

LIFE INCOME FUND (LIF) ENDORSEMENT

Pursuant to the *Pension Benefits Act (New Brunswick)*

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 Act (New Brunswick)*, and in accordance with your instructions to transfer the assets to a New Brunswick life income fund, 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 Act (New Brunswick)* and the word “Regulation” means the *General Regulation-Pension Benefits Act (New Brunswick)* 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 for 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 “common-law partnership”, “former member”, “life income fund”, “locked-in retirement account”, “pension”, “pension plan”, “retirement savings arrangement” and “Superintendent” 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 or Common-Law Partner.** The word “spouse” means either of two persons who:
 - (a) are married to each other;
 - (b) are married to each other by a marriage that is voidable and has not been voided by a declaration of nullity; or
 - (c) have gone through a form of marriage with each other in good faith that is void and have cohabited within the preceding year.

The word “common-law partner” means:

- (a) in the case of the death of a member or former member, a person who, not being married to the member or former member, was cohabiting in a conjugal relationship with the member or former member at the time of the death of the member or former member and was cohabiting in a conjugal relationship with the member or former member for a continuous period of at least two years immediately before the death of the member or former member;
- (b) in the case of the breakdown of a common-law partnership, a person who, not being married to the member or former member, was cohabiting in a conjugal relationship with the member or former member for a continuous period of at least two years immediately before the date of the breakdown of the common-law partnership; or
- (c) in any other case, a person who, not being married to a member or former member at the particular time under consideration, is cohabiting in a conjugal relationship with the member or former member at that time and who has so cohabited for a continuous period of at least two years immediately before that time.

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” or “common-law partner”

do not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

4. **Transfers Into the Contract.** The only money that may be transferred into the Contract are sums originating, directly or indirectly, from:
 - (a) the fund of a pension plan that conforms with the Act and the Regulation or with similar legislation in another jurisdiction, if the money is being transferred under section 36 of the Act or under a similar provision in legislation in another jurisdiction;
 - (b) another retirement savings arrangement that conforms with the Act and the Regulation; or
 - (c) a life or deferred life annuity under a contract that conforms with the Act and the Regulation.

Before accepting a transfer of money into the Contract under subparagraph 36(1)(a)(ii) of the Act or subsection 36(1.1) of the Act, we shall complete Part III of Form 3.2 under the Regulation and ensure that you and the administrator have completed the appropriate portions of Parts I and II of Form 3.2 under the Regulation. We shall not accept a transfer of money into the Contract under subparagraph 36(1)(a)(ii) of the Act or subsection 36(1.1) of the Act unless we have complied with this requirement. We shall retain copies of Form 3.2 until ninety-three years after your birth.

5. **Differentiation on the Basis of Sex.** If the information provided on Form 3.2 of the Regulation indicates that the commuted value transferred was determined on transfer in a manner that differentiated, while you were a member of the pension plan, on the basis of your sex, the only money that may be subsequently transferred into the Contract is money that is also differentiated on the same basis.

No Locked-In Assets, including interest, transferred under subparagraph 36(1)(a)(ii) of the Act or subsection 36(1.1) of the Act to the Contract shall subsequently be used to purchase a life or deferred life annuity that differentiates on the basis of your sex, unless the commuted value of the deferred pension transferred from the pension plan into the Contract was determined on transfer in a manner that differentiated, while you were a member of the pension plan, on the basis of your sex.

6. **Conversion to Annuity Prior to Maturity.** Except as provided for elsewhere in the Regulation or this Endorsement, the balance of the Locked-In Assets in the Contract, in whole or in part, may be converted at any time only into a life or deferred life annuity that conforms to section 23 of the Regulation.
7. **Transfers Out of the Contract.** Unless the Contract provides for an early cashing-in value before the expiration of the term agreed to for the investment, you are entitled at any time after the term has expired:
 - (a) to transfer before a conversion referred to in subsection (b), the balance of the Locked-In Assets in the Contract, in whole or in part, to the pension fund of a pension plan that conforms with the Act and the Regulation or with similar legislation in another jurisdiction or to a retirement savings arrangement that conforms with the Act and the Regulation; or
 - (b) to convert the balance of the Locked-In Assets in the Contract, in whole or in part, into a life or deferred life annuity that conforms with section 23 of the Regulation.

You shall not be entitled to make a transfer under subsection (a) of this section 7 to a pension plan that is not registered in New Brunswick unless the pension plan is registered for persons employed in a designated jurisdiction, and you are employed in that jurisdiction by an employer who is making contributions on your behalf to the pension fund that is to receive the amount to be transferred.

Before transferring Locked-In Assets pursuant to this section 7, we shall complete Part II of Form 3.2 of the Regulation and ensure that you and the transferee have completed the appropriate portions of Part I of Form 3.2 of the Regulation. We shall not transfer money to a retirement savings arrangement under this section 7 unless the financial institution that the money is being transferred to is registered as the trustee of the retirement savings arrangement, and Form 3.2 of the Regulation, completed in accordance with the Regulation, is forwarded with the money to the transferee.

We shall retain copies of Form 3.2 of the Regulation until ninety-three years after your date of birth.

8. **Requirement to Pay Annual Income.** You shall be paid an income, the amount of which may vary annually, until the day on which the entire balance of the Locked-In Assets in the Contract is converted into a life annuity.
9. **Commencement of Annual Income.** Payment of the income to you shall commence no later than the last day of the second fiscal year of the Contract.

10. **Fiscal Year of the Contract.** The fiscal year of the Contract shall end at midnight on the thirty-first day of December in each year and shall not exceed twelve months in length.
11. **Establishing Amount and Frequency of Payments.** The amount of income payable during each fiscal year of the Contract shall be as established by you once every year at the beginning of the fiscal year of the Contract.
12. **Amount of Annual Income.** Subject to sections 13, 14 and 15 of this Endorsement, the amount of income payable under the Contract during a fiscal year of the Contract shall not be more than “M” or less than “m”, where “M” and “m” are calculated using the following formulas:
- M = C/F; and
m = C/H
- and where
- C = the balance of the Locked-In Assets in the Contract on the first day of the fiscal year;
F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is \$1 payable on the first day of each fiscal year between the first day of the fiscal year and the thirty-first day of December, inclusive, of the year in which you attain the age of ninety years; and
H = the number of years between the first day of January of the year in which the calculation is made and the thirty-first day of December of the year in which you attain the age of ninety years, inclusive.
13. **Value of “m” in First Fiscal Year.** For the purposes of section 12 of this Endorsement, for the first fiscal year of the fund, “m” shall be equal to zero.
14. **Value of “M” in First Fiscal Year.** If the Locked-In Assets in the Contract are derived from money transferred directly or indirectly during the first fiscal year of the Contract from another life income fund of yours, “M” shall be equal to zero.
15. **Income Calculation.** The value of “F” in a calculation under section 12 of this Endorsement shall be established by you and us at the beginning of each fiscal year of the Contract using:
- an interest rate of not more than six per cent per year, or
 - for the first fifteen years after the valuation of the Contract, an interest rate exceeding six per cent per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the calendar year in which the calculation is made, as published in the *Bank of Canada Review* as CANSIM Series B14013, and using an interest rate not exceeding six per cent per year in subsequent years.
16. **Transfer to RRIF.** Notwithstanding section 12 of this Endorsement, you may request that the Superintendent approve the transfer of an amount from the Contract to a registered retirement income fund as defined in the *Income Tax Act* (Canada) that is not a life income fund by filing with the Superintendent completed Forms 3.3 and 3.4 of the Regulation, and the Superintendent shall approve the transfer if:
- an amount has never previously been transferred under this section 16 of the Endorsement on your behalf; and
 - the amount to be transferred is not greater than the maximum unlocking amount.
17. **Account Statements.** At the beginning of the fiscal year of the Contract, until the date on which all the Locked-In Assets in the Contract are converted into a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, we shall provide you a statement indicating:
- the amount of money deposited, its source, the accumulated earnings of the Contract and the withdrawals from the Contract during the immediately preceding fiscal year;
 - any fees deducted since the preparation of the previous such statement and the balance of the Locked-In Assets at the beginning of the fiscal year of the Contract;
 - the maximum amount that may be paid to you as income during the fiscal year; and
 - the minimum amount that must be paid to you as income during the fiscal year.

If you die before the conversion of the balance of the Locked-In Assets in the Contract into a life annuity, we shall provide your spouse, common-law partner, Beneficiary, administrator or executor, as the case may be,

with a statement containing the information listed in subsections (a) and (b) of this section 17, determined as of the date of your death.

If the balance of the Locked-In Assets is, under a contract, converted to a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and the Regulation or to similar legislation in another jurisdiction, we shall provide you with a statement containing the information listed in subsections (a) and (b) of this section 17, determined as of the date of the conversion or transfer.

18. **Overcontribution Penalty Tax.** You may withdraw an amount of Locked-In Assets from the Contract if:
 - (a) the amount is withdrawn to reduce the amount of tax that would otherwise be payable under Part X.1 of the *Income Tax Act* (Canada) by you, and
 - (b) we, notwithstanding section 20 of the Regulation, establish a sub-account, that is not a registered retirement income fund, of the Contract, and you deposit the amount withdrawn, less any amount required to be withheld by us under the *Income Tax Act* (Canada), into the sub-account.
19. **Withdrawal Where Shortened Life Expectancy.** You may withdraw the balance of the Locked-In Assets in the Contract, in whole or in part, and receive a payment or a series of payments if:
 - (a) a physician certifies in writing to us that you suffer from a significant physical or mental disability that considerably reduces life expectancy, and
 - (b) if you have a spouse or common-law partner, you deliver to us a waiver completed by the spouse or common-law partner in Form 3.01 of the Regulation.
20. **Withdrawal Where Non-Resident.** You may withdraw the balance of the Locked-In Assets if:
 - (a) you and your spouse or common-law partner, if any, are not Canadian citizens;
 - (b) you and your spouse or common-law partner, if any, are not resident in Canada for the purposes of the *Income Tax Act* (Canada); and
 - (c) your spouse or common-law partner, if any, waives, on Form 3.5 of the Regulation, any rights that he or she may have under the Act, the Regulation or the Contract.
21. **Commutated Value on Breakdown of a Marriage or Common-Law Relationship.** The commuted value of your benefits provided under the Contract shall be determined in accordance with the Act and the Regulation if it is divided under section 44 of the Act.
22. **Marriage Breakdown Provisions.** Sections 27 to 33 of the Regulation apply with necessary modifications to the division of the Locked-In Assets in the Contract on the breakdown of a marriage or common-law partnership.
23. **No Assignment etc.** The Locked-In Assets, including interest, shall not be assigned, charged, anticipated, given as security or subjected to execution, seizure, attachment or other process of law except under section 44 or subsection 57(6) of the Act. Any transaction in contravention of this section 23 is void.
24. **No Commutation or Surrender.** The Locked-In Assets, including interest, shall not be commuted or surrendered during your lifetime except under section 18 or 19 of this Endorsement, section 44 of the Act or subsection 57(6) of the Act. Any transaction in contravention of this section 24 is void.
25. **Death of the Policyowner.** If you die before signing a contract under which an annuity is purchased under section 6 of this Endorsement, the Death Benefit shall be paid:
 - (a) to your spouse or common-law partner, unless your spouse or common-law partner waives on Form 3.02 of the Regulation all rights that he or she may have under the Act, the Regulation or this Contract;
 - (b) if you have a spouse or common-law partner who has waived all rights under subsection (a) or if you do not have a spouse or common-law partner, to a Beneficiary or Beneficiaries on death designated by you; or
 - (c) if you have a spouse or common-law partner who has waived all rights under subsection (a) or if you do not have a spouse or common-law partner and you have not designated a Beneficiary on death, to your estate.

26. **Timing of Transfers.** Unless the Contract provides for an early cashing-in value before the expiration of the term agreed to for the investments, if there are Locked-In Assets that may be transferred under subsections 7(a) or 28(a) of this Endorsement, such funds shall be transferred no more than 30 days after your application for the transfer.
27. **Amendment.** An amendment to the Endorsement shall not be made:
- (a) that would result in a reduction of the benefits arising from the Contract unless you are entitled, before the effective date of the amendment, to transfer the balance of the Locked-In Assets in the Contract in accordance with section 7 of this Endorsement and, unless a notice is delivered to you at least 90 days before the effective date, describing the amendment and the date on which you may exercise the entitlement to transfer,
 - (b) unless the Endorsement as amended remains in conformity with the Act and the Regulation; or
 - (c) except to bring the Contract into conformity with requirements under an Act of the New Brunswick Legislature or other legislation in another jurisdiction.
28. **Investment 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.
29. **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 taxes 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.

BMO Life Assurance Company

Policyowner

Name of Authorized Person

Print Full Name

Signature of Authorized Person

Signature of Policyowner

Date

Date

**RECORD OF TRANSFER OF
LOCKED-IN RETIREMENT FUNDS**

*(General Regulation - Pension Benefits Act, ss.21(8.1) and
(8.2))*

PART ITransferee Information (To be completed by the transferee)

Financial Institution (Trustee for LIRA, LIF or Annuity) or Pension Plan
Administrator

Address City Province Postal Code

(_____) _____
Telephone

Broker named in LIRA or LIF (_____) _____
(if any) Telephone

Address City Province Postal Code

Type of fund to which assets are being transferred:
LIRA ___ LIF ___ Annuity ___ Pension Plan _____

CCRA Registration Number N.B. Registration Number

Name of Retirement Savings Arrangement or Pension Plan

Owner Information (To be completed by the transferee)

Name Social Insurance Number

Address City Province Postal Code

Date of Birth (_____) _____
 Telephone

Owner's Account Number with Transferee

Transferee Agreement (To be completed by the transferee)

As the **financial institution** or **pension plan** to receive the assets as trustee, the assets shall only be accepted if the assets are transferred in compliance with the *Pension Bene-*

**DOSSIER DU TRANSFERT DES FONDS DE
RETRAITE IMMOBILISÉ**

*(Règlement général - Loi sur les prestations de pension, art.
21(8.1) et (8.2))*

PARTIE IRenseignements sur le cessionnaire (Doit être rempli par le cessionnaire)

Institution financière (fiduciaire pour un CRI, FRV ou une rente) ou administrateur d'un régime de pension

Adresse Ville Province Code Postal

(_____) _____
Téléphone

Nom du courtier du CRI ou FRV (_____) _____
(le cas échéant) Téléphone

Adresse Ville Province Code Postal

Type de fonds auquel les éléments d'actif sont transférés :
CRI ___ FRV ___ Rente ___ Régime de pension _____

Numéro d'enregistrement Numéro d'enregistrement
du ADRC du N.-B.

Nom de l'arrangement d'épargne-retraite ou du régime de pension

Renseignements sur le propriétaire (Doit être rempli par le cessionnaire)

Nom Numéro d'assurance sociale

Adresse Ville Province Code Postal

Date de naissance (_____) _____
 Téléphone

Numéro de compte du propriétaire auprès du cessionnaire

Entente du cessionnaire (Doit être rempli par le cessionnaire)

En tant qu'**institution financière** ou **régime de pension** qui reçoit les éléments d'actif à titre de fiduciaire, les éléments d'actif doivent seulement être acceptés s'ils sont transférés

NOTE:

- (a) This form is to be completed in triplicate.
- (b) After Part I is completed, forward this form, in triplicate, to the Transferor for completion of Part II.

PART II (To be completed by the transferor)
Transferor Information and Agreement

 Pension Plan Administrator or Financial Institution

 N.B. Registration Number

 CCRA Registration Number

The assets for the transfer originate from:

_____ a pension plan that complies with the Act and regulations and from which the assets are being transferred under section 36 of the Act

_____ a pension plan that complies with legislation similar to the Act in a designated jurisdiction and from which the assets are being transferred under a provision similar to section 36 of the Act

_____ another retirement savings arrangement that complies with the Act and regulations (LIF or LIRA)

_____ a life or deferred life annuity under a contract that complies with the Act and regulations

_____ the fund of a pension plan that is sponsored by the Province

_____ dollars and _____ cents
 Amount of Transfer (in words)

\$ _____
 Amount of Transfer (numerical)

- OR -

Total Remaining Balance

Was the commuted value of the amount for transfer determined on transfer in a manner that differentiated on the basis of the sex of the owner?

Yes ____ No ____

REMARQUE :

a) La présente formule doit être remplie en trois exemplaires.

b) Lorsque la Partie I est remplie, remettre la présente formule en trois exemplaires à l'auteur du transfert afin qu'il remplisse la Partie II.

PARTIE II (Doit être rempli par l'auteur du transfert)
Renseignements sur l'auteur du transfert et entente

 Administrateur du régime de pension ou institution financière

 Numéro d'enregistrement
 du N.-B.

 Numéro d'enregistrement
 du ADRC

Les éléments d'actif pour le transfert proviennent :

_____ d'un régime de pension qui se conforme à la Loi et aux règlements et duquel les éléments d'actif sont transférés en vertu de l'article 36 de la Loi

_____ d'un régime de pension qui se conforme à une législation semblable à la Loi dans une autorité législative et duquel les éléments d'actif sont transférés en vertu d'une disposition semblable à l'article 36 de la Loi

_____ d'un autre arrangement d'épargne-retraite qui se conforme à la Loi et aux règlements (un FRV ou CRI)

_____ d'une rente viagère ou d'une rente viagère différée en vertu d'un contrat qui se conforme à la Loi et aux règlements

_____ d'un fonds d'un régime de pension qui est parrainé par la province

_____ dollars et _____ cents
 Montant du transfert (en lettres)

_____ \$
 Montant du transfert (numérique)

- OU -

valeur résiduelle totale

Est-ce que la valeur de rachat du montant à transférer a été déterminée sur transfert d'une manière différente eût égard au sexe du propriétaire?

Oui ____ Non ____

I certify that I have authenticated the New Brunswick Registration Number given in Part I, that the information in Part II is correct and complete and, with respect to this transfer, I have complied with the provisions of the *Pension Benefits Act* and the regulations. It is understood that if the assets are not transferred in compliance with the Act and the regulations, the transfer is void.

_____ Name (Print)	_____ Position or Office
_____ Authorized Signature	_____ Date

NOTE:

This form shall be forwarded in triplicate to the transferee with the transferred assets for completion of Part III.

PART III (To be completed by the transferee)
Receipt by Transferee

We have received \$_____ in compliance with the *Pension Benefits Act* and regulations.

We have noted that the commuted value of the transfer was ___/ was not ___ differentiated on the basis of the sex of the owner.

We certify that this form was completed in compliance with the *Pension Benefits Act* and regulations.

_____ Name (Print)	_____ Position or Office
_____ Authorized Signature	_____ Date

NOTE:

The transferee shall retain one copy of the completed form until ninety-three years after the owner's date of birth. The second copy of the completed form shall be returned to the transferor, who shall retain the copy until ninety-three years after the owner's date of birth. The third copy of the completed form shall be given to the owner.

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Je certifie avoir authentifié le numéro d'enregistrement du Nouveau-Brunswick donné à la Partie I, que les renseignements donnés à la Partie II sont exacts et complets et, en ce qui a trait au présent transfert, que je me suis conformé aux dispositions de la *Loi sur les prestations de pension* et des règlements. Il est entendu que si les éléments d'actif ne sont pas transférés conformément à Loi et aux règlements, le transfert est nul.

_____ Nom (inscrire en lettres moulées)	_____ Poste ou fonction
_____ Signature autorisée	_____ Date

REMARQUE :

La présente formule doit être envoyée en trois exemplaires au cessionnaire afin qu'il remplisse la partie III.

PARTIE III (Doit être rempli par le cessionnaire)
Accusé de réception par le cessionnaire

Nous avons reçu _____\$ conformément à la *Loi sur les prestations de pension* et aux règlements.

Nous avons remarqué que la valeur de rachat du transfert était ___/ n'était pas ___ différente eût égard au sexe du propriétaire.

Nous certifions que la présente formule a été complétée conformément à la *Loi sur les prestations de pension* et aux règlements.

_____ Nom (inscrire en lettres moulées)	_____ Poste ou fonction
_____ Signature autorisée	_____ Date

REMARQUE :

Le cessionnaire doit conserver une copie de la formule remplie jusqu'à quatre-vingt-treize ans après la date de naissance du propriétaire. La deuxième copie de la formule remplie doit être retournée à l'auteur du transfert, qui doit conserver la copie jusqu'à quatre-vingt-treize ans après la date de naissance du propriétaire. La troisième copie de la formule remplie doit être donnée au propriétaire.

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