

# NEWFOUNDLAND AND LABRADOR – LOCKED-IN RETIREMENT INCOME FUND ADDENDUM

Despite any other provisions of the contract, if locked-in money has come from a plan that is governed by the Pension Benefits Act (Newfoundland and Labrador) (the Act) and Regulations, the following provisions apply to it.

You, your, and owner mean the owner of the LRIF. Sun Life, we, us and our mean Sun Life Assurance Company of Canada.

Principal beneficiary means the spouse or cohabiting partner of a member or former member as defined in the Act.

Spouse or cohabiting partner excludes any person who is not recognized as a spouse or cohabiting partner for the purposes of the *Income Tax Act* (Canada) (ITA) for registered retirement income funds.

When we use the word form, we mean a form approved by the Superintendent. Superintendent is defined in the Act

When we use the term year, we mean a calendar year beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>.

## Addendum provisions:

1. Deferred pension, life annuity contract, pension, pension benefit, pension plan, spouse and Superintendent have the same meanings as in the Act. Locked-in retirement account (LIRA), life income fund (LIF), and locked-in retirement income fund (LRIF) have the same meanings as in Directives No. 4, No. 5 and No. 17 of the Act. Other terms not listed here have the meanings set out in the glossary of terms in the contract.
2. This addendum overrides any provision of the contract inconsistent with it.
3. No money in the contract may be assigned, charged, anticipated or given as security except as permitted by the Act or Regulation. Any transaction attempting to give as security the value of the contract is void, unless permitted by law.
4. You may purchase an LRIF or transfer money into an existing LRIF with money from:
  - a LIRA,
  - another LRIF, or
  - a LIF.

This transfer must be made according to section 40 of the Act. Before you purchase or transfer money to an LRIF, if you are a former member, you must provide written consent from your principal beneficiary described in (18).

5. No money may be transferred in or out of your LRIF unless an agreement is in place between financial institutions to administer the money according to pension law.
6. At the beginning of each year, we will send you a statement. This statement will provide details of the value of your LRIF, amounts deposited, earnings, withdrawals, and fees. We will also tell you the minimum annual payment and maximum annual payment for the year.

A statement also will be produced if:

- i. you transfer any part of your LRIF, effective on the date of transfer, or
  - ii. you die, as of the date of death.
7. The amount of income paid out of the Locked-in Retirement Income Fund during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the *Income Tax Act* (Canada);
  8. The total amount paid during a year cannot exceed the maximum annual payment described in Directive No. 17. The maximum annual payment is calculated each year on January 1st and is based on the value of your LRIF on that date. You may not withdraw more than the maximum annual payment in a year unless permitted by pension law. The maximum must not exceed the greatest of:
    - i. the income, gains and losses earned from the time the contract was established to the end of the most recently completed fiscal year, and with respect to any money in the contract that is derived directly from money transferred from a LIF, the income, gains and losses earned in the final complete fiscal year of the LIF under the LIF, less the sum of all income paid to you;
    - ii. the income, gains and losses earned in the immediately previous fiscal year, and
    - iii. if the payment is being made in the fiscal year in which the contract was established or in the fiscal year immediately following its establishment, 6% of the fair market value of the contract at the beginning of that fiscal year.

9. If the first year of the LRIF is not 12 months long, the maximum amount you may withdraw in a year will be adjusted in proportion to the number of months in the year divided by 12. Any incomplete month will count as one month.
10. If your LRIF has been set up with money transferred from another LIF or LRIF, then during the year of the transfer, the maximum amount you may withdraw from your LRIF will be zero, unless the ITA requires us to pay a higher amount.
11. Payments from your LRIF cannot begin earlier than age 55 or the earliest date on which you would have been eligible to receive pension benefits from the pension plan. Payments must begin before the end of the second year of your LRIF contract.
12. You must decide the amount to be paid out of the Fund each year, either at the beginning of the fiscal year of the Fund or at another time agreed to by the financial institution and the decision expires at the end of the fiscal year to which it relates;
13. If you do not decide the amount to be paid out of the Fund for a year, the minimum amount determined under section 7 shall be deemed to be the amount paid.
14. You may apply, using an approved form, to receive a lump sum withdrawal of your entire LRIF if:
  - i. you are at least 55 years old, or the earliest date on which you would have been entitled to receive benefits under the original plan, and
  - ii. the value of all LIRAs, LIFs and LRIFs you own is less than 40% of the year's maximum pensionable earnings (YMPE) as defined in the Canada Pension Plan for that year.

If you are a former member, your principal beneficiary must provide a waiver of their joint and survivor pension entitlement, using an approved form.

15. You may ask us for a series of payments or a lump sum withdrawal if you provide a written statement signed by a medical practitioner. The medical practitioner must certify that you have a mental or physical disability that is likely to shorten your life expectancy considerably. If you are a former member of a pension plan, your principal beneficiary must waive their joint and survivor pension entitlement using an approved form.
16. You may apply, using a Form approved by the Superintendent to receive a temporary income from your LRIF if:
  - i. the total pension income received by you for the year in which the application is made is less than 40% of the YMPE, and
  - ii. you have not reached age 65 at the beginning of the year in which you make the application.

The maximum amount of temporary income you can receive in a year cannot exceed the maximum amount permitted by Directive No. 17.

$$\text{Maximum Temporary Income} = A - B$$

In which

A = 40 % of the YMPE under the CPP for the calendar year in which an application is made.

B = the total pension income to be received by you from all LIFs, LRIFs, Life Annuities and pension 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*

You must apply at the beginning of the year. If you are a former member of a pension plan, your principal beneficiary must provide consent.

17. For the purposes of provisions (14), (15) and (16) we rely on the information you provide when you make an application under the applicable provision. When we receive an application that meets the provision's requirements, we have your authorization to make the withdrawal or transfer. Payment discharges us from any liability for the amount released.
18. A Form 3, Waiver of joint and survivor pension, is a declaration about a principal beneficiary, if applicable, for the purposes of a withdrawal from your LRIF under provisions (14), (15) and (16).
19. You may transfer all or part of your LRIF to:
  - another LRIF,
  - a LIF,
  - purchase an immediate life annuity contract, or
  - a LIRA if you have not reached the RRSP maturity age under the ITA.

We will make the transfer within 30 days of receiving the required documentation.

20. If the balance of the Fund is transferred as described in section 19, you must be given the information described in section 6 determined as of the date of the transfer.

21. If you die, the person entitled to receive the balance in the Fund must be given the information described in section 6, determined as of the date of your death.
22. If there is a breakdown of your spousal relationship, your LRIF may be divided between you and your spouse or former spouse according to Part VI of the Act.
23. When you die, if you were a former member of a pension plan, your principal beneficiary is entitled to the proceeds of your LRIF, unless your principal beneficiary waived entitlement using Form 3. They will receive the proceeds from your LRIF in a lump sum. If you are not a former member, or your principal beneficiary waived their entitlement, your LRIF will be paid to your named beneficiary, or if none is named, to your estate.
24. We cannot amend your contract, except where we have provided at least ninety (90) days notice of the proposed amendment. An amendment that would result in a reduction of your benefits under the contract is permitted only where:
  - the amendment is required by law, and
  - you are entitled to transfer your LRIF based on provisions in place before the amendment is made.We will notify you in writing by registered mail at least ninety (90) days after the notice is given to transfer all or part of your LRIF.
25. Any notices described in this addendum will be sent to your address we have on file.