its being attached to the RRIF.

(5) The fiscal year of this LIF is the calendar year.

#### **Voluntary disposition**

2 In general, the owner may not assign or otherwise voluntarily dispose of this LIF or any rights or obligations under it to another person, but this is subject to the exceptions dealt with later.

#### **Involuntary access**

3(1) The money in this LIF may not be seized, attached or otherwise taken by another person, except that the money is subject to the provisions of the *Maintenance Enforcement Act* and the marriage breakdown rules.

(2) The exceptions referred to in subparagraph (1) will or may continue to apply if the money is transferred from this LIF to another financial vehicle.

#### **General rule on early withdrawal, etc.**

4 No early voluntary withdrawal, commutation or surrender of money in this LIF will be permitted except in accordance with Part 5 or the transitional (temporary) maximum 50% unlocking option in Schedule 1.1 to the Regulation.

#### **Locking in**

5 Money that is not Alberta locked-in money will not be transferred to or continue to be held in this LIF.

#### **Investment**

6 The money in this LIF will be invested in a manner that complies with the rules for the investment of RRIF money contained in the federal income tax legislation.

#### **Minimum retirement income provision**

7 All the money in this LIF, including investment earnings, is to be used to provide or obtain retirement income or an annuity that is required or permitted by EPPA/R.

#### **Splitting of contract**

8 This LIF, if not eligible for the payment allowed by paragraph 27, may not be split so as to change it into 2 or more LIFs, DC RIAs or annuities or any combination of them that would make any of them so eligible.

#### **Disclosure statements**

9 The LIF issuer will provide to the owner or, in the case of a deceased original owner, the designated beneficiary or estate, as the case may be,

- (a) within 30 days after the beginning of each year, information on
  - (i) the amounts transferred into, the interest, gains and losses earned by, the payments made out of, and the fees charged against, this LIF during the previous year,
  - (ii) the LIF account balance at the end of the previous year,

- (iii) the minimum amount that must be paid out of this LIF to the owner during the current year, and
  - (iv) the maximum amount that may be paid out during the current year, being the greatest of the amounts calculated in accordance with paragraph 20(1)(a), (b) and (c),
- (b) if the owner makes a transfer specified in paragraph 11, a reconciliation of the LIF balance at the date of the transfer with the balance at the end of the immediately previous year, showing the amounts transferred into, the interest, gains and losses earned by, the payments made out of, and the fees charged against, this LIF in the intervening period, and
  - (c) where the owner receives a payment under Part 5 of this addendum, a reconciliation of the LIF balance at the date of payment with the balance at the end of the immediately previous year, showing the amounts transferred into, the interest, gains and losses earned by, the payments made out of, and the fees charged against, this LIF during the intervening period.

## Part 2

### Transfers In and Transfers and Payments Out

#### Transfer-in requirements

##### 10(1) The LIF issuer

- (a) warrants to the owner that it is, and will make every endeavour while this contract exists to remain, on the Superintendent's list of acknowledged financial institutions for LIFs, and
  - (b) will ensure that only Alberta locked-in money is transferred to this LIF.
- (2) A transfer to this LIF may be made only from a pension plan, another LIF, a LIRA or an LRIF.

#### Transfers to other vehicles

##### 11 A transfer of money from this LIF is permitted, but only permitted,

- (a) to another LIF,
- (b) to a DC RIA, or
- (c) to an insurance business to purchase an annuity that, in the case of an original owner who had a pension partner at retirement income commencement, designates that pension partner as the beneficiary of any death benefit provided by the annuity unless the original owner has provided to the LIF issuer an executed Option 3 of the **Form 6** waiver.

#### Transfer-out requirements

##### 12(1) The LIF issuer will not transfer money from this LIF unless, to the extent applicable, it

- (a) has ascertained that the transferee financial institution, if issuing a LIF, is on the Superintendent's acknowledgement list for LIFs,
- (b) has ascertained that the transferee pension plan containing the DC RIA is registered under EPPA/R,
- (c) has advised the transferee financial institution or pension plan administrator that the money being transferred is Alberta locked-in money,
- (d) if the owner is an original owner who had a pension partner at retirement income commencement, provides the receiving financial institution or administrator with an executed Option 2 and, if applicable, Option 3 of the **Form 6** waiver,
- (e) if the transfer is to another LIF or to a DC RIA, provides that transferee with
  - (i) a copy of the information provided to the owner under paragraph 9(b), and
  - (ii) a copy of the decision made by the owner respecting the amount to be withdrawn during the current year.
- (f) if the transfer is to an insurance business to purchase an annuity,
  - (i) has ensured that the vehicle is an annuity, and
  - (ii) if the owner is an original owner, provides to the insurance business a certified copy of an executed the Option 2 and, if applicable, the Option 3 of the **Form 6** waiver, and the LIF issuer will otherwise ensure that the EPPA/R rules on transfers out are obeyed.



### **Potential consequences of breach**

**13** If the LIF issuer disobeys any of the requirements in paragraph 12, it may have to fund the recipient vehicle (again if need be) to ensure that those entitled to the benefits of the recipient vehicle receive them in the form and manner required by EPPA/R.

### **General liability on payment out**

**14** If money is paid out to an individual person contrary to EPPA/R, the LIF issuer will ensure the provision of appropriate income to the owner, in accordance with EPPA/R, as if that legislation has not been breached.

### **Prohibition against double indemnity**

**15** Where the owner, as a result of EPPA/R, obtains, in effect, a double payment or a payment as well as a continuing interest in the LIF, the owner may be liable to repay amounts to which EPPA/R did not entitle him/her.

### **Federal tax legislation requirements**

**16** Without mention of other provisions of the federal tax legislation to which a transfer is or may be subject, any transfer made under paragraph 12 is subject to paragraph 146.3(2)(e.1) or (e.2) of the federal *Income Tax Act*.

### **Remittance of securities**

**17** Where this LIF holds identifiable and transferable investment securities, the transfers out referred to in this Part may, unless otherwise stipulated, at the option of the LIF issuer and with the consent of the owner, be effected by the remittance of any such securities.

## **Part 3**

### **Payment Calculations**

#### **Commencement of income payment**

**18** The owner will be paid an income that will commence not later than the last day of the year following the year in which the LIF was established.

#### **Establishment and alteration of income pay-out**

**19(1)** Within 60 days after receipt of the information described in paragraph 9(a), the owner will establish and notify the LIF issuer in writing of the amount of income to be paid during the current year, except that if this LIF guarantees the rate of return of this LIF over a period that is greater than one year, then the owner may establish and notify, at the beginning of that period, the amount of income to be paid during any one or more of the years that end not later than the expiration of that period.

**(2)** The owner may, at any time during a year, change the amount of income to be paid provided that the amount will always result, by the end of the year, in a payment or payments that are at least equal to the minimum amount required by the federal tax legislation and that do not exceed the maximum amount calculated in accordance with paragraph 20(1).

#### **Maximum income pay-out**

**20(1)** Subject to subparagraph (2), the amount of income to be paid out during a year is not to exceed the greatest of

(a) M, with that symbol being calculated in accordance with the following formula:

$$M = C/F$$

where

C is the balance of the money in this LIF on the first day of the year, and

F is the value on January 1 of the year in which the calculation is made of a guaranteed amount of which the annual payment is \$1 payable at the beginning of each year between that date and December 31 of the year during which the owner reaches the age of 85 years and calculated by using

- (i) an interest rate of not more than 6% per year, or
- (ii) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and

published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6% in subsequent years,

- (b) the minimum amount required to be withdrawn in accordance with the federal tax legislation, and
  - (c) investment gains earned in the immediately previous year.
- (2)** For the initial year of the payment out of income,
- (a) the limit M is prorated in proportion to the number of months in the year in which this LIF was established divided by 12, with any part of an incomplete month counting as one month,
  - (b) the minimum amount to be paid, as referred to in subparagraph (1)(b), is set at zero, and
  - (c) investment gains referred to in subparagraph (1)(c) are 6% of the fair market value of this LIF prorated, where applicable, in proportion to the number of months in the year for which this LIF was established divided by 12, with any part of an incomplete month counting as one month.

#### **Continuation of income payments**

**21** Subject to paragraph 19(2), if the money in this LIF is transferred to another LIF or to a DC RIA, payments to the owner will continue in the same manner as the owner selected at the beginning of the year of the transfer.

#### **Additional transfers in**

**22(1)** If, in any year, an additional transfer is made to this LIF and that additional transfer has never been under a LIF or a DC RIA before, an additional withdrawal is allowed in that year.

**(2)** The additional withdrawal will be calculated in accordance with paragraph 20(1) and prorated in accordance with paragraph 20(2) with respect to the amount that was transferred in.

#### **Guarantee of rate of return over longer period**

**23** Where the exception in paragraph 19(1) applies, paragraphs 20, 21 and 22 apply with such modification as the circumstances require to determine, at the date of the beginning of the first year of the interval, the amount of income to be paid out for each year in that interval.

### **Part 4**

#### **Death of Owner**

##### **Deceased owners**

**25** Within 60 days after the delivery to the LIF issuer of the documents required by it following the death of the owner, the LIF balance will be paid

- (a) if the deceased owner was the original owner with a surviving pension partner who had not executed the Option 3 of the **Form 6** waiver, to that pension partner, or
- (b) if the owner was someone other than that original owner, to the owner's designated beneficiary or, if there is no such designated beneficiary, the owner's estate.

##### **Manner of payment**

**26** The money will be paid, under paragraph 25,

- (a) as a cash lump sum, or
- (b) subject to the federal tax legislation, in the case of a surviving pension partner and if that person so elects, to an RRSP or RRIF.

### **Part 5**

#### **Withdrawal, Commutation and Surrender**

##### **YMPE based lump sum payment**

**27** The LIF issuer will on application make a lump sum payment of the whole LIF balance,

- (a) at any time if the LIF balance does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE)

- under the Canada Pension Plan for the year in which the application is made, or
- (b) if the owner is at least 65 and the value of the LIF does not exceed 40% of the YMPE for the year in which the application is made.

**Non-residency for tax purposes**

**28** The LIF issuer will make a lump sum payment of the entire LIF balance if the owner applies to it with written evidence that the Canada Revenue Agency has confirmed that the owner is a non-resident for the purposes of the federal tax legislation and, where that owner is an original owner who has a pension partner at the time when the application is made, if such a pension partner has executed a **Form 5** waiver.

**Life threatening condition**

**29** The LIF issuer will on application make a lump sum payment to the owner of the entire LIF balance or an equivalent series of payments if a physician certifies that the owner has a terminal illness or that due to a disability the owner's life is likely to be considerably shortened, but the LIF issuer may make the payment or payments, in the case of an original owner who has a pension partner at the time when the application for payment is made, only if such a pension partner has executed a **Form 5** waiver.

**Financial hardship**

**30** The LIF issuer will make a lump sum payment or a series of payments, on application to the LIF issuer by the owner, if the owner has previously applied to the Superintendent for a release of all or part of the money due to financial hardship and the Superintendent has given written consent to that application.

**Part X.1 of federal tax legislation**

**31** The owner may withdraw from this LIF such amount of money as is required to be paid to the owner to reduce the amount of tax otherwise payable under Part X.1 of the federal *Income Tax Act*.

## **XV – BRITISH COLUMBIA LIFE INCOME FUND CONTRACT SPECIFICATIONS**

Schedule to Life Income Fund Contract Specifications for funds governed under the Pension Benefits Standards Act of British Columbia.

“Act” shall mean the provincial Pension Benefits Standards Act that governs the pension funds invested in this contract. “Regulation” shall mean the regulations made pursuant to the Act.

The definition of “Spouse” is replaced with the following:

**Spouse.** A Spouse means, in relation to another person,

- (a) a person who at the relevant time was married to that other person, and who if living separate and apart from that other person at the relevant time, did not live separate and apart from the other person for longer than the 2 year period immediately preceding the relevant time, or
- (b) if paragraph (a) does not apply, a person who was living and cohabiting with that other person in a marriage-like relationship, including a marriage-like relationship of persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

A Spouse does not include any person who is not recognized as a Spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

The following definition of “Life Annuity Contract” is added:

**Life Annuity Contract:** There is no requirement to purchase an annuity at any age, however, the purchase of an annuity, is still an option available to the owner. A life annuity contract means an arrangement made to purchase, through an insurance company, a pension that is not commutable, that will commence before the end of the calendar year in which the person who is to receive the pension attains the age of 80 years and that will not commence before the person who is to receive the pension attains

- (a) the age of 55 years, or
- (b) an age of less than 55 years if that person provides evidence to the satisfaction of The Equitable Life Insurance Company of Canada that the plan, or any of the plans from which the money was transferred, provided for payment of the pension at that earlier age.

In the section entitled “**I. ANNUITANT**” item 1.(a) is replaced with the following:

- (a) A member or former member of a pension plan who has attained at least age 55 and who has obtained written consent of his or her Spouse, if any, by completing a waiver in a form prescribed by the Act;

In the Section entitled “**VI. RETIREMENT INCOME PAYMENTS**” items 3, 4, 6, and 7 are replaced with the following items 3, 4, 6 and 7:

3. The Annuitant’s “maximum” amount of income paid during the fiscal year shall be the greater of the previous year’s investment returns under the LIF, provided, the previous year’s investment returns have been under the same LIF, and,

Maximum = C x F in which,

C = the Account Values of the Contract at the beginning of the fiscal year, and

F = the prescribed factor for the reference rate for the year and the Annuitant’s age at the end of the preceding year.

4. A reference rate means the greater of:
  - (a) 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 year of valuation, as compiled by Statistics Canada and published in Bank of Canada Banking and Financial Statistics as CANSIM Series V-122487, to which the following adjustments are applied successively to that nominal rate:

- (i) an increase of 0.5%;
  - (ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest;
  - (iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and
- (b) a rate of 6%.
6. For the initial fiscal year of the fund,
- (a) withdrawals are not permitted if the funds were previously in a LIF during the same year, and
  - (b) the “minimum” in paragraph 2 in this section shall be deemed to be zero.
7. Where funds from the LIF are being transferred to another company who has agreed to a LIF with the Annuitant:
- (i) the Company shall advise the receiving company in writing that the funds have been in a LIF, and the date on which they were transferred from the LIF, and
  - (ii) the yearly maximum must be withdrawn before transferring the funds to another company, if the Annuitant wishes to withdraw the yearly allowable maximum, as no further withdrawals are permitted that year after the transfer.

In the Section entitled “**VIII. DEATH BENEFIT GUARANTEE**” item 1 is replaced with the following:

1. In the event of the death of the Annuitant, the Death Benefit is to be paid by way of a pension to the surviving spouse or, if there is none, paid to the designated beneficiary or, if there is no valid designation of beneficiary, paid to the personal representatives of the estate in their representative capacity.

The surviving Spouse may also transfer the death benefits to his or her own British Columbia Life Income Fund, to a locked-in Registered Retirement Savings Plan (LIRRSPP) or to a pension plan wherein he or she is a member.

In the section entitled “**XII. REQUIRED CONDITIONS**” items 13 and 14 are replaced with the following items 13 and 14, and additional items 15, 16, 17 and 18 are added, as follows:

13. In the event that the life expectancy of the Annuitant of this Contract is likely to be shortened considerably due to physical disability, and as certified in writing by a qualified medical practitioner, the Annuitant may withdraw the Cash Value of the Contract as a payment or series of payments. If the Annuitant has a spouse, a waiver in prescribed form must be completed and filed with the Company, where applicable.

14. Where all or a part of the Cash Value of the Contract is:
- (a) paid out contrary to the provisions of the Act, the Regulation or this Contract; or
  - (b) transferred out of the Contract and the Company did not comply with Section V(4) herein, and the transferee subsequently failed to administer the funds as a deferred life annuity; or
  - (c) transferred out of the Contract and the Company did not comply with Section V(5) herein;

the Company will provide or secure the provision of a LIF equal in value to the Cash Value of the Contract that was paid out in error.

15. The Company declares that the money will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the owner or the parent, brother, sister or child of the owner, or the spouse of any such person.

16. If the Cash Value of the Contract is to be used to purchase a life annuity contract, the pension to be provided to the Annuitant who has a spouse at the date the pension commences is to be a joint life pension payable during the joint lives of the Annuitant and the spouse with at least 60% continuance to be payable to the survivor for life after the death of either, unless the spouse waives the entitlement in the form and manner prescribed by the Regulation.

17. Where the Contract holds identifiable and transferable securities, the transfer or purchase referred to in Section V(2) and Section VI(11) may, unless otherwise stipulated, at the option of the savings institution or

insurance company and with the consent of the Annuitant, be effected by remittance of the investment securities of the Contract.

18. If the balance of the Pivotal Solutions / Pivotal Solutions DSC LIF Contract is less than 20% of the Year's Maximum Pensionable Earnings (YMPE), the balance of the Pivotal Solutions / Pivotal Solutions DSC LIF Contract may be paid to the Annuitant in a cash lump sum. However, a Life Income Fund Contract with a balance that exceeds 20% of the Year's Maximum Pensionable Earnings must not be divided into two or more of a combination of RRSP or life income fund contracts, if any of the contracts would have resulting balances of less than 40% of the Year's Maximum Pensionable Earnings.

## **XVI – MANITOBA LIFE INCOME FUND CONTRACT SPECIFICATIONS**

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Schedule to Life Income Fund Contract Specifications for funds governed under the Pension Benefits Act of Manitoba.

### **Life Income Fund (LIF) Addendum to RRIF Contract**

THIS IS AN ADDENDUM TO A RRIF CONTRACT BETWEEN:

\_\_\_\_\_ (the "Owner")

AND

\_\_\_\_\_ (the "Issuer")

#### **IMPORTANT NOTES:**

- A life income fund (LIF) is a registered retirement income fund (RRIF) to which the additional terms and conditions in this addendum apply. Together, this addendum and the RRIF contract to which it is attached form your LIF contract.
- The money in your LIF is locked in, and may be used only to provide you with retirement income. As owner, you may set your annual income from the LIF, but it cannot be less than the minimum required by the *Income Tax Act* (Canada), and it cannot be more than the maximum determined by a formula in this addendum.
- This addendum is prescribed by the *Pension Benefits Regulation*, a regulation under *The Pension Benefits Act* of Manitoba. It is subject to the provisions of the Act and the regulation that apply to LIFs (the "legislation").
  - If the legislation conflicts with a provision of this addendum, the legislation overrides that provision.
  - If this addendum conflicts with a provision of the RRIF contract, the addendum overrides that provision.
  - The legislation has provisions relating to LIFs that are not set out in this addendum.

I, the Owner, certify that:

- ↑ A. The following statements apply to me:
- I ceased to be an active member of a pension plan while in Manitoba.
  - Some or all of the amount transferred or to be transferred to this LIF is attributable, directly or indirectly, to the pension benefit credit that I earned as a member of the pension plan.
- ↑ B. Some or all of the amount transferred or to be transferred to this LIF is attributable, directly or indirectly, to the pension benefit credit that my current or former spouse or common-law partner earned as a member of a pension plan.
- Check box A OR box B above, whichever applies to you. If you checked box A, you must also check box C OR box D below, whichever applies to you.*
- ↑ C. I have no spouse or common-law partner.
- ↑ D. My spouse or common-law partner is identified in the RRIF contract to which this addendum is attached.

\_\_\_\_\_

We agree that the terms and conditions of this addendum, together with the terms and conditions of the RRIF contract to which this addendum is attached, form the LIF contract between us.

\_\_\_\_\_

\_\_\_\_\_  
Authorized representative of the Issuer

\_\_\_\_\_  
Owner

## GENERAL PROVISIONS

### Interpretation

**1(1)** The following definitions apply in this addendum, except where the context otherwise requires.

“**Act**” means *The Pension Benefits Act* of Manitoba, as from time to time amended. (« Loi »)

“**Issuer**” means the financial institution named on the first page of this addendum as the Issuer. (« émetteur »)

“**legislation**” means the Act and the regulation. (« mesures législatives »)

“**LIF**” means the life income fund established by the Issuer for your benefit under this contract. (« FRV »)

“**regulation**” the *Pension Benefits Regulation*, as from time to time amended. (« règlement »)

“**RRIF contract**” means the RRIF contract to which this addendum is attached. (« contrat de FERR »)

“**transfer**” does not include payments to you as income under the LIF. (« transfert »)

“**you**” means the individual named on the first page of this addendum as the Owner. (« vous »)

**1(2)** This addendum uses other terms that are defined in the legislation. They have the same meaning here as in the legislation.

**1(3)** Unless the context otherwise requires, a reference in this addendum to a page or provision is a reference to that page or provision of this addendum.

**1(4)** You are

- (a) a “**member-owner**”, if you checked Box A on page 1; or
- (b) a “**non-member owner**”, if you checked Box B on page 1.

### When addendum takes effect

**2(1)** Subject to subsection (2), this addendum takes effect

- (a) when the RRIF contract is signed by you and the Issuer, if the addendum is completed and attached to the contract at the time of signing; or
- (b) when the addendum is completed and attached to the contract with your written authorization, if it is attached to the contract after the contract is signed.



**2(2)** If you are a member-owner with a spouse or common-law partner, this addendum does not take effect, and no money may be transferred to your LIF, until the Issuer receives a copy of a joint pension waiver signed by your spouse or common-law partner.

**Manitoba locked-in money**

**3(1)** Only Manitoba locked-in money may be transferred to or held in your LIF.

**3(2)** Money may be transferred or withdrawn from your LIF only as required or permitted by this addendum or the legislation.

**3(3)** You may not assign this LIF or any of your rights under this contract to any person, except as required or permitted by this addendum or the legislation.

**Protection of retirement income**

**4** No money or investments in this LIF can be seized, attached or otherwise taken by any creditor, except

- (a) to enforce a maintenance order against you; or
- (b) if you are a member-owner with a spouse or common-law partner, to enforce a division of your pension benefit credit on a breakdown of your relationship.

**LIF to be registered and administered as a RRIF**

**5(1)** The Issuer must register this LIF as a RRIF, and must ensure that it continues to qualify for registration as a RRIF.

**5(2)** Money in this LIF is to be invested in accordance with the investment rules applicable to RRIFs and in accordance with the regulation.

**Issuer is and will remain registered**

**6** The Issuer

- (a) warrants that it is registered, as required by the regulation, in relation to LIF contracts; and
- (b) agrees to take all reasonable steps to ensure that it will remain registered for the duration of this contract.

**Fiscal year**

**7** The fiscal year for this LIF is the calendar year.

**Annual statement**

**8** Within 60 days after the beginning of each year, the Issuer must provide you with a statement that contains the following information:

- (a) the amounts of any transfers to, or transfers from, the LIF during the previous year;
- (b) the income and gains, net of losses, earned by the LIF during the previous year;
- (c) the amounts paid to you out of the LIF in the previous year;
- (d) the amount and nature of any fees charged to the LIF during the previous year;
- (e) the LIF account balances at the beginning and at the end of the previous year;
- (f) the minimum amount that must be paid to you out of the LIF during the current year;
- (g) the maximum amount that may be paid to you out of the LIF during the current year, which is determined according to sections 18.2 or 18.3;
- (h) instructions for you to notify the Issuer about how much to pay you out of the LIF during the current year, and when to pay it.

**Statement before and after transfer**

**9(1)** If an amount has been transferred from the LIF, or becomes transferrable as of a specified date, the Issuer must prepare a statement showing the LIF account balance as of the date of the transfer or the specified date.

**9(2)** The Issuer must provide the statement

- (a) to you, if you are transferring the amount to another vehicle;
- (b) to you and your spouse or common-law partner (or former spouse or common-law partner), if the transfer is being made to effect a division of your pension benefit credit because of a breakdown in your relationship; or
- (c) to the person entitled to the death benefit under the LIF (your surviving spouse or common-law partner, your designated beneficiary or your estate, as the case maybe), if the transfer is made because of your death.

## LIF TRANSFERS

### Permitted transfers to LIF

- 10** An amount may be transferred to this LIF only from
- (a) a pension plan under one of the following provisions of the Act;
    - (i) if you are a member-owner, subsection 21(13.1) (transfer to LIF after ceasing active membership), or
    - (ii) if you are a non-member-owner, subsection 21(26.2) (transfer by surviving spouse or common-law partner on pre-retirement death) or clause 31(4)(b) (transfer by person entitled to division of pension benefit credit);
  - (b) another LIF, or a LIRA or LRIF to which no amount has been transferred or contributed other than Manitoba locked-in money;
  - (c) a VB account; or
  - (d) an RRSP to which no amount has been transferred or contributed other than Manitoba locked-in money.

### Permitted transfers to other vehicle

- 11** An amount may be transferred from this LIF only to
- (a) another LIF;
  - (b) a pension plan;
  - (c) a VB account;
  - (d) a LIRA;
  - (e) a prescribed RRIF; or
  - (f) an insurer to purchase a life annuity contract.

### Restriction against splitting LIF

**12** You may not transfer an amount from this LIF if, as a result of the transfer, the amount transferred or the amount remaining in the LIF would be eligible for withdrawal under Division 6 or Part 10 (commutation of small pension and withdrawals of small LIRAs, LIFs, and LRIFs).

### Issuer's duties when transferring to another vehicle

- 13(1)** Before transferring an amount from the LIF to another vehicle, the Issuer must
- (a) be satisfied that
    - (i) in the case of a transfer to a LIRA or another LIF, the issuer of the LIRA or LIF is registered with the Superintendent of Pensions as an issuer of that type of vehicle,
    - (ii) in the case of a transfer to a pension plan, the transfer is permitted by the terms of the plan, or
    - (iii) in the case of a transfer to an insurer, the transferred amount will be used only to purchase a life annuity contract;
  - (b) advise the issuer or administrator of the other vehicle that the amount being transferred is Manitoba locked-in money;
  - (c) be satisfied that the issuer has ascertained that receiving financial institution or pension plan administrator will treat the money as Manitoba locked-in money;
  - (d) if you are a member-owner with a spouse or common-law partner, provide to the issuer or administrator of the other vehicle a copy of any consent or waiver provided by your spouse or common-law partner in relation to the LIF;
  - (e) if you have previously made a one-time transfer under section 21.4 of the Act or Division 4 of Part 10 of the regulation, provide to the issuer or administrator of the other vehicle a copy of any statement from the Superintendent of Pensions received by the Issuer in relation to that transfer; and
  - (f) provide you with the statement required by section 9 (statement before and after transfer).

**13(2)** When transferring an amount from the LIF to another vehicle as permitted by section 11, the Issuer must comply with the applicable provisions of the legislation and the *Income Tax Act* (Canada).

### Liability for failure to comply

**14** If the Issuer transfers an amount out of the LIF in contravention of the legislation or this addendum, the Issuer may be required by the legislation to provide, or fund the provision of, benefits that could have been provided under the LIF if the transfer had not occurred.

### Transfer of securities

**15** When an amount is to be transferred from the LIF to the issuer or administrator of another vehicle, the Issuer may, with your consent, effect the transfer by transferring transferable securities held by the LIF.

## **YOUR INCOME FROM THE LIF**

### **When do your income payments begin?**

**16** The Issuer must begin making payments to you out of the LIF no later than December 31 of the year following the year in which the LIF was established.

### **You set your annual income from the LIF**

**17(1)** Within 60 days after the beginning of each year, you will receive the annual statement described in section 8. Within 60 days after receiving that statement, you must notify the Issuer in writing of the total amount to be paid to you out of the LIF for the year.

**17(2)** If the Issuer guarantees a rate of return for the LIF for a period longer than a year, your notice for the first year of the period must specify the total amount to be paid in each year that ends at or before the end of the period for which the rate of return is guaranteed.

**17(3)** The amount that you set as your income from the LIF for the year must be

(a) not less than the minimum amount that the *Income Tax Act* (Canada) requires you to be paid; and

(b) subject to that minimum, not more than the maximum amount determined for the year under section 18.

Subject to those minimum and maximum amounts (which will be set out in your latest annual statement), you may revise the amount at any time during the year by written notice to the Issuer.

**17(4)** If you fail to specify the amount to be paid for the year, the Issuer will pay you the minimum amount before the end of the year.

**17(5)** In the first year of this contract, you are not required to receive a minimum amount unless the amount transferred to this contract was transferred from another LIF. In that case, in the year of the transfer you will continue to be paid amounts that you were being paid for that year under the other LIF.

### **Your maximum annual income from the LIF**

**18(1)** Subsection (2) applies when the rate of return for the LIF is not guaranteed beyond the end of the year. If the LIF's rate of return is guaranteed for a multi-year period, subsection (2) applies to the first year of the period, and subsection (3) applies to each year of the period after the first year.

**18(2)** The total of the amounts to be paid to you out of the LIF for a fiscal year must not exceed the amount determined by clause (a) or the amount determined by (b), whichever is greater:

(a) the amount determined by the following formula:

$$\text{Maximum amount} = F \times (B + T)$$

In this formula,

F is the factor (from the table at the end of this addendum) that corresponds to the reference rate for the year and your age at the end of the immediately preceding year,

B is the balance of the LIF at the beginning of the year,

T is the total of all amounts transferred to the LIF in the year, other than amounts transferred directly or indirectly from another LIF, an LRIF or a VB account;

(b) the total of

(i) the income and gains, net of losses, earned in the LIF in the immediately preceding year, and

(ii) 6% of all amounts transferred to the LIF during the current year, other than amounts transferred directly or indirectly from another LIF, an LRIF or a VB account.

**18(3)** The total of the amounts to be paid to you out of the LIF for the second or subsequent fiscal year of a multi-year period for which the LIF's rate of return is guaranteed must not exceed the maximum determined by the following formula:

$$\text{Maximum amount} = M \times B1/B2$$

In this formula,

M is the maximum amount payable to you for the first year of the multi-year period (which is determined under subsection 18(2));

B1 is the LIF balance at the beginning of year;

B2 is the reference balance as at the beginning of the year, calculated as

(a) the reference balance as at the beginning of the previous year, minus M, plus

(b) the amount determined under clause (a) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the LIF, or by 6% in any other case.

For the purpose of clause (a), in determining the maximum payable in the second year of the multi-year period, the reference balance as at the beginning of the previous year is the LIF balance at the beginning of the period.

**18(4)** If the maximum determined under subsection (2) or (3) is less than the minimum amount that the *Income Tax Act* (Canada) requires you to receive from the LIF, you must be paid the minimum.

**18(5)** For the purpose of subsections (2) and (3), “**reference rate**” for a year means the greater of 6% and the percentage determined for the year by

(a) adding 0.5% to the average yield as at November 30 of the immediately preceding year, as published by the Bank of Canada in the *Bank of Canada Review* and expressed as a percentage, for Government of Canada long-term bonds identified as CANSIM Series V 122487; and

(b) converting the rate determined under clause (a), based on semi-annual compounding of interest, to an effective annual rate of interest, and rounding it to the nearest multiple of 0.5%.

## DEATH OF OWNER

### Death benefit

**19(1)** Upon your death, the balance in the LIF is payable as a death benefit to the person entitled to it under this section.

**19(2)** The death benefit is payable to your surviving spouse or common-law partner if

(a) you are a member-owner;

(b) immediately before your death, you and your spouse or common-law partner were not living separate and apart from each other by reason of a breakdown in your relationship; and

(c) the Issuer has not received a death benefit waiver signed by the spouse or common-law partner that has not been revoked.

**19(3)** For the purpose of clause (2)(c), “**death benefit waiver**” includes the following:

(a) a waiver under section 20;

(b) a waiver under subsection 21(26.3) of the Act in respect of a pension benefit credit to which the balance in this LIF is directly or indirectly attributable; and

(c) a waiver under section 10.25 of Division 2 of Part 10 of the regulation in respect of a LIRA to which the balance in this LIF is directly or indirectly attributable.

**19(4)** If the death benefit is not payable to your surviving spouse or common-law partner, it is payable to your designated beneficiary or, if you have not designated a beneficiary, to your estate.

**19(5)** Within 90 days after receiving the necessary documentation, the Issuer must pay the death benefit as a lump sum to the person entitled to it. But, if that person is your spouse or common-law partner, he or she may, subject to the *Income Tax Act* (Canada), direct the Issuer to transfer it directly to an RRSP or RRIF, and the Issuer must transfer it accordingly.

### Death benefit waiver

**20(1)** Your spouse or common-law partner may, before or after your death, waive his or her entitlement or potential entitlement to the death benefit in accordance with section 10.41 of Division 2 of Part 10 of the regulation (death benefit under LIF). Upon request by you or your spouse or common-law partner, the Issuer must provide the information and form required for the waiver.

**20(2)** A death benefit waiver may be revoked by you and your spouse or common-law partner by signing a joint revocation of that waiver and filing it with the Issuer.

## LUMP SUM WITHDRAWALS

### Overview – when you may withdraw balance

**21(1)** Under the regulation, you might be entitled to withdraw the balance of your LIF in the following circumstances:

- (a) you are a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) and have had that status for at least two years (see *Division 5 of Part 10 of the regulation*);
- (b) the total of the Manitoba locked-in money in all your LIFs, LIRAs and LRIFs, plus interest at the prescribed rate to the end of the year in which you turn 65, is less than 40% of the YMPE for the year in which you apply for the withdrawal (see *Division 6 of Part 10 of the regulation*);
- (c) you have a shortened life expectancy of less than two years (see *Division 7 of Part 10 of the regulation*);
- (d) you are 55 or older and you make a request for a once in a lifetime withdrawal of up to 50% of the balance in your LIFs and pension plan, if the plan permits (see *Division 4 of Part 10 of the regulation*).

**21(2)** If any of these circumstances apply to you, you may request the Issuer to provide the information and forms necessary for you to apply for a withdrawal. Subject to the regulation, the Issuer must provide you with the relevant information and forms.

**TABLE**

**SCHEDULE TO LIF ADDENDUM**

This table is used to determine the factor (F) in the formula in subsection 18(2).  
The column heading is the “reference rate” as defined in subsection 18(5).

Age	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.50%	13.00%
under 55	0.061	0.063	0.066	0.069	0.072	0.075	0.078	0.081	0.084	0.087	0.090	0.093	0.097	0.100	0.103
55	0.064	0.067	0.070	0.073	0.076	0.079	0.082	0.085	0.088	0.091	0.094	0.097	0.101	0.104	0.107
56	0.065	0.067	0.070	0.073	0.076	0.079	0.082	0.085	0.088	0.091	0.095	0.098	0.101	0.104	0.108
57	0.065	0.068	0.071	0.074	0.077	0.080	0.083	0.086	0.089	0.092	0.095	0.098	0.102	0.105	0.108
58	0.066	0.069	0.071	0.074	0.077	0.080	0.083	0.086	0.090	0.093	0.096	0.099	0.102	0.106	0.109
59	0.067	0.069	0.072	0.075	0.078	0.081	0.084	0.087	0.090	0.093	0.097	0.100	0.103	0.106	0.110
60	0.067	0.070	0.073	0.076	0.079	0.082	0.085	0.088	0.091	0.094	0.097	0.101	0.104	0.107	0.110
61	0.068	0.071	0.074	0.077	0.079	0.082	0.086	0.089	0.092	0.095	0.098	0.101	0.105	0.108	0.111
62	0.069	0.072	0.074	0.077	0.080	0.083	0.086	0.089	0.093	0.096	0.099	0.102	0.105	0.109	0.112
63	0.070	0.073	0.075	0.078	0.081	0.084	0.087	0.090	0.094	0.097	0.100	0.103	0.106	0.110	0.113
64	0.071	0.074	0.076	0.079	0.082	0.085	0.088	0.091	0.095	0.098	0.101	0.104	0.107	0.111	0.114
65	0.072	0.075	0.077	0.080	0.083	0.086	0.089	0.093	0.096	0.099	0.102	0.105	0.108	0.112	0.115
66	0.073	0.076	0.079	0.082	0.085	0.088	0.091	0.094	0.097	0.100	0.103	0.106	0.110	0.113	0.116
67	0.074	0.077	0.080	0.083	0.086	0.089	0.092	0.095	0.098	0.101	0.104	0.108	0.111	0.114	0.117
68	0.076	0.078	0.081	0.084	0.087	0.090	0.093	0.096	0.100	0.103	0.106	0.109	0.112	0.115	0.119
69	0.077	0.080	0.083	0.086	0.089	0.092	0.095	0.098	0.101	0.104	0.107	0.111	0.114	0.117	0.120
70	0.079	0.082	0.085	0.088	0.091	0.094	0.097	0.100	0.103	0.106	0.109	0.112	0.115	0.119	0.122
71	0.081	0.084	0.087	0.089	0.092	0.095	0.098	0.102	0.105	0.108	0.111	0.114	0.117	0.120	0.123
72	0.083	0.086	0.089	0.092	0.095	0.098	0.101	0.104	0.107	0.110	0.113	0.116	0.119	0.122	0.125
73	0.085	0.088	0.091	0.094	0.097	0.100	0.103	0.106	0.109	0.112	0.115	0.118	0.121	0.124	0.127
74	0.088	0.091	0.094	0.097	0.099	0.102	0.105	0.108	0.111	0.114	0.117	0.120	0.124	0.127	0.130
75	0.091	0.094	0.097	0.100	0.102	0.105	0.108	0.111	0.114	0.117	0.120	0.123	0.126	0.129	0.132
76	0.094	0.097	0.100	0.103	0.106	0.109	0.112	0.114	0.117	0.120	0.123	0.126	0.129	0.132	0.135
77	0.098	0.101	0.104	0.107	0.110	0.112	0.115	0.118	0.121	0.124	0.127	0.130	0.133	0.136	0.139
78	0.103	0.106	0.109	0.111	0.114	0.117	0.120	0.123	0.126	0.128	0.131	0.134	0.137	0.140	0.143
79	0.108	0.111	0.114	0.117	0.119	0.122	0.125	0.128	0.131	0.134	0.137	0.139	0.142	0.145	0.148
80	0.115	0.117	0.120	0.123	0.125	0.128	0.131	0.133	0.136	0.139	0.142	0.144	0.147	0.150	0.153
81	0.121	0.124	0.127	0.129	0.132	0.135	0.137	0.140	0.143	0.145	0.148	0.151	0.153	0.156	0.159
82	0.129	0.132	0.134	0.137	0.139	0.142	0.145	0.147	0.150	0.153	0.155	0.158	0.161	0.163	0.166
83	0.138	0.140	0.143	0.146	0.148	0.151	0.154	0.156	0.159	0.161	0.164	0.167	0.169	0.172	0.175
84	0.148	0.151	0.153	0.156	0.159	0.161	0.164	0.167	0.169	0.172	0.174	0.177	0.180	0.182	0.185
85	0.160	0.163	0.165	0.168	0.171	0.173	0.176	0.179	0.181	0.184	0.187	0.189	0.192	0.194	0.197
86	0.173	0.176	0.179	0.182	0.184	0.187	0.190	0.193	0.195	0.198	0.200	0.200	0.200	0.200	0.200
87	0.189	0.191	0.194	0.197	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
88 or over	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200

## **XVII – NEW BRUNSWICK LIFE INCOME FUND CONTRACT SPECIFICATIONS**

Schedule to Life Income Fund Contract Specifications for funds governed under the Pension Benefits Act of New Brunswick.

“Act” shall mean the provincial Pension Benefits Act that governs the pension funds invested in this Contract. “Regulation” shall mean the regulations made pursuant to the Act.

The definition of “Maturity Date” is replaced with the following:

**Maturity Date:** The Maturity Date of the Contract is the date the Annuitant elects to purchase an annuity. The Maturity Date shall not be earlier than the date the Annuitant reaches age 55 or within 10 years of the normal retirement date of the pension plan from which the assets were transferred. The Annuitant is currently required to purchase an Annuity by December 31 of the year the Annuitant reaches age 90.

At any time prior to the Maturity Date, you may request a change to an earlier Maturity Date, provided that such new Maturity Date shall not be less than 365 days after the date we receive your written request. Such request shall be subject to approval by us, which may be refused at our discretion.

The definition of “Spouse” is replaced with the following:

**Spouse:** Spouse means either of a man and a woman who

- (a) are married to each other,
- (b) are married to each other by a marriage that is voidable and has not been avoided by a declaration of nullity,
- (c) have gone through a form of marriage with each other in good faith that is void and have cohabited within the preceding year, or
- (d) not being married to each other, have cohabited
  - (i) continuously for a period of not less than three years in a conjugal relationship in which one person has been substantially dependent upon the other for support, or
  - (ii) in a relationship of some permanence where there is a child born of whom they are the natural parents, and have cohabited within the preceding year.

A Spouse does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

In the section entitled “**I. ANNUITANT**” item 1 is replaced with the following:

1. Only the following persons may purchase a LIF with respect to their entitlement to a pension under a pension plan:
  - (a) A member or former member of a pension plan;
  - (b) The Spouse or former Spouse of a member or former member if the Spouse or former Spouse is entitled to a pension benefit as a result of the death of a Member or former member or as a result of marriage breakdown.

In the section entitled “**V. TRANSFERS TO ANOTHER CARRIER**” items 1(a) and 3 are replaced with the following:

1. (a) be in the prescribed Form 3.2,
3. The transfer of funds shall take place within 30 days after the Company has received the completed prescribed Form 3.2.

In the section entitled “**VI. RETIREMENT INCOME PAYMENTS**”:

Item 4 is replaced by the following:

4. The value of F in paragraph 3 in this section shall be calculated by using:
- (a) an interest rate of not more than 6% per year; or
  - (b) for the first 15 years after the date of valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the *Bank of Canada Review* as CANSIM Series V-122487 and using an interest rate not exceeding 6% in subsequent years.

Item 6 is replaced by the following:

6. For the initial fiscal year of the fund the “minimum” in paragraph 2 in this section shall be deemed to be zero.

Item 11 is deleted.

In the section entitled “**VIII. DEATH BENEFIT**” item 2 is deleted.

In the section entitled “**XII. REQUIRED CONDITIONS**” item 14 is replaced with the following:

14. Annuitant may apply to unlock part of the LIF assets if the following conditions are met:
- (a) Completed Form 3.3;
  - (b) If the Annuitant has a spouse, a completed Form 3.4 also;
  - (c) The unlocked amount must only be transferred directly to a RIF;
  - (d) The unlocking is limited to one transfer during the lifetime of the Annuitant;
  - (e) The maximum amount permitted to be unlocked is 3 times the maximum annual withdrawal with respect to the current year. However, it may not exceed 25% of the LIF assets.

## **XVIII – NEWFOUNDLAND LIFE INCOME FUND CONTRACT SPECIFICATIONS**

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“Act” shall mean the Newfoundland Pension Benefits Act, 1997 that governs the pension funds invested in this Contract. “Regulation” shall mean the regulations made pursuant to the Act.

The following definition of “Life Annuity Contract” is added:

**Life Annuity Contract:** A life annuity contract means an arrangement made to purchase through a person authorized under the laws of Canada or a province to sell annuities as defined in the *Income Tax Act* (Canada), a non-commutable pension commencing not later than the end of the calendar year in which the person who is to receive the pension attains the age of (i) 71 years where the money is being transferred from a Locked-in Retirement Account, and (ii) 80 years where the money is being transferred from a LIF, being a pension that will not commence before that person attains the age of 55 years, or, if that person provides evidence to the satisfaction of the financial institution that the plan or any of the plans from which the money was transferred, provided for payment of the pension at an earlier age, that earlier age.

The following definition of “Principal Beneficiary” is added:

**Principal Beneficiary:** Principal beneficiary means the spouse of an Annuitant, or where the Annuitant has a cohabiting partner, the Annuitant’s cohabiting partner as defined in the Act.

The definition of “Beneficiary” is replaced with the following:

**Beneficiary:** The beneficiary under this Contract is named on the application, subject to your right to change the beneficiary. Under pension legislation, your Principal Beneficiary may be entitled to a benefit under this Contract regardless of your beneficiary designation. We will not be responsible for any incorrect or invalid designation, as communicated in writing by the Annuitant.

The definition of “Spouse” is replaced with the following:

**Spouse:** Spouse shall have the same meaning as such word has in the Act or Regulation but does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

The following definitions are added:

**Cohabiting Partner:**

- (i) in relation to the Annuitant or former Annuitant who has a Spouse, means a person who is not the Spouse of the Annuitant or former Annuitant who has cohabited continuously with the Annuitant or former Annuitant in a conjugal relationship for not less than 3 years, or
  - (ii) in relation to the Annuitant or former Annuitant who does not have a Spouse, means a person who has cohabited continuously with the Annuitant or former Annuitant in a conjugal relationship for not less than 1 year,
- and is cohabiting or has cohabited with the Annuitant or former Annuitant within the preceding year.

**Maturity Date:** Your Contract will mature on December 31<sup>st</sup> in the year in which you attain age 80. If you do not purchase a life annuity on or before the 31<sup>st</sup> day of March in the year after the year in which you reach age 80, Equitable Life is required to issue or arrange for the issuance of a life annuity contract.

In the section entitled “**I. ANNUITANT**” item 1 is replaced with the following:

1. Only the following persons may purchase a LIF with respect to their entitlement to a pension under a pension plan:
  - (a) A member or former member of a pension plan who has obtained written consent of his or her Principal Beneficiary, if any;



- (b) The Principal Beneficiary or former Principal Beneficiary of a member or former member if the Principal Beneficiary or former Principal Beneficiary is entitled to a pension benefit as a result of the death of a member or former member or as a result of marriage breakdown.

In the section entitled “**VI. RETIREMENT INCOME PAYMENTS**”:

Item 1 is replaced with the following:

1. The Annuitant may request the Company at any time to make one or more payments in a year as Retirement Income Payments under this Contract in any amount; however,
  - (a) subject to paragraph 6 in this section, the total Retirement Income Payments made in any calendar year must not be less than the minimum annual income payment prescribed for registered retirement income funds under the *Income Tax Act* (Canada), described in paragraph 2 in this section;
  - (b) subject to paragraphs 5, 6 and 7 in this section, the total Retirement Income Payments made in any calendar year must not be more than the maximum annual income payment described in paragraph 3 in this section;
  - (c) the Company may, at its discretion, require that a Retirement Income Payment be not less than \$100.00 each;
  - (d) any Retirement Income Payment shall not exceed the Cash Value of the Contract as determined immediately prior to the time of such payment;
  - (e) the Company reserves the right to limit the frequency and dating of Retirement Income Payments;
  - (f) payments must begin (i) no earlier than age 55 or the earliest date on which the Annuitant, as a result of termination of employment or termination of membership in any pension plan from which money was transferred into the LIF, is entitled to receive pension benefits under the Act or under any provisions of that pension plan, and (ii) no later than the end of the second fiscal year of the Annuitant's LIF. The fiscal year of the Annuitant's LIF shall end on December 31st of each year and shall never exceed 12 months;
  - (g) the Company may deduct any handling charges as determined by the Company.

Item 4 is replaced with the following:

4. The value of F in paragraph 3 in this section shall be calculated by using:
  - (a) an interest rate of not more than 6% per year; or
  - (b) for the 15 years after the date of valuation, an interest rate exceeding 6% per year and less than or equal to the percentage obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the *Bank of Canada Review* as CANSIM Series V-12248.

In the section entitled “**VIII. DEATH BENEFIT**” items 1, 2 and 3 are replaced as follows:

1. In the event of the death of the Annuitant, who is the former member and who has a principal beneficiary, the surviving principal beneficiary or, where there is no surviving principal beneficiary or the surviving principal beneficiary had waived entitlement in the form and manner required by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the Annuitant is entitled to receive a lump sum payment of the Death Benefit.
2. In the event of death of the Annuitant, who is not the former member, the Death Benefit shall be paid to the designated beneficiary, or where there is no beneficiary, to the Annuitant's estate.

The Death Benefit payable shall be equal to the sum of:

- a) the Account Value of the Contract, and
- b) the amount by which (i) exceeds (ii) below:
  - i) 100% of all premiums deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds);
  - ii) the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the date of receipt by the Company of written notification of death of the Annuitant.

In the section entitled “**XII. REQUIRED CONDITIONS**” items 3, 7, 12, 13 and 14 are replaced with the following items 3, 7, 12, 13 and 14, and the following item 15 is added:

3. The Annuitant's LIF shall be governed by the applicable provisions of the Act and Regulation and Directive No. 5, and the *Income Tax Act* (Canada) and regulations thereunder.
7. The money in this Contract shall not be assigned, charged, anticipated or given as security and is exempt from execution, seizure or attachment and any transaction purporting to do so is void.
12. The Company may amend this Contract only to the extent that it remains in conformity with the Act and Regulation and Directive No. 5, and the *Income Tax Act* (Canada) and regulations thereunder. The Company shall provide to the Annuitant, 90 days advance written notice of any amendment, sent by registered mail.
13. The Cash Value of the Pivotal Solutions / Pivotal Solutions DSC LIF Contract may be paid to the Annuitant, in a lump sum or a series of payments provided that a physician certifies that due to mental or physical disability, the life expectancy of the Annuitant is likely to be shortened considerably, but the payment may only be made if the principal beneficiary has waived the joint and survivor pension entitlement using the prescribed form.
14. The Annuitant may apply to the Company for the lump sum payment of the value of the Contract if, at the time the application was signed, the owner has reached the earlier of age 55 or the earliest date on which the owner would have been entitled to receive a pension benefit under the plan from which the money was transferred, and the value of all assets in all LIRAs, LIFs and LRIFs of the owner and governed by Newfoundland pension benefits legislation is less than 40% of the Year's Maximum Pensionable Earnings under the Canada Pension Plan for that calendar year.

The application shall be on a prescribed form, and accompanied by a form completed by the principal beneficiary waiving the entitlement to a joint and survivor pension.

15. The Annuitant may apply to the Company for additional temporary income if the Pivotal Solutions / Pivotal Solutions DSC LIF income for the year is less than 40% of the current calendar year's Year's Maximum Pensionable Earnings (YMPE) and the Annuitant is less than 65 years old, using a prescribed form and accompanied by the written consent of the spouse or cohabiting partner.

The additional temporary income must not exceed the maximum amount which is equal to 40% of the calendar year's YMPE less all income received in the calendar year from all LIFs, LRIFs, life annuities and pension income from plans governed by Newfoundland pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the Canada Pension Plan.

**For the initial year of the Fund:**

- (a) the maximum temporary income in the above paragraph 15 of this section XII shall be adjusted, together with paragraph 3 of section VI, 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, and
- (b) if a part of the Fund purchased at the beginning of a fiscal year corresponds to sums transferred directly or indirectly during the same year from another LIF or LRIF of the purchaser, the maximum temporary income above and the maximum stated in paragraph 3 of section VI above shall be deemed to be zero.

## **XIX – NOVA SCOTIA LIFE INCOME FUND CONTRACT SPECIFICATIONS**

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Schedule to Life Income Fund Contract Specifications for funds governed under the Pension Benefits Act of Nova Scotia.

“Act” shall mean the provincial Pension Benefits Act that governs the pension funds invested in this Contract. “Regulation” shall mean the regulations made pursuant to the Act.

**Beneficiary:** The beneficiary under this Contract is named on the application, subject to your right to change the beneficiary. Under pension legislation, your spouse or common-law partner may be entitled to a benefit under this Contract regardless of your beneficiary designation. We will not be responsible for any incorrect or invalid designation, as communicated in writing by the Annuitant.

The definition of “Spouse” is replaced with the following:

**Spouse:** A Spouse means either of a man or woman who (i) are married to each other, (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the twelve-month period immediately preceding the date of entitlement but does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

The following definitions are added:

**Common-law Partner:** Common-law partner of the Annuitant means a person who has cohabited with the Annuitant in a conjugal relationship for a period of at least 2 years, neither of them being a spouse.

**Former Members:** Former Member means a person who has terminated employment or membership in a pension plan but retains entitlement to receive pension benefit as defined in the Act.

**Member:** Member means a member of the pension plan.

**Pension:** Pension means a pension benefit that is in payment as defined in the Act.

In the section entitled “**I. ANNUITANT**” item 1 is replaced with the following:

1. Only the following persons may purchase a LIF with respect to their entitlement to a pension under a pension plan:
  - (a) A member or former member of a pension plan who has obtained written consent of his or her Spouse or Common-law partner, if any;
  - (b) The Spouse or Common-law partner, or former Spouse or Common-law partner, of a member or former member if the Spouse or Common-law partner, or former Spouse or Common-law partner, is entitled to a pension benefit as a result of the death of a member or former member or as a result of marriage breakdown.

In the section entitled “**V. TRANSFERS TO ANOTHER CARRIER**” item 2(d) is deleted.

In the section entitled “**VI. RETIREMENT INCOME PAYMENTS**” items 1(b), 1(f), 3, 4, 6, 7, 11 and 12 are replaced as follows:

1. (b) subject to paragraphs 5 and 6 in this section, the total Retirement Income Payments made in any calendar year must not be more than the maximum annual income payment described in paragraph 3 or paragraph 12 in this section;

1. (f) payments must begin (i) no earlier than the earliest retirement date allowed by the former pension plans, and (ii) no later than the end of the second fiscal year of the Annuitant's LIF. The fiscal year of the Annuitant's LIF shall end on December 31st of each year and shall never exceed 12 months;

3. The Annuitant's "maximum" amount of income paid during a fiscal year without any provision for temporary income shall be:

Maximum =  $C \times F$  in which,

C = the balance of the Contract at the beginning of the fiscal year, increased by any money transferred to the Contract after that date and reduced by any money transferred from another LIF to the Contract in the same year.

F = the prescribed factor for the reference rate for the fiscal year and the Annuitant's age at the end of the preceding year.

4. A reference rate:

(a) is based on 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 as CANSIM Series V-122487, with the following adjustments applied successively to that nominal rate:

(i) an increase of 0.5%.

(ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,

(iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and

(b) must not be less than 6%.

6. For the initial fiscal year of the fund the "minimum" in paragraph 2 in this section shall be deemed to be zero.

7. If a transfer is made to the Contract of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the Annuitant must not be increased.

11. The Annuitant may be entitled to a temporary income if he/she meets the following requirements:

(a) the Annuitant makes an application using the prescribed Form 9 – Application to a Financial Institution for the Payment of Temporary Income from a LIF; and

(b) the Annuitant is at least age 54 but under age 65 at the end of the year preceding the date of application.

The temporary income must not be paid after the end of the year in which the Annuitant reaches age 65. No temporary income is payable if any portion of the LIF payment is transferred to a non-locked-in retirement savings arrangement.

The maximum temporary income (A) for the fiscal year is the lesser of:

(a) (40% of the Years Maximum Pensionable Earnings (YMPE)) – T; and

(b)  $F \times C \times D$  where

T = the total temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the Annuitant;

F = the prescribed factor for the reference rate for the fiscal year and the Annuitant's age at the end of the preceding year.

C = the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after the date and reduced by any money originating during the same year from another LIF;

D = the factor from the following table for the Annuitant's age at the end of the year preceding the current fiscal year.

Age	Factor	Age	Factor
Under 54	1.000	60	2.705
54	1.691	61	3.202
55	1.706	62	4.090
56	1.804	63	5.811
57	1.953	64	10.989
58	2.151	65 or over	1.00
59	2.379		

Despite the above formula, if  $F \times C \times D$  is equivalent to less than 40% of the YMPE, and the Annuitant is not entitled to any temporary income from another LIF or from a pension plan, (A) is the lesser of:

- (a) 40% of the YMPE, and
- (b) the LIF less LIF transfers.

12. The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided the (E) must not be less than zero:

$E = (F \times C) - (A / D)$  where

F = the prescribed factor for the reference rate for the fiscal year and the Annuitant's age at the end of the preceding year;

C = the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after the date and reduced by any money originating during the same year from another LIF.

In the section entitled "**VII. LUMP SUM WITHDRAWALS**" item 1 is replaced as follows:

1. Any cash withdrawals, other than payments under Section VI are subject to the maximum annual income payment described in Section VI, paragraph 3, paragraph 11 or paragraph 12.

In the section entitled "**VIII. DEATH BENEFIT**" items 1 and 3 are replaced with the following items 1 and 3, and item 2 is deleted:

1. In the event of the death of the Annuitant, the Death Benefit is to be paid to the spouse or common-law partner, or, if there is none, the designated beneficiary or, if there is no valid designation of beneficiary, the personal representatives of the estate in their representative capacity.
3. The Death Benefit will be equal to the sum of:
  - a) the Account Value of the Contract, and
  - b) the amount by which (i) exceeds (ii) below:
    - i) 100% of all premiums deposited to the Contract, reduced proportionately by surrenders, income payments or cash withdrawals from the Funds (no reduction on transfers between Funds);
    - ii) the Account Value of the Funds based on the Unit Value of the particular Fund in effect on the date of receipt by the Company of written notification of death of the Annuitant.

In the section entitled "**XII. REQUIRED CONDITIONS**" items 2.(c), 7, 9, 11, 13 and 14 are replaced with the following items 2.(c), 7, 9, 11, 13 and 14, and items 8.(e), 8.(f), 8.(g), 8.(h), 15, 16, 17, 18 and 19 are added as follows:

2. (c) a locked-in RRSP, LIRA or LIF of a pension plan member's spouse or common-law partner or former spouse or former common-law partner in accordance with the Act;
7. The money in this Contract must not be assigned, charged or given as security and is exempt from execution, seizure or attachment and any transaction purporting to do so is void except as permitted by the Act.
8. (e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;
8. (f) if the Contract provides for payment of a temporary income and the Annuitant was at least 54 but less than 65 at the end of the preceding year,

- (i) the terms and conditions the Annuitant must meet to be entitled to payment of the temporary income and
    - (ii) the payment of temporary income will reduce the income that would otherwise be paid to the Annuitant after age 65;
  - 8. (g) that the maximum amount of income that may be paid to the Annuitant will not be increased if a transfer is made to the Contract of assets held in another LIF during the year; and
  - 8. (h) that if the Annuitant wishes to transfer, in whole or in part, the balance of the Contract and still receive from the Contract the income determined for the fiscal year, an amount must be retained in the Contract at least equal to the difference between the income determined for the fiscal year and the income already received from the Contract since the beginning of the fiscal year.
  - 9. If the Annuitant dies before the Cash Value of the Contract is used to purchase a life annuity, the person entitled to receive the Death Benefit shall be provided with the information described in paragraph 8(a) and (b) in this section.
  - 11. Money held in this Contract must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Section 27 (small amounts at age 65) and Section 28 (considerably shortened life expectancy) of the Regulation, or in accordance with Part 4 of the Regulation (financial hardship).
  - 13. The Annuitant of this Contract may withdraw the Cash Value of the Contract as a payment or series of payments, in the event that the life expectancy of the Annuitant is likely to be shortened considerably due to mental or physical disability, and as certified in writing by a qualified medical practitioner and the application is made in the prescribed form.
  - 14. Where all or a part of the Cash Value of the Contract is:
    - (a) paid out contrary to the provisions of the Act, the Regulation or this Contract; or
    - (b) transferred out of the Contract and the Company did not comply with Section V(4) herein, and the transferee subsequently failed to administer the funds as a deferred life annuity; or
    - (c) transferred out of the Contract and the Company did not comply with Section V(5) herein;
- the Company will provide or secure the provision of a LIF equal in value to the Cash Value or the contract that was paid out in error.
- 15. Where the commuted value of a pension benefit which was transferred to the LIF was determined in a manner that did not differentiate on the basis of sex, the immediate or deferred life annuity purchased with the funds in the LIF shall not differentiate on the basis of sex of the Annuitant.
  - 16. If the income paid to the Annuitant during the fiscal year of the fund exceeds the maximum that may be paid, the balance of the fund must not be reduced by the excess unless the payment is attributable to incorrect information provided by the Annuitant.
  - 17. The Company declares that the money will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the owner or the parent, brother, sister or child of the owner, or the spouse or common-law partner of any such person.
  - 18. The Annuitant may withdraw the Cash Value of the Contract, if the Annuitant is at least 65 years of age and the value of all assets in all LIRAs, LIFs and pension plans providing defined contribution benefits owned by the Annuitant is less than 40% of the Years Maximum Pensionable Earnings for the calendar year in which the application is made and the application is made in the prescribed form.
  - 19. A financial institution must not amend its Pivotal Solutions / Pivotal Solutions DSC LIF Contract except in accordance with the following provisions:
    - (a) the financial institution must give the owner at least 90 days notice of a proposed amendment, other than an amendment described in clause (b);
    - (b) the financial institution must not amend the Pivotal Solutions / Pivotal Solutions DSC LIF Contract if the amendment would result in a reduction in the owner's rights under the Contract, unless
      - (i) the financial institution is required by law to make the amendment, and

- (ii) the owner is entitled to transfer the assets in the fund under the terms of the Contract that exist before the amendment is made;
- (c) when making an amendment described in the clause (b), the financial institution must notify the owner of the nature of the amendment and allow the owner at least 90 days after the notice is given to transfer all or part of the assets in the fund.

## **Schedule IV - Nova Scotia LIF Addendum**

### **Section 1. Interpretation**

- (1) In this Schedule,
  - (a) "common-law partner" of an individual means another individual who has cohabited with the individual in a conjugal relationship for a period of at least 2 years, neither of them being a spouse;
  - (b) "regulations" means the Pension Benefits Regulations, of which this Schedule forms a part.
  - (c) "spouse" means either of a man and woman who
    - (i) are married to each other,
    - (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or
    - (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement; and
  - (d) "temporary income" means periodic income paid under a pension plan, an annuity or a LIF to a person for a temporary period of time after retirement for the purposes of supplementing retirement income until the person is eligible to receive benefits under the *Old Age Security Act* (Canada) or is either eligible for or commences to receive retirement benefits under the *Canada Pension Plan* (Canada) or *Quebec Pension Plan* (Quebec).
- (2) A fiscal year referred to in this Schedule is the fiscal year of a LIF, which must end on December 31 and must never exceed 12 months.
- (3) A reference rate referred to in this Schedule for the fiscal year of a LIF
  - (a) is based on 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 as CANSIM Series B-14013, with the following adjustments applied successively to that nominal rate:
    - (i) an increase of 0.5%,
    - (ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,
    - (iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and
  - (b) must not be less than 6%.

### **Prohibitions**

**Section 2.** Money held in a LIF must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).

**Section 3.** Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 70(3) or Section 71A of the Act, and any transaction purporting to assign, charge, anticipate or give such money in the LIF as security is void.

**Section 4.** Money held in a LIF is exempt from execution, seizure or attachment except as permitted by Section 71A of the Act.

### **Section 5. Income commencement**

- (1) The owner must be paid an income from the LIF, the amount of which may vary annually.

- (2) Payment of the income from the LIF to the owner must begin no earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money was transferred into the LIF, directly or indirectly.
- (3) Payments must begin no later than the end of the second fiscal year of the LIF.
- (4) The minimum amount of income paid during a fiscal year must not be not less than the minimum amount prescribed for a RIF under the *Income Tax Act* (Canada).
- (5) The owner must establish the amount of income to be paid during each fiscal year at the beginning of that fiscal year and after the receipt of the information specified (1) of the subsection entitled "Information to be provided by the financial institution.
- (6) If the financial institution guarantees the rate of return of the LIF over a period that is greater than one year, that period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during that period at the beginning of that period.

### **Section 6. Minimum LIF withdrawal**

The amount of the income paid during the fiscal year of a LIF must not be less than the minimum amount prescribed by the *Income Tax Act* (Canada), determined on the basis of the owner's age or the age of the owner's spouse or common-law partner where that person is younger than the owner.

### **Section 7. Maximum LIF withdrawal - no provision for temporary income**

The maximum income (M) to be paid from a LIF from which no temporary income is paid, is determined by the following formula:

$$M = F \times C$$

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

and

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money transferred from another LIF to the LIF in the same year.

### **Section 8. Maximum LIF withdrawal - with temporary income**

- (1) A LIF may provide that the owner be entitled to a temporary income if the owner meets the following requirements:
  - (a) the owner makes an application in Form 9 (Application to a Financial Institution for Payment of Temporary Income from a LIF) to the financial institution that administers the LIF for payment of a temporary income under the LIF; and
  - (b) the owner is at least age 54 but under age 65 at the end of the year preceding the date of application.
- (2) The temporary income must not be paid after the end of the year in which the owner reaches age 65.
- (3) No temporary income is payable if any portion of a LIF payment is transferred to a non- locked-in retirement savings arrangement.
- (4) The maximum temporary income (A) for the fiscal year is the lesser of
  - (a) (40% of the Years Maximum Pensionable Earnings) - T; and
  - (b) F x C x D,

where



"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF;

"T" is the total of temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the owner; and

"D" is the factor in Schedule VI for the owner's age at the end of the year preceding the current fiscal year.

- (5) Despite subsection (4), if  $F \times C \times D$  is equivalent to less than 40% of the year's maximum pensionable earnings, and the owner is not entitled to any temporary income from another LIF or from a pension plan, "A" is the lesser of
- 40% of the year's maximum pensionable earnings, and
  - the LIF less LIF transfers.

- (6) The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided that "E" must not be less than zero:

$$E = (F \times C) - (A \div D)$$

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF.

### **Section 9. Maximum income payable when the financial institution guarantees the rate of return of the LIF**

- (1) If the financial institution has guaranteed the rate of return of the LIF over a period greater than one year, and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years of that period is determined at the beginning of each of those fiscal years.
- (2) For the first fiscal year, the maximum income is determined in accordance with the section entitled "Maximum LIF withdrawal – no provision for temporary income".
- (3) For each subsequent year, the maximum income is equal to the lesser of
- the balance of the LIF at the time of payment in that year; and
  - the result of the formula  $(M \times J) \div K$

where

"M" represents the maximum income determined for the initial fiscal year,

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

"K" represents the reference balance determined at January 1 of the year, calculated as

- the reference balance at the beginning of the previous year, reduced by M, plus
  - the amount determined under subclause (i) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the fund, or by 6% in any other case,
- and in applying this formula to the second year of the period, the reference balance referred to in subclause (i) is the LIF balance at the beginning of the first year of the period.

### **Section 10. Excess income paid**

If the income paid to the owner during the fiscal year of the fund exceeds the maximum that may be paid, the balance of the fund must not be reduced by the excess, unless the payment is attributable to incorrect information provided by the owner.

### **Section 11. Information to be provided by the financial institution**

- (1) At the beginning of each fiscal year, the financial institution must provide to the owner a statement indicating
  - (a) the balance in the LIF at the beginning of the fiscal year;
  - (b) information on the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made during the fiscal year and the fees charged against the LIF during the previous fiscal year;
  - (c) the minimum amount that must be paid out as income to the owner during the current fiscal year;
  - (d) the maximum amount that may be paid out as income to the owner during the current fiscal year;
  - (e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;
  - (f) if the LIF provides for payment of a temporary income and the owner was at least 54 but less than 65 at the end of the preceding year,
    - (i) the terms and conditions the owner must meet to be entitled to payment of the temporary income under Section 8, and
    - (ii) that payment of temporary income will reduce the income that would otherwise be paid to the owner after age 65;
  - (g) that the maximum amount of income that may be paid to the owner will not be increased if a transfer is made to the LIF of assets held in another LIF during that year; and
  - (h) that if the owner wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income determined for the fiscal year, an amount must be retained in the LIF at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year.
- (2) If the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12, the financial institution must provide to the owner's spouse or common-law partner or beneficiary or estate the information in clauses (1)(a) and 1(b) of the section entitled "Information to be provided by the financial institution", as of the owner's date of death.
- (3) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must provide the owner the information in clauses (1)(a) and (b) as of the date of the transfer or annuity purchase.
- (4) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must comply with the requirements of an administrator under subsections 23(16), (17), and (18) of the regulations.
- (5) *Information provided upon transfer of additional amounts to a LIF*  
 Within 30 days following a transfer to a LIF of locked-in funds that have not been held in a LIF at any time in the current year, the financial institution must provide the owner with a statement indicating
  - (a) the balance of the LIF at the beginning of the fiscal year, any money transferred into the LIF during the fiscal year and balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year;
  - (b) the maximum amount that may be paid to the owner as income during the fiscal year;
  - (c) the minimum amount that must be paid to the owner as income during the fiscal year; and
  - (d) if the LIF provides for payment of a temporary income and the owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, that the owner is entitled to receive payment of a temporary income.
- (6) If a transfer is made to a LIF of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner must not be increased.

## **Section 12. Transferring assets from a LIF**

- (1) The owner of a LIF may transfer all or part of the assets in a LIF
  - (a) to another LIF;
  - (b) to purchase an immediate life annuity contract that meets the conditions of Section 24 of the regulations, provided the annuity does not commence on a date earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money in the LIF was transferred; or

- (c) before December 31 in the year the owner reaches age 71 or the age limit for registered plans, to a LIRA.
- (2) If assets in the LIF consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.
- (3) The date of transfer must not be more than 30 days after the date of application by the owner unless the term agreed to for the investments has not expired.
- (4) The financial institution must advise the financial institution to which the assets are transferred that the assets were held in a LIF in the current year.

### **Section 13. Death benefit**

- (1) On the death of the owner, the balance in the LIF must be paid to or for the benefit of the owner's spouse or common-law partner or, if there is no spouse or common-law partner, the owner's designated beneficiary or, if there is no valid designation of beneficiary, the owner's estate.
- (2) A spouse or common-law partner is not entitled to receive a death benefit if a division has been made under Section 61 of the Act (pension division) of the pension benefits transferred to the LIF, unless the spouse or common-law partner is the owner's designated beneficiary.

### **Section 14. Withdrawals**

An application for withdrawal of the assets held in a LIF must be made in accordance with Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy), or in accordance with Part 4 of the regulations (financial hardship).

## **XX – ONTARIO LIFE INCOME FUND CONTRACT SPECIFICATIONS**

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Schedule to Life Income Fund Contract Specifications for funds governed under the Pension Benefits Act of Ontario.

“Act” shall mean the Pension Benefits Act of Ontario that governs the pension funds invested in this Contract. “Regulation” shall mean the regulations made pursuant to the Act.

The definition of “Beneficiary” is replaced with the following:

**Beneficiary:** The beneficiary under this Contract is named on the application, subject to your right to change the beneficiary. Under pension legislation, your spouse may be entitled to a benefit under this Contract regardless of your beneficiary designation. We will not be responsible for any incorrect or invalid designation, as communicated in writing by the Annuitant.

The definition of “Spouse” is replaced with the following:

**Spouse:** A spouse means either of two persons who:

- (a) are married to each other, or
- (b) are not married to each other and are living together in a conjugal relationship,
  - (i) continuously for a period of not less than 3 years, or
  - (ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act*, and are not living separate and apart at the time in question.

A spouse does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada) respecting a registered retirement income fund.

In the section entitled “**I. ANNUITANT**” item 1 is replaced with the following:

1. Only the following persons may purchase a LIF with respect to their entitlement to a pension under a pension plan:
  - (a) A member or former member of a pension plan who has obtained written consent of his or her Spouse, if any;
  - (b) The Spouse or former Spouse of a member or former member if the Spouse or former Spouse is entitled to a pension benefit as a result of the death of a member or former member or as a result of marriage breakdown.

In the section entitled “**VI. RETIREMENT INCOME PAYMENTS**”:

Item 1(f) is replaced with the following:

- (f) payments must begin (i) no earlier than the earliest date on which the Annuitant, as a result of termination of employment or termination of membership in any pension plan from which money was transferred into the LIF, is entitled to receive pension benefits under the Act or under any provisions of that pension plan, and (ii) no later than the end of the second fiscal year of the Annuitant’s LIF. The fiscal year of the Annuitant’s LIF shall end on December 31st of each year and shall never exceed 12 months;

Item 3 is replaced with the following:

3. The Annuitant’s “maximum” amount of income paid during the fiscal year shall be the greater of the previous year’s investment returns under the LIF contract, and

Maximum = C/F in which

C = the Account Value of the Contract at the beginning of the fiscal year, and

F = the value, at the beginning of the fiscal year, of a pension of which the annual payment is \$1 payable at the beginning of each fiscal year between that date and the 31<sup>st</sup> day of December of the year in which the Annuitant reaches age 90.

Item 4 is replaced with the following:

4. The value of F in paragraph 3 in this section shall be calculated by using:
  - (a) for the first 15 years after the date of valuation, an interest rate that is the greater of 6% or the prescribed rate published for the previous November in the *Bank of Canada Review* under the identification number CANSIM Series V-122487, and
  - (b) for the sixteenth and each subsequent fiscal year, the interest rate of 6%.

In the section entitled “**VIII. DEATH BENEFIT**” items 1 and 2 are replaced with the following:

1. In the event of the death of the Annuitant, the Death Benefit is to be paid to or on behalf of the surviving spouse, or, if there is none, the designated beneficiary or, if there is no valid designation of beneficiary, the personal representatives of the estate in their representative capacity.
2. A spouse living separate and apart from the Annuitant, as defined by applicable legislation, or who has received or is entitled to receive a payment due to marital breakdown, on the date of the Annuitant’s death is not entitled to receive the Death Benefit unless such spouse is the Annuitant’s named beneficiary. The Annuitant’s spouse may waive his or her survivor benefit or may revoke any such waiver previously given at any time before the Cash Value of the Contract is used to purchase an immediate life annuity by giving written notice to the Company and/or completing a prescribed form, if applicable, and filing such form with the Company.

In the section entitled “**XII. REQUIRED CONDITIONS**” items 2, 7 and 13 are replaced with the following items 2, 7 and 13 and items 15, 16 and 17 added:

2. The Company shall only accept premiums under this Contract that are transferred from:
  - (a) an Ontario LIRA (locked-in retirement account) under which the funds are locked-in in accordance with the Act;
  - (b) another LIF under which the Annuitant is the owner;
  - (c) a LIRA, LIF or LRIF of a pension plan member’s spouse or former spouse in accordance with the Act;
  - (d) a registered pension plan;
  - (e) another retirement arrangement if agreed to by us and the transferee and permitted by applicable legislation.
7. The money in this Contract will not be assigned, charged, anticipated or given as security and is exempt from execution, seizure or attachment and any transaction purporting to do so is void.
13. The Annuitant, using the prescribed form, may apply to withdraw all the money in the fund if the Annuitant is at least 55 years old, the value of all assets in all his/her LIFs, LRIFs and LIRAs is less than 40% of the YMPE for that calendar year and the spouse has given his/her written consent.
15. The value of the LIF may be paid to the Annuitant in a lump sum or a series of payment provided that a physician certifies that due to a terminal illness or physical disability, the life expectancy of the Annuitant is likely to be shortened to less than two years.
16. If your LIF contract was established using premiums transferred from a registered pension plan, a LIRA, an LRIF, or a LIF that was established prior to January 1, 2008, you may withdraw or transfer to an RRSP or RRIF up to 25% of the total market value of the amount transferred. Application must be made within 60 days from the date the assets were transferred using the prescribed form.
17. If you have been a non-resident of Canada, as determined by the Canada Revenue Agency for the purposes of the federal *Income Tax Act*, you may apply, at least two years after your date of departure from Canada, to withdraw the total value of your LIF.

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