

## **LIFE INCOME FUND (LIF) ENDORSEMENT** **For transfers pursuant to the *Supplemental Pension Plans Act (Quebec)***

Policyowner Name: \_\_\_\_\_

Policy #: \_\_\_\_\_

Upon receipt of locked-in pension assets pursuant to the *Supplemental Pension Plans Act (Quebec)*, and in accordance with your instructions to transfer the assets to a Quebec life income fund under Division III of the *Regulation Respecting Supplemental Pension Plans (Quebec)*, 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 of 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 *Supplemental Pension Plans Act (Quebec)* and the word “Regulation” means the *Regulation Respecting Supplemental Pension Plans (Quebec)* 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 “life income fund”, “locked-in retirement account” and “RRSP” 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, in relation to you, another person who,
  - (a) is married to or in a civil union with you;
  - (b) if you are not married or in a civil union, has been living in a conjugal relationship with you, whether the person is of the opposite sex or the same sex, for a period of not less than three years, or for a period of not less than one year if:
    - (i) at least one child is born, or to be born, of your union;
    - (ii) you have adopted, jointly, at least one child while living together in a conjugal relationship; or
    - (iii) one of you has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

Spousal status is established on the day of conversion of all or part of the balance of the Locked-In Assets into a life pension or, in the case of the Death Benefit referred to in section 15 of this Endorsement, on the day preceding the day of your death. For the purposes of subsection 3(b), the birth or adoption of a child prior to the period of conjugal relationship existing on the day as of which spousal status is established may qualify a person as a spouse.

Notwithstanding anything to the contrary contained in the Contract, this Endorsement or any endorsements forming a part thereof, for the purposes of any provision of the *Income Tax Act (Canada)* respecting registered retirement income funds, “spouse” or does 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 assets that may be transferred into the Contract are sums originating, directly or initially, from:
  - (a) the fund of a registered pension plan governed by the Act;
  - (b) a supplemental pension plan not governed by the Act namely:
    - (i) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension; or
    - (ii) a supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
  - (c) another life income fund;
  - (d) a locked-in retirement account referred to in section 29 of the Regulation; or
  - (e) an annuity contract referred to in section 30 of the Regulation.
5. **Requirement to Provide Life Pension.** Except as otherwise provided in this Endorsement, the balance of the Locked-In Assets may only be converted into a life pension guaranteed by an insurer and established for the duration of your life alone or for the duration of your life and the life of your spouse. The periodic amounts paid under the pension must be equal, unless each amount to be paid is uniformly increased by reason of an index or a rate provided for in the Contract or uniformly adjusted by reason of a seizure effected on your benefits, a redetermination of your pension, partition of your benefits with your spouse, the payment of a temporary pension under the conditions provided for in section 91.1 of the Act or the election provided for under paragraph 3 of the first paragraph of section 93 of the Act. You may require the conversion of the balance of the Locked-In Assets into a life pension at any time.
6. **Spouse’s Life Pension.** The Locked-In Assets may not be converted into a life pension guaranteed by an insurer under section 5 of this Endorsement unless, at your death, if you are a member or former member of a pension plan, a life pension equal to at least 60% of the amount of your pension (including, during the replacement period, the amount of any temporary pension) is granted to your spouse, if such spouse has not waived it.

7. **Transfers Out of the Contract.** You are entitled, at any time before the conversion of the total balance of the Contract into a life pension as provided under section 5 of this Endorsement, to transfer all or part of the balance of the Contract into:
- (a) a pension plan governed by the Act;
  - (b) a supplemental pension plan not governed by the Act namely:
    - (i) a supplemental pension plan governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension; or
    - (ii) a supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
  - (c) another life income fund;
  - (d) a locked-in retirement account referred to in section 29 of the Regulation; or
  - (e) an annuity contract referred to in section 30 of the Regulation.

For greater certainty, transfers may not be made to a pension plan referred to in paragraph 3 of section 28 of the Regulation.

8. **Fiscal Year of the Contract.** The fiscal year of the Contract ends on December 31 of each year and shall not exceed 12 months.
9. **Requirement to Pay Annual Income.** You will be paid an income the amount of which may vary annually. The amount of income paid during a fiscal year or, if you are 55 years of age or over and so request it, the amount of the payment of all or part of the balance of the Locked-In Assets in one or more instalments is, subject to the Minimum Amount as defined in section 10 of this Endorsement, be set by you each year.
10. **Minimum Annual Income.** The amount of income paid, or the payment of all or part of the balance of the fund, in one or more instalments during a fiscal year of the Contract may not be less than the minimum amount (the "Minimum Amount") prescribed by the Taxation Act (Quebec). The Minimum Amount will be determined on the basis of your age or, where your spouse is younger than you, on the basis of the age of your spouse.
11. **Maximum Amount of Annual Income for a Policyowner under 55 Years of Age.** The amount of income paid during a fiscal year of the Contract if you are under 55 years of age may not exceed the amount "M" (the "Maximum Amount") in the following formula:

$$M = A + E$$

where

"A" represents the maximum temporary income for the fiscal year determined in accordance with section 20.5 of the Regulation or, if no amount was determined, the figure zero; and

"E" represents the upper limit of the life income, for a fiscal year of the Contract where you are under 55 years of age, determined in accordance with the following formula:

$$E = (F \times C) - A$$

where

"F" represents the rate prescribed for a year, established in accordance with section 12 of this Endorsement;

"C" represents the balance of the Contract on the date on which the fiscal year begins, increased by any sums transferred to the Contract after that date and reduced by any sums originating directly or not during the same fiscal year from a life income fund of yours; and

"A" represents the maximum temporary income for the fiscal year determined in accordance with section 20.5 of the Regulation or, if no amount was determined, the figure zero.

The amount "E" may not be less than zero.

The amount and frequency of the payments in respect of any fiscal year shall be as specified in writing by you at the beginning of that fiscal year and on such form as we may provide or accept for this purpose. With our consent, you may change the amount and frequency of the payments or request additional payments by instructing us in writing on such form as we may provide or accept for this purpose. Where you do not specify the amount or the frequency of the payments or specify an amount less than the Minimum Amount, you will be deemed to have chosen to receive the Minimum Amount, in a payment at the end of the fiscal year.

12. **Rate (F).** The rate prescribed in F of section 10 of this Endorsement will be determined on the basis of the month-end, nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Banking and Financial Statistics, Series V122487 in the CANSIM system, by applying to that rate the following adjustments:
- (a) the conversion of the interest rate, based on interest compounded semi-annually, to an effective annual rate of interest;
  - (b) an increase of 2.75% of the effective interest rate;
  - (c) the rounding of the effective interest rate to the nearest multiple of 0.25%.
13. **Right to a Temporary Income for a Policyowner under 55 Years of Age.** If you are under 55 years of age, you may receive, upon request to BMO Insurance, temporary income payable in monthly payments. None of the monthly payments can exceed one twelfth of the difference between the following amounts:
- (a) 50% of the Maximum Pensionable Earnings determined, for the year in which payment is made, pursuant to the Act respecting the Québec Pension Plan; and
  - (b) 100% of your income for the 12 months that follow, excluding the income provided for in this section.

Your income for the 12 months that follow, excluding the income provided for in this section, cannot exceed the amount referred to in subsection (a) above.

You must make an application in a form acceptable to us for this purpose, accompanied with a declaration prescribed in Schedule 0.5 of the Regulation and with your written undertaking to request a suspension of payments as soon as your income, excluding the income provided for in this section, reaches 40% of the Maximum Pensionable Earnings for the year in which payment is made.

If you are entitled to receive the income provided in this section 13 and you are a member or spouse who has become entitled to a pension under a pension plan you may, for the purposes of replacing such pension by a temporary income, apply once a year for the transfer from the pension plan to the Contract of an amount equal to the lesser of the following amounts:

- (i) the additional amount required for the Locked-In Assets to allow, until the end of the year, the payment of the monthly payments; and
- (ii) the value of your benefits under the pension plan.

We shall administer the temporary income in accordance with section 20.5 of the Regulation.

14. **Estimated Life Income for a Policyowner 55 Years of Age or Over.** The estimated life income that may be provided with the sums you hold if you are 55 years of age or older is equal to the amount "N" in the following formula:

$$N = D / T$$

"D" represents the balance of the Locked-In Assets on the date of the estimate;

"T" represents the commuted value, at the beginning of the fiscal year of the Locked-In Assets, of the annual retirement pension of \$1, payable on 1 January of each year included in the period from the beginning of the fiscal year to 31 December of the year in which the purchaser reaches 95 years of age. This value is determined on the basis of the month-end, nominal interest rate earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled monthly by Statistics Canada and published in the Bank of Canada Banking and Financial Statistics, Series V122487 in the CANSIM system, by applying successively to that rate the following adjustments:

- (a) the conversion of the interest rate referred to in element "T", based on interest compounded semiannually, to an effective annual interest rate;
- (b) an increase of 1.10% of the effective interest rate;
- (c) the rounding of the effective interest rate to the nearest multiple of 0.25%.

If you are 95 years or over, "T" is equal to 1.

The amount "N" may not be lower than the lower limit determined in accordance with section 10 of this Endorsement.

This amount may, unless the term of the investments has not expired, be paid in one or more instalments, on request to BMO Insurance made at any time during a fiscal year.

15. **Death of Policyowner.** If you are a former member or a member a pension plan and you die, the Death Benefit shall be paid:
- (a) where you have a spouse at the date of death who survives you, to the surviving spouse, unless the spouse has waived entitlement to the Death Benefit in accordance with section 16 of this Endorsement and the spouse has not revoked this waiver before your death;
  - (b) where there is no surviving spouse entitled pursuant to subsection (a) above, to your designated Beneficiary; or if there is no designated Beneficiary, your personal representative(s).
16. **Waiver of Death Benefits or Joint Life Pension.** Your spouse may, by giving written notice to us, waive his or her right to receive the Death Benefit payment provided for in section 15 of this Endorsement or the pension provided for in section 6 of this Endorsement, and may revoke such a waiver. Your spouse must deliver a waiver or revocation of waiver to us by a written notice in a form satisfactory to us before, in the case referred to in section 15 of this Endorsement, your death or, in the case referred to in section 6 of this Endorsement, the date of conversion, in whole or in part, of the Locked-In Assets into a life pension.
17. **Marital Breakdown.** If you are a former member or member of a pension plan, your spouse ceases to be entitled to the pension benefit provided for under section 6 of this Endorsement upon separation from bed and board, divorce, nullity of marriage, nullity or dissolution of a civil union or, in the case of a spouse who is not a married or civil union spouse, upon cessation of the conjugal relationship, unless you have transmitted to us the notice provided for in section 89 of the Act.
18. **Seizure for Unpaid Alimony.** The seizable portion of the balance of the Locked-In Assets may be paid in a lump sum in execution of a judgment rendered in favour of your spouse that gives entitlement to a seizure for unpaid alimony.
19. **Plan Issuer's Responsibility.** Where the income paid from the Contract exceeds the maximum amount that may be paid to you in accordance with the provisions of the Endorsement or the Regulation, you may, unless the payment is attributable to a false declaration by you, require that we pay you, as a penalty, a sum equal to the surplus income paid.
20. **Account Statements.** We will provide account statements containing the information required by sections 24 to 26 of the Regulation.
21. **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.
22. **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.
23. **Indemnity.** Subject to section 19 of this Endorsement, 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.
24. **Valuation.** 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 the transfer of Locked-In Assets from the Contract in accordance with section 7 of this Endorsement, the value of the Locked-In Assets shall be determined as of the date of the transfer. Upon the conversion of the Locked-In Assets into a life pension, the value of the Locked-In Assets shall be determined as of the date of conversion. Upon your death, the value of the Locked-In Assets shall be determined as of the Death Benefit Date.

25. **General Amendments.** Subject to section 26 of this Endorsement, we may from time to time amend this Endorsement by giving 30 days' notice to you, provided that such amendment remains in conformity with the standard contract amended and registered with the Retraite Québec and such amendment does not contravene the Act, the Regulation or the *Income Tax Act* (Canada). We may not, except to fulfill requirements under law, make any amendment without having previously notified you.
26. **Amendments Entailing Reduction in Benefits.** An amendment to the Endorsement shall not be made that would entail a reduction of the benefits resulting from the Contract unless you are entitled, before the date of the amendment, to a transfer of the balance of the Locked-In Assets and have received, at least 90 days before the date on which you may exercise that entitlement to transfer, a notice indicating to you the subject of the amendment and the date from which you may exercise that entitlement to transfer.

**BMO Life Assurance Company**

**Policyowner**

\_\_\_\_\_  
Name of Authorized Person

\_\_\_\_\_  
Print Full Name

X  
\_\_\_\_\_  
Signature of Authorized Person

X  
\_\_\_\_\_  
Signature of Policyowner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date