

SERVUS CREDIT UNION LTD
Self-Directed Retirement Income Fund
Terms and Conditions

Servus Credit Union Ltd, (herein referred to as the "Credit Union") hereby declares to accept the office of Trustee for the Annuitant when the application was signed, upon the following terms and conditions:

1. Definitions – The following definitions apply:

Annuitant	As defined in the <i>Income Tax Act</i> is the Contract holder.
Contribution	Any amount transferred into the Fund.
Income Tax Act	The Income Tax Act (Canada) and regulations thereto, as amended from time to time.
Fund	The Servus Credit Union Ltd. Self-Directed Retirement Income Fund consisting of the application and these Terms and Conditions and the addendum or agreements thereto, where applicable.
Spouse	As recognized in the <i>Income Tax Act</i> for the purposes of registered retirement income funds and, where applicable incorporates the meaning of the term "common-law partner". as set out in the <i>Income Tax Act</i> .

2. Registration

The Credit Union will apply for registration of the Fund as required by the *Income Tax Act*.

3. Contribution

Contributions to the Fund can only be in the form of:

- a) amounts transferred directly from a Registered Retirement Savings Plan or another Registered Retirement Income Fund under which you are the Annuitant, from a Deferred Profit Sharing Plan or amounts transferred directly from certain registered and prescribed pension plans as permissible under *the Income Tax Act*.
- b) amounts the Annuitant is required to include in the Annuitant's income tax as a result of:
 - a. amounts transferred from the Annuitant's deceased spouse's Registered Retirement Savings Plan.
 - b. amounts transferred from a Registered Retirement Savings Plan of a deceased Annuitant where you were dependent, by reason of physical or mental infirmity, on the Annuitant.
 - c. full or partial commutation proceeds transferred directly from an annuity which originated from a Registered Retirement Savings Plan belonging to the Annuitant.
 - d. commutation proceeds, in excess of minimum amount for the year, transferred directly from a Registered Retirement Income Fund belonging to the Annuitant.
- c) amounts transferred directly from a Registered Retirement Savings Plan or from a Registered Retirement Income Fund of your spouse, or former spouse, pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the Annuitant and the Annuitant's spouse or former spouse in settlement of rights arising out of the Annuitant's marriage/common-law partnership, on or after the breakdown of the Annuitant's marriage/common-law partnership.
- d) such other amounts as may be authorized by any future amendment to the *Income Tax Act*.

3. Record Keeping

The Credit Union will record the details of all contributions to the Fund, their investment, and of all payments, from the Fund. The Credit Union will supply the Annuitant with a statement of these details at least annually.

4. Investments

All contributions deposited with the Credit Union, or amounts transferred into the Fund, and the income derived will be invested and reinvested in eligible deposits in accordance with the *Income Tax Act* and upon the direction of the Annuitant.

5. Payments

The Credit Union shall make payments from the Fund to the Annuitant, and where the Annuitant has so elected, to the Annuitant's surviving spouse after the death of the Annuitant should the Annuitant die while the Fund continues to exist, in which case the surviving spouse has become the Annuitant of the Fund and payments will continue to the surviving spouse in accordance with the requirements as set forth by the *Income Tax Act*.

The amount and frequency of the payment or payments shall be as specified by the Annuitant. If the Annuitant does not specify a payment to be made in a year or if the payment or payments specified are less than the minimum amount for a year, the Credit Union shall make such payment or payments as it deems necessary so that the minimum amount for that year is paid to the Annuitant in accordance with the relevant provisions of the *Income Tax Act* and amendments and regulations thereto, and if applicable such Provincial Act, having jurisdiction.

The Credit Union will make payments, less any fees and applicable income tax deductions in accordance to the *Income Tax Act*.

The Fund provides that payments thereunder may not be assigned in whole or in part.

6. Transfers

At the direction of the Annuitant, in the form and manner prescribed by the *Income Tax Act*, the Credit Union will transfer all investments held in the Annuitant's Fund, or such portion as the Annuitant directs, together with all information necessary for the continuance of the Fund, to another Retirement Income Fund registered in the name of the Annuitant or in the name of the Annuitant's spouse, or former spouse, pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the Annuitant and the Annuitant's spouse or former spouse in settlement of rights arising out of the Annuitant's marriage/common-law partnership, on or after the breakdown of the Annuitant's marriage/common-law partnership. If the Annuitant directs the transfer of all investments and the Credit Union has not made the minimum payment required for the year the Credit Union will withhold adequate funds to satisfy this minimum payment requirement.

The Credit Union may, at its discretion, charge a fee for each transfer out of the Fund and the Annuitant may be required to await expiry of an investment prior to being able to finalize a transfer.

7. Designation of Beneficiary

The Annuitant may designate his or her spouse as defined under the applicable section of the *Income Tax Act* to become the Annuitant of the Fund ("Successor Annuitant") and to receive the payments made by the Credit Union under Section 5 after the death of the Annuitant or the Annuitant may designate a beneficiary other than the Annuitant's spouse to receive the remaining proceeds of the Fund in the event of the death of the Annuitant.

If no beneficiary has been so designated or if the beneficiary should predecease the Annuitant, or is deemed under any applicable federal or provincial legislation to have disclaimed the right to receive a payment from the Fund, the proceeds will be paid to the estate of the Annuitant. A designation of beneficiary can be made, changed, or revoked either by a will or by a written instrument in a form acceptable to the Credit Union, which identifies either generally or specifically the Fund of the Annuitant. The Credit Union shall act in accordance with the will or the instrument designating the beneficiary whichever bears the latest execution date.

8. Death

In the event of the death of the Annuitant, the Credit Union shall, upon receipt of satisfactory evidence of death and upon satisfactory evidence of the beneficiary designation pursuant to Section 7 and such releases and other documents as the Credit Union shall reasonably require, the Credit Union shall pay the proceeds of the Fund to the designated beneficiary or to the Annuitant's estate by a single payment, less all proper charges and any applicable income tax deductions or shall continue to make payments to the Successor Annuitant under the Fund. When the Credit Union has made the payment of the Fund proceeds to the Annuitant's designated beneficiary or to the Annuitant's estate or transferred the Funds to the Annuitant's surviving spouse, the Credit Union will be considered fully discharged from any further liability with respect to the Annuitant's Fund.

9. Annuitant's Responsibilities

It is the Annuitant's responsibility to keep the Credit Union advised of any address changes and to ensure the Annuitant's birthdate as recorded on the Annuitant's Application is accurate.

10. Income Tax slips

The Credit Union shall provide the Annuitant with the appropriate tax slips suitable for income tax filing purposes.

11. Restrictions

The Credit Union cannot give the Annuitant or any person related to the Annuitant any benefit or advantage if the benefit or advantage is conditional upon the existence of the Fund.

12. Amendments

The Credit Union may from time to time amend the Fund, provided notice of such amendment is promptly given to the Annuitant and such amendments are not contrary to the provisions of the *Income Tax Act* any regulations thereto, and if applicable, any Provincial Acts having jurisdiction with respect to Registered Retirement Income Funds. In the event of changes to *the Income Tax Act*, the Annuitant's Fund will be considered to have been amended to conform to such changes effective the date such changes come into force.

13. Notices

Any notice given to the Credit Union shall be sufficiently given if mailed, postage prepaid, addressed to the Credit Union at any of its offices and shall be deemed to have been given on the date that such notice is received by the Credit Union. Any notice, statement or receipt given by the Credit Union to the Annuitant shall be sufficiently given if mailed, postage prepaid, to the last address supplied by the Annuitant and shall be deemed to have been given on the date of mailing.

15. Right to Offset

In accordance with the *Income Tax Act*, the Credit Union has no right to offset, with regards to the property held under the Fund, in connection with any debt or obligation owing to the Credit Union and the property held under the Fund cannot be pledged, assigned or in any way alienated as security for a loan or for any purpose other than that of providing for the Annuitant a retirement income in accordance with the relevant provision of the *Income Tax Act*.

16. Fees

The Credit Union shall be entitled to the payment of administration fees in addition to the reimbursement of all expenses reasonably incurred in connection with the Fund. These fees may be established and adjusted from time to time at the Credit Union's discretion, upon prior notice to the Annuitant. The Credit Union is fully authorized by the Annuitant to sell investments of the Fund in order to realize sufficient monies for the payment of the above fees and expenses and to withdraw payment from assets of the Fund without seeking the prior approval or instruction of the Annuitant.

17. Conditions

The Annuitant's ability to take payments in excess of minimum or to transfer funds to another Retirement Income Fund may be restricted due to the conditions imposed by investments held in the Annuitant's Fund or due to an addendum to these Terms and Conditions in accordance with the provisions of such Provincial Act, having jurisdiction to restrict the Fund under the *Income Tax Act*.

18. Credit Union's Liability

The Credit Union shall not be liable for loss or damage suffered or incurred by the Annuitant's Fund, by the Annuitant or by any beneficiary designated by the Annuitant, unless caused by or resulting from the Credit Union's dishonesty, negligence, wilful misconduct or lack of good faith.

19. Administration

The Credit Union is ultimately responsible for the administration of the Plan.