

**SUPPLEMENTARY AGREEMENT TO THE DECLARATION OF TRUST ESTABLISHING  
A LIFE INCOME FUND UNDER THE FÉRIQUE RETIREMENT  
INCOME FUND (QUÉBEC LIF)**

**RECITALS:**

- A.** The Annuitant is entitled pursuant to the Act and the Regulation to effect a transfer to the Fund of amounts derived, directly or indirectly, from a pension plan governed by the provisions of the Act, or any other source acceptable under the Act and the Regulation (the "**Transfer**");
- B.** The Annuitant has established a FÉRIQUE Retirement Income Fund and wishes same to receive the Transfer;
- C.** The Transfer cannot be made unless the conditions herein are satisfied;
- D.** The parties now wish to supplement the Declaration with the provisions of this Agreement in order to comply with the requisite locking-in conditions. In the event of any conflict between the provisions of the Declaration and this Agreement, the provisions of this Agreement shall prevail.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

- 1. Definitions:** In this Agreement, all capitalized terms not otherwise defined herein shall have the same meaning as in the Declaration. In addition, the following terms shall have the following meaning:
  - a) "**Act**" means the *Supplemental Pension Plans Act* of Québec, as same may be amended from time to time;
  - b) "**Declaration**" means the Declaration of Trust of the FÉRIQUE Retirement Income Fund;
  - c) "**Fiscal year**" in connection with this Fund means a calendar year terminating on December 31, and will not exceed 12 months;
  - d) "**Fund**" refers to the FÉRIQUE Retirement Income Fund established by the Declaration executed between the Annuitant, FÉRIQUE Fund Management and the Trustee, as supplemented and modified by this Agreement establishing a LIF that will hold the locked-in money that is the subject of the Transfer;
  - e) "**LIF**" means a life income fund, that is a RIF and that meets the conditions set out in section 18 and following of the Regulation;
  - f) "**LIRA**" means a locked-in retirement account, that is a registered retirement savings plan (within the meaning in the Tax Act) that meets the requirements of section 29 of the Regulation relating to locked-in retirement accounts;
  - g) "**Maximum Pensionable Earnings**" has the same meaning as in the *Act respecting the Québec Pension Plan* (Québec);
  - h) "**Regulation**" means the *Regulation respecting Supplemental Pension Plans* adopted pursuant to the Act, as same may be amended from time to time;
  - i) "**RIF**" means a retirement income fund within the meaning of the Tax Act that is registered under that act;
  - j) "**Spouse**" shall have the meaning assigned to such term under the Act but does not include any person who is not recognized as a spouse or a common-law partner for the purposes of any provision of the Tax Act respecting RIF;
  - k) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations adopted thereunder;
  - l) "**Transfer**" means the transfer referred to in paragraph A of the Recitals hereto;
  - m) "**Trustee**" Natcan Trust Company, having its head office located at 800 Saint-Jacques Street, Montreal, Quebec H3C 1A1;
- 2. Purpose of Fund:** Except as permitted by the Act and the Regulation, all money or other assets that is the subject of the Transfer, including all investment earnings thereon and gains realized thereof, but excluding all fees, charges, expenses and taxes charged to this Fund, shall be used to provide the Annuitant with an income of which the amount may vary annually.
- 3. Contributions:** The only amounts that may be transferred into the Fund are amounts coming, directly or initially, from:
  - a) the fund of a pension plan subject to the Act;
  - b) a supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
  - c) a supplemental pension plan established by an act emanating from the Parliament of Québec or from another legislative authority;
  - d) a locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* (chapter R-17.0.1);
  - e) a locked-in account of an equivalent voluntary retirement savings plan

emanating from a legislative authority other than the Parliament of Québec, provided the member joins that plan as part of his employment;

- f) a LIRA;
- g) another LIF; or
- h) an annuity contract referred to in section 30 of the Regulation.

The sums transferred to a life income fund held by a purchaser under 55 years of age are deemed to come in their entirety from a life income fund or from a supplemental pension plan that offers the variable benefits transferred to in subdivision 3 of Division II.1 of the Regulation, unless the purchaser sends to the Trustee to which the sums are transferred a declaration in conformity with the one provided for in Schedule 0.9.1. of the Regulation. The purchaser acknowledges that he alone is responsible for the obligation to ensure that an amount is transferred into the Fund in accordance with this agreement.

- 4. Payments:** Except as permitted by the law, payments to the Annuitant hereunder shall be determined under the Declaration and shall comply with the following conditions:

- a) **Annual payments:** The amount of the income paid to the Annuitant during a fiscal year or, if the purchaser is 55 years of age or over and so requests it, the amount of the payment of all or part of the balance of the fund in one or more instalments is, subject to the lower limit referred to in Subsection 4 b) herein, set by the purchaser each year. The amount of the income set by a purchaser under 55 years of age for a fiscal year may not exceed the upper limit determined in accordance with Subsection 4 c) herein.

The Annuitant notifies the Trustee of the amount thus set no later than January 1 of the Fiscal Year. Such notice expires on December 31 of the applicable Fiscal Year. If the Annuitant does not thereby notify the Trustee, he or she will be deemed to have decided to receive the minimum amount, and the Trustee will thereby pay such minimum amount (Subsection 4 b) herein) out of the Fund in the Fiscal Year in question. It is understood that the Financial Institution shall not accept an interval longer than one year.

- b) **Minimum Payment.** The amount of income paid or of the payment of all or part of the balance of the fund, in one or more instalments out of the Fund during a Fiscal Year must not be less than the minimum amount under the Income Tax Act, according to the Annuitant's age or the age of the Annuitant's Spouse if he or she is younger than the Annuitant.
- c) **Maximum Payment.** The upper limit of the life income, for a fiscal year of the life income fund of a purchaser under 55 years of age is equal to the amount "E" in the following formula:

$$A + E = M$$

where

"A" represents the maximum temporary income for the Fiscal Year determined according to Subsection 5 b) herein or, if no amount has been determined, zero;

"E" represents the maximum life income established according to Subsection 4 d) hereafter.

- d) **Maximum Life Income.** The upper limit of the life income, for a fiscal year of the life income fund of a purchaser under 55 years of age is equal to the amount "E" (which may not be less than zero) in the following formula:

$$F \times C - A = E$$

where

"F" represents the rate prescribed for a year, which is established on the basis of the month-end, nominal interest rate earned on long-term bonds issued by the Government of Canada 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:

- (1) the conversion of the interest rate, based on interest compounded semi-annually, to an effective annual interest rate;
- (2) an increase of 2.75% of the effective interest rate;
- (3) the rounding of the effective interest rate to the nearest multiple of 0.25%.

"C" represents the balance of the fund on the date on which the fiscal year begins, increased by any sums transferred to the fund after that date and reduced by any sums originating directly or not during the same fiscal year from a life income fund or from a supplemental pension plan that offers the variable benefits referred to in subdivision 3 of Division II.1 of the Regulation;

"A" represents the maximum temporary income for the fiscal year determined in accordance with Subsection 5 b) herein or, if no amount was determined, the figure zero;

- 5. PERSONS YOUNGER THAN 55 YEARS OF AGE - PAYMENT OF TEMPORARY INCOME:**

The Annuitant under 55 years of age is entitled to receive, on request to the Trustee, during a fiscal year, all or part of the balance of the fund in the form of a temporary

income in monthly instalments.

a) **Entitlement.** None of these monthly instalments may exceed 1/12 of the difference between the following amounts:

- (1) 50% of the Maximum Pensionable Earnings determined, for the year in which the payment is made, pursuant to the Act respecting the Québec Pension Plan and
- (2) 100% of the Annuitant's income for the 12 months that follow, excluding the income provided for in this subsection, and provided that it meets the following conditions:

(i) the Annuitant's income for the 12 months that follow, excluding the income requested for in this Section 5, does not exceed the amount referred to in point (1) above;

(ii) the Annuitant submits to the Trustee an application to that effect, accompanied with a declaration that is compliant with Schedule 0.5 of the Regulation and a written undertaking to request a suspension of payments when his income, excluding the income indicated in this Section 5, reaches the amount referred to in point (1) above;

The income indicated in this Section 5 cannot be paid to the Annuitant if he has requested a suspension of payments or after the end of the year in which he reaches 55 years of age.

The Annuitant who is eligible to receive the income referred to in Section 5 and who is a member or spouse who has become entitled to a pension under a pension plan may, for the purposes of replacing such pension by 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, the payment of the monthly payments provided for in Subsection 5a);
- (ii) the value of his benefits under the pension plan.

If an amount is so transferred from a pension plan to the Fund, sections 15.1 to 15.3 of the Regulation apply, with the necessary modifications, with respect to the allocation of benefits and the determination of the residual benefits of the member or spouse in the pension plan.

b) **Maximum Temporary Income.** The Trustee determines the maximum temporary income for the Fiscal Year of the Fund (which cannot be less than zero) upon receipt of an application in accordance with Subsection 5 a) herein. This income is equal to the product of multiplying the maximum monthly payment set in accordance with the first paragraph of Subsection 5 a) by the number of months remaining in the year as of the first day of the month of the application or, where the Annuitant is entitled, for that month, to a temporary income by reason of a prior application, as of the first day of the following month. Where necessary, this product is increased by any income provided for under Subsection 5 a) 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 referred to in Subdivision 3 of Division II.1 of the Regulation.

## 6. PERSONS OVER 55 YEARS OF AGE – ESTIMATED AMOUNT OF LIFE INCOME, WITHDRAWAL OF ALL OR PART OF THE BALANCE OF THE LIFE INCOME FUND

The Trustee provides, in accordance with Subsection 6 a) herein, an estimate of the amounts of life income that may be provided with the sums held by an Annuitant 55 years of age or over. Despite such estimation of the amounts of life income, the Annuitant of 55 years of age or over may withdraw all or part of the balance of the life income fund in accordance with the conditions set out in the present Subsection 6 b).

a) **Estimated amount of life income:** This estimated amount of life income is established by the Trustee according to the method it determines or, if it decides otherwise, is equal to "N" of the following formula:

$$\frac{D}{T} = N$$

where

"D" represents the balance of the fund on the date of the estimate; "T" represents the commuted value, at the beginning of the fiscal year of the fund, of the annual retirement pension of \$1, payable on 1 January of each year included in the period from the beginning of the fiscal year to 31 December of the year in which the purchaser reaches 95 years of age; that value is determined on the basis of the month-end, nominal interest rate earned on long-term bonds issued by the Government of Canada 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:

- (1) the conversion of the interest rate referred to in element "T", based on interest compounded semi-annually, to an effective annual interest rate;
- (2) an increase of 1.10% of the effective interest rate;
- (3) the rounding of the effective interest rate to the nearest multiple of 0.25%.

The amount "N" may not be lower than the lower limit determined in accordance with Subsection 4 b) herein. In addition, for purchasers aged 95 years or over, element "T" is equal to 1.

This estimated amount may vary in particular because of withdrawals made and returns on the fund.

b) **Withdrawals:** On request to the Trustee made at any time of the fiscal year, an Annuitant may withdraw all or part of the balance of the life income fund in one or more instalments, if :

- (1) the Annuitant is 55 years of age or over,
- (2) the term of the investments has expired.

Such payment is made, as applicable, regardless of the amount of the life income or of the payment in one or more instalments determined or received by the purchaser for the fiscal year.

Such withdrawal shall take effect in accordance with applicable laws and within a reasonable time after all forms required to be completed in respect of such withdrawal have been completed and forwarded to the Trustee.

If only a portion of the assets in the Fund is withdrawn, the Annuitant may specify in his notice which assets he wishes to so withdraw or which assets he wishes to dispose of in order to effect such withdrawal. Failing which, the Trustee shall withdraw or dispose of such properties as it, in its sole discretion, may deem appropriate for this purpose. The Trustee shall not be liable for any losses incurred as a result of such disposition or withdrawal. The Trustee shall never be obliged to refund in advance the investments held under the Fund for purposes of withdrawal and may, at its entire discretion, delay the requested withdrawal accordingly.

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

8. **Waiver by Spouse:** The Spouse of the Annuitant who is a former member or beneficiary may, by giving written notice to the Trustee, waive his entitlement to receive the pension benefit provided for in Section 7 hereof or the life pension provided for in Paragraph 18.b) hereof and may, in the case of the pension benefit, revoke such a waiver by transmitting to the Trustee a written notice to that effect before the death of the Annuitant and, in the case of the life pension, before the date of conversion, in whole or in part, of the Fund.

9. **Separation and divorce:** The Spouse of the Annuitant who is a former member or a member ceases to be entitled to the pension benefit provided for in Paragraph 18.b) hereof upon separation from bed and board, divorce, nullity of marriage, nullity or dissolution of a civil union or, in the case of a Spouse who is not married or civil union Spouse, upon cessation of conjugal relationship, unless the Annuitant has transmitted to the Trustee the notice provided for in section 89 of the Act.

10. **Seizure for unpaid alimony:** 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. Such withdrawal shall take effect in accordance with applicable laws and within a reasonable time after all forms required to be completed in respect of such withdrawal have been completed and forwarded to the Trustee.

If only a portion of the assets in the Fund is withdrawn, the Annuitant may specify in his notice which assets he wishes to so withdraw or which assets he wishes to dispose of in order to effect such withdrawal. Failing which, the Trustee shall withdraw or dispose of such properties as it, in its sole discretion, may deem appropriate for this purpose. The Trustee shall not be liable for any losses incurred as a result of such disposition or withdrawal.

Notwithstanding the above, the Trustee shall never be obliged to refund in advance the investments held under the Fund for purposes of withdrawal and may, at its entire discretion, delay the requested withdrawal accordingly.

11. **Permitted transfers:** Provided the agreed to term of the investments has not expired, the Annuitant may transfer, in whole or in part, the balance of the Fund to:

- a) a pension plan governed by the Act;
- b) a supplemental pension plan governed by an act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- c) a supplemental pension plan established by an act emanating from the Parliament of Québec or from another legislative authority;
- d) a locked-in account of a voluntary retirement savings plan governed by the Voluntary Retirement Savings Plans Act (chapter R-17.0.1);
- e) a locked-in account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, provided the member joins that plan as part of his employment;
- f) a LIF;
- g) a LIRA; or
- h) an annuity contract referred to in section 30 of the Regulation.

The Trustee may deduct from the property being transferred all amounts to be retained in application of paragraphs 146.3(2)(e.1) or 146.3(2)(e.2) of the Tax Act, as applicable,

as well as any fees and disbursements to which the Trustee is entitled.

The Annuitant may at any time request, in a form deemed satisfactory by the Trustee, that the Trustee effect such a permitted transfer.

The transfer shall be effected within a reasonable time from the confirmation by the transferee of such. Once the transfer is completed in compliance with all conditions relating thereto, the Trustee and the Agent shall be released from any liability in connection with this Fund to the extent of the transfer.

If only a portion of the Assets in the Fund is transferred, the Annuitant may specify in his notice which assets he wishes to so transfer or which assets he wishes to dispose of in order to effect such transfer. Failing which, the Trustee shall transfer or dispose of such properties as it, in its sole discretion, may deem appropriate for this purpose. The Trustee shall not be liable for any losses incurred as a result of such disposition or transfer.

Notwithstanding the above, the Trustee shall never be obliged to refund in advance the investments held under the Fund for purposes of transfer and may, at its entire discretion, delay the requested transfer accordingly.

- 12. Non-permitted transfers:** The annuitant may not transfer the life or temporary income or, as the case may be, the payment of all or part of the balance of the life income fund in one or more instalments, to a pension plan referred to:  
(1) a registered retirement savings plan;  
(2) a registered retirement income fund; or  
(3) a not locked-in account of a voluntarily retirement savings plan governed by the Voluntary Retirement Savings Plans Act.
- 13. Investments:** The money and assets held under this Fund shall be invested by the Trustee, either directly or through the Agent, in the manner provided in the Declaration. All investments of money or assets held under this Fund will be invested in a manner that complies with the rules for the investment of RIF money contained in the Tax Act and the Regulation thereunder.
- 14. Value of the Fund:** The fair market value of the assets held under the Fund as determined by the Trustee 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 Trustee shall be conclusive for all purposes hereof.
- 15. Irregular payments:** Should the income paid to the Annuitant during a Fiscal year of the Fund exceed the maximum amount that may be paid to the Annuitant in accordance with the provisions of the Regulation or this Agreement, the Annuitant may, unless the payment is attributable to a false declaration by the Annuitant, require that the Trustee pay the Annuitant, as a penalty, a sum equal to the surplus income paid.
- 16. Amendment to this Agreement:** The Trustee will make no amendment to this Agreement that would have the effect of reducing benefits resulting from this Agreement unless the Trustee entitle 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 Trustee 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 Trustee may amend the agreement only to the extent that it remains in conformity with the standard contract amended and registered with Retraite Québec.
- 17. Identifiable securities:** Where the investments held under the Fund consist of identifiable and transferable securities, the Trustee may effect the transfer referred to in sections 12 and 16 by the remittance of such securities.
- 18. Conversion of the balance of the Fund:** All or part of the balance of the Fund may be converted into a life pension fund only upon the following conditions:
  - a) the insurer guarantees payments of that pension in periodic, equal amounts that may not vary unless each of them is uniformly increased in accordance with an index or a rate provided for in the annuity contract or uniformly adjusted by reason of a seizure effected on the benefits of the Annuitant, a redetermination of the Annuitant's pension, a partition of the Annuitant's benefits in favour of his Spouse, the payment of a temporary pension in accordance with the conditions provided for in section 91.1 of the Act or the option provided for in subparagraph 3 of the first paragraph of section 93 of the Act;
  - b) in the event of the death of an 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 Annuitant's pension, including, during the replacement period, the amount of any temporary pension.
- 19. Statement:** The Trustee shall provide the Annuitant with the statements prescribed in sections 24 to 26 of the Regulation at the times determined therein.
- 20. Representations and warranties of the Annuitant:** The Annuitant represents and warrants to the Trustee the following:

- a) that the pension legislation applicable and governing the Transfer at such time is the Act and Regulation;
- b) that the amounts transferred herein are locked-in amounts resulting, directly or indirectly, from the Annuitant's pension entitlements and the Annuitant is entitled to effect a transfer of his or her pension entitlements pursuant to the Act or the Regulation;
- c) that the provisions of the pension plan do not prohibit the Annuitant from entering into this Agreement and, in the event that such prohibition does exist, the Trustee shall not be liable for the consequences to the Annuitant of executing this Agreement nor for anything done by the Trustee in accordance with the provisions hereof.

- 21. Governing Law:** This Agreement shall be governed by the laws of the province of Québec.