Rider – Beneva life income fund Newfoundland and Labrador (Beneva LIF)

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General Information and Definitions

In the case of any conflict or inconsistency between any provision under the contract, including the related riders and addendum, and any provision under applicable pension legislation, the latter shall take precedence.

“Act” means the Newfoundland and Labrador *Pension Benefits Act*, 1997;

“financial institution” means the savings institution or insurance company providing underwriter, depositary or issuer of a LIF;

“fiscal year” means a fiscal year of the LIF;

“*Income Tax Act*” means the *Income Tax Act* (Canada);

“LIF” means a registered retirement income fund established in accordance with the *Income Tax Act* (Canada) that is locked-in in accordance with the Regulations and meets the conditions set out in Directive No. 5, known as a Life Income Fund;

“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, in accordance with Directive No. 6, 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;

“list” means the appropriate list of retirement savings arrangements established and maintained under section 18 of the Regulations;

“owner” means the 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;

“principal beneficiary” means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member’s cohabiting partner, as defined in the Act.;

“Regulations” means the *Pension Benefits Act Regulations* under the Act;

“YMPE” means the Year’s Maximum Pensionable Earnings under the Canada Pension Plan for a specified calendar year.

Following the dissolution of marriage or any other type of conjugal relationship mentioned under applicable pension legislation, the Beneva LIF plan may be partitioned among any ex-spouses in accordance with this legislation and in virtue of all applicable legislation pertaining to family law, where applicable.

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

The fiscal year of the Beneva LIF must end on the 31st day of December and must not exceed twelve months.

Alteration of Plan

Beneva may not make any alteration that would reduce the rights and benefits under this plan unless:
- the alteration is required by law,
- the contractholder is entitled to a transfer of the redemption value of his Beneva LIF,
- Beneva has sent a notice, at least 90 days before the date as of when this right may be exercised,
- the modification complies with the requirements of the *Income Tax Act* (Canada).

Beneva may alter the contract only to the extent where it remains compliant with the altered and duly registered standard plan as mentioned previously.

Beneva will give the contractholder at least 90 days notice of a proposed amendment other than an amendment described in the preceding paragraphs.

Statements

Beneva sends the contractholder, at the beginning of each fiscal year, a statement indicating:
- the contributions invested,
- their source,
- any accrued investment income, including any gain in capital or loss in capital not realized,
- the charges debited,
- the payments made out of the Beneva LIF since the last statement,
- the value of the Beneva LIF at the beginning and the end of the period covered by the statement,
- if applicable, notification that the owner may be entitled to receive additional temporary income under section 10(f) of Directive No. 5 during the current fiscal year
- the minimum and maximum income amount that may be paid to the contractholder as income for the fiscal year in progress.

When the total amount of the Beneva LIF is transferred to another financial institution, or transferred to another Beneva plan, or converted to a life annuity, Beneva sends the contractholder a statement established on the date of the transfer or conversion.

Upon the death of the contractholder, Beneva must provide to the contractholder’s spouse or, failing that, to his successors a statement established at the date of death and containing the information prescribed in the applicable pension legislation.

Prohibition Against Double Indemnity

Where the contractholder, as a result of the applicable pension legislation, obtains, in effect, a double payment or a payment as well as a continuing interest in the Beneva LIF, the contractholder may be liable to repay amounts to which the applicable pension legislation did not entitle him.

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Source of Contributions

The only monies that may be invested in an Beneva LIF plan must come from:
- a Registered Pension Plan (RPP) governed by applicable pension legislation,
- a provincial pension plan in circumstances to which subsection 146(21) of the *Income Tax Act* (Canada) applies,
- another existing LIF,
- a LIRA,
- a LRIF,
- any other plan or vehicle authorized under applicable pension legislation.

If a transfer is made directly or indirectly from a registered pension plan before the contractholder turns **age 55**, Beneva ensures that the contractholder is eligible to retire under the conditions of the registered pension plan from which the transferred funds originated. If this information is not provided, Beneva refuses the transfer in order to prevent payments from the Beneva LIF being made in contradiction with applicable pension legislation.
For other situations, Beneva ensures that requirements regarding the prescribed age for the purchase of an Beneva LIF are respected.

Beneva is entitled to rely on the information provided by the contractholder or pension plan administrator with respect to the date the contractholder is entitled to begin receiving income payments out of the Beneva LIF.

In addition, if due to the dissolved marriage of a member or former member of a registered pension plan, monies are transferred directly or indirectly from such pension plan to an Beneva LIF, income may not be paid out of the Beneva LIF before the date on which the member or former member of the pension plan begins to receive the monies out of his Beneva LIF, or his life annuity, or on the normal retirement date under the pension plan – whichever of these dates occurs first in accordance with applicable pension legislation.

In the event that Beneva is aware that the monies transferred to the Beneva LIF are subject to these restrictions, Beneva refuses the transfer of these contributions to the Beneva LIF if the documents submitted to it do not include all of the information required for it to be able to determine if income may be paid out of the Beneva LIF. In all cases, it is the responsibility of the contractholder to inform Beneva if the monies transferred are subject to the restrictions provided for in the present paragraph and Beneva is entitled to rely on the information provided.

If the contractholder is a member or a former member of a pension plan registered under the applicable pension legislation, a principal beneficiary's consent to transfer locked-in funds to an Beneva LIF is required.

The contributions invested in an Beneva LIF, including the options offered with respect to pensions, annuities or benefits, must be determined on a basis that does not differentiate on the basis of gender.

The method and the factors used to determine the value of the contract associated with the contractholder's Beneva LIF plan are established in accordance with the terms of the investment vehicles described in the appendix to this contract (the Information folder or Appendix) for the purpose of any transfer, redemption, conversion to an annuity or again for the purpose of establishing the benefit payable in the case of death, where applicable.

Redemptions and Transfers

No contribution invested in the Beneva LIF plan may be withdrawn, commuted, surrendered, redeemed, assigned, voluntarily disposed, nor be the object of a waiver of rights, conversion or transfer other than:
- within the limits permitted under applicable pension legislation, as described in this section,
- to reduce the amount of tax otherwise payable under section X.1 of the *Income Tax Act* (Canada).

Contributions are also exempt from seizure, attachment and execution, subject to the exceptions provided for under applicable pension legislation or under family law, including seizure for payment of alimony debt which may be paid in a lump sum payment in execution of a judgment in favour of the contractholder's principal beneficiary.

No part of the contributions that are invested or transferred to the Beneva LIF shall be invested, directly or indirectly, in any mortgage under which the mortgager is the contractholder or the parent, brother, sister or child of the contractholder, or the spouse of any such person.

The contractholder agrees not to assign, charge, anticipate or give as security money payable under the Beneva LIF, except as permitted under the Act.

Subject to applicable pension legislation and the *Income Tax Act* (Canada), the contractholder may not request the redemption or transfer of the Beneva LIF if the investments have not reached maturity.

Beneva is entitled to rely on the information that the contractholder provides it with when he makes the redemption or transfer request.

Beneva proceeds with payment in cash within 60 days of receipt of the duly completed request. In the case of a transfer to another financial institution, the time period is 30 days.

Any lump sums withdrawn are fully taxable in the year in which they are withdrawn.

The contractholder may request redemption of the whole value of the Beneva LIF to be paid in a lump sum if:
- he has reached the earlier of age 55 and the earliest date on which he would have been entitled to receive a pension benefit under the plan from which money was transferred, and
- the total assets he holds in all retirement savings arrangements referred to in the applicable legislation is less than 40% of the Year's Maximum Pensionable Earnings for the calendar year of the redemption request, and
- the owner has not, within the same fiscal year, elected to receive additional temporary income under subsection 8(f) or, where a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or Locked-in Retirement Income Fund, elected to receive additional temporary income from that LIF or Locked-in Retirement Income Fund, and
- the owner has not, within the same calendar year, made a withdrawal due to financial hardship under this section from the LIF or, where part of the LIF corresponds to amounts transferred directly or indirectly from a Locked-In Retirement Account, another LIF, or a Locked-in Retirement Income Fund, the owner has not made a withdrawal due to financial hardship from the original retirement savings arrangement.
- his principal beneficiary has waived the entitlement to a survivorship annuity in the manner prescribed in the applicable legislation, by completing Form 3 Waiver of Joint and Survivor Pension, if he is a former member of a pension plan.
- An application under this section is on a form approved by the Superintendent.

The contractholder may request redemption of the Beneva LIF, in whole or in part, as a lump sum payment or a series of payments, if:
- a qualified medical practitioner certifies in writing to Beneva that he suffers from a significant physical or mental disability that considerably reduces life expectancy, and
- his principal beneficiary has waived the entitlement to a survivorship annuity in the manner prescribed in the applicable legislation, if he is a former member of a pension plan.

Subject to the investment terms and conditions, before the Beneva LIF is converted to a life annuity, the contractholder may transfer his Beneva LIF in whole or in part to:

- a LIRA,
- a LRIF,
- another LIF,
- a life annuity contract that meets the requirements of applicable pension legislation and of the *Income Tax Act* (Canada),
- any other plan or vehicle authorized under applicable pension legislation.

Before proceeding to transfer contributions from an Beneva LIF to another financial institution, Beneva must first ensure that the name and specimen number of the destination plan of the other institution is included on the list of approved contracts.

Beneva must also notify in writing the other financial institution that subject to Part VI of the *Pension Benefits Act*, no withdrawal, commutation or surrender of money is permitted.

Redemptions due to Financial Hardship

The contractholder may request redemption of the Beneva LIF as a lump sum payment due to financial hardship, if:

a) an application for a withdrawal due to financial hardship under this section has been made directly to Beneva;

b) the owner has not applied for withdrawal due to financial hardshipwithin a calendar year for the same category of financial hardship described in subsection 15(c)(i) of Directive No. 5 in respect of each Locked-In Retirement Account, LIF, or Locked-in Retirement Income Fund;

c) subject to any requirements outlined in this section, an owner 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 owner's expected total income for the oneyear 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 owner is unable to pay for medical expenses incurred or to be incurred by the owner, the owner'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 owner is unable to pay for disability-related expenses incurred or to be incurred by the owner, the owner'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 disabilityrelated expenses;

   D) Mortgage Payments: Where the owner or the owner'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 owner or the owner'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 owner or the owner's principal beneficiary has received a written notice in respect of arrears in the payment of rent for the principal residence of the owner or the owner's principal beneficiary and the owner or the principal beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or

   F) First Month's Rent and Security Deposit: Where the owner is unable to pay the first month's rent and the security deposit required to rent a principal residence for the owner or the owner'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 financial institution providing the LIF.

An application for withdrawal under section 15 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 owner 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.

Redemptions due to Non-Residency

The contractholder may request redemption of the Beneva LIF as a lump sum payment equal to the value of the entire contract due to non-residency where the owner provides Beneva 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 owner 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.

Payment of Annual Income Amount/ Temporary Income

Payment out of the Beneva LIF must not begin before the earlier of:

- **age 55** or,
- the earliest date on which the contractholder could receive a pension benefit under the applicable legislation or the originating pension plan from which money was transferred.

Payment out of the Beneva LIF must begin:

- no later than the last day of the second fiscal year.

Within 60 days after receipt of the annual statement provided by Beneva, the contractholder will establish the amount of income to be paid during the current year. If the contractholder does not to give instructions or if the instructions are not in accordance with applicable pension legislation or the *Income Tax Act* (Canada), then Beneva shall pay the minimum income amount required under the *Income Tax Act* (Canada).

The amount of income paid out of the Beneva LIF during a fiscal year must not: exceed the “maximum”, being the greater of (i) and (ii) as follows:

i) the amount calculated using the following formula
   C / F
   in which
   C = the value of the assets in the LIF at the beginning of the fiscal year.
   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 owner reaches ninety years of age; and
ii) the amount of the investment earnings, including any unrealized capital gains or losses, of the LIF in the immediately previous fiscal year;

The value F in paragraph (i) must be established at the beginning of each fiscal year of the LIF using an interest rate as follows:

i) for the first fifteen 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
ii) for the sixteenth and each subsequent year, a rate of 6% per year.

The amount of income paid out of the Beneva LIF during a fiscal year must not be less than the minimum amount prescribed for Registered Retirement Income Funds under the *Income Tax Act* (Canada).

If a part of the Beneva LIF 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 contractholder, the maximum shall be deemed to be zero in respect of the part transferred in.

If the initial fiscal year of the Beneva LIF is less than 12 months, then the maximum income amount including maximum temporary income, is adjusted in proportion to the number of months in said fiscal year divided by 12, with any part of any partial month counting as one month.

The contractholder may receive a temporary income from his Beneva LIF if:

- he has not reached **age 65** at the beginning of the year in which the request is made, and
- the maximum amount of income he is entitled to receive from all LIFs, Locked-in Retirement Income Funds, life annuity contracts and pension plans governed by the Act or established under or governed by an Act of Canada or another Province or Territory, except income from a pension under the Canada Pension Plan for that year is less than 40% of the year’s maximum pensionable earnings (YMPE) under the Canada Pension Plan (CPP) for the calendar year in which the request is made, and
- he has made the application with the form approved by the Superintendent, and
- if he is a former member of a pension plan, accompanied by the written consent of the principal beneficiary, and
- he has submitted the request to Beneva at the beginning of the fiscal year of the Beneva LIF.

The amount of the temporary income paid out of the Beneva LIF in a fiscal year must not exceed the “maximum” using the following formula:

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 owner is entitled to receive from all LIFs, Locked-in Retirement Income Funds, life annuity contracts and pension plans governed by the Act or established under or governed by an Act of Canada or another Province or Territory, except 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.

If money is paid out contrary to the Act or this Beneva LIF, the financial institution 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.

Conversion to Annuity

Unless it has been previously transfered, or redeemed, the Beneva LIF plan may be converted to a life annuity guaranteed by an insurer for the duration of the contractholder’s life or his life and his spouse’s life.

Annuity payments must be in the form of equal payments, except if each amount payable is uniformly increased by reason of an index or a rate permitted under the *Income Tax Act* (Canada) or a rate provided for in the contract. Annuity payments may also be uniformely modified by reason of:

- a seizure effected on the rights of the contractholder,
- a redetermination of the contractholder’s pension,
- partition of the contractholder’s rights with the spouse,
- payment of a temporary pension under the conditions provided for under pension legislation where applicable, or
- any other option set out under applicable pension legislation and in compliance with the *Income Tax Act* (Canada).

Subject to applicable pension legislation and the *Income Tax Act* (Canada), the contractholder may not request conversion of the Beneva LIF to an annuity, if the investments have not reached maturity.

If the contractholder has a principal beneficiary on the date that pension payments commence, the pension must be for a joint and survivor pension, unless the principal beneficiary has, before commencement of pension benefit payments to the contractholder, waived entitlement in writing.
The principal beneficiary may also revoke this waiver by writing to Beneva.

The amount of the joint and survivor pension payable to the principal beneficiary must be equal to at least 60% of the amount that was payable to the contractholder prior to his death, taking into account any adjustments permitted under applicable pension legislation, and including where apliccable, during the replacement period, the amount of any temporary pension.

The annuity to be provided to the contractholder with a principal beneficiary at the date the pension commences is to be such joint life annuity under which the amount of annuity payable after the death of the principal beneficiary is not less than 60% of the amount of annuity paid during their joint lives.

A life annuity that is constituted with contributions from an Beneva LIF shall not differentiate on the basis of the gender of the contractholder.

Benefit Payable Upon Death of Contractholder

If the death of the contractholder occurs before conversion of the Beneva LIF to a life annuity, and if:

- the contractholder is a former member of a pension plan,

the principal beneficiary is entitled to a benefit payable upon the death of the contractholder and has precedence over any beneficiary or the estate of the contractholder in conformity with applicable pension legislation, unless the principal beneficiary had previously waived such entitlement.

If there is no principal beneficiary, or if this latter has waived entitlement to the death benefit, the Beneva LIF shall be paid in a lump sum, periodic installments or any other settlement method available at the time of the claim to the designated beneficiary(ies), or in the absence of any such beneficiary, to the estate of the contractholder.

If the death of the contractholder occurs before conversion of the Beneva LIF to a life annuity, and if:

- the contractholder is not a former member of a pension plan,

the Beneva LIF shall be paid in a lump sum, periodic installments or any other settlement method available at the time of the claim to the designated beneficiary(ies), or, where there is no beneficiary, to the estate of the contractholder.