

LIFE INCOME FUND (LIF) ENDORSEMENT

Pursuant to the *Pension Benefits Standards Act, 1985 (Canada)*

Plan Issuer – BMO Life Assurance Company

Administrative and Services Office: 250 Yonge Street, 8th Floor
Toronto, ON M5B 2M8

POLICYOWNER NAME: _____

POLICY #: _____

Upon receipt of locked-in pension assets pursuant to the *Pension Benefits Standards Act, 1985 (Canada)*, and in accordance with your instructions to transfer the assets to a federal life income fund under section 20.1 of the *Pension Benefits Standards Regulations, 1985 (Canada)*, you and we agree that this Endorsement is incorporated in and made a part of the Contract. The Contract consists of the Policy Provisions, the application, the RIF Endorsement in the Policy Provisions, this Endorsement and any written amendments thereto. If there is a conflict between this Endorsement and the Policy Provisions for the Contract, this Endorsement overrides any Policy Provisions that are inconsistent with it.

1. **Pension Legislation.** For the purposes of this Endorsement, the word “Act” means the *Pension Benefits Standards Act, 1985 (Canada)* and the word “Regulation” means the *Pension Benefits Standards Regulations, 1985 (Canada)* made under the Act.
2. **Definitions.** In this Endorsement, unless otherwise defined herein, capitalized words shall have the same meaning as in the Policy Provisions of the Contract. Please remember that in this Endorsement, “you” and “your” refer to the Policyowner of the Contract and “we”, “us”, “our” and “BMO Insurance” refer to BMO Life Assurance Company. The terms “life income fund”, “locked-in registered retirement savings plan”, “pension benefit”, “pension plan”, “registered pension plan”, “restricted life income fund”, “restricted locked-in savings plan” and “Year’s Maximum Pensionable Earnings” have the same meaning as under the Act or Regulation. “Locked-In Assets” means any property, including the income thereon, the proceeds thereof, and cash, held under the Contract from time to time.
3. **Spouse.** The word “spouse” means a person who,
 - (a) at the relevant time,
 - (i) is married to you, or
 - (ii) is party to a void marriage with you; or
 - (b) if there is no person in subsection (a),
 - (i) is cohabiting with you in a conjugal relationship, having so cohabited with you for at least one (1) year.

Notwithstanding anything to the contrary contained in the Contract, for the purposes of any provision of the *Income Tax Act (Canada)* respecting registered retirement income funds, “spouse” does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act (Canada)*.

4. **Transfers from the Contract.** The Locked-in Assets may only be:
 - (a) transferred to another life income fund or to a restricted life income fund;
 - (b) transferred to a locked-in registered retirement savings plan; or
 - (c) used to purchase an immediate life annuity or a deferred life annuity.
5. **Withdrawal Due to Shortened Life Expectancy.** Locked-in Assets may be paid to you in a lump sum where a physician certifies, in a form satisfactory to us, that your life expectancy is likely to be shortened considerably due to mental or physical disability.
6. **Withdrawal Where Non-Resident.** Locked-In Assets may be paid to you if, according to information provided in a form satisfactory to us, the following conditions are met:
 - (a) you are a non-resident of Canada;
 - (b) you have been a non-resident of Canada for at least two calendar years; and

- (c) you have ceased employment with the employer who was contributing to the pension plan which gave rise to the locked-in pension benefit credits.

For the purposes of this section 6, you shall be deemed to have been a resident of Canada throughout a calendar year if you have sojourned in Canada in the year for a period of, or periods the total of which is, 183 days or more.

7. **Withdrawal Where Small Amount.** The Locked-In Assets may be paid to you in a lump sum, in the calendar year in which you reach 55 years of age or in any subsequent calendar year, if:

- (a) you certify that the total value of all assets in all locked-in registered retirement savings plans, life income funds, restricted locked-in savings plans and restricted life income funds that were created as a result of the transfer of pension benefit credits under section 26 of the Act or a transfer authorized by the Regulation is less than or equal to 50% of the Year's Maximum Pensionable Earnings, and
- (b) you give a copy of Form 2 and Form 3 of Schedule V of the Regulation to us.

8. **Withdrawal Where Financial Hardship.** You may withdraw Locked-in Assets in an amount up to the lesser of the amount determined by the formula $M + N$ and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this section 8, from any life income fund or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulation, if:

- (a) you certify that you have not made a withdrawal in the calendar year under this section 8, from any life income fund or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulation other than within the last 30 days before this certification;
- (b) in the event that the value of M is greater than zero,

(A) you certify that you expect to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of your total expected income for that calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year under this section 8, from any life income fund or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulation, and

(B) a physician certifies that such medical or disability-related treatment or adaptive technology is required; and

- (c) you give a copy of Form 1 and Form 2 of Schedule V of the Regulation to us.

For the purposes of this section 8:

M is the total amount of the expenditures that you expect to make on medical or disability-related treatment or adaptive technology for the calendar year, and

N is the greater of zero and the amount determined by the formula

$$P - Q$$

where

P is 50% of the Year's Maximum Pensionable Earnings, and

Q is two thirds of your total expected income for the calendar year determined in accordance with the *Income Tax Act* (Canada), excluding withdrawals in the calendar year under this section 8, from any life income fund or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulation.

9. **Amount of Annual Income.** For any calendar year before the calendar year in which you reach 90 years of age, the amount of income paid out of the Contract will not exceed the amount (the "**Maximum Amount**") determined by the formula:

$$\frac{C}{F}$$

where

C = the balance of the Locked-In Assets

- (i) at the beginning of the calendar year, or

- (ii) if the amount determined under subparagraph (i) is zero, at the date when the initial amount was transferred into the Contract; and
- F = the value, as at the beginning of the calendar year, of a pension benefit of which the annual payment is \$1, payable on January 1 of each year between the beginning of that calendar year and December 31 of the year in which you reach the age of 90 years, established using an interest rate that
- (i) for the first 15 years after January 1 of the year in which the Contract is valued, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the second month before the beginning of the calendar year, and
 - (ii) for any subsequent year, is not more than 6 per cent.
10. **Annual Income in Initial Calendar Year.** For the calendar year in which the Contract is entered into, the Maximum Amount or the amount determined pursuant to section 11 of this Endorsement, as the case may be, shall be multiplied by the number of months remaining in that year and then divided by 12, with any part of an incomplete month counting as one month. If, at the time the Contract was established, part of the Contract was composed of funds that had been held in another life income fund of yours earlier in the calendar year in which the Contract was established, the Maximum Amount or the amount determined pursuant to section 11 of this Endorsement, as the case may be, is deemed to be zero in respect of that part of the Contract for that calendar year.
11. **Where Policyowner 90 Years Old or Greater.** For the calendar year in which you reach 90 years of age and for all subsequent calendar years, the amount of income paid out of the Contract shall not exceed the value of the Locked-In Assets immediately before the time of payment.
12. **Amount and Frequency of Payments.** You must notify us by instructions of the amount and frequency of the payments for each calendar year. If you do not give instructions as to the amount of the payments or instruct an amount less than the minimum amount for the calendar year, the minimum amount prescribed for a registered retirement income fund under the *Income Tax Act* (Canada) will be paid. If you do not give instructions as to the frequency of the payments, the amount will be paid in one payment at the end of the calendar year.
- The instructions must be given within a reasonable time prior to the beginning of the calendar year to which they relate, or at another time if we agree. The instructions expire at the end of the calendar year to which they relate. With our consent, you may change the amount and frequency of the payments or request additional payments by instructing us.
- You must give us instructions as to which of the Locked-In Assets to sell where required in order to ensure there is sufficient cash in the Contract to make the payments. If we do not receive the instructions within a reasonable time before a payment is required, we may sell any of the Locked-In Assets that we, in our discretion, consider appropriate to provide the required cash; and we will not be liable for any loss that may result from this action, including but not limited to investment losses or diminution of the Locked-In Assets, or for any related investment or administration expenses.
13. **Death of the Policyowner.** On your death:
- (a) If you are a member or former member of the pension plan from which the Locked-In Assets originate and are survived by a spouse, the Death Benefit shall be paid to the spouse by:
 - (i) transferring the funds to another life income fund or to a restricted life income fund;
 - (ii) using the funds to purchase an immediate life annuity or a deferred life annuity; or
 - (iii) transferring the funds to a locked-in registered retirement savings plan.
 - (b) If, as of the date of your death, the provisions of subsection (a) above do not apply, the Death Benefit shall be:
 - (i) paid to your designated Beneficiary or Beneficiaries in accordance with the Contract, or,
 - (ii) if no Beneficiary has been designated in accordance with the Contract, paid to your estate.
14. **Indemnity.** Should we be required to make payments or to provide an annuity or a pension as a result of any Locked-In Assets being paid out or transferred otherwise than in accordance with the provisions of this

Endorsement, the Regulation or as may be required by applicable law, you will indemnify us and hold us harmless to the extent that Locked-In Assets were previously received by or accrued to the benefit of any person. This indemnity will be binding upon your legal representatives, successors, heirs and assigns.

15. **Investment and Valuation of Locked-In Assets.** The Locked-In Assets shall be invested and re-invested on your direction as provided in the Policy Provisions of the Contract. The value of the Locked-In Assets will be the Market Value of the Contract, as defined in the Policy Provisions of the Contract. Upon transfer of the Locked-In Assets as described in section 4 of this Endorsement, the value of the Locked-In Assets shall be determined as of the date of transfer. Upon your death, the value of the Death Benefit shall be determined in accordance with the Policy Provisions of the Contract as of the Death Benefit Date.
16. **No Assignment, etc.** The Locked-In Assets in the Contract will not be assigned, charged, anticipated or given as security except as permitted by section 25(4) of the Act. Any transaction in contravention of this section 16 of this Endorsement is void.
17. **Transfers and Payments; Terms of Investments.** All transfers and payments from the Contract are subject to the terms of the Policy Provisions and will be subject to the withholding of any applicable tax and deduction of all sales charges, withdrawal fees and other fees and charges as set out in the Contract. Transfers and payments may be made in cash or in kind, in accordance with your instructions and subject to the terms of the Contract.
18. **Restriction on Type of Annuity.** Where a pension benefit credit transferred to the Contract was not varied according to the sex of the plan member, an immediate life annuity or a deferred life annuity purchased with the Locked-In Assets shall not differentiate as to sex.

Determination of Commuted Value on the Basis of Sex. Was the commuted value of the pension benefit that was transferred into the Contract under section 26 of the Act determined in a manner that differentiated on the basis of sex? YES <input type="checkbox"/> NO <input type="checkbox"/>

BMO Life Assurance Company

Policyowner

Print Full Name

Print Full Name

Signature of Authorized Person

Signature of Policyowner

Date

Date