

FIDELITY CLEARING CANADA ULC SELF-DIRECTED RETIREMENT INCOME FUND
CRA Specimen Plan No. 1735

Plan Issuer – TSX Trust Company
301-100 Adelaide Street West, Toronto, Ontario M5H 4H1

Acting through its Agent, Fidelity Clearing Canada ULC

1. **Legislation.** For the purposes of this Addendum, “Act” means the *Pension Benefits Act, 1997* (Newfoundland & Labrador), “Regulation” means the *Pension Benefits Act Regulations* made under the Act, “Directives” means the *Directives* of the Superintendent, “Tax Act” means the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time, and “YMPE” means the Year’s Maximum Pensionable Earnings under the Canada Pension Plan for a specified calendar year.
2. **Definitions.** All terms in this Addendum, which are used in the Act, Regulation or Directives have the same meaning as under the Act, the Regulation or Directives. “Plan” means the Fidelity Clearing Canada ULC Self-Directed Retirement Income Fund, “Planholder” means the (1) planholder or annuitant under the Declaration of Trust and application form in respect of the Plan, and (2) member or former member of a pension plan who has made a transfer pursuant to section 40 of the Act to a LIF and, unless otherwise stated, includes the Principal Beneficiary or former Principal Beneficiary of the 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 the member or former member or as a result of marriage breakdown.
3. **Spouse, Cohabiting Partner and Principal Beneficiary.** “Spouse” means a person who:
 - (a) is married to the Planholder,
 - (b) is married to the Planholder by a marriage that is voidable and has not been voided by a judgment of nullity, or
 - (c) has gone through a form of a marriage with the Planholder, in good faith, that is void and is cohabiting or has cohabited with the Planholder within the preceding year.“Cohabiting Partner” means a person who:
 - (d) in relation to a Planholder who has a Spouse, is not the Spouse of the Planholder who has cohabited continuously with the Planholder in a conjugal relationship for not less than 3 years, or
 - (e) in relation to a Planholder who does not have a Spouse, has cohabited continuously with the Planholder in a conjugal relationship for not less than 1 yearand is cohabiting or has cohabited with the Planholder within the preceding year.
“Principal Beneficiary” means the Spouse of a Planholder or where the Planholder has a Cohabiting Partner, the Planholder’s Cohabiting Partner.
For the purposes of any provision of the Tax Act respecting registered retirement income funds, “Spouse”, “Cohabiting Partner” and “Principal Beneficiary” do not include any person who is not recognized as a spouse or common-law partner under the Tax Act.
4. **Valuation.** For determining the value of the assets in the Plan on a particular date (including on the death of the Planholder, on the transfer of assets from the Plan or for establishing a life annuity contract) (a “Valuation Date”), the assets in the Plan shall be valued at their fair market value immediately prior to the Valuation Date. The fair market value shall be determined as follows:
 - (a) by using information of arm’s length transactions involving a cash sale of assets of the same classes or kinds as those in the Plan that occurred on the date immediately prior to the Valuation Date or within a reasonable time prior to the Valuation Date; or
 - (b) if the information under paragraph (a) is not available, by using information of arm’s length transactions involving a cash sale of assets of similar classes or kinds as those in the Plan that occurred on the date immediately prior to the Valuation Date or within a reasonable time prior to the Valuation Date; or
 - (c) if the information under paragraphs (a) and (b) is not available, by using such other reasonably relevant information such as the book value of the assets in the Plan.

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5. **Transfers Out of the Plan.** Except as otherwise permitted in Directive No. 5, all money transferred, including all investment earnings, shall be used to provide a pension benefit and shall not be transferred except:
- (a) before December 31st in the year in which the Planholder reaches the age at which a pension benefit is required to begin under the Tax Act, to transfer the money to the pension fund of a registered pension plan subject to the Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Act, or of Canada;
 - (b) before December 31st in the year in which the Planholder reaches the age at which a pension benefit is required to begin under the Tax Act, to transfer the money to a Locked-In Retirement Account that meets the requirements of Directive No. 4;
 - (c) to purchase a life annuity contract that meets the requirements of the Superintendent;
 - (d) to transfer the money to another LIF that meets the requirements of Directive No. 5; or
 - (e) to transfer the money to a Locked-In Retirement Income Fund that meets the requirements of Directive No. 17.
6. **Investment of Plan Assets.** The money in the Plan shall be invested and re-invested by the Planholder as provided in the Declaration of Trust in respect of the Plan.
7. **Fiscal Year of Plan.** The fiscal year of the Plan ends on December 31 of each year and must not exceed 12 months.
8. **Payment Out of the Plan.** Payment out of the Plan must not begin before the earlier of age 55 or the earliest date on which the member or former member could receive a pension benefit under the Act or the originating pension plan from which the money in the Plan was transferred. Payment must not begin later than the last day of the second fiscal year.
9. **Amount of Payments.** The Planholder must notify the Plan Issuer of the amount to be paid out of the Plan for each fiscal year. If the Planholder does not give instructions as to the amount of the payments for a year, the minimum amount prescribed for a registered retirement income fund under the Tax Act will be paid.
- The Planholder must notify the Plan Issuer of the amount to be paid out the beginning of the fiscal year of the Plan or at another time if the Plan Issuer agrees and the notification expires at the end of the fiscal year to which it relates.
10. **Amount of Annual Income.** The amount of income paid out of the Plan during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the Tax Act and must not exceed the "maximum", being the greater of **A** and **B**.

$$A = C/F$$

in which

C = the value of assets in the Plan at the beginning of the fiscal year; and

F = the present value, at the beginning of the fiscal year, of a pension of which the annuity payment is \$1 payable at the beginning of each fiscal year between that date and the 31st day of December of the year in which the Planholder reaches 90 years of age.

B = the amount of investment earnings, including any unrealized capital gains or losses, of the Plan in the immediately previous year.

11. **Value of F.** The value of F in section 10 hereof must be established at the beginning of each fiscal year of the Plan using an interest rate as follows:
- (a) for the first 15 years after the date of the valuation, the greater of 6% per year and the percentage obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number V122487 in the CANSIM System; and;
 - (b) for the 16th and each subsequent year, a rate of 6% per year.

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12. **Additional Temporary Income.** Subject to section 13 hereof, the Planholder is entitled to receive additional temporary income where:
- (a) the maximum amount of income the Planholder is entitled to receive for the calendar year in which the application is made, calculated as “B” under section 13 hereof, is less than 40% of the YMPE in which the application is made; and
 - (b) the Planholder has not reached his or her 65th birthday at the beginning of the fiscal year in which the Planholder makes application for additional temporary income.

13. **Amount of Additional Temporary Income.** The amount of the additional temporary income paid out of the Plan in a fiscal year must not exceed the “maximum” in the following formula:

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

in which

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

B = the maximum amount of income the Planholder is entitled to receive from all LIFs, Locked-In Retirement Income Funds, life annuity contracts and pension plans governed by the Act or the pension benefits legislation of a designated province as defined in the Act, or of Canada, excluding income from a pension under the *Canada Pension Plan* and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.

14. **Application for Additional Temporary Income.** An application for additional temporary income under section 12 hereof shall be:

- (a) on a form approved by the Superintendent,
- (b) where the Planholder is a former member of a pension plan, accompanied by the written consent of the Planholder’s Principal Beneficiary, and
- (c) submitted to the Plan Issuer at the beginning of the fiscal year of the Plan, unless otherwise permitted by the Plan Issuer.

15. **Initial Year.** For the initial year of the Plan, the “maximum” in sections 10 and 13 hereof 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.

16. **Maximum Where Assets Transferred from Another LIF or LRIF.** If a part of the Plan corresponds to amounts transferred directly or indirectly from another LIF or Locked-In Retirement Income Fund of the Planholder during the fiscal year, the “maximum” in sections 10 and 13 hereof shall be deemed to be zero in respect of the part transferred in.

Notwithstanding the above paragraph, the Plan Issuer may allow money to be paid to the Planholder provided that the total amount received by the Planholder from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the maximum in sections 10 and 13 hereof for that part. In this case, the Plan Issuer must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the Plan.

17. **Improper Payment.** If money is paid out contrary to the Act or Directive No. 5, the Plan Issuer will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.
18. **Withdrawal for Shortened Life Expectancy.** The Planholder may withdraw the money in the Plan as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability the life expectancy of the Planholder is likely to be shortened considerably, but where the Planholder is a former member of a pension plan such payment may only be made if the Principal Beneficiary of the Planholder has waived the joint and survivor pension entitlement in the form and manner required by the Superintendent.
19. **Withdrawal for Small Amount.** The Planholder may withdraw all the money in the Plan as a lump sum payment on application by the Planholder to the Plan Issuer for payment if, at the time the Planholder signs the application,

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- (a) the Planholder has reached the earlier of age 55 or the earliest date on which the member or former member would have been entitled to receive a pension benefit under the plan from which money was transferred;
- (b) the value of all assets in all LIFs, Locked-In Retirement Income Funds and Locked-In Retirement Accounts which are held by the Planholder and subject to the Act is less than 40% of the YMPE for the calendar year in which the application is made; and
- (c) within the same fiscal year, the Planholder has not elected to receive additional temporary income under section 12 hereof or, where part of the Plan corresponds to amounts transferred directly or indirectly from another LIF or a Locked-In Retirement Income Fund, elected to receive additional temporary income from that LIF or Locked-In Retirement Income Fund; and
- (d) within the same calendar year, the Planholder has not made a withdrawal due to financial hardship under section 20 hereof from the Plan or, where part of the Plan corresponds to amounts transferred directly or indirectly from a Locked-In Retirement Account, another LIF or a Locked-In Retirement Income Fund, the Planholder has not made a withdrawal due to financial hardship from the original retirement savings arrangement.

An application under this section 19 shall be on a form approved by the Superintendent and, where the Planholder is a former member of a pension plan, accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner required by the Superintendent.

20. Withdrawals due to Financial Hardship. Notwithstanding any other provision in this Addendum, a lump sum withdrawal due to financial hardship may be made from the Plan, subject to the following:

- (a) an application for a withdrawal due to financial hardship under this section 20 hereof must be made directly to the Plan Issuer;
- (b) the Planholder may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship described in section 20(c)(i) below in respect of each Locked-In Retirement Account, LIF, or Locked-In Retirement Income Fund;
- (c) subject to any requirements outlined in this section 20, the Planholder is eligible to complete an application to withdraw an amount not greater than the sum of the following amounts:
 - (i) an amount with respect to one of the following categories:
 - (A) Low Income: Where the Planholder's expected total income for the one-year period following the date on which the application is signed, from all sources other than the withdrawal amount, is not more than 66.66% of the YMPE for the calendar year in which the application is signed, the amount determined by subtracting 75% of the expected total income from 50% of the YMPE for the calendar year in which the application for the withdrawal is signed;
 - (B) Medical Expenses: Where the Planholder is unable to pay for medical expenses incurred or to be incurred by the Planholder, the Planholder's Principal Beneficiary, or a dependent of either and the medical expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these medical expenses;
 - (C) Disability-related Expenses: Where the Planholder is unable to pay for disability related expenses incurred or to be incurred by the Planholder, the Planholder's Principal Beneficiary, or a dependent of either and the expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these disability related expenses;
 - (D) Mortgage Payments: Where the Planholder or the Planholder's Principal Beneficiary has received a written notice in respect of a default on a mortgage that is secured against the principal residence of the Planholder or the Planholder's Principal Beneficiary which will result in foreclosure or power of sale if the default is not rectified, the amount required to rectify the default;
 - (E) Rental Arrears: Where the Planholder or the Planholder's Principal Beneficiary has received a written notice in respect of arrears in the payment of rent for the principal residence of the Planholder or the Planholder's Principal Beneficiary and the Planholder or the Principal Beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or

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- (F) First Month's Rent and Security Deposit: Where the Planholder is unable to pay the first month's rent and the security deposit required to rent a principal residence for the Planholder or the Planholder's Principal Beneficiary, the amount required to pay the first month's rent and the security deposit;

and

- (ii) the amount of any applicable tax required to be withheld by the Plan Issuer.

21. An application for withdrawal under section 20 hereof shall be:

- (a) on a form approved by the Superintendent and shall include any supporting documentation required by the Regulations, which are specified on the form; and
- (b) where the Planholder is a former member of a pension plan, accompanied by the written consent of the Principal Beneficiary of the former member, in the form and manner required by the Superintendent.

22. **Withdrawal due to Non-Residency.** Notwithstanding any other provision in this Addendum, a lump sum payment equal to the value of the entire Plan may be made where the Planholder provides the Plan Issuer with:

- (a) a statutory declaration in accordance with the *Evidence Act* confirming they have resided outside Canada for at least 2 consecutive calendar years and are residing outside of Canada on the date of signing the declaration; and
- (b) where the Planholder is a former member of a pension plan, the written consent of the Principal Beneficiary of the former member, in the form and manner required by the Superintendent.

23. **No Assignment.** The Planholder will not assign, charge, anticipate or give as security money payable under the Plan except as permitted under the Act.

24. **Marriage Breakdown.** All contracts establishing LIFs are subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.

25. **Joint and Survivor Pension Benefit.** The pension benefit payable to a former member who has a Principal Beneficiary at the date the pension commences shall be a joint and survivor pension benefit with at least 60% continuing to be payable to the survivor for life after the death of the former member unless the Principal Beneficiary waives the entitlement in the form and manner required by the Superintendent.

26. **Death of Planholder.** On the death of the Planholder who is a former member of a pension plan who has a Principal Beneficiary, the surviving Principal Beneficiary, or where there is no surviving Principal Beneficiary or the surviving Principal Beneficiary has 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 member or former member is entitled to a lump sum payment of the full value of the Plan.

On the death of a Planholder who is not a former member of a pension plan, the full value of the Plan shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the Planholder's estate.

27. **Securities.** If the assets in the Plan consist of identifiable and transferable securities, the Plan Issuer may transfer the securities with the consent of the Planholder.

28. **Information to be Provided.** At the beginning of each fiscal year, the following information must be provided by the Plan Issuer to the Planholder:

- (a) in relation to the previous fiscal year: the sums deposited; the amount of the investment earnings, including any unrealized capital gains or losses; the payments made out of the Plan; and fees charged;
- (b) the value of the assets in the Plan;
- (c) the minimum amount that must be paid out of the Plan to the Planholder during the current fiscal year;

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- (d) the maximum amount of income under section 10 hereof that may be paid out of the Plan to the Planholder during the current fiscal year; and
- (e) if applicable, notification that the Planholder may be entitled to receive additional temporary income under section 12 hereof during the current fiscal year.

If the balance of the Plan is transferred as described in section 5 hereof, the Planholder must be given the information described in paragraphs (a) to (e) above determined as of the date of transfer. If the Planholder dies, the person entitled to receive the balance must be given the information described in paragraphs (a) to (e) above determined as of the date of the Planholder's death.

29. **Amendment.** Subject to the second paragraph below, the Plan Issuer shall not amend this Addendum except where the Plan Issuer has given the Planholder at least 90 days' written notice and an explanation of the proposed amendment.

An amendment that would result in a reduction of the Planholder's benefits under the Plan is permitted only where:

- (a) the Plan Issuer is required by law to make the amendment; and
- (b) the Planholder is entitled to transfer the balance in the Plan under the terms of the Plan that existed before the amendment is made.

When making an amendment under the second paragraph above, the Plan Issuer shall,

- (c) provide written notice to the Planholder of the nature of the amendment; and
- (d) allow the Planholder at least 90 days after the written notice is given to transfer all or part of the balance in the Plan.

Notice under this section 29 hereof shall either be sent by mail to the Planholder's address as set out in the records of the Plan Issuer or, subject to receiving the authorization of the Planholder, be delivered to the Planholder by electronic means provided that the e-communication is accessible by the Planholder and capable of being retained to be usable for subsequent reference.

30. **Conflict.** If there is a conflict between the Act or the Regulation or Directive No. 5 and a provision in this Addendum, the Act, the Regulation or Directive No. 5 will prevail.