

**Life Income Fund Endorsement for New Brunswick Pension Funds**

Endorsement issued in accordance with the *Pension Benefits Act*, New Brunswick

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1. In this Endorsement, “Manulife” refers to The Manufacturers Life Insurance Company. The word “Act” means the New Brunswick *Pension Benefits Act*, and the word “Regulation” means the *General Regulation* made under the Act. The words “Tax Act” mean the *Income Tax Act* (Canada). The word “fund” refers to the retirement income fund, to which this Endorsement applies.
2. For purposes of this Endorsement, the words “deferred pension”, “pension plan”, “owner”, “retirement savings arrangement”, “spouse”, “common-law partner” and “Superintendent” have the same meanings as are respectively given to these words in the Act and the Regulation.

Notwithstanding anything to the contrary contained in this fund, including any endorsements forming a part of it, for the purposes of any provision of the Tax Act respecting Registered Retirement Income Funds (“RRIF”s), the word “spouse” or “common-law partner” does not include any person who is not recognized as a spouse or common-law partner under the Tax Act.

3. The only amounts that may be transferred into the fund are amounts originating, directly or indirectly, from
  - (a) the fund of a pension plan that conforms with the Act and the Regulation or with similar legislation in another jurisdiction, if the money is being transferred under section 36 of the Act or under a similar provision in legislation in another jurisdiction,
  - (b) another retirement savings arrangement that conforms with the Act and the Regulation, or
  - (c) a life or deferred life annuity under a contract that conforms with the Act and the Regulation.
4. Except as provided for in the Regulation, the money in the fund, in whole or in part, may be converted at any time, in accordance with the provisions of the contract, only into a life annuity or a deferred life annuity that conforms with section 23 of the Regulation.

At any time before the conversion and in accordance with the contract, the owner is entitled to transfer the money in the fund, in whole or in part, to the pension fund of a pension plan or a retirement savings arrangement, that is in conformity with the Act and the Regulation.

The owner shall not be entitled to make a transfer to a pension plan, as noted above, that is not registered in the province of New Brunswick unless the pension plan is registered for persons employed in a designated jurisdiction, as defined in section 3 of the Regulation, and the owner is employed in that jurisdiction by an employer who is making contributions on behalf of the owner to the pension fund that is to receive the amount to be transferred;

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

5. If the owner dies while this fund is in force, the money in the fund will be paid to or on behalf of the owner’s spouse or common-law partner, if there is one at the date of death. If there is no spouse or common-law partner at the date of death or the spouse or common law partner has waived all rights that he or she may have in the account under the Act, the Regulation or the contract, in the form provided by the Superintendent, the money will be paid to the designated beneficiary, if any, otherwise to the estate of the owner.
6. Notwithstanding paragraph 11 below, a lump sum payment or a series of payments may be made to the owner where a physician certifies in writing to Manulife that the owner suffers from a significant physical or mental disability that considerably reduces his/her life expectancy. If the owner has a spouse or common-law partner, this paragraph applies only if the spouse or common-law partner has waived entitlement to the survivor’s pension in the form and manner provided by the Superintendent.

7. Notwithstanding paragraph 11 below, a lump sum payment equal to the value of the entire contract may be made on application by the owner for payment at any time if the owner and spouse or common-law partner, if any, certify that they are not Canadian citizens, and are not residents of Canada, as defined in the Tax Act. If the owner has a spouse or common-law partner, this paragraph applies only if the spouse or common-law partner waives entitlement to a survivor pension in the form provided by the Superintendent.
8. Notwithstanding paragraph 11 below, the owner may transfer an amount from the LIF to a RRIF in accordance with subsection 22(6.1) of the Regulation providing the owner has provided written evidence that the Superintendent has approved the transfer, the spouse or common-law partner of the owner, if any, has consented to the withdrawal in the form and manner prescribed in the Regulation and an amount has never previously been transferred under subsection 22(6.1). The maximum unlocking amount that may be transferred is equal to the lesser of
  - (a) three times the maximum annual withdrawal in respect to the current year, as set out in paragraph 13 below, or
  - (b) twenty-five percent of the balance of the LIF on the first day of the fiscal year in which the transfer is to be made.
9. If the money in the fund is required to be divided under section 44 of the Act (marriage breakdown), the value is to be determined in accordance with the Act and the Regulation, and our then current administrative rules. Sections 27 to 33 of the Regulation (marriage breakdown) apply with the necessary modifications, to the division of the money in the fund.
10. Each fiscal year of the fund ends on December 31 and will not exceed 12 months. Under the terms of the fund, the owner will be paid an income which will commence no later than the last day of the second fiscal year of the fund, and which will vary annually and continue as long as the fund remains in force.
11. The amount of each income payment is subject to the minimum and maximum amounts specified in the Regulation. These amounts are as set out in paragraphs 12 and 13 below. Payments are also subject to the minimum specified in the Tax Act. Subject to these minimum and maximum amounts, the owner may elect the amount of income payable each fiscal year or at intervals of greater than one year if, the fund has a guaranteed rate of return during each such interval, and such intervals end at the end of a fiscal year of the fund. If the amount of income payable to an owner at intervals that are greater than one year paragraphs 12-15 and 17 apply with the necessary modifications to the establishment of the amount of income payable in each fiscal year in the interval, and the amount shall be established at the beginning of the first fiscal year in the interval.  
  
If no election is made, income payments are made in accordance with the Act, Regulation and provisions of the fund.
12. The amount of income paid during a fiscal year of the fund will not be less than the minimum amount set out in this paragraph. Subject to paragraph 13 below, the minimum is currently equal to the quotient of C divided by H, where
  - C = the balance of the money in the fund on the first day of the fiscal year, and
  - H = the number of years between January 1 of the year in which the calculation is made and December 31 of the year during which the owner attains the age of 90 years, inclusive.
13. The amount of income paid during a fiscal year of the fund will not exceed the maximum set out in this paragraph. Subject to paragraphs 14 to 16 below, the maximum is currently equal to the quotient of C divided by F, where
  - C = the balance of the money in the fund on the first day of the fiscal year, and
  - F = the value, on the first day of the fiscal year, of a guaranteed pension, the annual payment of which is \$1 payable on the first day of each fiscal year between the first day of the fiscal year and December 31, inclusive, of the year during which the owner attains the age of 90 years.
14. For the initial fiscal year of the fund, the minimum amount to be paid, as referred to in paragraph 12 above, will be zero.

15. If the money in the fund is derived from money transferred directly or indirectly during the first fiscal year of the fund from another life income fund of the owner, the maximum amount to be paid in the first fiscal year, as referred to in paragraph 13 above, will be equal to zero.
16. If an additional deposit is made to the fund in any fiscal year, and that additional deposit has never been under a life income fund before, an additional cash withdrawal will be allowed in that fiscal year. The additional cash withdrawal will not exceed the maximum amount that would be determined using the method described in paragraph 13 above if the amount of the additional deposit were being transferred into a separate life income fund and not into this fund.
17. The value F in paragraph 13 above will be calculated at the beginning of each fiscal year of the fund by using
  - (a) for the first fifteen years after the valuation of the fund, an interest rate exceeding six per cent per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the government of Canada for the month of November preceding the calendar year in which the calculation is made, as published in the Bank of Canada Review as CANSIM Series B14013 and using an interest rate not exceeding six per cent per year in subsequent years, or
  - (b) an interest rate that does not exceed 6% per year.
18. The money in the fund, including interest, may not be assigned, charged, anticipated or given as security and is exempt from execution, seizure, attachment or other process of law except under and in accordance with section 44 (marriage breakdown) or subsection 57(6) (support order) of the Act. Any transaction that contravenes this paragraph is void.
19. In the event of a transfer of the money from the fund, Manulife will ensure that the name of any transferee financial institution and contract are on the list of LIFs or, LIRAs maintained by the Superintendent of Pensions (New Brunswick).
20. The money in the fund, including interest, may not be commuted or surrendered during the lifetime of the owner except 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, and except under and in accordance with subsection 33(2) (mental or physical disability), section 44 (marriage breakdown), section 56.1 (foreign national commutation) or subsection 57(6) (support order) of the Act or subsection 22 (6.1) (maximum unlocking amount) of the Regulation. Any transaction that contravenes this paragraph is void.
21. All locked-in money in the fund will be held in an account containing only locked-in money, which will be separate from any account under the fund holding money that is not locked-in.
22. If any amendment is made to the fund that would reduce any benefits, the owner may request the transfer of the money in the fund in accordance with paragraph 4 above, before the effective date of the amendment. Manulife will send the owner a 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.
23. The fund may be amended only to the extent that it remains in conformity with the Act and Regulation. The fund may be amended to bring it into conformity with requirements under an act of the legislature of New Brunswick or other legislation in another jurisdiction.
24. Manulife will make any transfer referred to in paragraph 4 or 19 above, not more than 30 days after it receives the owner's request for the transfer.
25. The commuted value of the deferred pension transferred from the pension plan which was determined on a unisex or sex-distinct basis, as confirmed by the transferor, will have that basis preserved and will be administered as such. Any immediate life or deferred life annuity purchased with the value of the fund must also be determined on the same basis.
26. Manulife will provide the statements required by subsections 22(7) to (9) of the Regulation.

27. Manulife affirms the provisions contained in the fund.
28. 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 and the Regulation, or subsequent legislation may override this Endorsement.**