

RE: Québec LIF Addendum

We are pleased to provide you with this Locking-In Supplement which forms part of the Mackenzie Investments Multi-Plan Application and the Mackenzie Retirement Income Fund Declaration of Trust. This Locking-In Supplement contains additional provisions that govern your Life Income Fund (LIF).

We ask that you review this Locking-In Supplement and keep this copy for your records.

If you have any questions regarding this Locking-In Supplement, please contact your Financial Advisor or Client Relations at 1-800-387-0614.

Thank you for continuing to make Mackenzie Investments a part of your long-term investment plan.

Sincerely,

MACKENZIE INVESTMENTS

Addendum

Definitions

1. A "Multi-Plan Application" refers to the application and Mackenzie Retirement Savings Plan Declaration of Trust or Mackenzie Retirement Income Fund Declaration of Trust, as applicable, contained in the Multi-Plan Application.
2. This Addendum shall form part of the Multi-Plan Application. The provisions of this Addendum shall take precedence over any provisions to the contrary contained in Multi-Plan Application, so long as those provisions do not contravene the *Income Tax Act* (Canada).
3. The term "Registered Retirement Income Fund" ("RRIF"), where used in this Addendum, shall have the same meaning as in the *Income Tax Act* (Canada).
4. "Legislation" shall mean:
 - a. "legislation governing the RRIF", which shall mean
 - i. the *Income Tax Act* (Canada); and
 - ii. the *Taxation Act* (Quebec); and
 - b. "legislation governing the LIF", which shall mean:
 - i. the *Supplemental Pension Plans Act* (Quebec) (the "Act");
 - ii. the Regulation respecting supplemental pension plans ("the Regulation").
5. The Annuitant (hereinafter referred to as the "Purchaser") of the LIF, hereby transfers money and other property to B2B Trustco (the "Trustee"), which agrees to act as trustee of the trust created hereunder. The Trustee's Head Office is located at 199 Bay Street, Suite 600, PO Box 279 STN Commerce Court, Toronto, Ontario M5L 0A2.
6. The following terms, where used in this Addendum, shall have the same meaning as in the Legislation concerning the Account:
 - a. "Life Income Fund" ("LIF");
 - b. "Locked-In Retirement Account" ("LIRA"); and
 - c. "Spouse".
7. Notwithstanding anything to the contrary contained in this Addendum, the term "Spouse" does not include any person who is not recognized as a spouse or common-law partner under the *Income Tax Act* (Canada).
8. "Maximum pensionable earnings" ("MPE") for a year shall mean the maximum pension earnings determined in accordance with the Act respecting the Quebec Pension Plan for that year.
9. The "fiscal year" is a period which must end December 31 and not exceed 12 months.

Establishing the LIF

10. In addition to the restrictions set out in this Addendum, the investments in the LIF shall be governed by, and in accordance with, the investment provisions of the RRIF.
11. The Purchaser shall transfer or have transferred to the Trustee, only sums that originate directly or initially from:
 - a. a registered 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 Quebec and granting entitlement to a deferred pension;

- c. a supplemental pension plan established by an act emanating from the Parliament of Quebec or from other legislative authority;
- d. the locked-in account of a voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* (c. R-17.0.1) or any successor legislation;
- e. the locked-in account of a voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, provided the Purchaser joins that plan as part of his employment;
- f. a LIRA;
- g. an annuity contract as defined in Section 30 of the Regulation; or
- h. a LIF.
12. The LIF assets may not be assigned, transferred or withdrawn except where expressly authorized by legislation.
13. The LIF shall not confer any benefit or loan other than a benefit or loan described in Section 18 of the Regulation, as described herein.

Transfers from the LIF

14. Unless a term agreed to for the investments has not expired, all or part of the LIF can be transferred, at the Purchaser's written request, and in accordance with the Regulation, into an account for the Purchaser that is outlined in paragraph 13 of this Addendum.
15. Prior to the LIF transfer, the Trustee shall pay to the Purchaser any remaining amount of the total annual LIF payment previously elected or deemed to have been elected for the fiscal year, and not yet paid to the Purchaser.
16. A transfer shall be subject to any restrictions on surrender of the particular investment.

Conversion to a Life Pension

17. At any time, all or part of the LIF may be converted into a life pension guaranteed by an insurer and established for the duration of the life of the Purchaser alone or for the duration of the life of the Purchaser and the life of the Purchaser's Spouse, where:
 - 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 a rate as provided for in the annuity contract, or uniformly amended by reason of:
 - i. seizure effected on the Purchaser's rights;
 - ii. a redetermination of the Purchaser's pension;
 - iii. the partition of the Purchaser's rights in favour of the Purchaser's Spouse;
 - iv. the payment of a temporary pension under the requirements provided for in Section 91.1 of the Act;
 - v. the option provided for in subsection 93(3) of the Act; or

- b. in the event of the death of the Purchaser who is a former member or member of the pension plan from which the LIF is derived, the insurer guarantees to the Purchaser's Spouse who has not waived it or otherwise ceased to be entitled to it, a life pension equal to at least 60% of the amount of the pension that the Purchaser was receiving; including, during the replacement period, the amount of the temporary pension.

Death of the Purchaser

18. If the Purchaser is a former member or member of the pension plan from which the LIF is derived and dies prior to conversion of the full amount of the fund balance into a life annuity, then upon receipt of proper proof of death, the Trustee shall liquidate the LIF and make payment in a lump sum:
 - a. subject to paragraphs 22 and 23 of this Addendum, to the Purchaser's Spouse;
 - b. if the Purchaser does not have a Spouse, and the Purchaser was domiciled in Quebec, then to the Purchaser's estate;
 - c. if the Purchaser does not have a Spouse, and the Purchaser was not domiciled in Quebec, then to a beneficiary on death designated by the Purchaser; or
 - d. If the Purchaser does not have Spouse, and the Purchaser was not domiciled in Quebec, and the Purchaser had not designated a beneficiary on death, then to the Purchaser's estate.
19. If the Purchaser is not a former member or member of the pension plan from which the LIF is derived and dies prior to conversion of the full amount of the fund balance into a life annuity, then upon receipt of proper proof of death, the Trustee shall liquidate the LIF and make payment in a lump sum:
 - a. if the Purchaser was domiciled in Quebec, then to the Purchaser's estate;
 - b. if the Purchaser was not domiciled in Quebec, then to a beneficiary on death designated by the Purchaser; or
 - c. If the Purchaser was not domiciled in Quebec, and the Purchaser had not designated a beneficiary on death, then to the Purchaser's estate.
20. A Spouse ceases to be entitled to the benefits provided for in subparagraphs 19(b) and 20(a) of this Addendum, upon separation from bed and board, divorce, annulment of marriage, nullity or dissolution of civil union or, in the case where the Spouse is neither married or in a civil union, upon cessation of conjugal relationship, unless the Purchaser has provided the Trustee with the notice provided for in Section 89 of the Act.
21. A Spouse may, by giving notice in writing to the Trustee, waive his or her right to receive the pension benefit provided for in subparagraph 20(a) of this Addendum, or the life pension provided for in subparagraph 19(b) of this Addendum. The Purchaser's Spouse may also revoke such a waiver by giving notice in writing to the Trustee to that effect prior to the death of the Purchaser or prior to conversion of the LIF into a life annuity as provided for in subparagraph 19(b) of this Addendum.

Withdrawals from the LIF – Non-residents

22. Unless the term agreed to for investments has not expired, the Purchaser may require that the total balance of the LIF be paid in a lump sum, if the Purchaser has not resided in Canada since at least two years.

Withdrawals from the LIF – Unpaid alimony

23. The Trustee will make a lump-sum payment representing the seizable portion of the balance of the LIF in execution of a judgment rendered in favour of the Purchaser's Spouse that gives entitlement to a seizure for unpaid alimony.

Withdrawals from the LIF – Small accounts

24. The Trustee will make a full lump-sum payment to the Purchaser after receiving a request together with a signed declaration in the form and manner required by the Regulation (Schedule 0.2) and satisfactory evidence that:
 - a. the Purchaser was at least 65 years of age at the end of the year preceding a request to redeem the balance of the LIF; and
 - b. the total amount accumulated on behalf of the Purchaser in all retirement savings instruments mentioned in Schedule 0.2 of the Regulation does not exceed 40% of the MPE for the year in which the Purchaser requests payment.

Withdrawals from the LIF – Temporary Income

25. Temporary income cannot be paid after the end of the year in which the Purchaser reaches the age of 65.

Withdrawals from the LIF – Temporary Income: Purchasers Aged 54-65

26. A Purchaser at least 54 years of age but less than 65 years of age at the end of the calendar year preceding the request, shall be entitled to the payment of a

temporary income determined by the Purchaser in accordance with the Regulation, under the following conditions:

- a. The Purchaser must present a request to the Trustee, accompanied by the declaration provided for this purpose in Schedule 0.4 of the Regulation;
- b. If the payment of a portion of the income is made in the form of a transfer to a retirement savings instrument, the balance of which has not been converted into a life annuity, this portion cannot exceed the maximum provided for in the Regulation, determined on the basis that the Purchaser is not entitled to the payment of temporary income; and
- c. The temporary income shall not be paid after the end of the year in which the purchaser reaches 65 years of age.

Withdrawals from the LIF – Temporary Income: Purchasers Aged Under 54

27. A Purchaser less than 54 years of age at the end of the calendar year preceding the request, may receive all or part of the balance of the LIF during the fiscal year in the form of a temporary income payable in monthly instalments, under the following conditions:
 - a. The monthly instalments may not exceed one twelfth of the difference between the two following amounts:
 - i. 40% of the MPE determined for the year of payment;
 - ii. 75% of the income of the Purchaser for the following 12 months, excluding the temporary income provided for in this paragraph;
 - b. The income of the Purchaser for the following 12 months, excluding the temporary income, cannot exceed 40% of the MPE;
 - c. The Purchaser must present a request to the Trustee, accompanied by the appropriate declaration provided in Schedule 0.5 of the Regulation and the Purchaser's written undertaking to request for the interruption of payments as soon as the Purchaser's income, excluding the temporary income, reaches 40% of the MPE;
 - d. Temporary income cannot be paid to the Purchaser when the Purchaser has requested the interruption of instalments, nor after the end of the year in which the Purchaser attains 54 years of age; and
 - e. The Purchaser who is entitled to receive the income provided in this paragraph and who is a member or Spouse entitled to a pension under a supplemental pension plan may request, for purposes of replacing this pension by temporary income, once per year, the transfer from the pension plan to the LIF of a sum equal to the lesser of:
 - i. the additional amount required so that the balance of the LIF will allow, until the end of the year, service of the monthly instalments provided in this paragraph; and
 - ii. the value of benefits under the plan.

Periodic payments from the LIF

28. The Trustee shall pay to the Purchaser in a fiscal year an income from the LIF assets, an amount selected by the Purchaser which is not less than the minimum nor greater than the maximum payment as described below:
 - a. Minimum Annual Payment
 - i. the minimum annual payment shall be the "minimum amount" as defined in the *Income Tax Act* (Canada);
 - ii. for the initial fiscal year, the minimum payment shall be zero;
 - b. Maximum Annual Payment
 - i. the maximum annual payment shall be the maximum temporary income for the fiscal year or zero, as the case may be, plus the maximum life income, all determined in accordance with the Regulation.
29. Payments shall be made from each LIF as one aggregate annual amount or may be paid out in equal periodic payments. There must be at least one payment in each fiscal year, except the initial fiscal year. The Trustee shall make payment in accordance with the Purchaser's written instructions.
30. Where the Purchaser transfers a LIF to the Trustee during a fiscal year, the Trustee shall refrain from making any payments with respect to the amounts transferred from the LIF until the fiscal year following the year of transfer.
31. The Trustee shall be entitled to withdraw sufficient assets from the LIF to make the required payments to the Purchaser.
32. At no time shall any payment exceed the value of the LIF assets immediately prior to the time of payment. The Purchaser may vary the aggregate annual amount of payment in accordance with the Regulation.

33. The frequency and amount of the aggregate annual LIF payment shall be determined in accordance with the Regulation and subject to the following provisions:
- if the Purchaser has never provided the Trustee with the instructions described in paragraph 31 of this Addendum in regards to the amount to be paid out of the LIF, the Trustee will pay out of the LIF in that year, the minimum amount determined in accordance with the *Income Tax Act* (Canada) or paragraph 34 of this Addendum, as the case may be;
 - the Purchaser shall be permitted to increase the amount to be paid out of the LIF (up to the "maximum" determined under paragraph 34 of this Addendum) in a fiscal year by informing the Trustee, no later than November 30th of that fiscal year;
 - the Trustee has no obligation to accept instructions to increase the amount to be paid out of the LIF in a fiscal year if those instructions are received after November 30 of that fiscal year, and will do so only in its sole discretion.

Trustee liability

34. If the income paid to the Purchaser during a fiscal year exceeds the maximum amount that may be paid according to the Act or the Regulation, the Purchaser may, unless the payment is attributable to a false declaration by him, require that the Trustee pay him as a penalty, a sum equal to the surplus income paid.
35. The Trustee shall not be liable in any capacity for, or in respect of, any loss suffered or incurred by the LIF, caused by or resulting from any investment or deposit made by the Trustee where the Trustee follows the instructions of the Purchaser. Similarly, the Trustee shall not be so liable unless the loss is caused by or results from the Trustee's dishonesty, bad faith, wilful misconduct, gross negligence or reckless disregard.

Statements from the Trustee to the Purchaser

36. The Trustee shall at the beginning of each fiscal year of a LIF that it manages, provide the Purchaser with a statement that indicates:
- the balance of the LIF at the said date and where required, the balance as indicated on the previous statement pertinent thereto, along with an indication of the sums of deposit, the accumulated earnings, withdrawals and fees;
 - where the beginning of the fiscal year is later than the beginning of the year, the sums coming directly or initially during the year from another LIF or from the locked-in account of his voluntary retirement savings plan governed by the *Voluntary Retirement Savings Plans Act* (c. R-17.0.1) or any successor legislation;
 - the maximum amount that may be paid to the Purchaser as income during the current fiscal year;
 - the minimum amount that may be paid to the Purchaser as income during the current fiscal year;
 - where the Purchaser is at least 54 years of age but less than 65 years of age, the information set out in Section 24 of the Regulation;
 - where the Purchaser is less than 54 years of age, the terms and conditions that the Purchaser must meet to be entitled to payment of temporary income; and
 - such other information as set out in Sections 24 and 24.1 of the Regulation.
37. Where the balance of the LIF is transferred to another financial institution or converted into a life pension with an insurer, or where the Purchaser who is a former member or member dies, the Trustee shall provide to the Purchaser, or, as the case may be, the Purchaser's surviving Spouse or, failing that, the beneficiary on death designated by the Purchaser (if the Purchaser is domiciled outside of Québec), or failing that, the Purchaser's estate, a statement established at the date of transfer, or date of conversion into a life annuity, or date of death, as the case may be, which contains the information described in subparagraph 38(a) of this Addendum.

Valuation

38. Upon a transfer, a conversion in an annuity or upon death, the value of the LIF balance at such date is established according to the fair market value.

Amending the Addendum

39. The Trustee reserves the right to amend this Addendum from time to time provided always that such Addendum is in compliance with the Act, the Regulations, the *Income Tax Act* (Canada), and the standard contract amended and registered with the Québec Pension Plan and, unless such changes are a requirement of legislation, shall give notice to the Purchaser of such amendment.
40. This Addendum is subject to all applicable legislation, as may be amended from time to time, which will prevail over any inconsistent or conflicting provisions in the Addendum.
41. Furthermore, the Trustee shall not make any amendment that would reduce the benefits without giving the Purchaser notice of the nature of the amendment and providing there is a right to transfer the LIF, in accordance with the Regulation, to another account with the Trustee or with another financial institution. The Trustee shall provide the Purchaser with such notice at least 90 days in advance of the date the LIF balance can be transferred.