

PROVINCE OF ALBERTA (FORM 1)
LOCKED-IN RETIREMENT ACCOUNT (LIRA)
ADDENDUM AGREEMENT
CANADIAN WESTERN TRUST COMPANY, TRUSTEE

IMPORTANT NOTES:

This addendum forms an integral part of the LIRA to which it is attached. The provisions of this addendum prevail over other provisions of the LIRA in the event of any conflict or inconsistency. The LIRA (including this addendum) is also subject to section 39 of the Regulation and all other provisions of the Act and the Regulation (excluding this addendum) that apply to LIRAs and in the event of any conflict or inconsistency, that other legislation prevails. This addendum is only a general and abbreviated description of the legal rights and obligations relating to the LIRA vehicle and as such may not necessarily reflect fully or accurately the rights and obligations in the legislation. It should be noted that there are transitional arrangements in place covering mainly the period between August 2006 and the end of 2007, that are not necessarily reflected in this addendum, and that may also affect relationships with LRIFs.

(in this addendum referred to as “the owner”)

(insert name of LIRA owner)

certify that I am:

- the original owner
- a surviving pension partner owner
- a non-member-pension partner owner as defined in paragraph 1 of this addendum.

[Please check the box that applies to you.]

With respect to Alberta locked-in money to which the LIRA of which this addendum forms part applies, I, the owner, and we, Canadian Western Trust Company (in this addendum referred to as “the LIRA issuer”), having signed the LIRA agreement to which this addendum is attached, agree that the provisions set out in this addendum constitute fundamental terms of the contract between us and agree to comply with those provisions, subject to the above-mentioned legislation.

Part 1
General Provisions

Interpretation

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) “the Act” means the *Employment Pension Plans Act* of Alberta, “the Regulation” means the *Employment Pension Plans Regulations* (Alberta regulation 35/2000) under that Act, and “EPPA/R” means either or both, as applicable, all as amended to the time as of which the legislation is being interpreted;
- (b) “acknowledged” means, in relation to a financial institution, currently acknowledged under section 38 of the Regulation in relation to LIRAs or LIFs, as applicable;
- (c) “Alberta locked-in money” means money in a pension plan, LIRA or LIF

- (i) that
 - (A) originally belonged to a member who terminated membership in Alberta,
 - (B) belongs to a surviving pension partner of
 - (I) a member who died while employed in Alberta,
 - (II) a former member who terminated membership while employed in Alberta,
or
 - (III) the original owner of a LIRA,

or

- (C) belongs to a non-member-pension partner owner owing to the application of Part 4 of the legislation and originally belonged to a member who was employed in Alberta at the end of the period of joint accrual referred to in section 57(a) of the Regulation,

and

- (ii) with respect to which the locking-in requirements of the legislation are still required to be met;
- (d) “annuity” means a non-commutable life annuity contract issued or to be issued by an insurance business licensed to do business in Canada that meets the conditions in paragraph 60(1) of the federal *Income Tax Act* and will not commence before the annuitant reaches age 50;
- (e) “DC RIA” (an acronym for defined contribution retirement income account) means an account created under defined contribution provisions of a pension plan that provides the benefits referred to in section 46(8) of the Act and that exists to provide retirement income under section 46.1 of the Regulation;
- (f) “DC RIA benefits” means the benefits referred to in clause (e);
- (g) “financial institution” means the issuer of a LIRA (including this one) or a LIF, as the case may be and, where the context relates to an annuity, includes an insurance business referred to in clause (d);
- (h) “Form”, followed by a number, means the form in Schedule 1 to the Regulation corresponding to that number;
- (i) “non-member-pension partner owner” means a pension partner who owns this LIRA as a result of the application of the marriage breakdown / matrimonial property order / agreement rules in EPPA/R;

- (j) “Option”,
 - (i) followed by the numeral “1”, means the option in Part 1 of **Form 6** agreeing to the unlocking of up to 50% of commuted value or the value of the vehicle account in question,
 - (ii) followed by the numeral “2”, means the option in Part 1 of **Form 6** giving up the right to receive the minimum 60% survivor payments, and
 - (iii) followed by the numeral “3”, means the option in Part 2 of **Form 6** giving up all rights as automatic designated beneficiary;
- (k) “original owner” means the individual who was the member or former member of a pension plan and who made a transfer under section 30(5) or 38 of the Act or section 39, 40, 41 or 46.1 of the Regulation at any time, the assets deriving from which transfer are now held in this LIRA;
- (l) “owner” means the original owner, a surviving pension partner owner or a non-member-pension partner owner;
- (m) “paragraph” and “Part” mean a paragraph and a Part, respectively, of this addendum;
- (n) “pension partner” means, in relation to an original owner,
 - (i) a person who, at the relevant time, was married to that original owner and had not been living separate and apart from that original owner for 3 or more consecutive years, or
 - (ii) if there is no such married person, a person, if there is any, who, immediately preceding that time, had lived with that original owner in a conjugal relationship
 - (A) for a continuous period of at least 3 years, or
 - (B) of some permanence, if there is a child of the relationship by birth or adoption,
 but does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the federal income tax legislation respecting RRSPs;
- (o) “retirement income commencement” means the time when the former member or original owner initially transfers or transferred the money from a pension plan or a LIRA to a LIF, a DC RIA or an LRIF (before its abolition);
- (p) “surviving pension partner owner” means an individual who made a transfer of money under section 39(6) of the Act or section 39(27) of the Regulation;

(2) Terms used in this addendum and not defined in subparagraph (1) but defined generally in EPPA/R have the meanings assigned to them in EPPA/R.

(3) Reference in this addendum to the execution of a waiver also requires the provision of it to the applicable pension plan administrator or financial institution for it to be effective.

Voluntary disposition

2 In general, the owner may not assign or otherwise voluntarily dispose of this LIRA and any rights or obligations under it to another person, but this is subject to the exceptions dealt with later.

Involuntary access

3(1) In general, the money in this LIRA may not be seized, attached or otherwise taken by another person, except that the money is subject to the provisions of the *Maintenance Enforcement Act* and the marriage breakdown rules.

(2) The exceptions referred to in subparagraph (1) will or may continue to apply if the money is transferred from this LIRA to another financial vehicle.

General rule on early withdrawal, etc.

4 No early voluntary withdrawal, commutation or surrender of money in this LIRA will be permitted except in accordance with Part 4 or the transitional (temporary) maximum 50% unlocking option in Schedule 1.1 of the Regulation.

Locking in

5 Money that is not Alberta locked-in money will not be transferred to or continue to be held in this LIRA.

Investment

6 The money in this LIRA will be invested in a manner that complies with the rules for the investment of RRSP money contained in the federal income tax legislation.

Retirement income

7(1) All the money in this LIRA, including investment earnings, is to be used ultimately to obtain an annuity or retirement income that is required or permitted by EPPA/R.

(2) The annuity or retirement income ultimately to be obtained for an original owner with a pension partner at the time payment of that income commences is to be at least on a 60% joint life basis that satisfies section 40 of the Act, unless that pension partner executes Option 2 of the **Form 6** waiver.

Splitting of contract

8 This LIRA, if not eligible for the payment allowed by paragraph 21, may not be split so as to change it into 2 or more LIRAs. LIFs, DC RIAs or annuities or any combination of them that would make any of them so eligible.

Pension partner waiver

9 A pension partner may be entitled to money from this LIRA on the death of the original owner but, while the original owner is still alive, the pension partner may waive entitlement to that money by executing **Form 3**.

Disclosure statements

10(1) The LIRA issuer will provide to the owner, at least annually, a statement showing

- (a) the LIRA account balance at the beginning and the end of the period covered by the statement, and
- (b) the investment gains and losses earned in, the amounts transferred into, the payments made out of, and the fees charged against, the account in that period.

(2) Where money is paid out from this LIRA, the LIRA issuer will provide to the owner a statement showing

- (a) the LIRA account balance at the beginning of the period covered by the statement and at the date of the payment out, and
- (b) the matters specified in subparagraph (1)(b).

Part 2 Transfers In and Transfers and Payments Out of LIRA

Transfer-in requirements

11(1) The LIRA issuer

- (a) warrants to the owner that it is, and will make every endeavour while this contract exists, to remain on the Superintendent's list of acknowledged financial institutions for LIRAs, and
- (b) will ensure that only Alberta locked-in money is transferred to this LIRA.

(2) A transfer to this LIRA may be made only from

- (a) the non-DC RIA portion of a plan or another LIRA, or
- (b) an old locked-in RRSP under an agreement under the predecessor legislation of 1966.

Transfer to other vehicles

12 A transfer of money from this LIRA is permitted to be made only to

- (a) the non-DC RIA portion of a plan on a locked-in basis,
- (b) a DC RIA,

- (c) another LIRA,
- (d) a LIF, or
- (e) an annuity.

Transfer-out requirements

13(1) The LIRA issuer will not transfer money from this LIRA unless, to the extent applicable, it

- (a) has ascertained that the transferee financial institution, if issuing a LIRA or LIF, is on the appropriate Superintendent's acknowledgement list,
- (b) has ascertained that the transferee pension plan will treat the money as Alberta locked-in money,
- (c) has advised the transferee financial institution or pension plan administrator that the money being transferred is Alberta locked-in money,
- (d) provides that transferee with a certified copy,
 - (i) if the transfer is being made to another LIRA or the non-DC RIA portion of a pension plan by an original owner who has a pension partner at the time of the transfer who has previously executed a **Form 3** waiver, of that waiver, or
 - (ii) if the transfer is being made to a LIF, a DC RIA or an annuity other than a minimum 60% joint life annuity by an original owner with a pension partner at the time of the transfer, of an executed Option 2 of the **Form 6** waiver,
- (e) has provided the owner with a statement under paragraph 10(2), and
- (f) if the transfer is to a LIF, DC RIA or annuity, has offered the owner the maximum 50% unlocking option provided for in Schedule 1.1 to the Regulation subject, if the owner is an original owner with a pension partner at the time of the transfer, to the pension partner's having previously exercised Option 1 of the **Form 6** waiver,

and the LIRA issuer will otherwise ensure that the EPPA/R rules on transfers out are obeyed.

(2) Unless a pension partner referred to in subparagraph (1)(d)(ii) executes Option 2 of the **Form 6** waiver, that pension partner is the designated beneficiary for any death benefit.

(3) Where an Option 1 of the **Form 6** waiver was executed, the LIRA issuer will keep a certified copy of it.

Potential consequences of breach

14 If the LIRA issuer disobeys any of the requirements in paragraph 13(1), it may have to fund the recipient vehicle (again if need be) to ensure that those entitled to the benefits of the recipient vehicle receive them in the form and manner required by EPPA/R.

General liability on payment out

15 If money is paid out to an individual pension contrary to EPPA/R, the LIRA issuer will ensure the provision of appropriate income to the owner, in accordance with EPPA/R, as if that legislation has not been breached.

Prohibition against double indemnity

16 Where the owner, as a result of EPPA/R, obtains, in effect, a double payment or a payment as well as a continuing interest in the LIRA, the owner may be liable to repay amounts to which EPPA/R did not entitle him/her.

Federal tax legislation requirements

17 Without mention of other provisions of the federal tax legislation to which a transfer is or may be subject, any transfer made under paragraph 13(1) is subject to paragraph 146.3(2)(e.1) or (e.2) of the federal *Income Tax Act*.

Remittance of securities

18 Where this LIRA holds identifiable and transferable investment securities, the transfers out referred to in this Part may, unless otherwise stipulated, at the option of the LIRA issuer and with the consent of the owner, be effected by the remittance of any such securities.

Part 3 Death of Owner

Disposition of balance on death

19(1) Within 60 days after the delivery to the LIRA issuer of the documents required by it following the death of the original owner with a surviving pension partner who has not executed the **Form 3** waiver, the LIRA balance will be transferred, subject to paragraph 13, on that surviving pension partner's behalf to

- (a) a LIRA,
- (b) a LIF,
- (c) an annuity that is not a minimum 60% joint life annuity, or
- (d) a pension plan on a locked-in basis,

as that surviving pension partner chooses.

(2) Within 60 days after the delivery to the LIRA issuer of the documents required by it following the death of the owner other than an owner referred to in subparagraph (1), the LIRA balance will be paid to the original owner's designated beneficiary or, if there is no valid designation of beneficiary, to the original owner's estate as a cash lump sum.

Part 4
Withdrawal, Commutation and Surrender

YMPE based lump sum payment

- 21** The LIRA issuer will on application make a lump sum payment of the whole LIRA balance,
- (a) at any time if the LIRA balance does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan for the year in which the application is made, or
 - (b) if the owner is at least 65 and the value of the LIRA does not exceed 40% of the YMPE for the year in which the application is made.

Non-residency for tax purposes

- 22** The LIRA issuer will make a lump sum payment of the entire LIRA balance if the owner applies to it with written evidence that the Canada Revenue Agency has confirmed that the owner is a non-resident for the purposes of the federal tax legislation and, where that owner is an original owner who has a pension partner at the time when the application is made, if such a pension partner has executed a **Form 5** waiver.

Life threatening condition

- 23** The LIRA issuer will on application make a lump sum payment to the owner of the entire LIRA balance or an equivalent series of payments if a physician certifies that the owner has a terminal illness or that due to a disability the owner's life is likely to be considerably shortened, but the LIRA issuer may make the payment or payments, in the case of an original owner who has a pension partner at the time when the application for payment is made, only if such a pension partner has executed a **Form 5** waiver.

Financial hardship

- 24** The LIRA issuer will make a lump sum payment or a series of payments, on application to the LIRA issuer by the owner, if the owner has previously applied to the Superintendent for a release of all or part of the money due to financial hardship and the Superintendent has given written consent to that application.

Part X.1 of federal tax legislation

- 25** The owner may withdraw from this LIRA such amount of money as is required to be paid to the owner to reduce the amount of tax otherwise payable under Part X.1 of the federal *Income Tax Act*.