Manulife

Life Income Fund Endorsement for Federal (P.B.S.A.) Pension Funds

Endorsement issued in accordance with the *Pension Benefits Standards Act,* Canada

1. In this Endorsement, "Manulife" refers to The Manufacturers Life Insurance Company. The word "Act" means the Pension Benefits Standards Act, 1985, and the word "Regulations" means the regulations made under the Act. The words "Tax Act" means 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 life annuity", "immediate life annuity", "life income fund (LIF)", "restricted life income fund (RLIF)" "locked-in registered retirement savings plan LRSP)", "pension benefit", "pension plan"," Year's Maximum Pensionable Earnings", "common law partner", "spouse" and "survivor" have the same meanings as are respectively given to these words in the Act or the Regulations.

   Notwithstanding anything to the contrary contained in the terms of 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, the words "spouse" or "common-law partner" do not include any person who is not recognized as a spouse or common-law partner under the Tax Act. Spousal status is established on the date an immediate or a deferred life annuity is purchased under paragraph 4(b) below, or on the date of the owner's death, whichever comes first.

3. Subject to paragraph 4 below, all money, including all investment earnings, that is subject to any transfer to or from this fund is to be used to provide or secure a pension that would be required or permitted by the Act and the Regulations.

4. While this fund remains in force, the funds may be,

   (a) transferred in whole or in part to another life income fund or to a restricted life income fund,

   (b) used to purchase an immediate life annuity or a deferred life annuity, or

   (c) transferred in whole or in part to a locked-in registered retirement savings plan

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

5. Before transferring money to another financial institution, Manulife will ensure that adequate funds are withheld to satisfy the minimum payment required in accordance with paragraph 146.3(2)(e) of the Tax Act.

6. On the death of the owner, the money in the fund will be paid to the survivor of the owner by,

   (a) transferring to a locked-in registered retirement savings plan,

   (b) transferring to another life income fund or to a restricted life income fund, or

   (c) using the funds to purchase an immediate life annuity or a deferred life annuity.

7. Notwithstanding paragraph 10 below,

   (a) in accordance with subsection 20.1(3) of the Regulations, where a physician certifies that due to mental or physical disability, the life expectancy of the owner is likely to be shortened considerably, the money in the fund may be paid to the owner in a lump sum,

   (b) in accordance with paragraph 20.1(1)(n) of the Regulations, where the owner has ceased to be a resident of Canada for at least two years, the owner may withdraw any amount from the fund

Manulife Investment Management contact information: www.manulife.ca
Canada, Outside of Quebec: 1-888-790-4387
Quebec and French: 1-800-355-6776

Manulife Group Retirement Solutions contact information:
English: 1-888-727-7766, www.manulife.ca
French: 1-888-388-3288, www.manuvie.ca

(c) in accordance with paragraph 20.1(1)(l) of the Regulations, the money in the fund may be paid to the owner in a lump sum, in the calendar year in which the owner reaches age 55 or in any subsequent calendar year, where the owner certifies that the total value of all assets in all locked-in registered retirement savings plans, life income funds, restricted locked-in savings plans and restricted life income funds that were created as a result of a transfer of pension benefit credits under section 16.4 or 26 of the Act, a transfer under the Regulations or a transfer under section 50, 53 or 54 of the *Pooled Registered Pension Plans Act* or *Pooled Registered Pension Plans Regulations,* is less than or equal to 50% of the Year's Maximum Pensionable Earnings, or

(d) in accordance with paragraph 20.1(1)(m) of the Regulations,

(i) if the owner certifies that they have not made a withdrawal in the calendar year under paragraph 20.1(1)(m) of the Regulations – from any life income fund – or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) other than within the last 30 days before this certification, and

(ii) if, in the event that the value of the total amount of the expenditures that the owner expects to make on medical or disability-related treatment or adaptive technology for the calendar year is greater than zero, the owner certifies that they expect to make expenditures on medical or disability-related treatment or adaptive technology for the calendar year in excess of 20% of their total expected income for that calendar year and a physician certifies that such medical or disability-related treatment or adaptive technology is required,

the amount that may be withdrawn is the lesser of the amount determined by the formula set out in subsection 20(1.1) of the Regulations and 50% of the Year's Maximum Pensionable Earnings minus any amount withdrawn in the calendar year under this paragraph from any life income fund or under paragraph 20(1)(d), 20.2(1)(e) or 20.3(1)(m) of the Regulations.

To apply for (c) or (d) above, the owner must complete the applicable forms provided under Schedule V of the Regulations.

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

9. The amount of each income payment is subject to the minimum and maximum amounts specified in the Regulations. Currently these amounts are as set out in paragraph 10 below. 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 Act, Regulations and provisions of the fund.

10. Prior to the calendar year in which the owner turns 90, the amount of income paid during a calendar year of the fund will not be less than the minimum amount determined in accordance with the Tax Act and will not exceed the maximum set out in this paragraph. Subject to paragraphs 11 to 13 below, the maximum is currently equal to the quotient of C divided by F, where

    C = the balance in the fund

    (i) at the beginning of the calendar year, or

    (ii) if the amount determined in subparagraph (i) is zero, at the date when the initial amount was transferred into the fund.

    F = the value as at the beginning of the calendar year of a pension benefit of which the annual payment is $1, payable on January 1 of each year between that date and December 31 of the year during which the owner attains the age of 90 years.

    In the calendar year in which the owner reaches age 90 and for all subsequent calendar years, the owner may withdraw the balance subject to the terms of the fund.

11. For the initial calendar year of the fund, the minimum amount to be paid, as referred to in paragraph 10 above, will be zero and the maximum will be adjusted in proportion to the number of months remaining in that year divided by 12, with any part of an incomplete month counting as one month.

12. If at the time the fund was established, part of the fund was composed of money that had been held in another life income fund of the owner earlier in the calendar year in which the fund was established, the maximum amount to be paid in the first calendar year, as referred to in paragraph 10 above, is deemed to be zero in respect of that part of the fund for that calendar year.

13. The value F in paragraph 10, above, will be calculated by using an interest rate that

    (a) for the first 15 years after January 1 of the year in which the fund is valued is less than or equal to the monthly average yield on Government of Canada marketable bonds of maturity over 10 years, as published by the Bank of Canada, for the month of November before the beginning of the calendar year, and

    (b) for subsequent years, is not more than 6%.

14. The money in the fund may not be assigned, charged, anticipated or given as security, except for the purposes of subsection 25(4) of the Act.

15. If the commuted value of the pension benefit transferred from the pension plan was determined on a unisex basis or on a sex-distinct basis, as confirmed by the transferor, any immediate life annuity or deferred life annuity purchased with the value of the fund must also be determined on the same basis.

16. All money held under this fund is locked-in, and no money which is not locked-in may be transferred to it.

17. The rights of the owner with respect to the investment of capital are as specified in the terms of the fund.

18. For the purpose of a transfer, the purchase of an immediate or a deferred life annuity, or a death benefit, the method used to determine the value of the life income fund is as specified in the terms of the fund.

19. Manulife affirms the provisions contained in this endorsement.

20. Notwithstanding anything to the contrary contained in the terms of 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 Regulations, or subsequent legislation may override this Endorsement.**