



HSBC Bank Canada

Addendum For Locked-In Pension Money Transferred To A Life Income Fund ("LIF") Or Locked-In Retirement Income Fund ("LRIF") (Newfoundland & Labrador)

The undersigned applicant (the "Annuitant")

has applied for a

(✓ Please Check One)

- HSBC InvestDirect Self-Directed Life Income Fund (861)**
- or a **HSBC InvestDirect Self-Directed Locked-in Retirement Income Fund (861)**
- or a **HSBC Investment Funds (Canada) Inc. Life Income Fund (961)**
- or a **HSBC Investment Funds (Canada) Inc. Locked-in Retirement Income Fund (961)**
- 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, Head Office, 3rd Floor – 885 West Georgia Street, Vancouver, B.C. V6E 3G1

1. For the purposes of this Addendum the word "Act" means the Pension Benefits Act (Newfoundland & Labrador) and the word "Directive" means Directives 5 and 17 or either of them, as amended, being the Directives under the Act dealing with Life Income Fund and Locked-in Retirement Income Fund requirements respectively.
2. For the purposes of this Addendum the words "financial institution", "fiscal year", "LIF", "LRIF", "life annuity contract", "list", "owner" and "principal beneficiary" have the same meaning as are respectively given to such term or words in Directive No. 5 and/or Directive No. 17 as the case may be.
3. Notwithstanding anything to the contrary contained in this Addendum, including any endorsements forming a part hereof, "principal beneficiary" 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.
4. 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 or locked-in retirement income fund (the "Fund", "Funds", the "LIF Fund" or the "LRIF Fund" as the case may be). Such transferred funds together with all investment earnings and gains realized under the applicable fund shall collectively be referred to as the "Funds".
5. The Annuitant acknowledges being: (a) a member or former member of a registered pension plan, who has obtained written consent of the principal beneficiary, in accordance with the provisions of the Act, to purchase a LIF or LRIF and has provided the Carrier with a copy of such consent; or (b) the "principal beneficiary" or former "principal beneficiary" 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.
6. The Annuitant confirms having indicated the date of birth on the Application 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 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.

The following provisions apply to LIF and LRIF Funds.

7. Subject to 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 Directives.
8. 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 LIF or LRIF Funds:
 - (a) to another LIF Fund on the relevant conditions specified in the Act, the Directives and the Income Tax Act (Canada);
 - (b) to a locked-in retirement account ("LIRA") on the relevant conditions specified in the Act, the Directives and the Income Tax Act (Canada);
 - (c) to purchase an immediate life annuity contract that meets the conditions specified in paragraph 60(l) of the Income Tax Act (Canada), the Act and the Directives; or
 - (d) to another LRIF Fund on the relevant conditions specified in the Act, the Directives and the Income Tax Act (Canada).

9. Subject to this Addendum, no withdrawal, commutation or surrender of money is permitted.
10. A lump sum payment or series of payments 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, but the payment may only be made if the "principal beneficiary" of an Annuitant, has waived the entitlement to the joint and survivor life pension in the form and manner set out in the Directives.
11. Except as provided in the Act and Directives, money in the LIF or LRIF Funds 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 are a family asset under the Family Law Act and are subject to a court order or separation agreement made under the Family Law Act or under a similar order or legislative provision in another jurisdiction enforceable in Newfoundland, that affects the payment or distribution of pension benefits.
12. The Carrier is entitled to rely upon the information provided by the Annuitant in an application made for a LIF or a LRIF.
13. An application that meets the requirements of the Act and Regulations constitutes authorization to the Carrier to pay the money to the Annuitant from the LIF Fund or LRIF Fund, as the case may be, in accordance with the Act and Directives.
14. The Carrier agrees to make any transfer as required by paragraph 8 within thirty days after the Annuitant requests it. This does not apply with respect to the transfer of assets held as securities whose term of investment extends beyond the thirty day period.
15. The Carrier hereby acknowledges that, if the balance in a Fund is to be used to purchase a life annuity contract, the pension to be provided to the Annuitant who has a spouse at the date the pension commences is to be a joint life pension payable during the joint lives of the Annuitant and "principal beneficiary" with at least 60% continuance to be payable to the survivor for life after the death of either, unless the "principal beneficiary" waives the entitlement in the form and manner set out in the Act, Regulations or Directives and provides the Carrier with a copy of such waiver.
16. (a) On the death of an Annuitant who has a "principal beneficiary", the surviving "principal beneficiary", or where there is no surviving "principal beneficiary" or the surviving "principal beneficiary" has waived entitlement in the form and manner provided by the Superintendent, a designated beneficiary, or where there is no designated beneficiary, the estate of the Annuitant is entitled to receive a lump sum payment of the full value of the Funds.
(b) Where the Annuitant is not a former member, the full value of the Funds shall be paid to the designated beneficiary or, where there is no beneficiary, to the Annuitant's estate.
17. The fiscal year of the Fund ends on December 31 of each year and shall not exceed twelve months.
18. 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.
19. 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 26, or at another time agreed to by the Carrier and the decision shall in every case terminate at the end of the fiscal year to which it relates.
20. If the Fund holds identifiable and transferable securities, the transfer pursuant to 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.
21. For the initial fiscal year of the Fund, the maximum amount determined under paragraphs 35 and 38 for a LIF, and paragraphs 43 and 45 for a LRIF and 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.
22. The amount of income paid out of the Fund during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the Income Tax Act (Canada).
23. If the Annuitant does not decide the amount to be paid out of the Fund for a year, the minimum amount determined under paragraph 22 shall be the amount paid.
24. If the minimum amount specified in paragraph 22 is greater than the maximum amount determined under paragraphs 21, 35 or 39 for LIF or paragraphs 21, 43 or 46 for a LRIF, the minimum amount must be paid out of the Fund during the fiscal year.
25. The Carrier will provide the Annuitant with information specified in Directive 5, section 21 and Directive 17, section 22 as applicable.
26. No money that is not locked-in will be transferred to or held under the Plan, unless it is held in a separate account from locked-in money.
28. 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 the Funds from the Plan as permitted herein.
29. 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 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.

30. The Carrier agrees that any amendments to the arrangement establishing the LIF or LRIF will be subject to the following: (a) the Carrier will give the Annuitant at least ninety days notice of a proposed amendment; (b) the Carrier will not amend the arrangement if the amendment would result in a reduction in the Annuitant's benefits under the arrangement unless the Carrier is required by law to make the amendment and the Annuitant is entitled to transfer the balance in the LIF or LRIF under the terms of the arrangement that exist before the amendment is made; (c) when making an amendment as referred to in sub-paragraph (b), the Carrier will notify the Annuitant of the nature of the amendment and allow the Annuitant at least ninety days after the notice is given to transfer all or part of the balance in the Fund; and (d) notices given under sub-paragraph (a) and (b) shall be sent by registered mail to the Annuitant's address as set out in the records of the Carrier.
31. If the balance of the Fund is transferred as described in paragraph 8, the Annuitant must be given the information described in paragraph 26 determined as of the date of the transfer. If the Annuitant dies, the person entitled to receive the balance in the LIF Fund or the LRIF Fund must be given the information referred to in paragraph 26, determined as of the date of the Annuitant's death.
32. Subject to paragraphs 37 and 38 for a LIF and paragraphs 44 and 45 for a LRIF, the Annuitant is entitled to receive additional temporary income.
33. An application for additional temporary income under paragraph 32 shall be: (a) on a form approved by the Superintendent, (b) where the Annuitant is a former member of a pension plan, accompanied by the written consent of the "principal beneficiary" of the Annuitant, and (c) submitted to the Carrier at the beginning of the fiscal year of the Fund, unless otherwise permitted by the Carrier.
34. 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 Funds.

The following provisions apply to LIF Funds.

35. The amount of income paid during a fiscal year of the LIF Fund 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 value of the assets in the LIF Fund at the beginning of the fiscal year

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 December 31 of the year during which the Annuitant reaches the age of 90 years.
 - (b) the amount of the investment earnings, including any unrealized capital gains or losses, of the LIF Fund in the immediately previous fiscal year.
36. The value of F in paragraph 35 of this Addendum must be established at the beginning of each fiscal year of the LIF Fund by using an interest rate as follows:
 - (a) for the first 15 years after the date of 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 16th and each subsequent year, a rate of 6% per year.
37. Subject to paragraph 38 of this Addendum, an Annuitant is entitled to receive additional temporary income where (a) the maximum amount of income the Annuitant is entitled to receive for the calendar year in which the application is made, calculated as "B" under paragraph 38 of this Addendum, is less than 40% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) for the calendar year in which the application is made; and (b) the Annuitant has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes application for additional temporary income.
38. The amount of additional temporary income paid out of the LIF in a fiscal year must not exceed the "maximum" using the following formula:

A – B in which

A = 40% of the YMPE for the calendar year in which an application is made.

B = the maximum amount of income the Annuitant is entitled to receive from all LIFs, LRIFs, life annuity contracts and pension plans governed by the Act or established under or governed by an Act of Canada or another Province or Territory, except income from a pension under the Canada Pension Plan, for the calendar year in which the application is made.
39. If a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or LRIF of the Annuitant during the fiscal year, the "maximum" in paragraph 35 and 38 of this Addendum shall be deemed to be zero in respect of the part transferred in.
40. The Annuitant may, upon application in accordance with the Act and Directive No. 5, withdraw all the money in the LIF Fund in a lump sum if, when the Annuitant signs the application, (a) the Annuitant has reached the earlier of age 55 or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the plan from which money was transferred, (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by the Annuitant and governed by Newfoundland and Labrador pension

benefits legislation is less than 40% of the YMPE for that calendar year, and (c) the Annuitant has not, within the same fiscal year, elected to receive additional temporary income under paragraph 37 or, where a part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or LRIF, elected to receive additional temporary income from that LIF or LRIF.

The application shall be in the form approved by the Superintendent and, where the Annuitant is a former member of a pension plan, accompanied by a waiver of joint and survivor entitlement by the "principal beneficiary" of the Annuitant in the form and manner required by the Superintendent.

41. Notwithstanding paragraph 39, the Carrier may allow money to be paid to the Annuitant provided that the total amount received by the Annuitant from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the "maximum" in paragraphs 35 and 38 for that part. In this case, the Carrier must receive information, in writing, from prior financial institution(s) which confirms the amount already paid in the fiscal year in respect of that part of the LIF Fund.
42. If money is paid out contrary to the Act or Directive 5, the Carrier will provide or ensure the provision of a pension benefit that would have been provided had the money not been paid out.

The following provisions apply to LRIF Funds.

43. The amount of income paid out of the LRIF Fund during a fiscal year must not exceed "maximum" being the greatest of the following amounts: (a) the income, gains and losses earned from the time the Fund was established to the end of the most recently completed fiscal year and, with respect to any money in the Fund that is derived directly from money transferred from a LIF, the income, gains and losses earned in the final complete fiscal year of the LIF under the LIF, less the sum of all income paid to the Annuitant from the Fund; (b) the income, gains and losses earned in the immediately previous fiscal year, and (c) if the payment is being made in the fiscal year in which the Fund was established or in the fiscal year immediately following its establishment, 6% of the fair market value of the Fund at the beginning of that fiscal year.
44. Subject to paragraph 45 of this Addendum, an owner is entitled to receive additional temporary income where (a) the total pension income received by the Annuitant for the calendar year in which the application is made, calculated as "B" under paragraph 46 of this Addendum, is less than 40% of the YMPE under the CPP for the calendar year in which the application is made, and (b) the Annuitant has not reached his or her 65th birthday at the beginning of the fiscal year in which he or she makes application for additional temporary income.
45. The amount of additional temporary income paid out of the LRIF Fund in a fiscal year must not exceed the "maximum" in the following formula:
Maximum Temporary Income = A – B in which
A = 40% of the YMPE under the CPP for the calendar year in which an application is made.
B = The total pension income to be received by the Annuitant from all LIFs, LRIFs, Life Annuities and pension plans governed by Newfoundland pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the Canada Pension Plan.
46. If a part of the LRIF Fund purchased at the beginning of a fiscal year corresponds to sums transferred directly or indirectly during the same year from another LRIF or LIF of the Annuitant, the "maximums" in paragraph 43 and paragraph 45 shall be deemed to be zero.
47. The Annuitant may, upon application in accordance with the Act and Directive No. 17, withdraw all the money in the LRIF Fund in a lump sum if, when the Annuitant signs the application, (a) the Annuitant has reached the earlier of age 55 or the earliest date on which the Annuitant would have been entitled to receive a pension benefit under the plan from which money was transferred, and (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by the Annuitant and governed by Newfoundland pension benefits legislation is less than 40% of the YMPE under the CPP for that calendar year.

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

Single Married Common Law Divorced Separated

Applicant's Name

Applicant's Signature

Date

Branch/Account Number

Authorized agent of/Representative for the Carrier

Fund Number

\$ _____
Amount Received