

THE EMPIRE LIFE INSURANCE COMPANY
HEAD OFFICE, 259 KING ST E, KINGSTON ON K7L 3A8

Life Income Fund (LIF) Addendum To RRIF Contract

THIS IS AN ADDENDUM TO A RRIF CONTRACT BETWEEN:

_____ (the "Owner")

AND

THE EMPIRE LIFE INSURANCE COMPANY (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 transferable 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 may be), 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 of 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:

$$\text{Maximum amount} = M \times B_1/B_2$$

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 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%	13.50%
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	0.107
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	0.111
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	0.111
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	0.112
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	0.112
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	0.113
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	0.114
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	0.115
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	0.115
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	0.116
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	0.117
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	0.118
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	0.119
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	0.121
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	0.122
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	0.123
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	0.125
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	0.127
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	0.129
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	0.131
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	0.133
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	0.135
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	0.138
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	0.142
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	0.146
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	0.151
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	0.155
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	0.161
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	0.169
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	0.177
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	0.187
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	0.200
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	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	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	0.200