

Brokerage account number: _____ Name of the Annuitant: _____

**ADDENDUM TO THE DESJARDINS SECURITIES INC. SELF-DIRECTED
RETIREMENT INCOME FUND DECLARATION OF TRUST (RIF 0694)
FOR LOCKED-IN PENSION TRANSFERS TO A LIFE INCOME FUND (LIF)
PURSUANT TO THE SUPPLEMENTAL PENSION PLANS ACT (QUEBEC)**

In this Addendum, “Carrier” means Desjardins Trust Inc., “Fund” means the Desjardins Securities Inc. Self-Directed Life Income Fund and “Declaration of Trust” means the declaration of trust that sets forth the terms and conditions governing the Desjardins Securities Inc. Self-Directed Retirement Income Fund. “Annuitant” has the same meaning as in the Declaration of Trust. “Agent” means Desjardins Securities Inc.

Upon receipt of a locked-in benefit pursuant to the *Supplemental Pension Plans Act* (Quebec), the Carrier and the Annuitant agree that this Addendum shall form part of the terms and conditions of the Plan.

1. Pension Legislation. For the purposes of this Addendum, “SPPA” means the *Supplemental Pension Plans Act* (Quebec), as amended; “Regulation” means the *Regulation Respecting Supplemental Pension Plans*, as amended.

2. Spouse. For the purposes of the Plan, “spouse” has the meaning given by section 85 of the SPPA, notwithstanding any indication to the contrary in the Declaration of Trust and this Addendum. “Spouse” does not include any person who is not recognized as a spouse or common-law partner for the purpose of any provision of the *Income Tax Act* (Canada).

Spousal status is established on the day on which payment of the pension of the Annuitant, referred to in section 8 hereof, begins or on the day preceding the death of the Annuitant, whichever comes first.

3. Compliance. The Fund shall at all times comply with the provisions of the SPPA and *Income Tax Act* (Canada) with respect to retirement income funds.

4. Establishment of the Fund. The only sums that may be transferred into the Fund are the sums originating, directly or initially, from one or more of the following sources:

- a. A supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- b. A supplemental pension plan established by an act emanating from the Parliament of Quebec or from another legislative authority;
- c. The locked-in account of a voluntary retirement savings plan (VRSP) governed by the *Voluntary Retirement Savings Plans Act*;
- d. The locked-in account of an equivalent VRSP emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of his or her employment;
- e. Another life income fund (LIF) referred to in section 18 of the Regulation;
- f. A locked-in retirement account (LIRA) referred to in section 29 of the Regulation;
- g. An annuity contract referred to in section 30 of the Regulation.

5. Investments. Assets in the Fund shall be invested in accordance with the provisions of the Declaration of Trust to which this Addendum is attached.

6. Fiscal Year. The fiscal year of the Fund must end on December 31 of each year and may not exceed 12 months.

7. Payments. The whole of the assets of the Fund shall be invested, used and applied by the Carrier only for the provision of the following payments:

- a. Between the date of the first payment of income until the date of conversion of the Fund into a life pension, an annuity paid in accordance with the terms of payment indicated by the Annuitant on the Application;

- b. A lump sum to the Annuitant on application to the Carrier accompanied by the prescribed declaration;
- c. A temporary income;
- d. In the event of death of the Annuitant after the date of conversion of the Fund into a life pension, the benefits from the life pension paid by the insurer according to the instructions and terms of payment indicated by the Annuitant;
- e. In the event of the death of the Annuitant prior to the date of conversion of the balance of the Fund into a life pension, an amount paid in accordance with section 9 hereof.

Maximum Payment. The amount of income paid during the fiscal year of the Fund (“Maximum Payment”) may not exceed the sum of the “Maximum Temporary Income” calculated in accordance with section 7.3 hereof and the “Maximum Income Amount” calculated in accordance with subsection 7.1(1) hereof.

7.1 Income. The amount of the annuity paid in the course of each fiscal year shall be fixed by the Annuitant, annually, or if the return of the Fund is guaranteed over a period that is greater than one year and that ends at the end of a fiscal year of the Fund, the amount of the annuity to be paid in each year of such period may be fixed at the beginning of such period, the whole subject to the following limits:

- 1) Maximum Income Amount.** The annuity for a fiscal year of the Fund shall at no time exceed the result obtained by multiplying the balance of the Fund at the beginning of the fiscal year (increased by any sums transferred to the Fund after that date and reduced by any sums originating directly or indirectly during the same year from a LIF of the Annuitant, from a supplemental pension plan that offers the variable benefits to in Division II.3 of the Regulation or from the locked-in account of a VRSP of the Annuitant governed by the *Voluntary Retirement Savings Plans Act* and offering variable payments) by the prescribed factor provided for in Schedule 0.6 of the Regulation with respect to the reference rate for the year and the Annuitant’s age at the end of the preceding year, and subtracting the amount obtained by dividing the Maximum Temporary Income by the prescribed factor in Schedule 0.7 of the Regulation with respect to the Annuitant’s age at the end of the year preceding the one covered by the fiscal year.

However, when the amount of the annuity has to be determined for a period exceeding one year, in application of the introductory section above, the Maximum Income Amount that may be paid to the Annuitant for any fiscal year of such period shall be determined at the beginning of the initial fiscal year so as to be equal:

- (i) for the initial fiscal year to the Maximum Income Amount determined under the regular provision described above;
- (ii) for each of the subsequent fiscal years, to the result obtained by multiplying the Maximum Income Amount determined for the initial fiscal year by the amount obtained by dividing the balance of the Fund at the beginning of the fiscal year by the Fund’s reference balance at the beginning of such fiscal year.

Reference Balance. The Fund’s reference balance (“Reference Balance”) at the beginning of the initial fiscal year shall be equal to the balance of the Fund at that date. For subsequent

years the Fund's Reference Balance is equal to the Reference Balance of the preceding fiscal year, reduced as of the first day of the preceding fiscal year by the Maximum Income Amount calculated for the initial fiscal year and increased by the earnings determined by applying, in the case of the first 16 fiscal years, the Reference Rate and, in all other cases, a rate of interest of 6%.

Reference Rate. The reference rate ("Reference Rate") for a year may not be less than 6% and is determined on the basis of the month-end, nominal rate of interest earned on long-term Government of Canada bonds for the month of November preceding the beginning of the fiscal year, as compiled monthly by Statistics Canada and published in the Bank of Canada Banking and Financial Statistics, Series V122487 in the CANSIM system, by applying successively to that rate the following adjustments: an increase of 0.5%; the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest; and the effective interest rate rounded to the nearest multiple of 0.5%.

- 2) **Minimum Income Amount.** The annuity shall at no time be less than the minimum amount as defined in subsection 146.3(1) of the *Income Tax Act* (Canada) ("Minimum Income Amount"). In accordance with the SPPA, the Minimum Income Amount may be determined as a function of the age of the Annuitant's spouse, if he or she is younger than the Annuitant. For the initial fiscal year of the Fund, the Minimum Income Amount shall be set at zero, except to the extent that the *Income Tax Act* (Canada) requires the payment of a higher amount. If, however, the Maximum Income Amount is less than the Minimum Income Amount, the Minimum Income Amount shall prevail.

The amount and frequency of the payment or payments referred to in this section in respect of any year shall be specified in writing by the Annuitant on the application form of the Declaration of Trust to which this Addendum is attached or on such form as the Carrier may provide for this purpose. The Annuitant may change the amount and frequency of said payment or payments or request additional payments by instructing the Carrier in writing on such form as the Carrier may provide for this purpose. If the Annuitant does not specify the payment or payments to be made in a year or the payment or payments specified are less than the Minimum Income Amount for a year, the Carrier shall make such payment or payments as it deems necessary so that the Minimum Income Amount for that year is paid to the Annuitant. The Carrier may sell such investments that it, at its sole discretion, deems appropriate for the purpose of providing the required cash to make such payment or payments. The Carrier may withhold from any payment any income tax or other amount required to be withheld by the *Income Tax Act* (Canada) and any applicable tax legislation. The Carrier is free to impose any other requirements and conditions in respect of the foregoing that are consistent with the provisions of the SPPA, the Regulation and the *Income Tax Act* (Canada).

- 7.2 **Lump Sum Withdrawal of Small Amounts.** The entire balance of the Fund may be paid in a lump sum to the Annuitant upon application to the Carrier accompanied by the declaration prescribed by Schedule 0.2 of the Regulation under the following conditions:

- 1) The Annuitant was at least 65 years of age at the end of the year preceding the application; and
- 2) The total sums credited to the Annuitant's retirement savings instruments, as set out in Schedule 0.2, do not exceed 40% of the maximum pensionable earnings determined in accordance with the *Act respecting the Québec Pension Plan* ("MPE") for the year in which the Annuitant applies for the payment.

7.3 Temporary Income.

- 1) **Under Age 54.** An Annuitant may, during a fiscal year of the Fund, receive on application the balance of the Fund in whole or in part, in the form of a temporary income ("Temporary Income")

payable in monthly payments, none of which may exceed one-twelfth of the difference between the following amounts:

- (i) 40% of the MPE, determined for the year in which payment is made pursuant to the *Act respecting the Québec Pension Plan*; and
- (ii) 75% of the Annuitant's income for the 12 months that follow, excluding the income provided for in this section, calculated on an annual basis, provided the following conditions are met:
 - a. The income of the Annuitant for the 12 months that follow, excluding the income provided for in this section, does not exceed the amount referred to in subsection 7.3(1)(i) above;
 - b. The Annuitant makes an application to the Carrier to that effect accompanied by a declaration in conformity with the one prescribed in Schedule 0.5 of the Regulation;
 - c. The Annuitant undertakes to request a suspension of payments as soon as his or her income, excluding the income provided for in this section, reaches the amount referred to in subsection 7.3(1)(i) above; and
 - d. The Annuitant was less than 54 years of age at the end of the year preceding his or her application.

The Temporary Income may not be paid to the Annuitant where he or she has requested a suspension of payments nor after the end of the year in which he or she reaches 54 years of age.

The Annuitant who is entitled to receive the Temporary Income referred to in this section and who is a member or a spouse who has become entitled to a pension under a pension plan may, for the purposes of replacing such pension with a Temporary Income, apply once a year for the transfer from the pension plan to the Fund of an amount equal to the lesser of the following amounts:

- (i) The additional amount required for the balance of the Fund to allow, until the end of the year, payment of the monthly payments provided for in section 7.3(1) hereof; and
- (ii) The value of the benefits under the plan.

Maximum Temporary Income. The Carrier determines the maximum temporary income ("Maximum Temporary Income") for the fiscal year of the Fund following presentation of an application in accordance with section 7.3(1) hereof. The Maximum Temporary Income shall be equal to the result obtained by multiplying the maximum monthly payment set in accordance with section 7.3(1) hereof by the number of months remaining in the year as of the first day of the month in which application was made or, where the Annuitant is entitled for that month to a Temporary Income due to a prior application, as of the first day of the following month; the product is increased where necessary by any income provided for in section 7.3(1) hereof and paid to the Annuitant during the year but prior to payment of the income payable as a consequence of the application and reduced by any income paid to the Annuitant, during the same period, from another LIF or from a supplemental pension plan that offers the variable benefits to in Division II.3 of the Regulation.

- 2) **Between age 54 and 65.** An Annuitant is entitled to the payment of a Temporary Income if the Annuitant makes an application to the Carrier accompanied by a declaration in conformity with the one prescribed in Schedule 0.4 of the Regulation, and is at least 54 years of age but less than 65 years at the end of the year preceding the application.

If payment of a portion of the income is made in the form of a transfer to a retirement saving instrument of which the balance is not to be converted to a life annuity, such portion may not exceed the Maximum Income Amount referred to in section 7.1 hereof, determined by assuming the Annuitant is not entitled to payment of a Temporary Income.

The Temporary Income may not be paid after the end of the year in which the Annuitant reaches 65 years of age.

Reference Temporary Income. Where the Annuitant was at least 54 years of age but less than 65 years of age at the end of the year preceding the one covered by a fiscal year of the Fund, the Carrier shall establish a reference temporary income ("Reference Temporary Income"), the amount of which shall be equal to the lesser of the following:

- (i) 40% of the MPE, determined for the year covered by the fiscal year, pursuant to the *Act respecting the Quebec Pension Plan*; and
- (ii) The result obtained by multiplying the balance of the Fund at the beginning of the fiscal year (increased by the sums transferred to the Fund after that date and reduced by the sums originating directly or indirectly during the same year from a LIF of the Annuitant, from a supplemental pension plan that offers the variable benefits to in Division II.3 of the Regulation or a VRSP of the Annuitant governed by the *Voluntary Retirement Savings Plans Act* and offering variable payments) by the factor provided in Schedule 0.6 of the Regulation with respect to the reference rate for the year and the Annuitant's age at the end of the preceding year, and multiplying this product by the factor provided in Schedule 0.7 of the Regulation with respect to the Annuitant's age at the end of the preceding fiscal year.

Maximum Temporary Income. An Annuitant who is entitled to payment of the Temporary Income referred to in Section 7.3(2) above, may determine, for each fiscal year of the Fund, a Maximum Temporary Income that may not exceed the lesser of the following amounts:

- (i) The Reference Temporary Income;
- (ii) The result obtained by subtracting from 40% of the MPE, determined for the year of the payment, pursuant to the *Act respecting the Quebec Pension Plan*, the sum of the total temporary income that the Annuitant must receive for the current fiscal year under a pension plan or another LIF, from a supplemental pension plan that offers the variable benefits to in Division II.3 of the Regulation and the total amounts that the Annuitant has determined or that he or she must determine for the locked-in account of his or her VRSP governed by the *Voluntary Retirement Savings Plans Act* for the maximum temporary variable payments for the current fiscal year.

However, in the event that the Reference Temporary Income is less than the Maximum Temporary Income, where the Annuitant provides to the Carrier a declaration in conformity with one prescribed in Schedule 0.8 of the Regulation, the Annuitant may determine, as the Maximum Temporary Income, an amount that does not exceed the lesser of the amount obtained in paragraph (ii) above and the balance of the Fund at the beginning of the fiscal year, increased by any sums transferred to the Fund and any income earned by Fund after that date and reduced by any sums originating directly or indirectly during the same year from a LIF of the Annuitant, from a supplemental pension plan that offers the variable benefits to in Division II.3 of the Regulation or from the locked-in account of a VRSP of the Annuitant governed by the *Voluntary Retirement Savings Plans Act* and offering variable payments.

The Annuitant may, at any time before the end of the fiscal year, determine a new, increased Maximum Temporary Income for the fiscal year. In such event, the Annuitant shall send to the Carrier declarations in conformity with the ones prescribed in Schedules 0.4 and 0.8 of the Regulation.

For sections 7.3(1) and (2) above, the sums transferred to the Fund are deemed to come in their entirety from another LIF of the Annuitant, from a supplemental pension plan that offers the

variable benefits to in Division II.3 of the Regulation or from the locked-in account of a VRSP of the Annuitant governed by the *Voluntary Retirement Savings Plans Act* and offering variable payments unless he or she provides the Carrier with a declaration in conformity with one prescribed in Schedules 0.9 and 0.9.1 of the Regulation.

8. Conversion into a Life Pension. The Fund may be converted into a life pension at any time, in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), as long as the following conditions are met:

- a. The insurer guarantees payment of that pension in periodic, equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or rate provided for in the annuity contract as described in subparagraphs 146(3)(b)(iii) to (v) of the *Income Tax Act* (Canada), or uniformly adjusted due to seizure of the Annuitant's benefits, redetermination of the Annuitant's pension, splitting of the Annuitant's benefits in favour of his or her spouse, payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the SPPA or the option provided for in subsection 3 of the first paragraph of section 93 of the SPPA;
- b. In the event of the death of the Annuitant who is a former member or a member, the insurer guarantees to the Annuitant's spouse, who has not waived it, a life pension equal to at least 60% of the amount of the Annuitant's pension including, during the replacement period, the amount of any temporary pension; and
- c. The agreed-upon term of the investments has expired.

9. Death. Where the Annuitant who is a former member or a member dies before the conversion of the balance of the Fund into a life pension, his or her spouse or, failing that, his or her successors are entitled to a benefit of which the amount is equal to the balance.

10. Waiver of Death Benefits or Joint Life Pension. The Annuitant's spouse may, by giving written notice to the Carrier, waive his or her right to receive the payment provided for in section 9 or the pension provided for in section 8 and may revoke such a waiver by transmitting to the Carrier a written notice to that effect before, in the case referred to in section 9, the death of the Annuitant or, in the case referred to in section 8, the date of conversion, in whole or in part, of the balance of the account into a life pension.

11. Marital Breakdown. The spouse of the Annuitant ceases to be entitled to the benefit provided for in section 8 upon separation from bed and board, divorce, nullity of marriage, nullity or dissolution of civil union or, in the case of a spouse who is not a married or civil union spouse, upon cessation of conjugal relationship, unless the Annuitant has transmitted to the Carrier the notice provided for in section 89 of the SPPA.

The seizable portion of the balance of the Fund may be paid in a lump sum in execution of a judgment rendered in favour of the Annuitant's spouse that gives entitlement to a seizure for unpaid alimony.

12. Transfer. The Annuitant may transfer, unless the agreed-upon term of the investments has not expired, in whole or in part, the balance of the Fund to:

- a. supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- b. a supplemental pension plan established by an act emanating from the Parliament of Quebec or from another legislative authority;
- c. the locked-in account of a voluntary retirement savings plan (VRSP) governed by the *Voluntary Retirement Savings Plans Act*;
- d. the locked-in account of an equivalent VRSP emanating from a legislative authority other than the Parliament of Quebec, provided the member joins that plan as part of his or her employment;
- e. another life income fund referred to in section 18 of the Regulation;
- f. a locked-in retirement account referred to in section 29 of the Regulation; or
- g. an annuity contract referred to in section 30 of the Regulation.

The transfer may, at the option of the Carrier and unless otherwise stipulated, be effected by remittance of the investment securities held in the Fund.

- 13. Payment to Non-resident.** The Annuitant may, unless the agreed-upon term of the investments has not expired, require that the total balance of the Fund be paid to him or her in a lump sum if he or she has not resided in Canada for at least two years.
- 14. Valuation of the Fund.** The fair market value of the assets held under the Fund as determined by the Carrier in good faith shall be used to calculate the balance of the money and assets held under this Fund for any particular time, including on the death of the Annuitant or on a transfer of assets from the Fund. Any such determination by the Carrier shall be conclusive for all purposes hereof.
- 15. Carrier's Responsibility.** If the income paid to the Annuitant during a fiscal year of the Fund exceeds the maximum amount that may be paid to him or her in accordance with the provisions of this Addendum or the Regulation, the Annuitant may, unless the payment is attributable to a false declaration by him or her, require that the Carrier pay him or her, as a penalty, a sum equal to the surplus income paid.
- 16. Statement.** The Carrier will provide the Annuitant with a statement that indicates the information prescribed in sections 24 to 26 of the Regulation at the times determined therein.
- 17. Assignment.** No payment hereunder may be assigned in whole or in part. Subject to splitting between the Annuitant and his or her spouse in accordance with a judgment rendered under the provisions of the *Civil Code of Quebec*, the Fund, including interest thereon, may not be assigned, charged, anticipated or given as security and any transaction purporting to do so is void.
- 18. Amendment.** The Carrier will make no amendment to this Addendum that would have the effect of reducing benefits resulting from this Addendum unless the Carrier entitles the Annuitant, before the date of the amendment, to transfer the balance of the Fund and has provided to the Annuitant, at least 90 days before the date on which the Annuitant may exercise that entitlement, a notice indicating the subject of the amendment and the date from which the Annuitant may exercise that entitlement. The Carrier may not, except to fulfill requirements under law, make any amendment other than that provided for in this section, without having previously notified the Annuitant.

The Carrier may amend the agreement only to the extent that it remains in conformity with the standard contract amended and registered with Régie des rentes du Québec.
- 19. Type of Annuitant.** The Annuitant represents to the Carrier that he or she is:

☐ a member or former member of the registered pension plan from which the assets originated;

☐ a surviving spouse or former spouse of a member or former member of the registered pension plan from which the assets originated.
- 20. General Provisions.** The provisions of this Addendum shall take precedence over the Declaration of Trust in the case of conflicting or inconsistent provisions.
- 21. Governing Law.** This instrument and the Declaration of Trust shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

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