

# SERVUS CREDIT UNION LTD

## Self-Directed Retirement Savings Plan

### Terms and Conditions

Servus Credit Union Ltd, (hereinafter 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:

|                       |   |
|-----------------------|---|
| <b>Annuitant</b>      | As defined in the <i>Income Tax Act</i> is the Contract holder.   |
| <b>Contribution</b>   | Any amount paid into the Plan.  |
| <b>Contributor</b>    | The individual, either you or your spouse, who make a contribution into the Plan.   |
| <b>Income Tax Act</b> | The Income Tax Act (Canada) and regulations thereto, as amended from time to time.  |
| <b>Plan</b>           | The Servus Credit Union Ltd. Self-Directed Retirement Savings Plan consisting of the application and these Terms and Conditions and the addendum or agreements thereto, where applicable.                                     |
| <b>Plan Maturity</b>  | The date you eventually select for commencement of retirement income from the Plan (this date must not be later than the maturity date provided in the <i>Income Tax Act</i> ).   |
| <b>Spouse</b>         | As recognized in the <i>Income Tax Act</i> for the purposes of registered retirement savings plans 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 Plan as required by the *Income Tax Act*.

#### 3. Contributions

The Credit Union will hold all contributions made to the Plan in addition to any income earned on these contributions, as outlined in this Agreement and as required by the *Income Tax Act*. No contributions may be made after the Plan Maturity.

#### 4. Refund of Contributions

In the event of an over contribution, the Credit Union shall, upon written application by the Annuitant or the Annuitant's spouse, refund to the contributor of the Plan, the amount determined in accordance with the *Income Tax Act*.

#### 5. Investments

All contributions deposited with the Credit Union, or amounts transferred into the Plan, and the income derived will be held invested and reinvested by the Credit Union on the direction of the Annuitant.

#### 6. Transfers

In accordance with the relevant provisions of the *Income Tax Act*, the Plan may permit the payment or transfer of funds to another registered retirement savings plan, a registered retirement income fund or to a registered pension plan. The amount transferred will not be included in computing the Annuitant's income. The Credit Union may at its discretion charge a fee for each transfer out of the Plan. The Annuitant may be required to await expiry of an investment prior to being able to finalize a transfer.

#### 7. Record Keeping

The Credit Union will supply the Annuitant, at least annually, a statement of all contributions and their investments to the Plan.

#### 8. Designation of Beneficiary

Where permitted by law, an Annuitant may designate a beneficiary to receive the proceeds of the Plan in the event of death prior to Plan maturity. 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 Plan 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.

#### 9. 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 Plan. 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 Plan in order to realize sufficient monies for the payment of the above fees and expenses and to withdraw payment from assets of the Plan without seeking the prior approval or instruction of the Annuitant.

#### 10. Maturity of Plan

The Annuitant shall give written notice to the Credit Union prior to the end of the year in which the Annuitant attains the age permitted under the *Income Tax Act* to provide for the purchase of a Registered Retirement Income Fund. The retirement income payable under the Plan shall be paid by way of equal annual or more frequent periodic payments, until such time as there is a payment in full of the retirement income fund. This Plan does not provide for the payment of any premium after maturity to the Annuitant or in the event of the death of the Annuitant, to the Annuitant's spouse. The Plan does not provide for the payment of any benefit before maturity except for a refund of premiums and the Plan does not provide for the payment of any benefit after maturity except to the Annuitant in full or partial commutation of retirement income under the Plan.

In the event the Annuitant does not instruct the Credit Union to purchase any one of or any combination of a life annuity, fixed term annuity, Registered Retirement Income Fund or other retirement income option, as defined under relevant provisions of the *Income Tax Act* no later than the latest date provided for under the *Income Tax Act* for the provision of a retirement income option, then the Credit Union may, at its discretion, transfer the proceeds of the Plan to a Registered Retirement Income Fund offered by the Credit Union. If the funds held in the Annuitant's Plan at maturity will not produce a sufficient annual retirement income (amount to be determined by the Credit Union), the funds in the Plan will be paid to the Annuitant as a single lump sum.

The Plan provides that retirement income under the Plan may not be assigned in whole or in part.

In the year of death of the first annuitant there will be no increase in payments.

#### 11. Death

In the event of the death of the Annuitant, once the required documentation is received, the Credit Union will pay the proceeds of the Plan, less required income tax deductions, in a single payment to the designated beneficiary and notify the estate representative of any resulting tax liability. Upon payment to the designated beneficiary, the Credit Union will be considered as fully discharged from any liability as it relates to the Plan. In the event there is no designated beneficiary, as defined in Section 8 of this Agreement, the proceeds of the Plan will be paid by a single payment, less required income tax deductions, to the estate.

#### 12. Income Tax Receipts

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

#### 13. Annuitant's Responsibility

- To ensure the total deposits made in the Plan do not exceed the maximum amount deductible under the *Income Tax Act* and nothing herein contained shall create or imply any obligation upon the Credit Union to determine or advise the Annuitant with respect to the maximum amount permitted to be deposited as aforesaid.
- To keep the Credit Union advised of any address changes.
- Ensure your birthdate as recorded on your application is accurate.
- Eventually elect, as spelled out in Section 10 of this Agreement the type of retirement income you choose to receive.

#### 14. Conditions

- Any payment from the Plan may be subject to withholding tax as directed under the *Income Tax Act*. Withdrawals must be declared by the Annuitant or the Annuitant's spouse in the taxation year of receipt.
- The Credit Union may, at its discretion, require prior written notice to effect any realization of the proceeds of any Registered Retirement Savings Plan investment.
- The Annuitant may be required to await expiry of an investment prior to being able to finalize a withdrawal.

#### 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 Plan, in connection with any debt or obligation owing to the Credit Union and the property held under the Plan 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, commencing at maturity a retirement income.

#### 16. Amendments

The Credit Union may from time to time amend the Plan, 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 Savings Plans. In the event of changes to the *Income Tax Act*, the Annuitant's Plan will be considered to have been amended to conform to such changes effective the date such changes come into force.

#### 17. 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.

#### 18. 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 Plan.

#### 19. Credit Union's Liability

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

#### 20. Administration

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