

Brokerage account number:

Name of the Annuitant: _____

**ADDENDUM TO THE DESJARDINS SECURITIES INC. SELF-DIRECTED
 RETIREMENT INCOME FUND DECLARATION OF TRUST (RIF 0694)
 (“Addendum”)**

**FOR LOCKED-IN PENSION TRANSFERS TO A LIFE INCOME FUND (“LIF”)
 PURSUANT TO THE SUPPLEMENTAL PENSION PLANS ACT (QUEBEC) AND ITS REGULATION**

In the Addendum, “Carrier” means Desjardins Trust Inc., “Fund” means the Desjardins Securities Self-Directed Life Income Fund and “Declaration of Trust” means the declaration of trust that sets forth the terms and conditions governing the Desjardins Securities Self-Directed Retirement Income Fund. “Annuitant” has the same meaning as in the Declaration of Trust. “Agent” means Desjardins Securities Inc.

Upon receipt of a locked-in benefit pursuant to the *Supplemental Pension Plans Act* (Quebec), the Carrier and the Annuitant agree that this Addendum shall form part of the terms and conditions of the Plan.

1. Pension Legislation. For the purposes of the Addendum, “SPPA” means the *Supplemental Pension Plans Act* (Quebec), as amended; “Regulation” means the *Regulation Respecting Supplemental Pension Plans*, as amended.

2. Spouse. For the purposes of the plan, “spouse” has the meaning given by section 85 of the SPPA, notwithstanding any indication to the contrary in the Declaration of Trust and this Addendum. “Spouse” does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada).

Spousal status is established on the day on which payment of the pension of the Annuitant, referred to in section 10 hereof, begins or on the day preceding the death of the Annuitant, whichever comes first.

3. Compliance. The Fund shall at all times comply with the provisions of the SPPA, the Regulation and the *Income Tax Act* (Canada) with respect to retirement income funds.

4. Establishment of the Fund. The only amounts that may be transferred into the Fund are amounts coming directly or initially from one or more of the following sources:

- (a) a supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- (b) a supplemental pension plan established by an act emanating from the Parliament of Quebec or from another legislative authority;
- (c) the locked-in account of a voluntary retirement savings plan (“VRSP”) governed by the *Voluntary Retirement Savings Plans Act*;
- (d) the locked-in account of an equivalent VRSP emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of their employment;
- (e) another LIF;
- (f) a locked-in retirement account (“LIRA”) referred to in section 29 of the Regulation;
- (g) an annuity contract referred to in section 30 of the Regulation.

The amounts transferred to the Fund held by an Annuitant under 55 years of age are deemed to come in their entirety from another LIF or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation, unless the Annuitant sends to the Carrier a declaration in conformity with the one provided for in Schedule 0.9.1 of the Regulation.

5. Investments. Assets in the Fund shall be invested in accordance with the provisions of the Declaration of Trust.

6. Fiscal Year. The fiscal year of the Fund must end on 31 December of each year and may not exceed 12 months.

7. Payments. The whole of the assets of the Fund shall be invested, used and applied by the Carrier only for the provision of the following payments:

- (a) between the date of the first payment of income until the date of conversion of the Fund into a life pension, an income paid in accordance with the terms of payment set by the Annuitant;
- (b) a temporary income to the Annuitant under 55 years of age;
- (c) the payment of all or part of the balance of the Fund in one or more instalments to the Annuitant 55 years of age or over on request to the Carrier;
- (d) in the event of death of the Annuitant after the date of conversion of the Fund into a life pension, the benefits from the life pension paid by the insurer according to the instructions and terms of payment indicated by the Annuitant;
- (e) in the event of the death of the Annuitant prior to the date of conversion of the balance of the Fund into a life pension, an amount paid in accordance with section 10 hereof.

The temporary income or life income or, as the case may be, the payment of all or part of the balance of the Fund in one or more instalments, may not be transferred to a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”) or the not locked-in account of a VRSP governed by the *Voluntary Retirement Savings Plans Act*.

8. Income. The amount of the income paid in a fiscal year must be set by the Annuitant each year, subject to the Minimum income amount referred to in section 8.1 and, if the Annuitant is under 55 years of age, to the Maximum amount referred to in section 8.2.1. The Annuitant may change the amount and frequency of payments or request additional payments by instructing the Carrier for this purpose. The Carrier may withhold, from any payment, any income tax or other amount required to be withheld by the *Income Tax Act* (Canada) and any applicable tax legislation.

The Carrier may sell such investments that it, at its sole discretion, deems appropriate for the purpose of providing the required cash to make such payments. The Carrier is free to impose any other requirements and conditions in respect of the foregoing that are consistent with the provisions of the SPPA, the Regulation or the *Income Tax Act* (Canada).

8.1 Minimum income amount. The amount of the income paid or of the payment of all or part of the balance of the fund, in one or more instalments, during the fiscal year of the Fund may not be less than the minimum amount prescribed, as defined in subsection 146.3(1) of the *Income Tax Act* (Canada).

In accordance with the Regulation, the Minimum income amount may be determined on the basis of the age of the Annuitant’s spouse where they are younger than the Annuitant. For the initial fiscal year of the Fund, the Minimum income amount shall be set at zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount.

8.2 Annuitant under 55 years of age.

8.2.1 Maximum Amount (“M”). The amount of the income paid during a fiscal year of the Fund to an Annuitant under 55 years of age may not exceed the amount “M” in the following formula:

$$M = A + E$$

“A” represents the Maximum Temporary Income for the fiscal year determined in accordance with section 8.2.2 or, if no amount was determined, the figure zero; and

“E” represents the Upper Limit Of The Life Income, determined in accordance with section 8.2.3.

8.2.2 Temporary Income. An Annuitant under 55 years of age may, during a fiscal year of the Fund, receive on request, all or part of the balance of the Fund, in the form of a temporary income payable in monthly instalments none of which may exceed one-twelfth of the difference between the following amounts:

- (a) 50% of the Maximum Pensionable Earnings determined, for the year in which the payment is made, pursuant to the *Act respecting the Québec Pension Plan*;
- (b) 100% of the Annuitant's income for the 12 months that follow, excluding the income provided for in this section, provided the following conditions are met:
 - (i) the income of the Annuitant for the 12 months that follow, excluding the income provided for in this section, does not exceed the amount referred to in paragraph **8.2.2 (a)** hereinbefore;
 - (ii) the Annuitant makes an application to the Carrier to that effect, accompanied by a declaration in conformity to the one prescribed in Schedule 0.5 of the Regulation and their written undertaking to request a suspension of payments as soon as their income, excluding the income provided for in this section, reaches the amount referred to in paragraph **8.2.2 (a)** hereinbefore.

The temporary income may not be paid to the Annuitant where they have requested a suspension of payments nor after the end of the year in which they reach 55 years of age.

The Annuitant who is entitled to receive the temporary income referred to in this section and who is a member or spouse who has become entitled to a pension under a pension plan may, for the purposes of replacing such pension by this temporary income, apply once a year for the transfer from the pension plan to the Fund of an amount equal to the lesser of the following amounts:

- (a) the additional amount required for the balance of the Fund to allow, until the end of the year, the payment of the monthly payments provided for hereinabove in this section; and
- (b) the value of their benefits under the plan.

8.2.2.1 Maximum Temporary Income ("A"). The Carrier determines the Maximum Temporary Income for the fiscal year of the Fund following presentation of an application in accordance with section **8.2.2**. The Maximum Temporary Income shall be equal to the product of multiplying the maximum monthly payment set in accordance with section **8.2.2** by the number of months remaining in the year as of the first day of the month in which application was made or, where the Annuitant is entitled, for that month, to a temporary income by reason of a prior application, as of the first day of the following month; the product is increased where necessary by any income provided for in section **8.2.2** and paid to the Annuitant during the year but prior to payment of the income payable as a consequence of the application and reduced by any income paid to the Annuitant, during the same period, from another LIF or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation.

The Maximum Temporary Income for the fiscal year may not be less than zero.

8.2.3 Upper Limit Of The Life Income ("E"). The Upper Limit Of The Life Income, for a fiscal year of the Fund of an Annuitant under 55 years of age, is equal to the amount "E" in the following formula:

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

"F" represents the rate prescribed for a year, established 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:

1. the conversion of the interest rate, based on interest compounded semi-annually, to an effective annual interest rate;
2. an increase of 2.75% of the effective interest rate; and
3. the rounding of the effective interest rate to the nearest multiple of 0.25%.

"C" represents the balance of the Fund on the date on which the fiscal year begins, increased by any sums transferred to the Fund after that date and reduced by any sums originating directly or not during the same fiscal year from a LIF of the Annuitant or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation;

"A" represents the maximum temporary income for the fiscal year determined in accordance with section **8.2.2.1** or, if no amount was determined, the figure zero.

"E" may not be less than zero.

8.3 Annuitant 55 years of age or over.

8.3.1 Estimated Amount of the Life Income ("N"). The Estimated Amount of the Life Income that may be provided with the sums of the Fund held by the Annuitant 55 years of age or over is established by the Carrier according to the method it determines or, if it decides otherwise, is equal to the amount "N" of the following formula:

$$N = D / T$$

"D" represents the balance of the Fund on the date of the estimate;

"T" represents the commuted value, at the beginning of the fiscal year of the Fund, 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 Annuitant reaches 95 years of age; that 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:

1. the conversion of the interest rate referred to in element "T", based on interest compounded semi-annually, to an effective annual interest rate;
2. an increase of 1.10% of the effective interest rate; and
3. the rounding of the effective interest rate to the nearest multiple of 0.25%.

"N" may not be lower than the Minimum income amount determined in accordance with section **8.1**.

In addition, for Annuitant aged 95 years or over, element "T" is equal to 1.

8.3.2 Payment of all or part of the balance of the Fund. Despite the Estimated Amount of the Life Income referred to in section **8.3.1**, the Annuitant 55 years of age or over may, unless the term of the investments has not expired, receive all or part of the balance of the Fund in one or more instalments, on request to the Carrier made at any time for the current fiscal year of the Fund, and such payment is made, as applicable, regardless of the amount of the life income or of the payment in one or more instalments determined or received by the Annuitant for the fiscal year.

9. Conversion into a Life Pension. The Fund may, at any time, be converted into a life pension, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), as long as the following conditions are met:

- (a) the insurer guarantees payment of that pension in periodic, equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or rate provided for in the annuity contract as described in subparagraphs 146(3)(b)(iii) to (v) of the *Income Tax Act* (Canada), or uniformly adjusted due to seizure of the Annuitant's benefits, redetermination of the Annuitant's pension, splitting of the Annuitant's benefits in favour of their spouse, payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the SPPA or the option provided for in subsection 3° of the first paragraph of section 93 of the SPPA;
- (b) in the event of the death of the Annuitant who is a former member or a member, the insurer guarantees to the Annuitant's spouse, who has not waived it, a life pension equal to at least 60% of the amount of the Annuitant's pension including, during the replacement period, the amount of any temporary pension; and
- (c) the agreed-upon term of the investments has expired.

10. Death. Where the Annuitant who is a former member or a member dies before the conversion of the balance of the Fund into a life pension, their spouse or, failing that, their successors are entitled to a benefit of which the amount is equal to the balance.

Where the Annuitant who is a former member or a member dies after the date of conversion of the Fund into a life pension, the benefits from the life pension are paid by the insurer according to the instructions and terms of payment indicated by the Annuitant.

11. Waiver of Death Benefits or Joint Life Pension. The Annuitant's spouse may, by giving written notice to the Carrier, waive their right to receive the payment provided for in section 10 or the pension provided for in section 9 and may revoke such a waiver by transmitting to the Carrier a written notice to that effect before, in the case referred to in section 10, the death of the Annuitant or, in the case referred to in section 9, the date of conversion, in whole or in part, of the balance of the account into a life pension.

12. Marital Breakdown. The spouse of the Annuitant ceases to be entitled to the benefit provided for in section 10 upon separation from bed and board, divorce, nullity of marriage, nullity or dissolution of civil union or, in the case of a spouse who is not a married or civil union spouse, upon cessation of conjugal relationship, unless the Annuitant has transmitted to the Carrier the notice provided for in section 89 of the SPPA.

The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgment rendered in favour of the Annuitant's spouse that gives entitlement to a seizure for unpaid alimony.

13. Transfer from the Fund. The Annuitant may transfer, unless the agreed-upon term of the investments has not expired, in whole or in part, the balance of the Fund to:

- (a) a supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- (b) a supplemental pension plan established by an act emanating from the Parliament of Quebec or from another legislative authority;
- (c) the locked-in account of a voluntary retirement savings plan (VRSP) governed by the *Voluntary Retirement Savings Plans Act*;
- (d) the locked-in account of an equivalent VRSP emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of their employment;
- (e) another LIF referred to in section 18 of the Regulation;
- (f) a LIRA referred to in section 29 of the Regulation; or
- (g) an annuity contract referred to in section 30 of the Regulation.

The transfer may, at the option of the Carrier and unless otherwise stipulated, be effected by remittance of the investment securities held in the Fund.

14. Valuation of the Fund. The fair market value of the assets held under the Fund as determined by the Carrier in good faith shall be used to calculate the balance of the money and assets held under this Fund for any particular time, including on the death of the Annuitant or on a transfer of assets from the Fund. Any such determination by the Carrier shall be conclusive for all purposes hereof.

15. Carrier's Responsibility. If the income paid to the Annuitant during a fiscal year of the Fund exceeds the Maximum Amount that may be paid to them in accordance with the provisions of this Addendum or the Regulation, the Annuitant may, unless the payment is attributable to a false declaration by them, require that the Carrier pay the Annuitant, as a penalty, a sum equal to the surplus income paid.

16. Statement. The Carrier will provide the Annuitant with a statement that indicates the information prescribed in sections 24 to 26 of the Regulation at the times determined therein.

17. Assignment. No payment hereunder may be assigned in whole or in part. Subject to splitting between the Annuitant and their spouse in accordance with a judgment rendered under the provisions of the *Civil Code of Quebec*, the Fund, including interest thereon, may not be assigned, charged, anticipated or given as security and any transaction purporting to do so is void.

18. Amendment. The Carrier will make no amendment to the Addendum that would have the effect of reducing benefits resulting from this Addendum unless the Carrier entitles the Annuitant, before the date of the amendment, to transfer the balance of the Fund and has provided to the Annuitant, at least 90 days before the date on which the Annuitant may exercise that entitlement, a notice indicating the subject of the amendment and the date from which the Annuitant may exercise that entitlement. The Carrier may not, except to fulfill requirements under law, make any amendment other than that provided for in this section, without having previously notified the Annuitant.

The Carrier may amend the agreement only to the extent that it remains in conformity with the standard contract amended and registered with Retraite Québec.

19. Type of Annuitant. The Annuitant represents to the Carrier that they are:

- a member or former member of the registered pension plan from which the assets originated;
- a surviving spouse or former spouse of a member or former member of the registered pension plan from which the assets originated.

20. General Provisions. The provisions of the Addendum shall take precedence over the Declaration of Trust in the case of conflicting or inconsistent provisions.

21. Governing Law. The Addendum and the Declaration of Trust shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

Desjardins Trust

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