Alberta Government

Life Income Fund Addendum

Part 1
Interpretation

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1(1) The following terms, used in this addendum, have the meanings respectively given them as indicated below, except where the context otherwise requires:

(a)"Act" means the *Employment Pension Plans Act* (SA 2012 cE-8.1);

(b)"designated beneficiary", in relation to the owner of this life income fund, means a beneficiary designated under section 71(2) of the *Wills and Succession Act*;

(c)"life annuity" means a non commutable arrangement to provide, on a deferred or immediate basis, a series of periodic payments for the life of the annuity holder or for the lives jointly of the annuity holder and the annuity holder's pension partner;

(d)"life income fund issuer" means the issuer of this life income fund;

(e)"life income fund maximum amount", in relation to the income that may be paid out of a life income fund to an owner in a calendar year, means the greatest of

(i)the life income fund minimum amount for that year,

(ii)the preceding year's life income fund investment returns, and

(iii)the amount determined by the following formula:

$$\frac{\text{life income fund balance}}{\text{withdrawal factor}}$$

where

"CANSIM rate", in relation to a period of not more than 12 months for which interest is payable, means the rate of interest on long term bonds issued by the Government of Canada for the month of November preceding the year in relation to which the withdrawal factor is being calculated, determined by reference to the Canadian Socio Economic Information Management System (CANSIM) Series V 122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada;

"life income fund balance", in relation to a life income fund, means

(i)in the calendar year in which the fund is established, the balance of the fund as at the date on which the fund is established, and

(ii)in every subsequent calendar year, the balance of the fund as at January 1 of the calendar year in which the calculation is made;

"withdrawal factor" means the actuarial present value, on January 1 of the year in which the calculation is made, of an annuity of $1 payable at the beginning of each year between that date and December 31 of the year during which the owner reaches the age of 90 years and calculated by using

(i)for the first 15 years in relation to which the actuarial present value is determined, the greater of the following:

(A)6% per year;

(B)the CANSIM rate;

(ii)for each year after the first 15 years, 6% per year;

(f)"life income fund minimum amount", in relation to the income that may be paid out of a life income fund to an owner in a calendar year, means the minimum amount of income that, under the *Income Tax Regulations* (Canada), is required to be paid out of the member's life income fund in that year;

(g)"locked-in money" means

(i)money in a pension plan the withdrawal, surrender or receipt of which is restricted under section 70 of the Act,

(ii)money transferred under section 99(1) of the Act, and

(iii)money to which clause (a), applies, that has been transferred out of the plan, and any interest on that money, whether or not that money had been transferred to one or more locked-in vehicles after it was transferred from the plan,

and includes money that was deposited into this life income fund under section 135(1)(a) of the Regulation or paid to the life income fund issuer under section 135(1)(b) or (2) of the Regulation;

(h)"member owner" means an owner of a locked-in vehicle if

(i)the owner was a member of a pension plan, and

(ii)the locked-in vehicle contains locked-in money from that plan;

(i)"owner" means a member owner or a pension partner owner;

(j)"pension partner" means a person who is a pension partner within the meaning of subsection (2);

(k)"pension partner owner" means an owner of a locked-in vehicle if

(i)the locked-in vehicle contains locked-in money from that plan, and

(ii)the pension partner owner's entitlement to the locked-in money in the locked-in vehicle arose by virtue of

(A)the death of the member of a pension plan or a member owner, or

(B)a break down of the marriage between the pension partner owner and the member of a pension plan, or the pension partner owner and the member owner;

(l)"Regulation" means the *Employment Pension Plans Regulation*;

(m)"this life income fund" means the life income fund to which this addendum applies.

(2) Persons are pension partners for the purposes of this addendum on any date on which one of the following applies:

(a) they

(i)are married to each other, and

(ii)have not been living separate and apart from each other for a continuous period longer than 3 years;

(b)if clause (a) does not apply, they have been living with each other in a marriage-like relationship

(i)for a continuous period of at least 3 years preceding the date, or

(ii)of some permanence, if there is a child of the relationship by birth or adoption.

(3) Terms used in this addendum and not defined in subsection (1) but defined generally in the Act or Regulation have the meanings assigned to them in the Act or Regulation.

Part 2
Transfers In and Transfers and Payments Out of Life Income Fund

Limitation of deposits to this account

2(1) Subject to subsection (2), the only money that may be deposited in this life income fund is

(a)locked-in money from a pension plan if

(i)this life income fund is owned by a member owner, or

(ii)this life income fund is owned by a pension partner owner

(b)money deposited by the life income fund issuer under section 135(1)(a) of the Regulation or paid to by the life income fund issuer for deposit to this life income fund under section 135(1)(b) or (2) of the Regulation, or

(c)money deposited by the life income fund issuer from a locked-in retirement account under section 114(2) of the Regulation or from another life income fund under section 132(1) of the Regulation.

(2) The issuer of the life income fund must not accept a transfer to the life income fund of locked-in money unless the original or a certified copy of the signed waiver form in Form 7, 10, 14 or 15, as applicable, has been provided to the life income fund issuer.

Payments out

3(1) The owner of this life income fund must, at the beginning of each calendar year, notify the life income fund issuer in writing of the amount of income that is to be paid out of the life income fund during that year, which amount must accord with subsection (5).

(2) Subject to subsection (3), the owner of this life income fund may, at any time that money is transferred to this life income fund, notify the life income fund issuer in writing of the amount of income that is to be paid out of the life income fund during that year, which amount must accord with subsection (5).

(3) The additional payment in subsection (2) may not be made if the money that transferred into this life income fund was previously in another life income fund or a life income type benefits account.

(4) The owner of this life income fund may, at any time during a calendar year, change the amount of income that is to be paid out of the life income fund during that year to a different amount that accords with subsection (5).

(5) There must be paid from a life income fund in each calendar year an amount of income that accords with the following:

(a)not less than the life income fund minimum amount applicable to the owner for that year;

(b)not more than the life income fund maximum amount applicable to the owner for that year.

Limitation on withdrawals from this account

4(1) Money in this life income fund, including investment earnings, is for use in the provision of retirement income.

(2) Despite subsection (1), money may be withdrawn from this life income fund in the following limited circumstances:

(a)by way of a transfer to another life income fund on the relevant conditions specified in this addendum;

(b)to purchase a life annuity in accordance with section 7(1);

(c)by way of a transfer to a pension plan if the plan text document of the plan allows the transfer;

(d)in accordance with Part 4 of this addendum.

(3) Without limiting subsections (1) and (2) and in accordance with in section 72 of the Act, money in this life income fund must not be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment.

(4) The life income fund issuer must comply with any applicable requirements of the Act and the Regulation before allowing a payment or transfer of any of the money in this life income fund.

General liability on improper payments or transfers

5 If the life income fund issuer pays or transfers money from this life income fund contrary to the Act or the Regulation,

(a)subject to clause (b), the life income fund issuer must,

(i)if less than all of the money in this life income fund is improperly paid or transferred, deposit into this life income fund an amount of money equal to the money that had been improperly paid or transferred, or

(ii)if all of the money in this life income fund is improperly paid or transferred, establish a new life income fund for the owner and deposit into that new life income fund an amount of money equal to the amount of money that had been improperly paid or transferred,

or

(b) if

(i)the money is transferred out of this life income fund to an issuer that is authorized under the Regulation to issue life income funds,

(ii)the act or omission that is contrary to the Act or the Regulation is the failure of the life income fund issuer to advise the transferee issuer that the money is locked-in money, and

(iii)the transferee issuer deals with the money in a manner that is contrary to the manner in which locked-in money is to be dealt with under the Act or the Regulation,

the life income fund issuer must pay to the transferee issuer, in accordance with the requirements of the Act and the Regulation relating to transfers of locked-in money, an amount equal to the amount dealt with in the manner referred to in subclause (iii).

Remittance of securities

6(1) If this life income fund holds identifiable and transferable securities, the transfers referred to in this Part may, unless otherwise stipulated in the contract to which this is an addendum, be effected, at the option of the life income fund issuer and with the consent of the owner, by the transfer of any such securities.

(2) Subject to section 2, there may be transferred to this life income fund identifiable and transferable securities, unless otherwise stipulated in the contract to which this is an addendum, if that transfer is approved by the life income fund issuer and consented to by the owner.

Restrictions on transfers

7(1) The money in this life income fund must not be transferred to an insurance company for the purchase of a life annuity unless

(a)there is no differentiation amongst the annuitants on the basis of gender, and

(b)if the member owner has a pension partner,

(i)the life annuity is in the form of a joint and survivor pension as described in section 90(2) of the Act, or

(ii)in the case of a life annuity that is different from the form of pension described in subclause (i), a waiver in Form 11 signed by the member owner's pension partner and provided to the life income fund issuer not more than 90 days before the transfer.

(2) The money in this life income fund must not be transferred to a locked-in retirement account.

Part 3
Death of Owner

Transfers on death of owner who was a pension plan member

8(1) If a member owner of a life income fund dies, the life income fund issuer must pay, by way of a lump sum payment, the money in the life income fund:

(a)to the deceased member owner's surviving pension partner;

(b)if the deceased member owner has no pension partner at the time of death, or if the deceased member owner has a surviving pension partner and a waiver in Form 16, signed by the surviving pension partner has been provided to the life income fund issuer

(i)to the deceased member owner's designated beneficiary, or

(ii)if there is no living designated beneficiary, to the personal representative of the deceased member owner's estate.

(2) A payment under subsection (1) must be made within 60 days after the delivery to the issuer of the documents required to effect the payment.

Transfers on death of pension partner owner

9(1) If a pension partner owner of a life income fund dies, the life income fund issuer must pay, by way of a lump sum payment, the money in the life income fund,

(a)to the pension partner owner's designated beneficiary, or

(b)if there is no living designated beneficiary, to the personal representative of the pension partner owner's estate.

(2) A payment under subsection (1) must be made within 60 days after the delivery to the issuer of the documents required to effect the payment.

Part 4
Withdrawal, Commutation and Surrender

YMPE based lump sum payment

10 The life income fund issuer will, on application, provide to the owner of the life income fund the lump sum amount referred to in section 71(2) of the Act if, at the time of the application,

(a)the balance of the life income fund does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan for the calendar year in which the application is made, or

(b)the owner is at least 65 years of age and the balance of the life income fund does not exceed 40% of the YMPE for the calendar year in which the application is made.

Splitting of contract

11 If this life income fund is not eligible for a lump sum payment option referred to in section 10, assets in the life income fund must not be divided and transferred to 2 or more, life income funds, pension plans or annuities or any combination of them if that transfer would make any one or more of those vehicles eligible for a lump sum payment under section 71(1) or (2) of the Act.

Shortened life payments

12 On application by the owner of this life income fund referred to in section 71(4)(a) of the Act, the life income fund issuer will pay, to the owner, a payment, or series of payments for a fixed term, of all or part of the assets held in the life income fund if

(a)a medical practitioner certifies that the owner has a disability or illness that is terminal or to likely shorten the owner's life considerably, and

(b)at the time of the application, if the owner is a member owner and has a pension partner, a waiver in Form 13 signed by the pension partner has been provided to the life income fund issuer.

Non residency for tax purposes

13 The life income fund issuer will, on application, provide to the owner of the life income fund the lump sum amount referred to in section 71(4)(b) of the Act if,

(a)the owner includes in the application written evidence that the Canada Revenue Agency has confirmed that the owner is a non-resident for the purposes of the *Income Tax Act* (Canada), or

(b)at the time of the application, if the owner is a member owner and has a pension partner, a waiver in Form 13 signed by the pension partner has been provided to the life income fund issuer.

Financial hardship

14 The life income fund issuer will, on application made in accordance with section 140(3) of the Regulation, provide to the owner of the life income fund a lump sum amount, up to the amount prescribed under section 140(5) of the Regulation, if, at the time of the application, the owner meets the requirements of the financial hardship exception set out in section 140(4) of the Regulation.

Annuitant's Name (Please print)	Social Insurance Number	LIF Account Number

Signature of Annuitant

Date

Accepted by:
Canadian Western Trust Company
600 – 750 Cambie Street
Vancouver, BC V6B 0A2

Authorized Signature

TO BE COMPLETED BY THE ANNUITANT:

CURRENT MARITAL STATUS:
(This data is necessary in order to complete prescribed government forms.)

☐ Single ☐ Married ☐ Common law ☐ Divorced ☐ Separated

Spousal Information:

Name: _____

SIN: _____ Birth Date: _____