

LIFE INCOME FUND (LIF) ENDORSEMENT

Pursuant to the *Pension Benefits Act, 1997* (Newfoundland & Labrador)

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, 1997* (Newfoundland & Labrador), and in accordance with your instructions to transfer the assets to a Newfoundland & Labrador 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 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 *Pension Benefits Act, 1997* (Newfoundland & Labrador), the word “Regulation” means the *Pension Benefits Act Regulations* made under the Act and the word “Directive” means a directive issued by the Superintendent of Pensions under the Act, as changed or replaced from time to time.
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 “fiscal year”, “former member”, “life annuity contract”, “life income fund”, “LIF”, “locked-in retirement account”, “locked-in retirement income fund”, “member”, “pension benefit”, “pension plan” and “Superintendent” have the same meaning as under the Act, the Regulation and Directive No. 5. In the event of a conflict between a term as defined in Directive No. 5 and a term as defined in the Act or the Regulation, the definition in Directive No. 5 will prevail. “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, Cohabiting Partner and Principal Beneficiary.** The word “spouse” means a person who:
 - (a) is married to the member or former member,
 - (b) is married to the member or former member by a marriage that is voidable and has not been voided by a judgment of nullity, or
 - (c) has gone through a form of a marriage with the member or former member, in good faith, that is void and is cohabiting or has cohabited with the member or former member within the preceding year.

The word “cohabiting partner” means:

- (a) in relation to a member or former member who has a spouse, a person who is not the spouse of the member or former member who has cohabited continuously with the member or former member in a conjugal relationship for not less than 3 years, or
- (b) in relation to a member or former member who does not have a spouse, a person who has cohabited continuously with the member or former member in a conjugal relationship for not less than one year, and is cohabiting or has cohabited with the member or former member within the preceding year.

The word “principal beneficiary” means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member’s cohabiting partner.

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”, “cohabiting partner” and “principal beneficiary” do not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).

4. **Purchase of the Contract.** Pursuant to this Endorsement, a Contract may be purchased with respect to an entitlement to a pension under a pension plan by:
 - (a) a member or former member of the pension plan who has obtained the written consent of his or her principal beneficiary, if any; or

- (b) the principal beneficiary or former principal beneficiary of a member or former member if the principal beneficiary or former principal beneficiary is entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown.
5. **Joint and Survivor Pension Benefit.** The pension benefit payable to a former member who has a principal beneficiary at the date the pension commences shall be a joint and survivor pension benefit with at least 60% continuing to be payable to the survivor for life after the death of the former member unless the principal beneficiary waives the entitlement in the form and manner required by the Superintendent.
 6. **Transfers Out of the Contract.** Except as otherwise permitted in this Endorsement, all Locked-In Assets transferred, including all investment earnings, shall be used to provide a pension benefit and shall not be transferred except:
 - (a) before December 31st in the year in which you reach the age at which a pension benefit is required to begin under the *Income Tax Act* (Canada), to transfer the Locked-In Assets to the pension fund of a registered pension plan subject to the Act or to a registered pension plan subject to the pension benefits legislation of a designated province, as defined in the Act, or of Canada;
 - (b) before December 31st in the year in which you reach the age at which a pension benefit is required to begin under the *Income Tax Act* (Canada), to transfer the Locked-In Assets to a locked-in retirement account that meets the requirements of Directive No. 4;
 - (c) to purchase a life annuity contract that meets the requirements of the Superintendent;
 - (d) to transfer the Locked-In Assets to another life income fund that meets the requirements of Directive No. 5; or
 - (e) to transfer the Locked-In Assets to a locked-in retirement income fund that meets the requirements of Directive No. 17.

We agree to make a transfer pursuant to this section 6 of this Endorsement within thirty days after you request it.

7. **Subsequent Transfer.** We shall not permit any subsequent transfer except:
 - (a) where a transfer would be permitted under the Act, and
 - (b) the subsequent transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act.

We shall advise in writing any subsequent transferee that the amount transferred must be administered as a pension benefit under the Act.

8. **Fiscal Year of Contract.** The fiscal year of the Contract ends on the 31st day of December and must not exceed 12 months.
9. **Payment Out of the Contract.** Payment out of the Contract must not begin before the earlier of age 55 or the earliest date on which you could receive a pension benefit under the Act or the originating pension plan from which the Locked-In Assets were transferred. Payment must not begin later than the last day of the second fiscal year.
10. **Amount Paid Out of Contract.** You must decide the amount to be paid out of the Contract each year, either at the beginning of the fiscal year or at another time agreed to by you and us. The decision expires at the end of the fiscal year to which it relates. If you do not decide the amount to be paid out of the Contract for a year, the minimum amount determined under section 16 of this Endorsement shall be deemed to be the amount paid.
11. **Maximum Income.** The amount of income paid out of the Contract during a fiscal year must not exceed the "maximum", being the greater of (a) and (b) as follows:
 - (a) the amount calculated using the following formula:

$$C / F$$

in which

- C = the balance of the Locked-In Assets in the Contract at the beginning of the fiscal year; and
- F = the present value, at the beginning of the fiscal year, of a pension of which the annuity payment is \$1 payable at the beginning of each fiscal year between that date and the 31st day of December of the year in which you reach ninety years of age; and,

- (b) the amount of the investment earnings, including any unrealized capital gains or losses, of the Contract in the immediately previous fiscal year;
12. **Value of F.** The value of F in section 11 of this Endorsement is calculated using an interest rate as follows:
- (a) for the first fifteen years after the date of the valuation, the greater of 6% per year and the percentage obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review under identification number V122487 in the CANSIM System; and
- (b) for the sixteenth and each subsequent year, a rate of 6% per year.
13. **Additional Temporary Income.** Subject to section 14 of this Endorsement, you are entitled to receive additional temporary income where:
- (a) the total pension income received by you for the calendar year in which the application is made, calculated as “B” under section 14 of this Endorsement, is less than 40% of the year’s maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application is made; and
- (b) you have not reached your 65th birthday at the beginning of the fiscal year in which you make the application for additional temporary income.
14. **Amount of Additional Temporary Income.** The amount of the additional temporary income paid out of the Contract in a fiscal year must not exceed the “maximum” using the following formula:
- $$A - B$$
- in which
- A = 40% of the year’s maximum pensionable earnings under the Canada Pension Plan for the calendar year in which an application is made; and
- B = the maximum amount of income you are entitled to receive from all life income funds, locked-in retirement income funds, life annuity contracts and pension plans governed by the Act or the pension benefits legislation of a designated province, as defined in the Act, or of Canada, excluding income from a pension under the Canada Pension Plan and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.
15. **Application for Additional Temporary Income.** An application for additional temporary income under section 13 of this Endorsement shall be:
- (a) on a form approved by the Superintendent;
- (b) if you are a former member of a pension plan, accompanied by the written consent of your principal beneficiary; and
- (c) submitted to us at the beginning of the fiscal year of the Contract, unless otherwise permitted by us.
16. **Minimum Income.** The amount of income paid out of the Contract during a fiscal year must not be less than the minimum amount prescribed for registered retirement income funds under the *Income Tax Act* (Canada).
17. **Maximum Amount in Initial Year of Contract.** For the initial year of the Contract, the “maximum” in sections 11 and 14 of this Endorsement shall be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.
18. **Maximum Where Assets Transferred from Another LIF or LRIF.** If a part of the Contract purchased at the beginning of a fiscal year corresponds to sums transferred directly or indirectly during the same year from another life income fund or locked-in retirement income fund of yours, the “maximum” in sections 11 and 14 of this Endorsement shall be deemed to be zero in respect of the part transferred in.
19. **Total Amount.** Notwithstanding section 18 of this Endorsement, we may allow money to be paid to you provided that the total amount received by you from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the “maximum” in sections 11 and 14 of this Endorsement for that part. In this case, we must receive information, in writing, from the prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the Contract.
20. **Withdrawal on Shortened Life Expectancy.** Notwithstanding sections 6 and 9 to 19 of this Endorsement, you may withdraw Locked-In Assets as a lump sum or series of payments if a medical practitioner certifies that due to mental or physical disability your life expectancy is likely to be shortened considerably. If you are

a former member of a pension plan, such payment may only be made if your principal beneficiary has waived the joint and survivor pension entitlement in the form and manner required by the Superintendent.

21. **Withdrawal Where Small Amount.** Notwithstanding sections 6 and 9 to 19 of this Endorsement, you may withdraw all of the Locked-In Assets as a lump sum on application by you to us for payment if, at the time you sign the application:

- (a) you have reached the earlier of age 55 or the earliest date on which you would have been entitled to receive a pension benefit under the plan from which assets were transferred;
- (b) the value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by you and subject to the Act is less than 40% of the year's maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application is made.
- (c) within the same fiscal year, you have not elected to receive additional temporary income under section 13 of this Endorsement or, where part of the Contract corresponds to amounts transferred directly or indirectly from another life income fund or locked-in retirement income fund, you have not elected to receive additional temporary income from that life income fund or locked-in retirement income fund; and
- (d) within the same calendar year, you have not made a withdrawal due to financial hardship under section 22 of this Endorsement from the Contract or, where part of the Contract corresponds to amounts transferred directly or indirectly from a locked-in retirement account, another life income fund, or a locked-in retirement income fund, you have not made a withdrawal due to financial hardship from the original retirement savings arrangement.

An application under this section 21 of this Endorsement shall be on a form approved by the Superintendent and, if you are a former member of a pension plan, accompanied by a waiver of the joint and survivor pension entitlement, in the form and manner required by the Superintendent.

22. **Withdrawals due to Financial Hardship.** Notwithstanding sections 6 and 9 to 19 of this Endorsement, you may withdraw Locked-In Assets as a lump sum due to financial hardship, subject to the following:

- (a) an application for a withdrawal due to financial hardship under this section 22 must be made directly to us;
- (b) you may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship described in subsection 22(c)(i) in respect of each locked-in retirement account, life income fund, or locked-in retirement income fund;
- (c) subject to any requirements outlined in this section 22, you are eligible to complete an application to withdraw an amount not greater than the sum of the following amounts:
 - (i) an amount with respect to one of the following categories:
 - A. Low Income: Where your expected total income for the one-year period following the date on which the application is signed, from all sources other than the withdrawal amount, is not more than 66.66% of the year's maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application is signed, the amount determined by subtracting 75% of the expected total income from 50% of the year's maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application for the withdrawal is signed;
 - B. Medical Expenses: Where you are unable to pay for medical expenses incurred or to be incurred by you, your principal beneficiary, or a dependent of either and the medical expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these medical expenses;
 - C. Disability-related Expenses: Where you are unable to pay for disability-related expenses incurred or to be incurred by you, your principal beneficiary, or a dependent of either and the expenses are not paid by and are not subject to reimbursement from any other source, the amount required to pay these disability-related expenses;
 - D. Mortgage Payments: Where you or your principal beneficiary has received a written notice in respect of a default on a mortgage that is secured against your principal residence or the principal residence of your principal beneficiary which will result in foreclosure or power of sale if the default is not rectified, the amount

required to rectify the default;

- E. Rental Arrears: Where you or your principal beneficiary have received a written notice in respect of arrears in the payment of rent for your principal residence or the principal residence of your principal beneficiary and you or your principal beneficiary could be evicted if the arrears remain unpaid, the amount required to pay the rental arrears; or
- F. First Month's Rent and Security Deposit: Where you are unable to pay the first month's rent and the security deposit required to rent a principal residence for yourself or your principal beneficiary, the amount required to pay the first month's rent and security deposit;

and

- (ii) the amount of any applicable tax required to be withheld by us.

An application for a withdrawal under this section 22 of this Endorsement shall be on a form approved by the Superintendent and shall include any supporting documentation required by the Regulations, which are specified on the form, and if you are a former member of a pension plan, accompanied by the written consent of your principal beneficiary, in the form and manner required by the Superintendent.

- 23. **Withdrawal due to Non-Residency:** Notwithstanding sections 6 and 9 to 19 of this Endorsement, you may withdraw all of the Locked-In Assets as a lump sum on application by you to us for payment if you provide us with:
 - (a) a statutory declaration in accordance with the *Evidence Act* confirming you have resided outside Canada for at least 2 consecutive calendar years and you are residing outside of Canada on the date of signing the declaration; and
 - (b) if you are a former member of a pension plan, the written consent of your principal beneficiary, in the form and manner required by the Superintendent.
- 24. **Subject to Marriage Breakdown Provisions of the Act.** The Contract is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.
- 25. **Death of the Policyowner.** On your death:
 - (a) if you are a former member of a pension plan who has a principal beneficiary, the surviving principal beneficiary;
 - (b) where there is no surviving principal beneficiary or the surviving principal beneficiary has waived entitlement in the form and manner required by the Superintendent, your designated Beneficiary or Beneficiaries; or
 - (c) where there is no designated Beneficiary, your estateis entitled to receive a lump sum payment of the Death Benefit under the Contract.
If you are not a former member, the Death Benefit payable under the Contract shall be paid to the designated Beneficiary or, where there is no Beneficiary, to your estate.
- 26. **No Assignment etc.** You agree not to assign, charge, anticipate or give as security the Locked-In Assets in the Contract except as permitted under the Act.
- 27. **Provision of Pension on Improper Pay Out.** Where Locked-In Assets are paid out contrary to the Act or Directive No. 5, we will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the Locked-In Assets not been paid out.
- 28. **Information to be Provided.** At the beginning of each fiscal year, the following information shall be provided to you:
 - (a) the sums deposited, the accumulated earnings, including any unrealized capital gains or losses, the payments made out of the Contract, and the fees charged against the Contract during the previous fiscal year;
 - (b) the value of the assets in the Contract;
 - (c) the minimum amount that must be paid out of the Contract to you during the current fiscal year;

- (d) the maximum amount of income under section 11 of this Endorsement that may be paid out of the Contract to you during the current fiscal year; and,
- (e) if applicable, notification that you may be entitled to receive additional temporary income under section 13 of this Endorsement during the current fiscal year.

If the balance of the Locked-In Assets is transferred as described in section 6 of this Endorsement, the information described in subsections (a) to (e) shall be provided to you determined as of the date of the transfer. If you die, the information described in subsections (a) to (e) shall be provided to the person entitled to receive the Death Benefit determined as of the date of your death.

29. **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 your death, the value of the Death Benefit shall be determined as of the Death Benefit Date. Upon the establishment of a life annuity, the value of the Locked-In Assets shall be determined as of the date of establishment. Upon the transfer of Locked-In Assets from the Contract in accordance with section 6 of this Endorsement, the value of the Locked-In Assets shall be determined as of the date of the transfer.

30. **Amendment.** Subject to the balance of this section 30 of this Endorsement, we shall not amend this Endorsement except where we have given you at least ninety days' written notice and an explanation of the proposed amendment.

An amendment that would result in a reduction of your benefits under the Contract is permitted only where:

- (a) we are required by law to make the amendment; and
- (b) you are entitled to transfer the Locked-In Assets under the terms of the Contract that existed before the amendment is made.

When making an amendment under the immediately preceding paragraph of this section 30 of this Endorsement, we shall provide written notice to you of the nature of the amendment and allow you at least ninety days after the notice is given to transfer all or part of the balance in the Contract.

Notice under this section 30 of this Endorsement shall be sent by mail to your address as set out in our records or, subject to receiving your authorization, be delivered to you by electronic means provided that the e-communication is accessible by you and capable of being retained to be usable for subsequent reference.

31. **Investments.** The Locked-In Assets shall be invested and re-invested on your direction as provided in the Policy Provisions of the Contract.

32. **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 shall be made in cash, in accordance with your instructions and subject to the terms of the Contract.

BMO Life Assurance Company

Policyowner



Rohit Thomas
President and Chief Executive Officer

Print Full Name

Signature of Policyowner

Date



Timothy Cavallin
Chief Financial Officer

BMO Life – Newfoundland & Labrador LIF Principal Beneficiary Consent Form

POLICYOWNER'S PRINCIPAL BENEFICIARY STATUS & REQUIREMENT FOR CONSENT

You must check one of the boxes below– based on your spousal status as of the date the Contract is entered into. See the definitions of “principal beneficiary” under the Newfoundland & Labrador *Pension Benefits Act, 1997*, copied below.

Principal beneficiary consent is only required if the 1st box is checked. If principal beneficiary consent is required, you acknowledge that you cannot make the transfer to the Contract unless your spouse or cohabiting partner consents, by completing and signing the Newfoundland & Labrador Principal Beneficiary Consent Form.

- I have a spouse or cohabiting partner
- I have a spouse or cohabiting partner, but none of the funds being transferred are derived from an entitlement to a pension under a pension plan
- I do not have a spouse or cohabiting partner

Definition of “principal beneficiary” under the Newfoundland & Labrador *Pension Benefits Act, 1997*

For the purpose of the Newfoundland & Labrador *Pension Benefits Act, 1997*, governing Newfoundland & Labrador locked-in plans, the word “spouse” means a person who:

- (a) is married to the member or former member,
- (b) is married to the member or former member by a marriage that is voidable and has not been voided by a judgment of nullity, or
- (c) has gone through a form of a marriage with the member or former member, in good faith, that is void and is cohabiting or has cohabited with the member or former member within the preceding year.

The word “cohabiting partner” means:

- (a) in relation to a member or former member who has a spouse, a person who is not the spouse of the member or former member who has cohabited continuously with the member or former member in a conjugal relationship for not less than 3 years, or
- (b) in relation to a member or former member who does not have a spouse, a person who has cohabited continuously with the member or former member in a conjugal relationship for not less than one year,

and is cohabiting or has cohabited with the member or former member within the preceding year.

The word “principal beneficiary” means the spouse of a member or former member, or where the member or former member has a cohabiting partner, the member or former member’s cohabiting partner.

PRINCIPAL BENEFICIARY CONSENT TO THE TRANSFER TO THE LIF

If you are the Policyowner’s principal beneficiary, and you are being asked to consent to the transfer of funds to the Contract, you should get advice from a lawyer about your rights and the legal consequences of signing the Consent below. You are not obligated to sign the Consent.

I am the principal beneficiary of the Policyowner, as of the date the Contract is being entered into.

I understand that

(a) the Policyowner is opening the Contract account in order to transfer money or securities from a pension fund account or another locked-in plan to the Contract;

(b) once the Contract is opened and the transfer has been made, regular payments (at least one payment per year) will be made to the Policyowner from the Contract;

(c) if there is a breakdown in our relationship or if the Policyowner dies, I may have a right at that time to share in any money or securities that remain in any of the Policyowner’s pension fund accounts, other locked-in plans or this Contract; and

(d) as payments are made from this Contract to the Policyowner, the value of the Contract (in which I may share if there is a breakdown of our relationship or if the Policyowner dies) will be reduced.

By signing and dating below, in the presence of a witness (other than the Policyowner), I consent to the Policyowner transferring funds into the Contract.

Date the Principal Beneficiary Signed this Consent in the Presence of the Witness

Signature of Principal Beneficiary			Signature of Witness (Policyowner cannot be the witness)		
Name of Principal Beneficiary (print)			Name of Witness (print)		
Last Name	First Name	Middle Initial(s)	Last Name	First Name	Middle Initial(s)
Address of Principal Beneficiary Street Number and Name Suite			Address of Witness Street Number and Name Suite		
City	Postal Code		City	Postal Code	
Province			Province		