Manulife

Life Income Fund Endorsement for Newfoundland and Labrador Pension Funds

Endorsement issued in accordance with the Pension Benefits Act, Newfoundland and Labrador

1. In this Endorsement, "Manulife" refers to The Manufacturers Life Insurance Company. The word "Act" means the Newfoundland and Labrador Pension Benefits Act, 1997, and the word "Regulations" means the regulations made under the Act that meet the requirements of Directive No. 5 issued, pursuant to section 40 of the Act. The word "fund" refers to the retirement income fund to which this Endorsement applies.

2. For purposes of this Endorsement, the words "financial institution", "former member", "principal beneficiary", "life annuity contract", "Locked-In Retirement Account" (LIRA), "Life Income Fund" (LIF), "owner", "fiscal year" "pension benefit", "pension plan", "Superintendent" and "Year's Maximum Pensionable Earnings" (YMPE) have the same meanings as are respectively given to these words in the Act, Regulations and Directive No. 5. The term "Locked-in Retirement Income Fund" (LRIF) has the same meaning as given to it in Directive No. 17.

   Notwithstanding anything to the contrary contained in this plan, including any endorsements forming a part of it, for the purposes of any provisions of the Income Tax Act (Canada)respecting Registered Retirement Income Funds ("RRIF"s) and Registered Pension Plans, the term "principal beneficiary" as defined in the Act and Directive No. 5 does not include any person who is not recognized as a spouse or common law partner under the Income Tax Act (Canada).

3. While this fund remains in force, the owner may transfer all or part of the money in the fund
   (a) to another Life Income Fund (LIF),
   (b) to a Locked-in Retirement Income Fund (LRIF),
   (c) to purchase an immediate life annuity contract that meets the requirements of the Superintendent and, if there is a principal beneficiary at the time of purchase, shall be a joint and survivor with at least 60 percent continuing to be payable to the survivor for life unless the principal beneficiary waives the entitlement in a form and manner required by the Superintendent,
   (d) to a Locked-In Retirement Account (LIRA), before the latest maturity date for Registered Retirement Savings Plans as specified under the Income Tax Act (Canada), or
   (e) to a 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, before the latest maturity date for Registered Retirement Savings Plans as specified under the Income Tax Act (Canada).

   Any withdrawal fees specified in the terms of the fund will be applicable at the time of the transfer.

4. If the owner, who is a former member, dies while this fund is in force, the locked-in money in the fund will be paid in a lump sum to the surviving principal beneficiary of the owner if there is one at the date of death. If there is no surviving principal beneficiary or where the surviving principal beneficiary had waived entitlement in the form and manner required by the Superintendent, the money will be paid in a lump sum to the designated beneficiary, if any, otherwise to the estate of the owner. Where the owner is not a former member, the full value of the fund shall be paid to the designated beneficiary or, where there is no beneficiary, to the owner's estate.

5. Notwithstanding paragraph 8, the owner may be entitled to withdraw additional amounts from the fund if:
   (a) a medical practitioner certifies that due to a mental or physical disability the life expectancy of the owner is likely to be shortened considerably. The payment(s) can be made as a lump sum payment or a series of payments. Where the owner is a former member of a pension plan, the request must also be accompanied by a waiver of the joint and survivor pension entitlement completed by the principal beneficiary of the owner, in the form and manner required by the Superintendent.

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(b) at the date the owner signs the application for withdrawal:

i. the owner has reached the earlier of age 55 or the earliest date on which the owner would have been entitled to receive a pension benefit under the plan from which money was transferred,
ii. the value of the owner's assets in all LIRAs, LIFs and LRIFs governed by the Act is less than 40 percent of the YMPE for the calendar year in which the application for withdrawal is made
iii. within the same fiscal year, the owner has not elected to receive additional temporary income under paragraph 11 or, where part of the LIF corresponds to amounts transferred directly or indirectly from another LIF or LRIF, the owner has not elected to receive additional temporary income from that LRIF or LIF; and
iv. within the same calendar year, the owner has not made a withdrawal due to financial hardship under paragraph 5(c) from the LIF or, where part of the LIF corresponds to amounts transferred directly or indirectly from a LIRA, LRIF, or another LIF, the owner has not made a withdrawal due to financial hardship from the original retirement savings arrangement.

The payment may be made in a lump sum. Where the owner is a former member of the pension plan from which the money was transferred and has a principal beneficiary, the withdrawal request must be accompanied by a waiver of the principal beneficiary of the former member of the joint and survivor pension entitlement, in the form and manner required by the Superintendent. The owner's application for withdrawal must be made on a form approved by the Superintendent.

(c) due to circumstance of financial hardship the owner meets the requirements of the Act, the Regulation and Directive No. 5, and the owner makes an application to the financial institution administering the LIF for a lump sum withdrawal (including withholding taxes). The owner may apply for withdrawal due to financial hardship once within a calendar year for each category of financial hardship. The application must be made on a form approved by the Superintendent, include any supporting documentation required by the Regulations and where the owner is a former member of the pension plan from which the money was transferred and has a principal beneficiary, accompanied by the written consent of the principal beneficiary, in the form and manner required by the Superintendent, or

(d) where the owner provides a statutory declaration, in accordance with the *Evidence Act,* confirming they have resided outside Canada for at least 2 consecutive calendar years and are residing outside of Canada on the date of signing the declaration, the owner may take a lump sum payment equal to the value of the entire fund. Where the owner is a former member of the pension plan from which the money was transferred and has a principal beneficiary, the declaration must be accompanied by the written consent of the principal beneficiary, in the form and manner required by the Superintendent.

6. Each fiscal year of the fund ends on December 31 and will not exceed 12 months.
7. Under the terms of the fund, the owner will be paid an income, which will continue as long as the fund remains in force.

   The income will commence no earlier than the earliest date on which the owner would have been entitled to receive pension benefits under the Act or any pension plan from which money was transferred into this fund or age 55, whichever is earlier.

   The income will commence no later than the latest age as specified under the Income Tax Act (Canada) and no later than the last day of the second fiscal year of the fund.

8. The total of all income payments and cash withdrawals made out of the fund during a fiscal year will not be less than the minimum amount prescribed for RRIFs under the Income Tax Act (Canada)nor more than the LIF maximum, as set out in paragraph 9 below. Subject to these minimum and maximum amounts, the owner may elect the amount to be paid out of the LIF either at the beginning of the fiscal year of the LIF or at another time agreed to by Manulife and the election expires at the end of the fiscal year to which it relates. If no election is made, payments are made in accordance with the provisions of the fund and in accordance with section 10(c) of Directive No. 5.

9. For any fiscal year, the amount of income paid out of the fund must not exceed the “maximum” being the greater of (a) or (b) as follows:

   (a) the amount calculated using the formula C/F, where

      C = the value of assets in the fund at the beginning of the fiscal year, and

      F = the 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 the 31st day of December of the year in which the purchaser reaches ninety years of age.

   (b) the amount of the investment earnings, including any unrealized capital gains or losses, of the fund in the immediately previous fiscal year

10. The value F in paragraph 9 must be established at the beginning of each fiscal year of the fund using an interest rate as follows:

   (a) for the fifteen years after the date of the 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 sixteenth and each subsequent year, a rate of 6% per year.

11. Notwithstanding paragraph 8, the owner is entitled to receive additional temporary income if the owner has not reached his or her 65th birthday at the beginning of the fiscal year in which the owner makes the application for additional temporary income and if the total pension income received by the owner for the calendar year in which the application is made is less than 40% of the YMPE under the Canada Pension Plan (CPP). The amount of additional temporary income paid out of the 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 for the calendar year in which an application is made.

      B = the maximum amount of income the owner is entitled to receive from all LIF’s, LRIF’s, life annuity contracts and pension plans governed by the Act or pension benefits legislation of a designated province, as defined in the Act, or of Canada, excluding income from a pension under CPP and excluding any withdrawals due to financial hardship from a retirement savings arrangement, for the calendar year in which the application is made.

12. An application for additional temporary income under paragraph 11 shall be:

   (a) on a form approved by the Superintendent,

   (b) where the owner is a former member of a pension plan, accompanied by the written consent of the principal beneficiary of the former member, and

   (c) submitted to Manulife at the beginning of the fiscal year of the fund, unless otherwise permitted by Manulife.

13. For the initial year of the fund, the maximum, as referred to in paragraphs 9 and 11 above, 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.

14. If a part of the fund corresponds to amounts transferred directly or indirectly from another LIF or LRIF of the owner during the fiscal year, the "maximum" in paragraphs 9 and 11 shall be deemed to be zero in respect of the part transferred in.

15. Notwithstanding paragraph 14, if the prior financial institution confirms in writing the required payment information to determine the unpaid balance of the maximum for the fiscal year in respect to the LIF or LRIF transferred, the owner may receive the unpaid balance of the maximum provided that the total amount

received by the owner from all financial institutions in respect of that part transferred in during the fiscal year does not exceed the "maximum" in paragraphs 9 and 11.

16. The money in and payable under the fund may not be assigned, charged, anticipated or given as security money payable under this LIF except as permitted under the Act.
17. Manulife will provide the statements required by sections 25 to 27 of Directive No. 5.
18. The rights of the owner with respect to the investment of capital are as specified in the terms of the fund.
19. For the purpose of a transfer, the purchase of a life annuity contract, or a death benefit, the method used to determine the value of the fund is as specified in the terms of the fund.
20. The fund is subject, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions in Part VI of the Act.
21. If any amendment is made to the fund, as required by legislation, that would reduce any benefits, the owner may request the transfer of the money in the fund in accordance with paragraph 3 above, before the effective date of the amendment. Manulife will send the owner a written notice describing the amendment and the period during which the transfer may be requested. The owner will receive this notice at least 90 days before the effective date of the amendment.

    If any other amendment is made to the fund, Manulife will notify the owner at least 90 days before the effective date of the amendment.
22. If money is paid out contrary to the Act or Directive No.5, the Manulife will provide or ensure the provision of a pension benefit equal in value to the pension benefit that would have been provided had the money not been paid out.
23. Manulife affirms the provisions contained in this endorsement.
24. Notwithstanding anything to the contrary contained in the fund, the conditions of this Endorsement will take precedence over the provisions in the fund in the case of conflicting or inconsistent provisions**. Future amendments to the Act, the Regulations or the Directive No.5, or subsequent legislation may override this Endorsement.**