

LIF Contract (federal)

The structure of the contract has been reviewed and simplified. Some terms have been replaced by others: for example, "trustee" replaces "financial institution" throughout the contract. Although the form of the contract has changed, its content has remained substantially the same and is based on the regulations.

The following table presents the main differences between the new version of the contract and the one it replaces. Minor differences are not shown in this table. To view the full version of the contract, please go to nbc.ca/notices, under Registered plans, or call 1-844-413-5610 or 514-413-5610.

New version	Old version
<p>The defined term « life annuity » has been added to the contract.</p> <p>« Life Annuity » means an arrangement that is made to purchase, through a person authorized to carry on a life insurance business in Canada, an immediate life annuity or a deferred life annuity (as defined in section 2 of the Regulation) that complies with the relevant provisions of the Tax Act and section 21 of the Regulation, provided that the annuity shall not differentiate on the basis of the sex of the beneficiary unless otherwise permitted under the Regulation.</p> <p>(s. 1e) of the contract)</p>	<p>Does not contain the defined term, but there is a similar passage in the contract (s. 13 of the contract)</p>
<p>The contract specifies that the assets value in the fund is equal to the market value as determined by the trustee.</p> <p>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 the Fund at any particular time, including on the death of the Annuitant or on a transfer of assets from the Fund. (...)</p> <p>(s. 3 of the contract – extract)</p>	<p>Similar passage, but less precise (s. 20 of the contract)</p>
<p>The contract specifies that the investments in the fund must comply with the declaration of trust (RRIF) and the Income Tax Act (Canada).</p> <p>Investments: The money and assets held under the Fund shall be invested by the Trustee, either directly or through the Agent, in the manner provided by the Declaration. All investments of money or assets held under the Fund must comply with the rules for the investment of RIF money contained in the Tax Act.</p> <p>(s. 4 of the contract)</p>	<p>Does not contain this section (but is implicit)</p>
<p>The contract specifies that the annuitant must notify the trustee of the amount he or she wishes to receive from the fund in a given year prior to January 1 of that year and that the annuitant's notice expires on December 31 of the same year.</p> <p>(...) Annual Payments: The Annuitant must notify the Trustee of the amount (which must not be less than the Minimum Amount nor greater than the Maximum Amount) to be paid out of the Fund each year no later than January 1 of the year to which it relates. Such notice expires on December 31 of the year in question. (...)</p> <p>(s. 5a) of the contract - extract)</p>	<p>Similar passage, but less precise (s. 7 of the contract)</p>
<p>The calculation formula for the maximum amount provided in the contract has been adapted in accordance with the regulations.</p> <p>Payments: « C » is the balance in the life income fund:</p> <p>i) at the beginning of the calendar year; or</p> <p>ii) if the amount determined in subparagraph i) above is zero, at the date when the <u>initial amount was transferred into the Fund;</u></p> <p>(s. 5b) of the contract – extract)</p>	<p>Does not contain the underlined passage (s. 11 of the contract)</p>
<p>The contract provides the delay within which the trustee must process the annuitant's transfer request and limits the trustee's liability in this regard.</p> <p>Permitted Transfers Prior to Conversion: (...) Such transfer shall be effected within a reasonable time from the receipt of instructions from the Annuitant in a form deemed satisfactory by the Trustee. Once the transfer is completed in compliance with all conditions relating thereto, the Trustee and the Agent shall be released from any liability to the extent of the transfer.</p> <p>(s. 6 of the contract – extract)</p>	<p>Passage is different: the delay is 30 days; the instructions of the annuitant must be given in writing; and there is no mention of a release of liability (s. 12 of the contract)</p>

(continued)

New version	Old version
The contract specifies that a payment made upon the death of the annuitant is subject to certain conditions.	
Death of the Annuitant: (...) No such payment shall be made unless and until the Trustee receives releases and other documents as it may reasonably require. Such payment is subject to paragraph 60(l) of the Tax Act. (s. 7 of the contract)	Does not contain this passage (s. 13 of the contract)
As provided in the regulations, the contract states that if the pension benefit has not varied according to the sex of the annuitant, the life annuity cannot vary according to this criteria.	
Sex Discrimination Prohibited: Where a Pension benefit credit transferred into the Fund was not varied according to the sex of the Annuitant, a Life Annuity purchased by the funds accumulated in the Fund shall not differentiate as to sex. The Pension benefit credit that was the object of the Transfer herein was not varied according to the sex of the Annuitant, unless otherwise indicated in writing to the Trustee. (s. 9 of the contract)	Does not contain this section
The conditions for withdrawing a small amount have been updated according to the regulations.	
Permitted withdrawals: (...) under section <u>16.4</u> or 26 of the Act, a transfer under the Regulation or a transfer under section 50, 53 or 54 of the Pooled Registered Pension Plans Act or Pooled Registered Pension Plans Regulations (...). (s. 10 a)(i) of the contract – extract)	Does not contain the underlined passage (s. 17a)(i) of the contract)
Since the contract sometimes needs to be modified due to legislative or regulatory changes, the clause allowing the trustee to modify the contract has been loosened and simplified.	
Amendments: The Trustee may not amend this Agreement without first notifying the Annuitant, unless the amendment is intended to satisfy the requirements of any Act or does not have the effect of reducing the benefits payable under this Agreement. The amended Agreement must remain compliant with the Act and Regulation as well as with section 146.3 of the Tax Act. (s. 11 of the contract)	Similar section is more restrictive, particularly in regard to the requirement of a notice and its form (s. 14 of the contract)