

LOCKED IN RETIREMENT ACCOUNT (LIRA) 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 locked-in retirement account, 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 RSP 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 “former member”, “life annuity contract”, “life income fund”, “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. 4. In the event of a conflict between a term as defined in Directive No. 4 and a term as defined in the Act or the Regulation, the definition in Directive No. 4 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 savings plans, “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; 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. **Investments.** The Locked-In Assets shall be invested and re-invested on your direction as provided in the Contract. The Locked-In Assets shall be invested in a manner that complies with the rules of investment contained in the *Income Tax Act* (Canada) and will not be invested directly or indirectly in any mortgage in respect of which the mortgagor is you or your parent, brother, sister or child or the principal beneficiary of any of those persons.
6. **Transfers Out of the Contract.** All the Locked-In Assets shall be used to provide a pension benefit and shall not be withdrawn 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 another locked-in retirement account that meets the requirements of Directive No. 4 of the Superintendent;
- (c) to purchase a life annuity contract that meets the requirements of the Superintendent, commencing not before you obtain the earlier of:
- (i) age of 55 years, or
- (ii) the earliest date on which you would have been entitled to receive a pension benefit under the pension plan from which the money was transferred to the Contract;
- (d) to transfer the Locked-In Assets to a life income fund that meets the requirements of Directive No. 5 of the Superintendent; or
- (e) to transfer the Locked-In Assets to a locked-in retirement income fund that meets the requirements of Directive No. 17 of the Superintendent.
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. **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.
10. **Withdrawal on Shortened Life Expectancy.** Notwithstanding section 6 of this Endorsement, Locked-In Assets may be withdrawn 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. However, 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.
11. **Withdrawal of Small Amounts.** Notwithstanding section 6 of this Endorsement, a lump sum payment equal to the value of the Contract may be made on application by you to us for payment if, at the time you sign the application, the following conditions are met:
- (a) Either:

- (i) the value of all assets in all life income funds, locked-in retirement accounts and locked-in retirement income funds owned by you and subject to the Act is less than 10 per cent of the year's maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application is made; or
- (ii) where 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 pension plan from which the money was transferred, the value of all assets in all locked-in retirement accounts, life income funds, and locked-in retirement income funds which you hold and subject to the Act is less than 40 percent of the year's maximum pensionable earnings under the Canada Pension Plan for the calendar year in which the application is made;

and

- (b) within the same calendar year, you have not made a withdrawal due to financial hardship under section 12 of this Endorsement from the Contract or, where part of the Contract corresponds to amounts transferred directly or indirectly from another locked-in retirement account, life income fund, or locked-in retirement income fund, you have not made a withdrawal under section 12 of this Endorsement from the original retirement savings arrangement.

An application for payment under this section 11 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.

12. **Withdrawals due to Financial Hardship.** Notwithstanding section 6 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 12 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 12(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 12, 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 12 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.

- 13. **Withdrawal due to Non-Residency:** Notwithstanding section 6 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 the principal beneficiary to joint and survivor pension entitlement, in the form and manner required by the Superintendent.
- 14. **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.
- 15. **Death of the Policyowner.** On your death if you are a former member of a pension plan:
 - (a) who has a principal beneficiary, the surviving principal beneficiary;
 - (b) where there is no surviving principal beneficiary or the surviving principal beneficiary had 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 estate
 is entitled to a lump sum payment of the Death Benefit under the Contract.
 If you are not a former member, the Death Benefit under the Contract shall be paid to the designated Beneficiary or Beneficiaries or, where there is no Beneficiary, to your estate.
- 16. **No Commutation or Surrender.** Except as provided in Part VI of the Act, Locked-In Assets shall not be commuted or surrendered during your lifetime. Any transaction purporting to surrender or commute the Locked-In Assets is void.
- 17. **No Assignment, etc.** The Locked-In Assets shall not be assigned, charged, anticipated or given as security except as permitted under the Act.
- 18. **Provision of Pension on Improper Pay Out.** Where Locked-In Assets are paid out contrary to the Act or Directive No. 4, 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.
- 19. **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 contract, 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.

20. **Amendment.** Subject to the balance of this section 20 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 20 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 20 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.

21. **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