

# ONTARIO – LIFE 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 (Ontario) (the Act) and Regulations, the following provisions apply to it.

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

In this addendum, spouse has the meaning defined in the Pension Benefits Act of Ontario. A spouse is either of two persons who are married to each other, or are not married to each other and are living together in a conjugal relationship continuously for a period of not less than three years, or in a relationship of some permanence, if they are the parents of a child as set out in section 4 of the Children's Law Reform Act; ("conjoint"). Spousal status is established on the day any part of the contract is used to purchase an immediate life annuity or on the day of your death. It may also be specified at other times in this addendum. Spouse excludes any person who is not recognized as a spouse or common-law partner for the purposes of the Income Tax Act (Canada) (ITA) for registered retirement income funds.

When we use the term approved 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 1st and ending December 31<sup>st</sup>.

Addendum provisions:

1. Deferred pension, pension, pension benefit, pension fund, 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 the Regulations. Others 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, or paid or transferred out of the contract, including interest, may be assigned, charged, given as security or seized except as permitted by the Family Law Act, family arbitration award or domestic contract. Any transaction attempting to give as security the value of the contract is void, unless permitted by law.
4. You may purchase a LIF or transfer money into an existing LIF with money from:
  - a LIRA,
  - another LIF,
  - an LRIF, or
  - a prescribed retirement savings arrangement.

Before you purchase or transfer money to a LIF, you must provide a spousal declaration or statement described in (19).

5. At the beginning of each year, we will send you a statement. This statement will provide details of premiums paid, their sources, withdrawals, charges or credits resulting from those withdrawals and the value of your LIF. We will also tell you the minimum annual payment and maximum annual payment for the year.
6. A statement also will be produced if:
  - you transfer any part of your LIF to another financial institution, effective on the date of transfer,
  - you convert your LIF to a life annuity, effective on the date of the conversion, or
  - you die, as of the date of death.

This statement will detail premiums paid, their sources, withdrawals, and the value of your LIF. If you die, the person entitled to receive the death benefit must be given this information as of the date of death.

7. If the first year of the LIF 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.
8. If your LIF 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 LIF will be zero, unless the ITA requires us to pay a higher amount.
9. Payments from your LIF cannot begin earlier than the earliest date permitted by the Regulations, 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 LIF contract.
10. The total amount paid during a year cannot exceed the maximum annual payment prescribed by pension law. The maximum annual payment is calculated each year on January 1st and is based on the value of the LIF on that date. You may not withdraw more than the maximum annual payment in a year unless permitted by pension law. See provisions (11), (12), (13), (14), (15) and (16) for more details.

11. You may request a withdrawal from your LIF if the amount is to reduce the amount of tax otherwise payable under Part X.1 of the ITA, which relates to tax for over contributions to deferred income plans.
12. You may apply to withdraw or transfer to an RRSP or RRIF up to 50% of the value of your LIF. If the assets are transferred from another LIF that is governed by this addendum, you may not make this withdrawal or transfer unless the transfer into the receiving LIF was made according to the terms of an order under the Family Law Act or a domestic contract. Your application must be on an approved form within 60 days of the transfer into the LIF. Your application must be accompanied by a spousal declaration or statement that is described in provision (19) below.
13. You may apply, using an approved form, to make a lump sum withdrawal or transfer the balance of your LIF to an RRSP or RRIF if:
  - you are at least 55 years of age when you sign the application, and
  - the value of all LIRAs, LIFs and LRIFs you own is less than 40% of the year's maximum pensionable earnings as defined in the Canada Pension Plan for that year.

You must determine the value of your LIRAs, LIFs and LRIFs when you sign the application according to the most recent statements you received about your contracts. These statements must be dated within one year before the date you sign the application.

You must also provide a spousal declaration or statement that is described in provision (19) below.

14. You may ask us for a lump sum withdrawal if you provide a written statement signed by a licensed and practising doctor in Canada. The doctor must be able to state they believe you have an illness or physical disability that is likely to shorten your life expectancy to less than two years. Your application must be on an approved form and must be accompanied by:
  - the doctor's statement, and
  - a spousal declaration or statement that is described in provision (19) below.

15. You may apply to us, on an approved form, to withdraw money from your LIF in circumstances of financial hardship. These circumstances include:

- you, your spouse or a dependant has incurred medical expenses relating to an illness or physical disability,
- you or your spouse has received a written demand for arrears in the payment of rent on your principal residence and you could face eviction if the debt is not paid,
- you or your spouse has received a written demand for a default on a debt that is secured against your principal residence and you could face eviction if the amount in default remains unpaid,
- you or your spouse require money to pay the first and last months' rent to obtain a principal residence for you or your spouse, or
- your expected income from all sources, before taxes, for the next 12 months is 66 2/3% or less of the year's maximum pensionable earnings.

You must provide a spousal declaration or statement described in (19) below. Please consult the Financial Services Commission of Ontario website for full details on these provisions.

16. You may withdraw the balance of your LIF if you are a non-resident of Canada according to the Canada Revenue Agency and the ITA, and if your application for withdrawal is made at least 24 months after the date of departure from Canada.

You must apply to us to withdraw the money from your LIF. The application must be made on an approved form. The application form must be signed by you and accompanied by the following documents:

- a written determination from the Canada Revenue Agency that you are a non-resident for the purposes of the ITA, and
- either a spousal declaration or statement described in (19).

17. For the purposes of provisions (12), (13), (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. We will pay you the amount you are entitled to receive within 30 days after we receive the completed application form and accompanying documents. Payment discharges us from any liability for the amount released.

18. Any payment made to you under (12), (13), (14), (15) and (16) will be made within 30 days after the date we receive your completed application and accompanying documents.

19. Any of the following documents is a declaration about a spouse, if applicable, for the purposes of a withdrawal from your LIF under provisions (12), (13), (14), (15) and (16):

- a statement signed by your spouse, that they consent to the withdrawal or transfer from your LIF,
- a statement signed by you confirming you do not have a spouse, or
- a statement signed by you confirming that you are living separate and apart from your spouse on the date you sign the application to withdraw or transfer from your LIF.

A declaration about a spouse is not required if we receive a statement from you attesting that none of the money in your LIF is either directly or indirectly from a pension benefit provided in respect of your employment.

20. Any document required to be given to us under provisions (12), (13), (14), (15), and (16) which must be signed by you or your spouse or both must have been signed no earlier than 60 days before the date we receive your application to withdraw all or part of the money in your LIF. If it has not been signed within that 60 day period, the document is void.

In any other case, if the document is required by section (15), it is void if it is signed or dated more than 12 months before we receive it.

21. Before the LIF is used to purchase a life annuity, you may withdraw some or all of the contract, and:

- transfer it to a LIRA if permitted by the ITA,
- transfer it to another LIF which meets the requirements of the Regulations and section 146.3 of the ITA, or
- purchase an immediate life annuity which meets the requirements of the Regulations and paragraph 60(l) of the ITA .

We will make the transfer within 30 days of your request.

22. If this LIF contains premiums transferred from the commuted value of a pension benefit, we will confirm to you if this value was determined in a way that differentiated on the basis of sex.

23. If there is a breakdown of your spousal relationship, payments from a LIF may be divided between you and your spouse or former spouse according to a domestic contract or order made under the Family Law Act.

24. When you die, the death benefit is not locked-in.

If you are the former plan member of the pension plan from which assets were originally transferred and you have a spouse when you die, your spouse is entitled to receive the death benefit. If you are living separate and apart from your spouse when you die, your spouse is not entitled to receive the death benefit unless your spouse is named as your beneficiary. The death benefit may be transferred to an RRSP or a RRIF according to the ITA or received in cash.

Your spouse may waive their entitlement to the death benefit by telling us in writing. If your spouse has signed a waiver, they may cancel it by telling us in writing before you die.

If your beneficiary is not your spouse, your beneficiary must receive the death benefit in cash.

25. We cannot amend your contract if the amendment would reduce your benefits under the contract unless:

- the amendment is required by law, and
- you are entitled to transfer your LIF based on provisions in place before the amendment is made.

If we amend the contract, we will tell you in writing. You will have 90 days after we tell you in writing to transfer your LIF.

26. Any notices described in this addendum will be sent to your address we have on file.