

## Retirement Income Fund Endorsement For Locked-In British Columbia Pension Funds Transferred to a LIF

Upon receipt of locked-in money, The Manufacturers Life Insurance Company further declares as follows:

This Endorsement forms a part of a retirement income fund policy number \_\_\_\_\_

Owner \_\_\_\_\_

1. In this Endorsement, "Manulife Financial" refers to The Manufacturers Life Insurance Company. The word "Act" means the Pension Benefits Standards Act (British Columbia), and the word "Regulation" means the British Columbia Regulation 433/93, being the Pension Benefits Standards Regulation under the Act. The word "fund" refers to the retirement income fund indicated above, to which this Endorsement is attached. The owner of the fund is the owner within the meaning of that word in section 30 of the Regulation.

2. For purposes of this Endorsement, the words "approved", "savings institution", "LIF", "life annuity contract", "list", "locked-in RRSP", "preceding year's investment returns", "owner", "reference rate", "retirement income fund", "transfer" "underwriter" and "value of the contract" have the same meanings as are respectively given to these words in sections 27, 29 and 30 of the Regulation, and the words "pension", and "spouse" have the same meanings as are respectively given to these words in section 1 of the Act.

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 Income Tax Act (Canada) respecting a retirement income fund, the word "spouse" does not include any person who is not recognized as a spouse or common-law partner under the Income Tax Act (Canada).

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, but for the transfer and previous transfers, if any, be required or permitted by the Act and the Regulation.

4. Subject to paragraph 6 below and paragraph 146.3(2)(e.1) of the Income Tax Act (Canada),

while this fund remains in force, the owner may transfer all or part of the money in the fund

(a) to another approved LIF on the relevant conditions specified in section 30 of the Regulation,

(b) for the purchase of a deferred life annuity contract as stipulated in paragraph 60(l) of the Income Tax Act (Canada) and that meets the requirements of subsection 30(8)(j) and 30(11) of the Regulation, or

(c) to an approved locked-in RRSP on the relevant conditions specified in section 29 of the Regulation.

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

5. If the owner dies while this fund is in force, the money in the fund will be paid by way of a pension to or on behalf of the surviving spouse, if there is one at the date of death unless the surviving spouse waives entitlement in the form and manner as set out in the Regulation. If there is no spouse at the date of death, or if the surviving spouse waives entitlement, the money will be paid in a lump sum to the designated beneficiary, if any, otherwise to the owner's estate.

6. Notwithstanding paragraph 18 below, at the discretion of Manulife Financial, a lump sum payment or a series of payments for a fixed term may be made to the owner where a medical practitioner certifies that due to a disability or terminal illness, the life of the owner is likely to be shortened considerably.

If the owner has a spouse, the payment(s) may be made only where the spouse of the owner has waived the entitlement to the joint life pension required in subsection 30(8)(j) of the Regulation in the form and manner prescribed in Form 2 of Schedule 2 of the Regulation, unless the owner is

- (a) the surviving spouse of an owner, or
  - (b) a surviving spouse who has made a transfer under subsection 34(5) of the Act.
7. 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:
- (a) the value of this contract does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE) for the calendar year in which the application is made
- If the contract is not eligible for the payment option referred to in this paragraph, it may not be severed so as to transform it into two or more contracts that are so eligible.
8. Except as provided in the Act and Regulation, the money in the fund may not be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction that contravenes this paragraph is void. Pension benefits are a family asset under the Family Relations Act.
9. Manulife Financial affirms that the money in the fund will be invested in a manner that complies with the rules for the investment of money in a retirement income fund. Manulife Financial declares that no part of the money will be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is the owner or the parent, brother, sister or child of the owner, or the spouse of any such person.
10. If money from the fund is paid out contrary to the Act, the Regulation or this Endorsement, Manulife Financial declares that it will provide or ensure the provision of a pension in a manner and in an amount that would have been provided had the money not been paid out.
11. In the event of a transfer of the money from the fund, Manulife Financial will ensure that the name of any transferee underwriter and contract are on the list of LIFs or locked-in RRSPs.
12. Before transferring money to another savings institution, Manulife Financial will advise the transferee underwriter in writing of the locked-in status of the money and will ensure that the transferee underwriter makes its acceptance of the transfer subject to the conditions provided for in subsection 30(8) of the Regulation.
13. If Manulife Financial does not comply with either paragraphs 11 or 12 above and the transferee underwriter fails to pay the money transferred in

the form of a pension or in the manner required or permitted by section 30 of the Regulation, Manulife Financial declares that it will provide or ensure the provision of the pension referred to in paragraph 10 above.

14. Manulife Financial acknowledges that, where the money in the fund is to be used to purchase a life annuity contract, the pension to be provided to the owner with a spouse at the date when the pension commences, is to be a joint life pension under which not less than 60% of the annuity payment continues to be payable to the survivor for life following the death of the owner or the spouse.

The joint life pension described above is not required if

- (a) the spouse of the owner waives the entitlement in the form and manner prescribed in Form 3 of Schedule 2 of the Regulation, or
- (b) the owner is the surviving spouse of an owner, or the owner is a surviving spouse who has made a transfer under subsection 34(5) of the Act.

15. For the purpose of a transfer, the purchase of a life annuity contract, or a payment or transfer on the death of the owner, the method and factors used to determine the value of the fund are as specified in the fund.

16. 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 continue as long as the fund remains in force.

17. The amount of each income payment is subject to the minimum and maximum amounts specified in the Regulation. Currently these amounts are as set out in paragraph 18 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 provisions of the fund.

18. The amount of income paid during a fiscal year of the fund will not be less than the minimum amount for a retirement income fund as defined in the Income Tax Act (Canada) and will not exceed the maximum set out in this paragraph. Subject to paragraphs 19 to 21 below, the maximum will not exceed the greater of

(i) M as determined in accordance with the following formula:

$$M = C \times F$$

where

C=the balance of money in the contract on the first day of the year and,

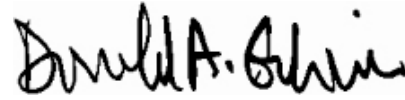
F=the factor in Schedule III of the Regulation for the reference rate for the year and the owner's age at the end of the preceding year, and

(ii) the preceding year's investment returns for the contract, if there was a preceding year.

19. For the initial fiscal year of the fund, the minimum amount to be paid, as referred to in paragraph 18 above, will be zero and the maximum amount will not exceed the amount specified in paragraph 18.
20. If the money in the fund is derived from money transferred directly or indirectly during the first fiscal year of the fund from another LIF of the owner, the maximum amount to be paid in the first fiscal year, as referred to in paragraph 18 above, will be equal to zero, except to the extent that the Income Tax Act (Canada) requires the payment of a higher amount.
21. If an additional deposit is made to the fund in any fiscal year, and that additional deposit has never been under a LIF 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 paragraphs 18 and 19 above if the amount of the additional deposit were being transferred into a separate LIF and not into this fund.
22. Manulife Financial will provide the statements required by subsection 30(12) of the Regulation.
23. All money held under this fund is locked-in, and no money which is not locked-in may be transferred to it.
24. Manulife Financial affirms the provisions contained in this fund.
25. 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.

**The Manufacturers Life Insurance Company**



**President and Chief Executive Officer**