

Caisse/Credit Union Tax-Free Savings Account

Contract (1 of 2)

WHEREAS the Holder wishes to establish a Caisse/Credit Union Tax-Free Savings Account (hereinafter referred to as the "Account") under the *Income Tax Act* of Canada and, as applicable, of the province indicated in the address listed for the Holder (hereinafter referred to as "Income Tax Legislation");

WHEREAS Desjardins Trust Inc. (hereinafter referred to as the "Issuer"), a legally constituted corporation having its head office in Montréal, in the province of Québec, hereby accepts the role of Issuer for the Holder's account;

WHEREAS for the purposes herein, the terms "holder", "contribution", "survivor", "distribution", "issuer", "advantage", "qualified investment", "prohibited investment", "non-qualified investment", "TFSA dollar limit", "allowable refund", "qualifying transfer", "restricted property", "unused contribution room" shall have the meanings assigned by the *Income Tax Act* (Canada);

WHEREAS for the purposes herein, the term "shares" shall have the meanings assigned by the legislation applicable to the caisses and credit unions;

WHEREAS the parties agree that the present contract shall be considered to be a trust for purposes of the *Income Tax Act* (Canada);

WHEREAS the account described herein is a qualifying arrangement,

THE FOLLOWING IS AGREED between the Holder and the Issuer:

Section 1. The Account is maintained for the exclusive benefit of the Holder, determined without regard to any right of a person to receive a payment from the Account on or after the death of the Holder.

Section 2. Where there is a Holder, the Account prohibits anyone that is neither the holder nor the issuer of the arrangement from having rights under the arrangement relating to the amount and timing of distributions and the investing of funds.

Section 3. Only the Holder may make contributions to the Account.

Section 4. Distributions may be made in order to reduce the amount of tax otherwise payable by the Holder under Part XI.01 of the *Income Tax Act* (Canada).

Section 5. At the direction of the Holder, the Issuer shall transfer all or any part of the property held in connection with the Account, or an amount equal to its value, to another TFSA of the Holder.

Section 6. If the Account is an arrangement in trust, it prohibits the Trust from borrowing money or other property for the purposes of the Account.

Section 7. The Account complies with prescribed conditions.

Section 8. The Account ceases to be a TFSA as the earliest of the following times:

- (a) the time at which the last Holder of the arrangement dies;
- (b) the time at which the Account ceases to be a qualifying arrangement;
- (c) the earliest time at which the Account is no longer administered in accordance with the registration conditions.

Section 9. The Holder certifies that he is at least 18 years of age.

Section 10. The Account complies with the *Income Tax Act* (Canada) requirements and the Issuer is ultimately responsible for administering the Account and submitting the election to register the Account to the Canada Revenue Agency and, if applicable, the government of the province indicated in the address listed for the Holder.

Section 11. The Holder may make remittances in regular installments (hereinafter referred to as "contributions") to the Issuer, in Canadian legal tender. These contributions shall be held in trust by the Issuer on behalf of the Holder and must be deposited by the Issuer into an account at a Caisse or Credit Union chosen by the Holder.

Section 12. It is however incumbent upon the Holder to ensure that the amount contributed in this way does not exceed the maximum permitted by the *Income Tax Act* (Canada).

The Issuer, upon written request by the Holder, shall pay said requester, from the proceeds of the Account's asset disposition, any amount necessary to reduce the tax that would otherwise be payable by the Holder under Part XI.01 of the *Income Tax Act* (Canada).

The Issuer shall not be required to verify the total amount of contributions made by the Holder and only the Holder shall be responsible for any consequences that may arise from the terms of Part XI.01 of the *Income Tax Act* (Canada) or that would result from the liquidation of all the assets in the Account, including any penalty imposed resulting from early withdrawal or any loss suffered by the Holder.

Section 13. The interest generated by the funds accumulated in the Account shall be automatically re-invested in said Account.

Section 14. The Issuer shall maintain a registry and record the cumulative balance of contributions, income and assets held on behalf of the Holder.

Section 15. The Issuer shall send the Holder an annual report.

Section 16. Subject to applicable legislation, the Holder may designate a beneficiary to receive the proceeds of the Account upon the death of the Holder. A beneficiary designation for the Account cannot be made, changed or revoked by the Holder except in the manner stipulated by the Issuer. This designation must clearly indicate the Account and shall be submitted to the Issuer. The Holder acknowledges that he/she alone is responsible for ensuring that the designation is compliant with Canadian and provincial legislation.

Section 17. Should the Holder die, the Issuer shall act as follows, upon receipt of estate succession documents in a format satisfactory to said Issuer:

- (a) If the Holder has named a beneficiary, the proceeds of the Account shall be paid or transferred to said beneficiary, subject to the *Income Tax Act* (Canada). The Issuer is released of all obligations following this payment or transfer, even if the beneficiary designation made by the Holder could be considered an invalid testamentary disposition.
- (b) If the beneficiary designated by the Holder dies before the Holder, or if the Holder has not designated a beneficiary, the Issuer shall pay the proceeds of the Account to the Holder's estate.

Section 18. No advantage (except as provided in the Canadian *Income Tax Act*) stemming from the existence of the Account shall be granted to the Holder or to any person who is not dealing at arm's length with said Holder, as defined by the *Income Tax Act* (Canada).

Section 19. The Issuer is entitled to be repaid, from the assets in the Account, for all Account-related costs and expenses incurred, including but not limited to any and all fines and interest that the Account may have to pay for any reason whatsoever. The Issuer is also entitled to charge the Holder fees for the administration of said Account, of which the Holder acknowledges awareness, and which are taken from the contributions and assets held on behalf of the Holder.

The Holder hereby authorizes the Issuer to deduct the necessary amounts for these purposes from the deposits and new contributions made to the Account or else from the redemption price of any shares. Written notice of any changes to these fees shall be sent to the Holder at least thirty (30) days before their effective date.

Section 20. Any Holder who signs an Application Form must state his/her age and social insurance number; this statement shall be considered the Holder's agreement to provide any additional proof that may later be required.

Section 21. Except in the case of gross negligence by the Issuer, said Issuer shall not be held liable for any act or omission, nor any loss or depreciation in the investments' value.

Section 22. The Issuer of the Account shall act with care, diligence and competence, as would any prudent person, in order to minimize the likelihood for the Account to contain non-qualified investments.

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Section 23. Without limiting the generality of the preceding paragraph, and notwithstanding any other term herein to the contrary, the Issuer shall not be required to verify the total amount of contributions made by the Holder into the Account during the course of a fiscal year; the Holder alone shall be responsible for the tax impact of any overcontributions or that would result from the liquidation of part or all of the assets of the Account, or from any form of assignment of any asset that is part of the Account, including any penalty owing as a result of early redemption and any loss suffered by the Account.

Section 24. The Issuer may resign from its duties and be released of any other obligation and responsibility hereunder by giving the Holder sixty (60) days' written notice.

The Issuer may appoint as successor to the terms herein any financial establishment authorized to act as Issuer under the *Income Tax Act* (Canada) and, if applicable, any provincial income tax legislation. This appointment shall be effective as of the date specified in the document appointing the financial institution as successor and in which said institution accepts the appointment, said date being no later than the sixtieth (60th) day after written notice of said appointment has been sent to the Holder. On the effective date of the appointment, the Issuer shall transfer the moneys, shares and securities from the Account held by said Issuer to its successor. It is, however, understood that the Issuer shall never be obliged to redeem early said securities before proceeding with their transfer.

Furthermore, the Issuer must provide all necessary information and documents for the management and registration of the Account in accordance with the *Income Tax Act* (Canada) and, if applicable, any provincial income tax legislation. As of the appointment date, the successor shall assume all of the Issuer's functions and responsibilities, and the latter shall be released from all its obligations and responsibilities hereunder.

Similarly, the Holder may release the Issuer from its functions and appoint a successor that is qualified in accordance with the terms of the *Income Tax Act* (Canada) and, if applicable, any provincial income tax legislation.

In such a case, the Issuer must, at the latest within thirty (30) days of the Holder's request, transfer all moneys, shares and securities from the Account held by said Issuer to its successor. It is, however, understood that the Issuer shall never be obliged to redeem early said securities before proceeding with their transfer.

Section 25. The Issuer may amend this Contract so as to ensure that it always remains compliant with the registration conditions provided in the Income Tax Legislation.

In addition, the Issuer may, from time to time and at its discretion, amend the terms and conditions of this Contract, but agrees to give thirty (30) days' prior written notice to each Holder before said amendment(s) shall take effect.

Section 26. This Contract shall be interpreted in accordance with the laws of the province of residence of the annuitant and the *Income Tax Act* (Canada).

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