



HSBC Bank Canada

**ADDENDUM FOR “LOCKED-IN” PENSION MONEY
TRANSFERRED TO A LIFE INCOME FUND (“LIF”) (FEDERAL)**

The undersigned applicant (the “Annuitant”) has applied for a locked-in (*please check one*)

- HSBC InvestDirect Self-Directed Life Income Fund (861)**
- or a **HSBC Investment Funds (Canada) Inc. Life Income Fund**
- or a **HSBC Pooled Funds Life Income Fund (1060)**

} (*the “Fund”*)

In this addendum (the “Addendum”), the carrier (the “Carrier”) is HSBC Trust Company (Canada) a subsidiary of HSBC Bank Canada.

1. For the purposes of this Addendum the word “Act” means the Pension Benefits Standards Act, 1985 (Canada) and the word “Regulations” means Canada Regulation SOR/87-19, as amended, being the Pension Benefits Standards Regulations, 1985 under the Act.
2. Notwithstanding anything to the contrary contained in this Addendum, including any endorsements forming a part hereof, “spouse” does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Income Tax Act (Canada) respecting a retirement income fund.
3. The Annuitant acknowledges that funds, which originated from a registered pension plan governed by the provisions of the Act are being transferred to the Carrier in order to purchase a life income fund (the “Fund”). Such transferred funds together with all investment earnings thereon and gains realized in respect thereof under the Fund shall collectively be referred to herein as the “Locked- In Funds”.
4. The Annuitant acknowledges being: (a) a former member of a registered pension plan, who has obtained written spousal consent, if required by the Act, in accordance with the provisions of the Act, to purchase a LIF and has provided the Carrier with a copy of such consent; or (b) the spouse or former spouse of a member or former member of a registered pension plan, entitled to a pension benefit as a result of the death of the member or former member or as a result of marriage breakdown or breakdown of common-law relationship.
5. The Annuitant confirms having indicated his/her date of birth on the application for the Fund and hereby certifies that he/she will reach fifty-five years of age or older prior to the end of the second fiscal year of the Fund. However, if the Annuitant provides evidence to the Carrier’s satisfaction that the registered pension plan or plans from which the Locked-In Funds originated provided for payment of a pension at an earlier age, the Annuitant certifies that he/she will reach such earlier age or older prior to the end of the second fiscal year of the Fund.
6. Except as permitted by the Act, the Regulations, or this Addendum, all money, including all investment earnings, that is subject to any transfer to or from the Fund, is to be used to provide or secure a pension as required by the Act and the Regulations.
7. Subject to paragraphs 8 and 10 of this Addendum, prior to using the Locked-In Funds to purchase an immediate life annuity contract, the Annuitant may, provided that the Carrier shall retain such amount as prescribed in paragraph 146.3 (2) (e.1) or (e.2) of the Income Tax Act (Canada), transfer all or part of the balance of the Locked-In Funds:
 - (a) to another LIF contract or restricted life income fund contract on the relevant conditions specified in the Act and the Income Tax Act (Canada);
 - (b) to a Locked-In RRSP contract on the relevant conditions specified in the Act and the Income Tax Act (Canada); or
 - (c) to purchase an immediate or deferred life annuity contract that meets the conditions specified in paragraph 60(1) of the Income Tax Act (Canada) and the Act.
8. At any time before the date referred to in paragraph 9 of this Addendum, the Annuitant will be allowed to use all or part of the Locked-In Funds to purchase an immediate life annuity contract.
9. The balance of the Fund must be used to purchase an immediate life annuity contract in accordance with paragraph 60(1) of the Income Tax Act (Canada).
10. Subject to this Addendum and except as provided herein in subparagraphs (a), (b) and (c), no withdrawal, commutation or surrender of money is permitted.
 - (a) In the calendar year in which the Annuitant reaches 55 years of age or in any subsequent calendar year, the Locked-in Funds may be paid to the Annuitant in a lump sum if (i) the Annuitant certifies that the total value of all assets in all locked-in registered retirement savings plans, life income funds, restricted locked-in savings plans and restricted life income funds that were created as a result of the transfer of pension benefit credits under the Act, a transfer under the Regulations or a transfer under section 50, 53 or 54 of the Pooled Registered Pension Plans Act (Canada) or Pooled Registered Pension Plans Regulations (Canada), is less than or equal to 50% of the Year’s Maximum Pensionable Earnings; and (ii) if the Annuitant provides all completed forms required by the Regulations to the Carrier;
 - (b) the Annuitant may withdraw an amount from the Locked-in Funds up to the lesser of the amount determined by the formula described in the Regulations and 50% of the Year’s Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this provision from any life income fund or under paragraph(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulations : (1) if the Annuitant certifies that the Annuitant has

not made a withdrawal in the calendar year under this provision from any life income fund, or under paragraph(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulations other than within the last 30 days before this certification in respect of expenditures on medical or disability-related treatment or adaptive technology that the Annuitant expects to make, subject to the requirements in the Regulations; or

- (c) the Annuitant may withdraw any amount from the Locked-In Funds if the Annuitant has ceased to be a resident of Canada, subject to the requirements in the Regulations.
11. A lump sum payment may be made to the Annuitant where a physician certifies that due to a mental or physical disability, the life expectancy of the Annuitant is likely to be shortened considerably.
12. Except as provided in the Act and Regulations, the money in the Fund may not be assigned, charged, alienated, anticipated or given as security and is exempt from execution, seizure or attachment and any transaction purporting to assign, charge, alienate, anticipate or give as security the money is void. Pension benefits may be a family asset under the applicable provincial family relations legislation and are subject to a court order or separation agreement made under the relevant provincial legislation that affects the payment or distribution of pension benefits.
13. The Locked-In Funds will be invested in a manner that complies with the rules for the investment of registered retirement income fund money 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 the Annuitant or the parent, brother, sister or child of the Annuitant, the spouse of the Annuitant or the spouse of the parent, brother, sister or child of the Annuitant.
14. If the Locked-In Funds are paid out contrary to the Act, the Regulations or this Addendum, the Carrier will provide or ensure the provision of a pension in a manner and in an amount that would have been provided had such money not been paid out.
15. Before transferring the Locked-In funds to another financial institution, the Carrier will, where applicable,:
- (a) advise the transferee financial institution, in writing, of the requirement to lock-in the money so transferred; and
 - (b) make the transferee financial institution's acceptance of such transfer subject to the conditions provided for herein.
16. If the Carrier does not comply with paragraph 15 of the Addendum where applicable and the transferee financial institution fails to pay the money transferred in the form of a pension or in the manner required herein, the Carrier will provide or ensure the provision of the pension referred to in paragraph 14.
17. On the death of the Annuitant, the balance of the Locked-In Funds are to be paid to the surviving spouse or the common-law partner of the Annuitant by
- (a) transferring the balance to another life income fund or to a restricted life income fund;
 - (b) using the balance to purchase an immediate life annuity or a deferred life annuity; or
 - (c) transferring the balance to a locked-in registered retirement savings plan.
- If there is no surviving spouse or common-law partner, the balance of the Locked-in Funds shall be paid to the estate of the Annuitant.
18. The fiscal year of the Fund ends on December 31 of each year and shall not exceed twelve months.
19. The Annuitant will be paid an income the amount of which may vary annually and which will commence not later than the last day of the second fiscal year of the Fund.
20. The Annuitant shall set out the amount of income to be paid from the Fund during a fiscal year at the beginning of each fiscal year after the receipt of the information referred to in paragraph 30, or at another agreed interval if the Carrier has guaranteed the rate of return on the Fund during that interval, and this interval shall in every case terminate at the end of a fiscal year of the Fund. If the Annuitant does not set out the amount to be paid from the Fund during a fiscal year or agreed interval, the minimum amount determined in accordance with the Income Tax Act (Canada) shall be paid out in that year.
21. The amount of income paid during a fiscal year of the Fund may not be less than the minimum amount for a registered retirement income fund determined pursuant to the Income Tax Act (Canada) and before the Annuitant reaches 90 years of age may not exceed the "maximum" amount M calculated in accordance with the following formula:
- $M = C/F$ Where: C= the balance of the money in the Fund on the first day of the fiscal year, and
- F = the value, at the beginning of the fiscal year, of a pension benefit of which the annual payment is \$1 payable on January 1 of each year between that date and December 31 of the year during which the Annuitant reaches the age of 90 years.
- For the fiscal year in which the Annuitant reaches 90 years of age and for all subsequent fiscal years, the amount of income paid out of the Fund shall not exceed the value of the Locked-In Funds held in the Fund immediately before the time of payment.
22. For the initial fiscal year of the Fund, the minimum amount to be paid, as referred to in paragraph 21 of this Addendum, will be set at zero and the limit M will be adjusted in proportion to the number of months in the fiscal year divided by 12, with any part of an incomplete month counting as one month.
23. If part of the money in the Fund is derived from money transferred during the first fiscal year of the Fund from another LIF of the Annuitant, the limit M in respect of that part of the Fund is equal to zero except to the extent that the Income Tax Act (Canada) requires the payment of a higher amount.

24. The value of F in paragraph 21 of this Addendum will be calculated by using an interest rate that:
- (a) for the first 15 years after the fiscal year in which the Fund is valued, is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the month of November before the beginning of the fiscal year; and
 - (b) for any subsequent year, is not more than 6%.
25. If in the application of paragraph 20, the amount of income to be paid to the Annuitant is fixed at an interval of more than one year, paragraphs 21, 22, 23, and 24, shall apply with such modifications as the circumstances require to determine, at the date of the beginning of the first fiscal year in the interval, the amount of income to be paid for each fiscal year in that interval, subject to the Act and the Regulations.
26. Notwithstanding paragraph 21, where the maximum amount of income to be paid is less than the minimum amount as prescribed by the Income Tax Act (Canada), then the minimum amount shall be paid to the Annuitant.
27. The value of the Fund for the purposes of (a) a transfer of assets; (b) the purchase of a life annuity contract, and (c) a payment or transfer on death of an Annuitant is equal to the then current total market value of the investments held in the Fund. The value of any mutual funds held in the Fund shall be determined in accordance with the determination of net asset value per unit set out in the then current prospectus and/or annual information form of that mutual fund. The Carrier in accordance with applicable industry practices shall determine the market value of all other investments held in the Fund and such valuation shall be conclusive for all purposes hereof.
28. If the Fund holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 7, 8 and 9 of this Addendum may, unless otherwise stipulated, at the option of the Carrier and with the consent of the Annuitant, be effected by remittance of the investment securities of the Fund.
29. Where the pension benefit credit transferred to the Fund was not varied according to the sex of the Annuitant, an immediate life annuity or a deferred life annuity purchased with the balance of the Fund shall not differentiate as to sex.
30. The Carrier will provide the Annuitant with information concerning the Fund as required by the Act and the Regulations.
31. No money that is not locked-in will be transferred to or held under the Fund, unless it is held in a separate account from locked-in money.
32. Neither the Carrier nor, for greater certainty, any agent of the Carrier under the Fund shall have any further obligation or be subject to any liability hereunder upon the transfer of Locked-In Funds from the Fund as permitted herein.
33. If the Annuitant receives money from another financial institution in respect of which the Carrier is required to meet and does meet its continuing obligation under paragraph 14, the Carrier will have a right of action against the Annuitant for that money.
- 34. The Annuitant acknowledges that if, in the year the Annuitant reaches 55 years of age or in any subsequent year, a transfer from the Fund to a newly created RLIF takes place the Annuitant may make a one-time transfer of up to 50% of the RLIF's value to a RRSP or RRIF. Such transfer must occur within 60 days of creation of the RLIF.**
35. Subject to the provisions of the Income Tax Act (Canada), these terms and conditions shall override any inconsistent or contrary provisions in the applicable agreement or declaration of trust governing the Fund.

Your current marital status: *(This data is necessary in order to complete prescribed government forms.)*

Single Married Common Law Divorced Separated

The pension benefit credit transferred pursuant to section 26 of the Act to the Fund

was varied
 was not varied

according to the sex of the Annuitant.

Applicant's Name *(Please Print)*

Applicant's Signature

Date

Branch/Account Number

Authorized agent of/Representative for the Carrier

Fund Number

\$ _____
Amount Received

COPY 1 – BRANCH / COPY 2 – CLIENT