

## LIFE INCOME FUND ENDORSEMENT

### Ontario (LIF) [NEW LIF]

1. **What the Words Mean:** Please remember that in this Endorsement, “**you**” and “**your**” mean the owner of the Contract and who is the “annuitant” as defined in the *Income Tax Act* (Canada) (the “Tax Act”) and “**us**”, “**we**” and “**our**” mean RBC Life Insurance Company.

Please also remember that in this Endorsement:

“**Contract**” means the Individual Variable Insurance Contract between you and us to which this endorsement applies.

“**Pension Act**” means the *Pension Benefits Act* (Ontario), as changed or replaced from time to time;

“**Regulation**” means the *Pension Benefits Act Regulation* in force under the Pension Act, as changed or replaced from time to time; and

“**Spouse**” means the individual who is considered to be your spouse or same-sex partner, as the case may be, according to section 1 of the *Pension Act*, however, notwithstanding anything to the contrary contained in the Contract and this Endorsement, including any endorsements forming a part thereof, “spouse” or “same-sex partner” does not include any person who is not recognized as your spouse or common-law partner, as the case may be, for the purposes of any provision of the Tax Act respecting RRIFs.

As well, the words “**life income fund (“LIF”)**”, “**locked-in retirement account (“LIRA”)**”, “**locked-in retirement income fund (“LRIF”)**”, “**pension benefit**”, “**RRIF**”, “**RRSP**” and “**Superintendent**” have the same meanings given to them in the Pension Act and the Regulation.

The other words used in this Endorsement have the same meaning given to them in the Contract. You will refer to the Contract if you need to when reading those words.

You agree with us as follows:

2. **General Terms:** This Endorsement will form part of the Contract. If there is a conflict between this Endorsement and the Contract, this Endorsement will prevail.
3. **LIF:** We will maintain the Contract as a LIF according to the requirements of the Pension Act, the Regulation and the Tax Act.
4. **Investment Powers:** Your powers, if any, respecting investment of the funds in the Contract are set out in the Contract.
5. **No Assignment:** You agree not to assign, charge, alienate, anticipate or give as security amounts payable under the Contract except as required by an order under the *Family Law Act* (Ontario) or by a domestic contract as defined in Part IV of that Act.

6. **Valuation:** The method to establish the value of the Contract is set out in the Contract.
7. **No Withdrawals:** Funds from the Contract may not be commuted, withdrawn or surrendered in whole or in part except as permitted by sections 49 or 67 of the Pension Act and this Endorsement or 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 Tax Act.
8. **Fiscal Year:** The fiscal year of the Contract ends on December 31 of each year and will not exceed 12 months.
9. **Income Entitlement:** You will be paid an income out of the Contract, the amount of which may vary annually, that will commence no earlier than the earliest date on which you are entitled to receive a pension under any registered pension plan from which money was transferred directly or indirectly into the Contract and the payment of income must begin no later than the end of the second fiscal year of the Contract.
10. **Notice:** You must notify us of the amount of income to be paid out of the Contract each year, either at the beginning of the fiscal year of the Contract or at another time agreed to by us, and this notice will expire at the end of the fiscal year to which it relates. If you fail to provide us with this notice, the minimum amount of income determined under paragraphs 12 to 17 of this Endorsement shall be paid out of the Contract that year.
11. **Division of Property:** The Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract) and payments out of the Contract are subject to division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that Act.
12. **Amount of Income:** The amount of income paid during a fiscal year of the Contract must not exceed the greatest of the following amounts:
  - (a) the investment earnings, including any unrealized capital gains or losses, of the Contract in the previous fiscal year;
  - (b) if the funds in the Contract are derived from money transferred directly from a LIF or LRIF (the “transferring fund”), and if the income is being paid out of the Contract in the fiscal year following the fiscal year in which the Contract is established, the sum of:
    - (i) the investment earnings, including any unrealized capital gains or losses, of the transferring fund in the previous year; and
    - (ii) the investment earnings, including any unrealized capital gains or losses, of the Contract in the previous fiscal year; or
  - (c) the amount “M”, as calculated in accordance with the following formula:

$$M = C/F$$

in which

C = the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract) at the beginning of the fiscal year; and

F = the present value, at the beginning of the fiscal year, of an annuity of \$1 payable annually in advance over the period commencing at the beginning of the fiscal year and ending on December 31 of the year in which you reach 90 years of age.

13. **Calculation of Annuity:** The following interest rate assumptions are to be used to determine the amount “F” in paragraph 12 of this Endorsement:
  - (a) the interest rate for each of the first 15 fiscal years of the period referred to in the definition of “F” is the greater of 6% and the nominal rate of interest on long-term bonds issued by the Government of Canada for November of the year before the beginning of the fiscal year, as determined from the Canada Socio-Economic Information Management System (CANSIM) series V122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada; and
  - (b) for the sixteenth and each subsequent fiscal year of the period referred to in the definition of “F”, the interest rate is 6%.
14. **Transfers from Other LIFs or LRIFs:** Despite paragraph 12 of this Endorsement, if the funds in the Contract are derived from money transferred directly or indirectly from another LIF or an LRIF, the maximum amount that may be paid out of the Contract in the fiscal year in which the money is transferred will be equal to zero, except to the extent that the Tax Act requires the payment of a higher amount.
15. **Short Fiscal Year:** If the fiscal year of the Contract is not 12 months long, the maximum amount determined under paragraph 12 of this Endorsement will 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.
16. **Minimum Income:** The amount of income paid out of the Contract during a fiscal year must not be less than the minimum amount prescribed for a RRIF under the Tax Act, and where the maximum amount is less than the minimum amount required by the Tax Act, the minimum amount will prevail.
17. **Exception:** If the minimum amount of income specified in paragraph 16 of this Endorsement is greater than the maximum amount determined under paragraphs 12, 14 or 15 of this Endorsement, the minimum must be paid out of the Contract during the fiscal year.
18. **Transfers from the Contract:** You may transfer all or part of the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract):
  - (a) to another LIF that is governed by Schedule 1.1 of the Regulation; or

- (b) to purchase an immediate life annuity, in accordance with paragraph 60(1) of the Tax Act, and that meets the requirements of section 22 of the Regulation.

We agree to make such transfer within 30 days after the date you request the transfer.

19. **Conditions for Transfers:** For years following 2010, we may refuse to make the transfer referred to in paragraph 18 except where,
- (a) the transfer is permitted under the Pension Act and the Regulations; and
  - (b) the transferee agrees to administer such transferred amount in accordance with the Pension Act and the Regulation.

We agree to advise the transferee in writing that the amount transferred must be administered in accordance with the Pension Act and Regulation.

20. **Spousal Status Determination:** For the purposes of the life annuity referred to in paragraph 18(b) of this Endorsement, a determination as to whether you have a Spouse is to be made on the date the annuity is purchased.
21. **Division of Annuity:** Payments under a life annuity referred to in paragraph 18(b) of this Endorsement are subject to division in accordance with the terms of an order under the *Family Law Act* (Ontario) or a domestic contract as defined in Part IV of that Act.
22. **25% Unlocking Option:** If the assets transferred to this Contract are from a pension fund, a LIRA, an LRIF or a LIF prior to 2010, you may, upon application in accordance with section 8 of Schedule 1.1 of the Regulation either withdraw from the Contract or transfer from it to an RRSP or RRIF an amount representing up to 25% of the total market value of the assets transferred into the Contract. The application must be given to us within 60 days after the assets are transferred to the Contract.
23. **25% Unlocking Option after 2009:** If the assets transferred to this Contract are from a pension fund, a LIRA, an LRIF, or a LIF for years following 2009, you may, upon application in accordance with section 8.1 of Schedule 1.1 of the Regulation either withdraw or transfer from it to an RRSP or RRIF an amount representing up to 25% of the total market value of the assets transferred into the Contract, in relation to each transfer made before 2010. The application must be given to us before January 1, 2011. You are limited to a maximum of one such withdrawal or transfer from your Contract in respect of each such amount transferred.
24. **50% Unlocking Option:** If the assets transferred to this Contract are from a pension fund, a LIRA, an LRIF or a LIF for years after 2009, you may, upon application in accordance with section 8 of Schedule 1.1 of the Regulation either withdraw or transfer from it to an RRSP or RRIF an amount representing 50% of the total market value of the assets transferred to the Contract. The application must be given to us within 60 days after the assets are transferred to the Contract.

25. **Unlocking Limitations:** Despite paragraph 22-24 of this Endorsement, if the assets are transferred into the Contract from a LIF that is governed by Schedule 1.1 of the Regulation, or if such transfer occurs after 2010 and the assets are transferred into the Contract from a LIF or LRIF, you cannot make a withdrawal or transfer described in paragraph 22 or 23 of this Endorsement unless the transfer into the Contract was made in accordance with the terms of an order under the *Family Law Act* or a domestic contract as defined in Part IV of that Act.
26. **Small Pensions:** You may, upon application, withdraw the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract) or transfer the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract) to an RRSP or RRIF if, at the time you sign the application:
- (a) you are at least 55; and
  - (b) the value of all assets in all LIFs, LRIFs and LIRAs owned by you is less than 40% of the year's maximum pensionable earnings as defined in the *Canada Pension Plan* (Canada) for the calendar year in which you signed the application and the value of which is determined in accordance with the most recent statement about each LIF, LRIF or LIRA given to you and dated within one year before you signed the application.
27. **Shortened Life Expectancy:** You may, upon application, withdraw all or part of the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract) if, at the time the application is signed by you, you have an illness or physical disability that is likely to shorten your life expectancy to less than two years and the application is accompanied by a statement of opinion, signed by a physician who is licensed to practice medicine in a jurisdiction in Canada, that you meet the foregoing medical requirement.
28. **Non-Resident Status:** You may, upon application, withdraw the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract), if:
- (a) at the time you sign the application, you are a non-resident of Canada as determined by the Canada Revenue Agency for the purposes of the Tax Act;
  - (b) you make the application at least 24 months after your date of departure from Canada; and
  - (c) your application is accompanied by a written determination from the Canada Revenue Agency that you are a non-resident for purposes of the Tax Act.
29. **Applications:** The applications described in paragraphs 22, 23, 24, 26, 27 and 28 of this Endorsement must be made on a form approved by the Superintendent, signed by you, submitted to us and accompanied by:
- (a) a declaration described in section 12 of Schedule 1.1 of the Regulation about your Spouse; or

- (b) a statement signed by you attesting to the fact that none of the funds in the Contract are derived, directly or indirectly, from a pension benefit provided in respect of your employment.

30. **Excess Transfers:** You may, upon application, withdraw funds from the Contract in an amount, calculated by us on the date of withdrawal, not greater than the sum of:

- (a) the amount, if any, by which the amount transferred, directly or indirectly, into the Contract from a registered pension plan of which you were a member exceeds the amount prescribed for such transfer under the Tax Act; and
- (b) any subsequent investment earnings, including any unrealized capital gains or losses, attributable to the excess transferred to the Contract, referred to in subclause (a), and as calculated by us;

provided that the application is made on a form approved by the Superintendent, signed by you, submitted to us and accompanied by:

- (c) a written statement from the administrator of the registered pension plan from which the funds in the Contract originated setting out the excess amount that was transferred; or
- (d) a written statement from the Canada Revenue Agency setting out the excess amount that was transferred into the Contract.

31. **Applications:** Where you submit an application under paragraphs 22, 23, 24, 26, 27, 28 or 30 of this Endorsement:

- (a) we are entitled to rely on the information you provide in the application;
- (b) an application that meets the requirements of the applicable section of Schedule 1.1 of the Regulation constitutes authorization to us to make the payment or transfer from the Contract; and
- (c) we shall make the payment or transfer no more than 30 days after the date we receive your completed application and accompanying documents;

and, in the case of applications submitted under paragraphs 26, 27 or 28 of this Endorsement:

- (d) any document required to be signed by you or your Spouse is a nullity if it is signed more than 60 days before we receive it; and
- (e) we shall provide you with a receipt stating the date on which we received your application and/or document.

32. **Financial Hardship:** We are authorized to pay you the funds from the Contract in accordance with Part III of the Regulation, as amended from time to time in situations of financial hardship. You must make your application to withdraw funds due to financial

hardship to us, on a form suitable to us along with any supporting documents as may be required by us under the Pension Act or Regulation for the category under which you are claiming financial hardship. We will review your documents and application and will make a determination on whether you meet the criteria as set out in the Pension Act or Regulation for the withdrawal of funds in situations of financial hardship. If we are satisfied with your application and supporting documents, we will make payment to you in the time as set out in the Regulation.

33. **Survivor's Benefits:** Upon your death, your Spouse or, if you are not survived by a Spouse or if your Spouse is otherwise disentitled, your named beneficiary or, if you have not designated a beneficiary, your estate is entitled to receive a benefit equal to the value of the Contract (after deduction of any redemption, withdrawal or other fees specified in the Contract). A determination of whether you have a Spouse will be made on the date of your death, and for greater certainty, a Spouse living separate and apart from you on the date of your death is not entitled to receive the value of the Contract (after deduction of any redemption, withdrawal or other fees specified in the Contract).
34. **No Entitlement:** Your Spouse is not entitled to receive the value of the Contract (after deduction of any redemption, withdrawal or other fees specified in the Contract) in accordance with paragraph 33 of this Endorsement unless you were a member or former member of a registered pension plan from which assets were transferred directly or indirectly to the Contract.
35. **Transfer of Survivor Benefit:** The benefit described in paragraph 33 of this Endorsement may be transferred to an RRSP or an RRIF in accordance with the Tax Act.
36. **Spousal Waiver:** Your Spouse may waive his or her entitlement to receive the survivor's benefit described in paragraph 33 of this Endorsement by delivering to us a written waiver in a form approved by the Superintendent. Your Spouse may cancel a waiver delivered pursuant to this paragraph by delivering a written and signed notice of cancellation to us before the date of your death.
37. **Value of Survivor Benefit:** For the purposes of paragraph 33 of this Endorsement, the value of the Contract (after deduction of any redemption, withdrawal or other fees specified in the Contract) includes all accumulated investment earnings, including any unrealized capital gains and losses, of the Contract from the date of death until the date of payment.
38. **Amendments:** The Contract may be amended, provided you are given at least 90 days notice of the proposed amendment, to be sent by registered mail to your address set out in our records. The Contract may not, however, be amended if the amendment would result in a reduction of your rights under the Contract unless the amendment is required by law and you are entitled to transfer funds from the Contract under the terms of the Contract that exist before the amendment is to be made, in which case, you must be notified, by registered mail to your address set out in our records, of the nature of the amendment and be allowed at least 90 days after the notice is given to transfer all or part of the Total Contract Value (after deduction of any redemption, withdrawal or other fees specified in the Contract).

39. **Information Statements:** We agree to provide the information specified in section 17 of Schedule 1.1 to the Regulation as, when and to those persons described therein.

40. **Differentiation on the Basis of Sex:** The commuted value of:

- (a) the pension benefits accrued before 1987, if any, and transferred to the Contract was (was not); and
- (b) the pension benefits accrued after 1986, if any, and transferred to the Contract was not;

determined on a basis that differentiated on the basis of sex. An immediate or deferred life annuity that is purchased with funds from the Contract shall not differentiate on the basis of the sex if the commuted value of the pension benefit that was transferred into the Contract was determined in a manner that did not differentiate on the basis of sex.

41. **Satisfaction of Minimum Amount:** Prior to transferring funds from the Contract under any provision of this Endorsement, we shall withhold an adequate amount to satisfy the minimum amount payable to you in the particular fiscal year, as required, and in accordance with paragraph 146.3(2)(e) of the Tax Act.