



HSBC Bank Canada

ADDENDUM FOR “LOCKED-IN” PENSION AMOUNTS TRANSFERRED TO A LIFE INCOME FUND (“LIF”) (QUEBEC)

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

- HSBC InvestDirect Self-Directed Life Income Fund (861)
 HSBC Investment Funds (Canada) Inc. Life Income Fund (961)
 HSBC Pooled Funds Life Income Fund (1060) } (the “Fund”)

In this addendum (the “Addendum”), the carrier (the “Carrier”) is HSBC Trust Company (Canada) with an address at 885 West Georgia Street, Vancouver, B.C. V6C 3E9. HSBC Trust Company (Canada), a subsidiary of HSBC Bank Canada.

1. For the purposes of this Addendum:

“Act” means the *Supplemental Pension Plans Act (Quebec)*;

“Contract” means this Addendum and the contract registered as a retirement income fund under the *Income Tax Act (Canada)* to which this Addendum is attached.

“Regulation” means the *Regulation respecting supplemental pension plans*;

“Spouse” has the same meaning as is given to that word in section 85 of the Act, except that “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. Spousal status is established on the earlier of the day on which payment of pension of the Annuitant begins and the day preceding the death of the Annuitant.

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

- a) the fund of a registered pension plan subject to the Act;
- b) the fund of a supplemental pension plan governed by an act of a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- c) the fund of a supplemental pension plan established by an act of the Parliament of Quebec or another legislative authority;
- d) a locked-in retirement account covered by section 29 of the Regulation;
- e) an annuity contract covered by section 30 of the Regulation and in accordance with paragraph 60(1) of the *Income Tax Act (Canada)*;
- f) a life income fund referred to in section 18 of the Regulation;
- g) the fund of a locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plan Act (chapter R-17.0.1)*; or
- h) the fund of a locked-in account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Quebec, provided that the Annuitant joins that plan as part of his or her employment.

3. The fiscal year of the Fund must end on December 31 of each year and may not exceed twelve (12) months.

4. a) The amount of the income paid in a fiscal year must be set by the Annuitant each year, subject to the maximum amount referred to in section 20.1 of the Regulation and the minimum amount referred to in section 20.2 of the Regulation. The maximum amount may not be less than the minimum amount for a registered retirement income fund determined pursuant to the *Income Tax Act (Canada)*.

b) An Annuitant who is aged at least fifty-four (54) but under sixty-five (65) at the end of the year preceding the year for which the application is made, is entitled to the payment of a temporary income in an amount he/she determines, calculated in accordance with the Regulation, provided he/she makes an application to the Carrier to that effect, accompanied with a declaration in the form prescribed in Schedule 0.4 to the Regulation. The payment of the temporary income is subject to the following conditions:

- i. if the payment of a portion of the income is made in the form of a transfer to a retirement savings vehicle the balance of which is not to be converted to a life annuity, such portion may not exceed the maximum amount referred to in section 20 of the Regulation, determined on the assumption that the Annuitant is not entitled to payment of a temporary income;
- ii. the temporary income may not be paid after the end of the year in which the Annuitant reaches age sixty-five (65).

c) An Annuitant who is aged less than fifty-four (54) at the end of the year preceding the application 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 (1/12) of the difference between the following amounts:

- i. forty percent (40 %) of the Maximum Pensionable Earnings determined for the year in which the payment is made, pursuant to the Act respecting the Québec Pension Plan;

- ii. seventy-five percent (75 % of the Annuitant's income for the twelve (12) months that follow, excluding the income provided for in paragraph 4 c), provided that the following conditions are met:
 - the income of the Annuitant for the twelve (12) months that follow, excluding the income provided for in paragraph 4 c), does not exceed the amount referred to in sub-paragraph i. above;
 - the Annuitant makes an application to the Carrier to that effect, accompanied with a declaration in the form prescribed in schedule 0.5 to the Regulation and his/her written undertaking to request a suspension of payments as soon as his/her income, excluding the income provided for in paragraph 4 c), reaches the amount referred to in sub-paragraph i. above.
- d) The income provided for in paragraph 4 c) may not be paid to the Annuitant where he/she has requested a suspension of payments or after the end of the year in which the Annuitant reaches the age of fifty-four (54);
- e) An Annuitant who is entitled to receive the income referred to in paragraph 4 c) and who is a member or a Spouse who has become entitled to a pension under a pension plan may, for the purposes of replacing such pension by a 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:
 - i. the additional amount required for the balance of the Fund to permit payment of the monthly instalments provided for in paragraph 4 c) until the end of the year;
 - ii. the value of the Annuitant's benefits under the plan.
5. The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgement rendered in favour of the Spouse of the Annuitant that gives entitlement to a seizure for unpaid alimony.

The Annuitant may, provided that the agreed upon term of the investments has expired, require that the total balance of the Fund be paid to him/her in a lump sum if he/she has not resided in Canada since at least two years.
6. If the Annuitant dies before conversion of the total balance of the Fund into a life annuity, his Spouse or, failing his Spouse, his assigns, are entitled to a benefit in an the amount equal to the balance of the Fund.
7. The Spouse of the Annuitant may, by giving written notice to the Carrier, waive his/her entitlement to receive the pension benefit provided for in paragraph 6 or the annuity provided for in paragraph 16 and may revoke such waiver by giving written notice to the Carrier before the death of the Annuitant, in the case of the pension benefit or, in the case of the annuity, before date of the conversion, in whole or in part, of the total balance of the Fund into a life annuity in accordance with paragraph 60(1) of the *Income Tax Act (Canada)*.
8. The Spouse of the Annuitant ceases to be entitled to the benefits provided for in paragraph 6 or, where applicable, in paragraph 16 a) upon separation from bed and board, divorce, annulment of marriage, dissolution or annulment of civil union or, in the case of an unmarried spouses or spouses that are not in a civil union, upon cessation of the conjugal relationship, unless the Annuitant has transmitted to the Carrier the notice provided for in section 89 of the Act.
9. The entire balance of the Fund may be paid in a lump sum to the Annuitant upon his making an application to the Carrier accompanied with a declaration in the form prescribed in Schedule 0.2 to the Regulation under the following conditions:
 - a) the Annuitant has attained at least sixty-five (65) years of age at the end of the year preceding the application;
 - b) the total sums credited to his/her account in the retirement savings vehicles referred to in Schedule 0.2 to the Regulation do not exceed forty percent (40%) of the Maximum Pensionable Earnings determined in accordance with the Act respecting the Québec Pension Plan for the year in which the Annuitant applies for payment.
10. Before conversion of the total balance of the Fund into a life annuity, the Annuitant may, provided that the Carrier shall retain such amount as prescribed in paragraph 146.3 (2)(e) of the Income Tax Act (Canada), transfer all or part of such balance into a pension plan governed by the Act, into 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, into a supplemental pension plan established by an act emanating from the Parliament of Quebec or from another legislative authority, into the locked-in account of a voluntary retirement savings plan governed by the Voluntary Retirement Savings Plans Act (Chapter R-17-.0.1), into the locked-in account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Quebec, provided that the Annuitant joins that plan as part of his or her employment, into another life income fund referred to in section 18 of the Regulation, into an annuity contract, referred to in section 30 of the Regulation or, before December 31 of the year in which he/she reaches age seventy one (71), into a locked-in retirement account which fulfils the requirements and conditions set by section 29 of the Regulation, the date of such a transfer may not be more than thirty (30) days after the date of application by the Annuitant, unless the agreed term of the investments has not expired.
11. If the income paid to the Annuitant during a fiscal year of the Fund exceeds the maximum amount that may be paid to him/her in accordance with the provisions of the Contract or the Regulation, the Annuitant may, unless the payment is attributable to a false declaration made by him/her require the Carrier to pay him/her, as a penalty, a sum equal to the surplus income paid.
12. The Carrier may not make any amendment that would have the effect of reducing benefits under the Contract unless, before the date of the amendment, the Annuitant has the right to transfer the balance of the Fund and receives, not less than ninety (90) days before the date on which he/she may exercise that right, a notice indicating the nature of the amendment and the date from which he/she may exercise that right.
13. The transfer referred to in paragraphs 10 and 12 may, at the option of the Carrier and unless otherwise stipulated, be effected by remittance of the investment securities of the Fund.
14. The Carrier may not, except to fulfil requirements under law, make any amendment other than the amendment provided for in paragraph 12 without giving prior notice to the Annuitant.

15. The Carrier may amend the Contract only to the extent that it remains in conformity with the standard contract amended and registered with Retraite Québec.
16. All or part of the balance of the Fund may be converted into a life annuity in accordance with paragraph 60(1) of the Income Tax Act (Canada), upon the following conditions only:
- a) the insurer guarantees payment of such annuity in periodic equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or a rate provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on the Annuitant's benefits, a redetermination of the Annuitant's annuity, a partition of the Annuitant's benefits with his/her Spouse, the payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the Act or the option provided for in sub-paragraph 3 of the first paragraph of section 93 of the Act;
 - 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 annuity equal to at least sixty percent (60%) of the amount of the Annuitant's annuity including, during the replacement period, the amount of any temporary pension;
 - c) the contract of the insurer may guarantee payment of the annuity during a given period after the Annuitant's death but ending not later than the day preceding the day on which he/she would have reached the age of ninety (90).
17. The Carrier shall provide the statements and information referred to in sections 24 to 26 of the Regulation to those persons entitled to receive them.
18. 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

| | | |
|--|--|------|
| Applicant's Name <i>(Please Print)</i> | Applicant's Signature | Date |
| Branch/Account Number | Authorized agent of/Representative for the Carrier | |
| Fund Number | \$ Amount Received | |