

Life Income Fund Endorsement for Ontario Pension Funds

Endorsement issued in accordance with the *Pension Benefits Act*, Ontario

1. In this Endorsement, “Manulife” refers to The Manufacturers Life Insurance Company. The word “Act” means the *Ontario Pension Benefits Act*, R.S.O. 1990 c.P.8, and the word “Regulation” means the 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. The word “owner” refers to the annuitant, as defined under subsection 146.3(1) of the *Income Tax Act* (Canada), of this life income fund.
2. For purposes of this Endorsement, the words “Chief Executive Officer”, “former member”, “member”, “life income fund (LIF)”, “locked in retirement account (LIRA)”, “locked-in retirement income fund (LRIF)”, “Year’s Maximum Pensionable Earnings”, “pension benefit”, “pension plan” and “spouse” have the same meanings as are respectively given to these words in the Act or 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), the word “spouse” does not include any person who is not recognized as a spouse or common-law partner under the Tax Act.

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 governed under the Regulation,
 - (b) to a variable benefit account or,
 - (c) to purchase a life annuity that meets the requirements of the Act and the Regulation.

Manulife will make this transfer no more than 30 days after it receives the owner’s request for the transfer. Any withdrawal fees specified in the fund will be applicable at the time of the transfer.

4. If the owner dies while this fund is in force, the money in the fund will be paid to or on behalf of the surviving spouse
 - (a) if the owner is a member or former member,
 - (b) if the owner has a spouse at the date of death who has not been otherwise disentitled, and
 - (c) if the surviving spouse is not living separate and apart from the owner on the date of death.

Otherwise the money will be paid to the designated beneficiary, if any, otherwise to the estate of the owner of the fund.

For the purposes of this paragraph, a determination as to whether the owner has a spouse is to be made on the date of the owner’s death.

5. The owner’s spouse may waive survivor’s benefits, and may revoke any such waiver, before the money in the fund is used to purchase a life annuity, by giving written notice to the annuity issuer.
6. The value of the assets in this fund and payments out of this fund or payments under a life annuity are subject to division in accordance with the terms of a domestic contract, a family arbitration award or an order made under the *Family Law Act* of Ontario, subject to the maximum set out in the Act and Regulation.
7. 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; this income will commence

- (a) no earlier than the earliest date on which the owner would have been entitled to receive pension benefits under any pension plan from which money was transferred into this fund,
- (b) payments out of the fund must begin no earlier than the date on which the owner reaches 55 years of age, if none of the money in the fund is derived, directly or indirectly, from a pension benefit provided in respect of any employment of the owner, and
- (c) no later than the last day of the second fiscal year of the fund.

The income will continue as long as the fund remains in force.

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 an RRIF under the Tax Act nor more than the maximum, as set out in Schedule 1.1 of the Regulation. If the minimum amount is greater than the maximum amount, the minimum amount must be paid out of the fund during the fiscal year. Subject to these minimum and maximum amounts, the owner may elect the amount of each income payment, and if no election is made, payments are made in accordance with the provisions of the fund.
9. Notwithstanding paragraph 8 above, the owner may apply to the financial institution to:
- (a) withdraw all or part of the money in the fund, in accordance with the Act and Regulation, if a physician certifies that the owner has an illness or physical disability that is likely to shorten his or her life to less than two years,
 - (b) transfer to a Registered Retirement Savings Plan (RRSP) or RRIF or withdraw all the money in the fund, in accordance with the Act and Regulation, if he or she is at least 55 years of age and the value of all assets in all LIRAs, LIFs and LRIFs owned by him or her do not exceed 40% of the Year's Maximum Pensionable Earnings for that calendar year. The value of all assets in all life income funds, locked-in retirement income funds and locked-in retirement accounts owned by the owner when he or she signs the application under this section is to be determined using the most recent statement about each fund or account given to the owner. Each such statement must be dated within one year before the owner signs the application,
 - (c) withdraw all the money in the fund, in accordance with the Act and Regulation, if he or she is a nonresident of Canada for at least 24 months, as determined by the Canada Revenue Agency (CRA) for the purpose of the Tax Act,
 - (d) transfer to an RRSP or RRIF or withdraw up to 50% of the market value transferred into the fund, in accordance with the Act and Regulation, if assets transferred into the fund are from an investment that qualifies under Schedule 1.1 of the Regulation. The application for withdrawal or transfer must be made within 60 days of the date of transfer. The total market value of the assets transferred into the fund is to be determined as of the date the assets were transferred into the fund, or
 - (e) The owner may apply in writing to the financial institution to withdraw all or part of the fund in circumstances of financial hardship, in accordance with the Act and Regulation

Application for any of the above must be on a form provided by the Chief Executive Officer and be accompanied by a statement signed by the owner's spouse that the spouse consents to the withdrawal or transfer or by a statement signed by the owner that he or she does not have a spouse or is living separate and apart from his or her spouse.

Manulife is entitled to rely upon the information provided by the owner in the application to withdraw money or transfer assets from the fund under any of the options above. An application that meets the requirements of the Act and the Regulation constitutes authorization to Manulife to make the payment or transfer from the fund within 30 days after the completed application and required accompanying documentation is received.

10. Subject to paragraph 6 above, the money in the fund may not be assigned, charged, anticipated or given as security. The money in the fund cannot be commuted, withdrawn or surrendered in whole or in part, except as permitted by the Act and Regulation. Any transaction that contravenes this section is void.
11. Manulife will provide the statements required by the Regulation.
12. The rights of the owner with respect to the investment of capital are as specified in the fund.

13. For the purpose of a transfer, the purchase of a life annuity, a death benefit, or a division of the money under paragraph 6 above, the method used to determine the value of the fund is as specified in the fund.
14. 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 3 above, before the effective date of the amendment. Manulife will send the owner notice of the nature of 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.

15. Manulife affirms the provisions contained in this fund.
16. 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.