Manulife

Locked-in Retirement Account 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 under the Act. The word "plan" refers to the retirement savings plan, to which this Endorsement applies.
2. For purposes of this Endorsement, the words "former member", "principal beneficiary", "life annuity", "Life Income Fund" (LIF), "Locked-In Retirement Account" (LIRA), "pension benefit", and "pension plan" have the same meanings as are respectively given to these words in the Act or the Regulations, the word "owner" has the same meaning as given to it in Directive No. 4 and 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 provision of the *Income Tax Act* (Canada) respecting Registered Retirement Savings Plans ("RRSPs") and Registered Pension Plans, the term "principal beneficiary" as defined in the Act and Directive No. 4 does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).
3. All the money transferred, including all investment earnings, shall be used to provide a pension benefit and shall not be transferred except,
   (a) prior to maturity, to transfer the money to the pension fund of a registered pension plan,
   (b) prior to maturity, to transfer the money to another locked-in retirement account,
   (c) to purchase a life annuity contract that is provided by a person authorized under the laws of Canada or a province to sell annuities as defined in the *Income Tax Act* (Canada) under an insurance contract that meets the requirements of Directives No. 4 and No. 6 issued under the Act, commencing not before the person who is to receive the pension benefit obtains the earlier of the age of 55 years, or the earliest date on which the former member is entitled to receive a pension benefit under a pension plan from which the money was transferred,
   (d) to transfer the money to a life income fund that meets the requirements of Directive No. 5, or
   (e) to transfer the money to a locked-in retirement income fund that meets the requirements of Directive No 17.

   Any withdrawal fees specified in the plan will be applicable at the time of the transfer.
4. The pension benefit payable to a former member who has a principal beneficiary at the date the pension commences shall be a joint and survivor pension benefit with at least 60 percent continuing to be payable to the survivor for life after the death of either unless the principal beneficiary waives the entitlement in a form and manner set out in a form provided by the Superintendent.
5. On the death of a former member who has a principal beneficiary, the locked in money in the plan will be paid to the surviving principal beneficiary. Where there is no surviving principal beneficiary or the surviving principal beneficiary had waived entitlement in the form and manner prescribed by the Superintendent, the designated beneficiary, or where there is no designated beneficiary, the estate of the member or former member is entitled to a lump sum payment of the full value of the Locked-In Retirement Account. Where the owner is not a former member, the full value of the contract shall be paid to the designated beneficiary or, where there is no designated beneficiary, to the owner's estate.

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6. None of the locked-in money in the plan, including interest, may be assigned, charged, anticipated or given as security, except as permitted under applicable legislation. Any transaction that contravenes this paragraph is void.
7. No withdrawal, commutation or surrender of the locked-in money is permitted during the owner's lifetime, except
   (a) where due to mental or physical disability a medical practitioner certifies that the life expectancy of the owner is likely to be shortened considerably, the owner may withdraw the money as a lump sum or series of payments. Where the owner is a former member of a pension plan, such payment may only be made if the principal beneficiary of the owner has waived the joint and survivor pension entitlement in the form and manner prescribed by the Superintendent, or
   (b) where an amount is required to be paid to the taxpayer to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada), or
   (c) where the value of the owner's assets in all LIRAs, LIFs and LRIFs governed by the Act is less than 10 percent of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan for that calendar year, the owner may take a lump sum payment or,
   (d) the owner may take a lump sum payment where 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 pension plan from which money was transferred, and 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 that calendar year, or
   (e) as provided in Part VI of the Act, with any necessary modifications, to the division of pension benefits on marriage breakdown provisions

   The application for a withdrawal under subsection (c) or (d) must be made on a form approved by the Superintendent and accompanied by a waiver of the joint and survivor pension entitlement by the principal beneficiary of the owner, who is a former member of the pension plan from which the money was transferred, in the form and manner prescribed by the Superintendent. Any transaction that contravenes this section is void.
8. No subsequent transfer of the locked-in money in the plan is permitted, except
   (a) where the transfer is permitted under the Act and the Regulations, and
   (b) where the transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act and the Regulations.

   Upon transfer, Manulife will advise the transferee in writing that the locked-in money transferred must be administered as a pension benefit under the Act and the Regulations.
9. If the commuted value of a pension benefit which was transferred to this Locked-In Retirement Account was determined in a manner that did not differentiate on the basis of sex, the immediate or deferred life annuity purchased with the funds shall not differentiate on the basis of the sex.
10. All locked-in money in the plan will be held in an account containing only locked-in money, which account is separate from any account under the plan holding money that is not locked-in.
11. All money shall be invested in a manner that complies with the rules of investment 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 owner of the money or the parent, brother, sister or child of the owner of the money or the principal beneficiary of any of those persons.
12. If locked-in money from the plan is paid out contrary to the Act, the Regulation or Directive No. 4, Manulife declares that it will provide or ensure the provision of a pension benefit in a manner and in an amount that would have been provided had the money not been paid out.
13. Manulife hereby affirms the provisions contained in this plan.
14. Notwithstanding anything to the contrary contained in the plan, the conditions of this Endorsement will take precedence over the provisions in the plan in the case of conflicting or inconsistent provisions. **Future amendments to the Act and the Regulations, or subsequent legislation may override this Endorsement.**