



**Canadian Worker Co-operative Federation  
Self-Directed RRSP & TFSA Program**

Support Manual for CEDIFs, CEDBs and CEDCs

Updated January 2019

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## **Introduction**

The Canadian Worker Co-operative Federation (henceforth referred to as **CWCF**) is a federally incorporated not for profit co-operative incorporated in 1992. CWCF is a national federation of worker co-operatives with members all across Canada. Visit [www.canadianworker.coop](http://www.canadianworker.coop) for more information about the organization.

### **CWCF Vision**

To be a growing, cohesive network of democratically-controlled worker co-operatives that provide a high-quality work life, and support the development of healthy and sustainable local economies, based on co-operative principles.

### **CWCF SD-RRSP & SD-TFSA Program**

One of the many steps that CWCF has taken to embody its vision is the development of a Self-Directed RRSP Program (SD-RRSP) and Self-Directed TFSA Program (SD-TFSA), which enable worker co-operatives to capitalize their enterprises with securities held within a SD-RRSP or SD-TFSA. These programs are registered with the Canada Revenue Agency (CRA) and work with Concentra Trust as their formal trustee. CWCF's SD-RRSP & SD-TFSA programs are completely administered by CWCF under an agency agreement with Concentra Trust and in accordance with CRA regulations.

CWCF is pleased that the SD-RRSP & SD-TFSA programs can also be used by any co-operative or similar enterprise that has eligible securities, including Community Economic Development Investment Funds (CEDIFs) in Nova Scotia, Community Economic Development Businesses (CEDBs) in Prince Edward Island, and Community Economic Development Corporations (CEDCs) in New Brunswick. This support manual provides a guide for administrators and boards of directors for joining the program and administering it to their investors. Throughout the manual, the term 'Enterprise' will be used to refer to any of the above types of companies.

Contact information for SD-RRSP & SD-TFSA administration is as follows:

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## **I. Joining CWCF Plan**

### Requirements and Procedure:

1. The enterprise applies for Associate Membership with CWCF by submitting the Member Application Form with an accompanying cheque made out to CWCF for \$100 plus GST/HST. For continued use of the program, the enterprise must remain a member in good standing by paying annual membership dues on receipt of an invoice from CWCF in December of each year.
2. The enterprise must read and sign two copies of the Sub-Agency Agreement provided by CWCF. These documents should accompany the Membership Application form and application fee.
3. In order to make use of CWCF's RRSP and/or TFSA Program, an enterprise must meet the definition of a CEDIF, CEDB or CEDC based on the regulating body in its province of registration.

**CEDIFs and CEDBs only:** Nova Scotia and Prince Edward Island have legislation in place so that Specified Small Business Corporations such as CEDIFs and CEDBs have a blanket type of approval for their securities, meaning they will meet the definition of a Qualified Investment for the purpose of being held in a registered plan.

**CEDCs only:** New Brunswick does not have legislation in place to deem all CEDC shares a Qualified Investment. To determine whether or not securities are a Qualified Investment to be held in a registered plan, CEDCs must have an independent accountant (CA, CMA, CGA) or lawyer confirm their securities' eligibility. The Opinion Letter written by the lawyer or accountant must reference (in appropriate detail) the applicable sections of the Income Tax Act and Regulations that are being referenced to deem the security a Qualified Investment. The CEDC must be prepared to provide an updated Opinion Letter on a regular (annual) basis, *or* with each new offering, at the request of CWCF. Investors

Confirmation of securities' ongoing eligibility for RRSP/TFSA purposes is to be in the form of CWCF's Small Business Shares Declaration, which must be completed by the annuitant. This Declaration must be submitted with each set of new investment documents. It is also up to investors to ensure that they are not holding a Prohibited Investment, which carries significant tax implications.

4. The enterprise must generally hold an escrow account with an authorized financial institution or legal firm if engaged in raising capital funds through an offering document.
5. Membership Application paperwork is reviewed by CWCF Board Members at their quarterly meetings. All fully completed paperwork must be received by CWCF staff at least one week

prior to a meeting so that the Board Members will have sufficient time to consider the application prior to discussing approval.

**IMPORTANT NOTE:**

**CWCF does not issue or administer the Equity Tax Credit**, and therefore recommends that the enterprise contact the regulatory body in its province when questions arise pertaining to the credit. CWCF has been advised that investors wishing to hold CEDIF or CEDB shares in a TFSA account will forego the Equity Tax Credit.

## **II. Forwarding Documents to CWCF**

1. Include a cover letter with the following information:
  - a. a list of all annuitants whose documents are enclosed; and
  - b. notations indicating the applicable transaction types for each annuitant (contribution, transfer, etc.)
2. Keep a copy of all documents for your records.
3. Send completed documents to CWCF via email, fax, courier or regular mail. Please note that documents submitted electronically that are to be accompanied by a cheque will be kept on file and processed upon receipt of the cheque.

**NOTE 1:** If submitting paperwork electronically, please send separate emails pertaining to each annuitant, clearly stating the annuitant's name and transaction type in the subject line. Documents submitted electronically should be sent from a secure email address. Any scanned copies must be clear and legible. CWCF reserves the right to request original documents if necessary, such as in the event that electronic documents are unclear or illegible, or if there is a potential conflict of information.

**NOTE 2:** Original estate documents (e.g. Designation of Beneficiary, and all paperwork pertaining to open estate files) must be received by CWCF. All other paperwork may be submitted via fax or email if preferred.

## **III. Setting up Individual Contracts for Annuitants**

To set up a SD-RRSP or SD-TFSA contract for an investor (herein referred to as the **annuitant**), the responsibilities of the co-op representative are as follows:

1. Ensure the annuitant receives and reads the appropriate Declaration of Trust for their SD-RRSP or SD-TFSA. English and French versions of each are available.

2. Provide the annuitant with CWCF's Self-Directed RRSP/TFSA Program Overview and Investment Risk Acknowledgement. Confirm whether they understand the terms and are comfortable proceeding; if so, have them sign and date the document.
3. Assist the annuitant in completing two copies of the SD-RRSP or SD-TFSA Application Form. Have the annuitant retain one copy. If the annuitant is setting up more than one type of account (i.e. RRSP, Spousal RRSP and/or TFSA), have them complete separate application forms each contract.
4. Take a copy of the annuitant's photo ID. Include the back of the ID for signature verification.
5. Explain the Designation of Beneficiary provision and assist the annuitant in completing the Designation of Beneficiary Form if they choose to do so; this designation is optional. Indicate on the form whether the contract is a SD-RRSP or a SD-TFSA. If applicable, have the annuitant complete a separate form for each type of account. If the annuitant opts not to designate a beneficiary at the time they open their account, they can complete the form at any time in the future should they change their mind. Designations may also be updated at any time.
6. Ensure the annuitant reads and signs the Fee Schedule and Payment Authorization Form.
7. Provide the annuitant with copies of all completed paperwork.

**NOTE:** If an annuitant already holds a SD-RRSP or SD-TFSA with CWCF, they are not required to complete a new Application Form or Designation of Beneficiary, so long as they are intending to invest within the same registered plan. However, please ensure that they have provided CWCF with any updates to their contact information.

#### **IV. Making Deposits to the SD-RRSP & SD-TFSA Plan**

Ensure the annuitant has set up a SD-RRSP or SD-TFSA Contract; see Section III above.

When making a deposit to a SD-RRSP or SD-TFSA, the annuitant has four options. Please choose the appropriate category below and follow the corresponding instructions.

- A. Cash Contribution** – Contributing new money into the RRSP/TFSA. RRSP account holders will receive a contribution receipt for this transaction.
- B. Cash Transfer** - Transferring funds from an existing RRSP/TFSA held with another financial institution.
- C. Contribution In-Kind** – Contributing eligible securities that have been previously purchased outside an RRSP/TFSA by the owner of the securities. RRSP account holders will receive a contribution receipt for this transaction based on the Fair Market Value of the securities at the time of deposit.

**D. Transfer In-Kind** – Transferring eligible securities from an existing RRSP/TFSA held with another financial institution.

**NOTE 1:** As per CWCF's Fee Schedule, annuitants whose first deposit requires a transfer-in of funds must include payment for the applicable \$50 fee with their account-opening paperwork. Alternate arrangements for fee payments may be acceptable if made in advance.

**NOTE 2:** As per CWCF's Fee Schedule, an administration fee is charged for third and subsequent acquisitions of securities by the plan per annum; two security acquisitions per annum are free of charge. Please include payment for this fee if/when applicable along with the requisite paperwork. Alternate arrangements for fee payments may be acceptable if made in advance.

**NOTE 3 - SD-RRSP only:** The CRA's deadline for both cash and in-kind contributions to be made to an RRSP for a given calendar year is 60 days after the beginning of the *next* calendar year. In the event that the 60<sup>th</sup> day falls on a weekend, the deadline will be the next business day. Contributions made up to this date can be processed for the previous tax year – i.e. funds deposited on or before March 1, 2019 will be processed in the 2018 tax year as a 'First 60 days' contribution.

### **Cash Contribution**

1. Have the annuitant write a cheque for the amount of the purchase, **made payable to CWCF.**
2. Assist the annuitant in completing the Deposit Form, indicating the appropriate Deposit Detail and account type. Be sure to list contributor information for *spousal RRSP accounts only.*
3. Complete the Subscription Form, noting that securities should be registered as "CWCF ITF John Doe SD-RRSP **OR** SD-TFSA," where 'ITF' means 'In Trust For.' Have the annuitant and an agent from the enterprise sign off.
4. Have the annuitant read and complete the Small Business Shares Annuitant Declaration form.
5. Complete the Issuer Representation Letter (IRL) on the enterprise's letterhead stating the Fair Market Value of one share at the current date.

**NOTE:** When sending a batch of paperwork for multiple annuitants, only one copy of the IRL is required.

6. Forward the completed documents (Deposit Form, Annuitant Declaration, Subscription Form and IRL), along with the investor's cheque, to CWCF. Paperwork may be sent via email or fax rather than regular mail, but it will not be processed until the cheque has been received.

7. Once the contribution has been deposited, CWCF will write a cheque to the enterprise to complete the security purchase.
8. Complete a Share Register Confirmation Letter on the enterprise's letterhead **or** issue a share certificate reflecting the securities to be held in trust by CWCF for the annuitant. Securities must be registered as follows: **CWCF ITF John Doe SD-RRSP (or SD-TFSA)**.
9. Forward the original Share Confirmation Letter or Share Certificate to CWCF.

### **Cash Transfer**

**NOTE 1:** CWCF does not hold Locked-In funds, nor do we offer Registered Retirement Income Funds (RRIF), Registered Pension Plans (RPP), Registered Education Savings Plans (RESP), or other registered investments. However, we can accept transfers from some of these types of registered plans. Please contact our office if more information is required.

**NOTE 2:** CWCF does not permit the co-mingling of spousal and non-spousal property/funds. Property/funds being transferred from a spousal account must be deposited to a spousal account; property/funds being transferred from a non-spousal account must be deposited to a non-spousal account.

1. Assist the annuitant in completing the Direct Transfer Authorization Form, making sure to indicate whether the transfer is to a SD-RRSP or a SD-TFSA. Section 2 will be completed by CWCF, while the relinquishing institution will complete Section 5. A representative from the co-op or a financial institution must provide a 'Signature Guarantee' on the form. A representative from the enterprise or a financial institution must provide a 'Signature Guarantee' on the form.
2. Assist the annuitant in completing the Deposit Form, indicating the appropriate Deposit Detail and account type.
3. Complete the Subscription Form, noting that securities should be registered as "CWCF ITF John Doe SD-RRSP/SD-TFSA," where 'ITF' means 'In Trust For.' Have the annuitant and an agent from the enterprise sign off.
4. Have the annuitant read and complete the Small Business Shares Annuitant Declaration form.
5. Complete the Issuer Representation Letter (IRL) on the enterprise's letterhead stating the value of one share at the current date.

**NOTE:** When sending a batch of paperwork for multiple annuitants, only one copy of the IRL is required.



6. Forward the completed documents (Transfer Authorization, Deposit Form, Annuitant Declaration, Subscription Form and IRL) to CWCF.
7. Upon receipt of the forms, CWCF will initiate the transfer of funds with the annuitant's financial institution.
8. Once the transfer of funds has been received, CWCF will write a cheque to the enterprise to complete the security purchase.
9. Complete a Share Register Confirmation Letter on the enterprise's letterhead **or** issue a share certificate reflecting the securities to be held in trust by CWCF for the annuitant. Securities must be registered as follows: **CWCF ITF John Doe SD-RRSP (or SD-TFSA)**.
10. Forward the original Share Confirmation Letter or Share Certificate to CWCF.

### **Contribution In-Kind**

1. Assist the annuitant in completing the Deposit Form, making sure to indicate whether they are contributing to a SD-RRSP or SD-TFSA and that it is a contribution in-kind. In the case of a spousal RRSP, ensure the contributor information is entered accurately.
2. In the securities deposit box, enter a description of the securities being contributed. Include all relevant details about the securities (e.g. # of shares, certificate #, share class, etc.) and their value.
3. Have the annuitant read and complete the Small Business Shares Annuitant Declaration form.
4. Complete a Share Register Confirmation Letter on the enterprise's letterhead **or** issue a share certificate reflecting the securities to be held in trust by CWCF for the annuitant. Securities must be registered as follows: **CWCF ITF John Doe SD-RRSP (or SD-TFSA)**.
5. Complete the Issuer Representation Letter (IRL) on the enterprise's letterhead stating the value of one share at the current date.  
**NOTE:** When sending a batch of paperwork for multiple annuitants, only one copy of the IRL is required.
6. Forward completed documents, along with the original Share Confirmation Letter or Share Certificate, to CWCF.

### **Transfer In-Kind**

**NOTE 1:** CWCF does not hold Locked-In property, nor do we offer Registered Retirement Income Funds (RRIF), Registered Pension Plans (RPP), Registered Education Savings Plans (RESP), or other

registered investments. However, we can accept transfers from some of these types of registered plans. Please contact our office if more information is required.

**NOTE 2:** CWCF does not permit the co-mingling of spousal and non-spousal property. Investments being transferred from a spousal account must be deposited to a spousal account; investments being transferred from a non-spousal account must be deposited to a non-spousal account.

1. Assist the annuitant in completing the Direct Transfer Authorization Form, making sure to indicate whether the transfer is to a SD-RRSP or a SD-TFSA. Section 2 will be completed by CWCF, while the relinquishing institution will complete Section 5. A representative from the co-op or a financial institution must provide a 'Signature Guarantee' on the form.
2. Assist the annuitant in completing the Deposit Form, indicating the appropriate Deposit Detail and account type. In the securities deposit box, enter a description of the securities being contributed. Include all relevant details about the securities (e.g. # of shares, certificate #, share class, etc.) and their value.
3. Forward the completed documents (Transfer Authorization and Deposit Form) to CWCF.
4. Upon receipt of the forms, CWCF will initiate the transfer of securities with the annuitant's relinquishing financial institution.
5. The relinquishing institution will send CWCF the original Share Certificate or Confirmation Letter, along with a Power of Attorney letter to reflect the change in registration. CWCF will forward these documents to the enterprise to make the appropriate changes.
6. Complete a new Share Register Confirmation Letter on the enterprise's letterhead or issue a share certificate reflecting the securities to be held in trust by CWCF for the annuitant. Securities must be registered as follows: **CWCF ITF John Doe SD-RRSP (or SD-TFSA)**.
7. Forward the new original Share Confirmation Letter or Share Certificate to CWCF.
8. Once the new Certificate/Confirmation Letter has been received, CWCF will deposit the securities into the annuitant's account.

## **V. Offerings and Deadlines**

It is the responsibility of the enterprise to notify CWCF of any upcoming offerings and deadlines. Our typical processing time for a security purchase is 5-7 business days from the time the purchase funds have been deposited to the plan; however, this can vary depending on the time

of year. It is also important to note that when a transfer-in from another financial institution is requested, it can often take 4-6 weeks for CWCF to receive the funds.

**SD-RRSP only:** The CRA's deadline for both cash and in-kind contributions to be made to an RRSP is 60 days from the beginning of the next calendar year. This is typically March 1<sup>st</sup> (February 29<sup>th</sup> in leap years); however, if the 60<sup>th</sup> day falls on a weekend the deadline may be extended accordingly. Contributions made on or before the deadline can be processed for the previous tax year – i.e. funds deposited March 1, 2019 will be processed in the 2018 tax year as a 'First 60 days' contribution. CWCF will send an email to your enterprise's Designated Representative in December reminding them of this deadline. It is the enterprise's responsibility to follow all instructions in this email and ensure all funds and corresponding documents have been received by CWCF by the deadline. Funds and paperwork received after the deadline **will not be processed as a First 60 Days contribution** for the prior tax year. Please note that due to our office's rural location, express courier services often take 2 business days to reach us. Keep this in mind when preparing to send packages close to the deadline.

During February and March, CWCF's processing time increases significantly due to the high volume of RRSP contributions. During this time, we prioritize RRSP contributions over all other types of transactions, including redemptions, withdrawals and all activity pertaining to TFSA accounts. If an annuitant urgently requires one of these actions to be taken on their account, please notify CWCF staff and we will do our best to accommodate the request if possible.

It is **not advisable** to set your offering deadline close to the RRSP contribution deadline. However, if this happens, it is the enterprise's responsibility to notify CWCF of the deadline as early as possible and ensure all paperwork has been forwarded well in advance to provide sufficient turnaround time to process the security purchases. Throughout the rest of the year, CWCF staff will do our best to accommodate the expedition of transaction processing if requested. However, please understand that these processes take time and we may be unable to accommodate requests on short notice. We appreciate our program members understanding and respecting the capacity of our program.

## **VI. Income Earned on Securities Held in the SD-RRSP or SD-TFSA**

All investment income (dividends or interest) earned on securities held in a registered plan is payable to the SD-RRSP or SD-TFSA. Under no circumstances may dividends/interest earned on registered securities be paid directly to the annuitant.

If the dividend/interest is issued as cash, a cheque must be made payable to CWCF in trust for the annuitant's account and forwarded to CWCF office. If payments are being issued for a number of annuitants, one cheque can be made out for the full amount. Please include a listing of the annuitants to whom the dividends/interest belong. This list should include the annuitants' full names, account numbers and/or social insurance numbers, the number of registered securities they hold, and the value of the dividend/interest earned. Ideally, this list should be sent

electronically to CWCF in Excel format. Alternatively, the enterprise may send a list in the mail along with the cheque.

If dividends are issued as additional securities, the enterprise should forward to CWCF a Share Register Confirmation Letter or a Share Certificate for each annuitant, along with a document summarizing the dividends being issued so that CWCF can properly track all securities registered in the annuitant's name.

## **VII. Annual Fees**

Each year in December, CWCF will forward to the Designated Representative an invoice for the full amount of all annual fees incurred by annuitants who have opened self-directed accounts through the enterprise. The current account fee is \$65/year.

A Contract Listing letter that specifies the annuitants to whom the fees apply will accompany the fee invoice, and will include the mailing address CWCF has on record for those individuals. If any contact information is outdated, CWCF will request current information from the representative.

Upon receipt of the invoice, the enterprise is responsible for forwarding a cheque payable to CWCF for the full amount. *(See Note 3 below.)*

If the enterprise intends to recover these fees from annuitants, it is your responsibility to send out individual invoices and collect the annual fees from your investors. All annuitants sign a Payment Authorization form when they open a new account, which states that they will reimburse the enterprise for any fees levied on their account.

**NOTE 1:** Account fees cannot be directly withheld from dividends or interest earned on securities held within a SD-RRSP or SD-TFSA. However, if the enterprise would like its investors' account fees to be paid using these funds, the full value of the investment income must be made payable to CWCF. CWCF will deposit the funds into annuitants' accounts and subsequently deduct the fees from the cash balances. Only CWCF is authorized to withdraw account fees from annuitants' cash accounts. If any accounts are short funds, we will notify the enterprise, which will be responsible for following up with the annuitant(s) and making payment arrangements.

**NOTE 2:** There is a separate annual fee for each account type held by an individual (i.e. RRSP, Spousal RRSP, or TFSA).

**NOTE 3:** If the enterprise has had difficulty in the past recovering annual fees from annuitants, or if you anticipate such difficulties, please contact CWCF **within one (1) month of receiving the invoice** to discuss alternate payment options. If CWCF is not contacted by the enterprise within this timeframe, full payment of the invoice will be expected in a timely manner.

## **VIII. Redemptions, Withdrawals and Transfers Out of a Registered Plan**

Securities held within a SD-RRSP or SD-TFSA contract may only be withdrawn or transferred with written instruction from the annuitant to CWCF. Under no circumstances may the enterprise change the ownership or redeem (i.e. buy back) securities held within a SD-RRSP or SD-TFSA, except upon written instruction from CWCF.

**NOTE 1:** Securities may only be redeemed (sold back to the enterprise) based on the redemption terms and conditions set by the enterprise for its securities. It is up to the enterprise to determine the conditions of a security redemption. CWCF will issue a written request to the enterprise upon receiving a request from an annuitant. If the redemption is unable to be processed, a written response is required stating that the request has been declined.

**NOTE 2:** Given the inherent tax-free nature of a TFSA account, there are no tax implications for a withdrawal from this type of registered plan. As such, please ensure the appropriate withdrawal process detailed below is followed depending on the annuitant's account type.

### **Withdrawal of cash from RRSP (including Redemption of Securities)**

*\*This transaction involves withholding tax to be deducted from the funds being withdrawn. The annuitant will receive a T4RSP for the full value of the withdrawal.*

1. The annuitant completes an RRSP Withdrawal Request Form and submits it to CWCF via mail, email or fax. Assist the annuitant in selecting the appropriate 'Withdrawal Details.'
  - a. 'All in cash' indicates that the annuitant would like to redeem all securities and withdraw all resulting cash from their account.
  - b. 'All assets in-kind' indicates that the annuitant would like to withdraw the securities and/or cash from their account as-is (i.e. no redemption requested).  
*If the annuitant selects this option, complete Step 3 below, and then see section below called "In-Kind Withdrawal of Securities from RRSP" for instructions on how to complete the in-kind portion of the withdrawal.*
  - c. 'Partial' requires the completion of the next section of the form.
    - i. If the requested withdrawal is 'In cash' and requires a redemption of securities, indicate the amount (\$) and a description of the investment(s) to be redeemed (i.e. # of securities, investment name).
    - ii. If the requested withdrawal is 'In cash' but no redemption is required, simply note the amount (\$).
    - iii. If the requested withdrawal is 'In-kind,' provide a description of the securities to be withdrawn from the account.
2. Upon receipt of the Withdrawal Request from the annuitant, CWCF will send a request to the enterprise for redemption of the securities (if necessary).
3. If the enterprise accepts the request for redemption, or if an in-kind withdrawal is requested, the enterprise will determine the value of the securities being

redeemed/withdrawn and complete the Issuer Representation Letter (IRL) confirming the current Fair Market Value of the securities.

4. Forward the IRL, along with a cheque for the full value of the redemption (if applicable) made out to "CWCF ITF (Name of Annuitant) SD-RRSP or SD-TFSA," to CWCF. Any outstanding dividends or interest earned on the securities being redeemed must be paid out to the registered plan at the same time.
5. Upon receipt of the cheque, CWCF will return the corresponding certificate(s) for the redeemed securities to the enterprise (if applicable); alternatively, CWCF will provide notification that the redemption has been completed.
6. CWCF will issue a cheque to the annuitant for the full amount of their request, less withholding tax as required by Canada Revenue, and fees payable to CWCF. See below for applicable tax rates.
7. By the last day of February following the year of withdrawal, CWCF will issue a T4RSP indicating the full value of the withdrawal and any taxes deducted for the annuitant to report as income when filing their taxes.

**NOTE:** Tax rates for withdrawals from an RRSP depend on residency and the value of the withdrawal. The tax that is withheld may not always be enough to account for the tax that an annuitant owes at their tax bracket, and they may be required to pay additional taxes when they include the withdrawal on their income tax return. Canada Revenue Agency's current tax rates on RRSP withdrawals are as follows:

- 10% on amounts up to \$5,000 (5% in Quebec)
- 20% on amounts over \$5,000 up to and including \$15,000 (10% in Quebec)
- 30% on amounts over \$15,000 (15% in Quebec)

#### **Withdrawal of cash from TFSA (including Redemption of Securities)**

*\*There are no tax implications for this transaction; no tax slip will be issued to the annuitant.*

1. The annuitant completes an TFSA Withdrawal Request Form and submits it to CWCF via mail, email or fax. Assist the annuitant in selecting the appropriate 'Withdrawal Details.'
  - a. 'All in cash' indicates that the annuitant would like to redeem all securities and withdraw all resulting cash from their account.
  - b. 'All assets in-kind' indicates that the annuitant would like to withdraw the securities and/or cash from their account as-is (i.e. no redemption requested). *If the annuitant selects this option, complete Step 3 below, and then see section below called "In-Kind Withdrawal of Securities from TFSA" for instructions on how to complete the in-kind portion of the withdrawal.*
  - c. 'Partial' requires the completion of the next section of the form.
    - i. If the requested withdrawal is 'In cash' and requires a redemption of securities, indicate the amount (\$) and a description of the investment(s) to be redeemed (i.e. # of securities, investment name).

- ii. If the requested withdrawal is 'In cash' but no redemption is required, simply note the amount (\$).
  - iii. If the requested withdrawal is 'In-kind,' provide a description of the securities to be withdrawn from the account.
- 2. Upon receipt of the Withdrawal Request from the annuitant, CWCF will send a request to the enterprise for redemption of the securities (if necessary).
- 3. If the enterprise accepts the request for redemption, or if an in-kind withdrawal is requested, the enterprise will determine the value of the securities being redeemed/withdrawn and complete the Issuer Representation Letter (IRL) confirming the current Fair Market Value of the securities.
- 4. Forward the IRL, along with a cheque for the full value of the redemption (if applicable) made out to "CWCF ITF (Name of Annuitant) SD-RRSP or SD-TFSA," to CWCF. Any outstanding dividends earned on the securities being redeemed must be paid out to the registered plan at the same time.
- 5. Upon receipt of the cheque, CWCF will return the corresponding Share Certificate(s) for the redeemed securities to the enterprise (if applicable).
- 6. CWCF will issue a cheque to the annuitant for the full amount of their request, less any fees payable to CWCF.

#### **Transfer Out (including Redemption of Securities)**

*\*This type of transaction does not carry any tax implications, even for an RRSP account. CWCF will not issue a T4RSP for the transfer, nor will the receiving Financial Institution issue a contribution receipt.*

- 1. The Annuitant must meet with the financial institution to whom the property/funds are being transferred (i.e. the Receiving Institution). The Receiving Institution will assist them in completing a transfer authorization request, which is generally a T2033 or the financial institution's equivalent form.
- 2. The Receiving Institution will forward the transfer request to CWCF by either mail or fax.
- 3. Upon receipt of the transfer request, **if applicable** CWCF will send a request to the enterprise for redemption of the securities. *If no redemption is required, skip to step 7.*
- 4. If the enterprise accepts the request for redemption, it will determine the value of the securities being redeemed and complete the Issuer Representation Letter (IRL) confirming the current Fair Market Value of the securities.
- 5. Forward the IRL, along with a cheque for the full value of the redemption made out to "CWCF ITF (Name of Annuitant) SD-RRSP or SD-TFSA," to CWCF. Any outstanding

dividends earned on the securities being redeemed must be paid out to the registered plan at the same time.

6. Upon receipt of the cheque, CWCF will return the corresponding Share Certificate(s) for the redeemed securities to the enterprise (if applicable).
7. CWCF will issue a cheque to the Receiving Financial Institution for the full amount of the request, less any fees payable to CWCF.

### **In-Kind Withdrawal of Securities from RRSP**

*\*This entails changing the registration of an investment held within a SD-RRSP so that it will be held solely by the annuitant outside of the registered plan. In this case, the annuitant is not selling the securities; rather, they are withdrawing the securities themselves, which will become a non-registered investment. This is considered by the CRA to be a withdrawal of income from a registered plan, and as such the transaction carries tax implications. Withholding tax must be remitted from the plan, and the annuitant will receive a T4RSP for the full value of the withdrawal.*

1. The annuitant completes the RRSP Withdrawal Request Form and submits it to CWCF.
2. Upon receipt of the request, CWCF staff will calculate the amount of tax required to be withheld from the withdrawal per CRA regulations. If the annuitant has a sufficient cash balance in their account, the withdrawal will be processed as requested, with the withholding tax and any fees payable to CWCF will be deducted from the cash available in the account.

If there is insufficient cash in the annuitant's account to cover the required deductions, they must generate the funds in one of the following ways:

- a. Make a contribution to the SD-RRSP if they have contribution room to do so. This will generate a Contribution Receipt to be filed with the annuitant's taxes for the year of the transaction.
- b. Transfer funds into the SD-RRSP from an RRSP held with another financial institution. This transaction does not have any tax implications.
- c. Redeem enough securities to generate the amount of the tax to be deducted. This requires that the securities be liquid. The redemption does not have any tax implications.

**NOTE:** If the annuitant does not have sufficient cash in their SD-RRSP to pay the required withholding tax and fees, CWCF staff will contact them directly to inform them of their options for generating these funds, as well as provide them with the calculation for how much tax they will owe for the transaction. This amount will vary depending on whether they opt to contribute/transfer funds into the plan or redeem a portion of their investment, as adding funds to the account will increase the total value of the withdrawal.



3. CWCF will obtain an Issuer Representation Letter (IRL) from the enterprise confirming the current Fair Market Value of the securities.
  4. CWCF will complete the in-kind withdrawal and forward a Power of Attorney letter to the annuitant stating that the securities are now held solely in their name outside the SD-RRSP, along with a cheque for any remaining cash in the account.
- NOTE:** If the annuitant redeemed part of their investment, the Power of Attorney issued to the annuitant would be for the remaining securities only.
5. The annuitant uses the Power of Attorney letter to inform the enterprise that the securities are no longer held within the SD-RRSP. The enterprise should reprint the corresponding Share Certificate(s) or Share Register Confirmation Letter to reflect the change in ownership.
  6. By the last day of February following the year of withdrawal, CWCF will issue a T4RSP indicating the full value of the withdrawal and any taxes deducted for the annuitant to report as income when filing their taxes.

#### **In-Kind Withdrawal of Securities from TFSA**

*\*This entails changing the registration of an investment held within a SD-TSFA so that it will be held solely by the annuitant outside of the registered plan. In this case, the annuitant is not selling the securities; rather, they are withdrawing the securities themselves, which will become a non-registered investment. Due to the nature of the account type, this transaction carries no tax implications.*

1. The annuitant completes the TFSA Withdrawal Request Form and submits it to CWCF. If there are insufficient funds in the account to cover the transaction fee (\$50 for a partial withdrawal, \$75 to close the account), a cheque for the appropriate amount must accompany the Withdrawal Request Form. It is also possible for the enterprise to pay these fees on behalf of the annuitant. If this is the case, please make prior arrangements with CWCF staff.
2. CWCF will obtain an Issuer Representation Letter (IRL) from the enterprise confirming the current Fair Market Value of the securities.
3. CWCF will complete the in-kind withdrawal transaction and forward a Power of Attorney letter to the annuitant stating that the securities are now held solely in their name outside the SD-TFSA, along with a cheque for any remaining cash in the account (if requested).
4. The annuitant uses the Power of Attorney letter to inform the enterprise that the securities are no longer held within the SD-TFSA. The enterprise should reprint the corresponding Share Certificate(s) or Share Register Confirmation Letter to reflect the change in ownership.

## **IX. Instructions for the Completion of Forms**

### **CWCF Associate Member Application Form**

1. Print the name of the enterprise and all of its contact information.
2. Print the name of the Designated Representative (i.e. the contact person for the enterprise regarding its relationship with CWCF).
3. Have the CEO or President sign and date the application before a witness.
4. Have the witness sign the form, and print their name below.
5. Indicate whether the enterprise would like to be included on CWCF's website listing of our RRSP-TFSA Program Members.
6. Indicate whether the enterprise would like to receive CWCF's bi-monthly newsletter.
7. Forward the application to CWCF, along with a cheque for the Application Fee made payable to CWCF and 2 copies of the Agency Agreement (see next section).

**NOTE:** It is the responsibility of the enterprise to notify CWCF in a timely manner of any updates to the information noted on the application form, including contact information and the Designated Representative(s).

### **CWCF Associate Member Agency Agreement**

1. Print two copies of the Agency Agreement.
2. On page 1, date the document. Enter the full legal name of the enterprise, as well as the city and province of its head office, in the appropriate blanks.
3. In Section 12, enter the contact address for the enterprise.
4. Have **two** officers/directors of the enterprise sign the 'Sub-Agent' section on the final page of the agreement, noting their names and/or titles under their signatures.
5. Forward **both** completed and signed copies to CWCF, along with the application form and application fee.
6. Once membership has been approved by the Board of Directors, CWCF will return one signed copy to the enterprise to retain for its records.

**NOTE: IT IS THE RESPONSIBILITY OF THE ENTERPRISE TO PROVIDE COPIES OF ALL COMPLETED ACCOUNT-RELATED PAPERWORK (AS LISTED BELOW) TO ANNUITANTS.**

### **CWCF Self-Directed RRSP/TFSA Program Overview and Investment Risk Acknowledgement**

The Program Overview provides important information about the registered plans offered by CWCF, including the self-directed nature of the plans, the relationship between CWCF and the enterprise, and correspondence that can be expected from CWCF. The Risk Acknowledgement includes disclaimers about the typically high-risk nature of the investments held in trust by CWCF, potential long-term tax implications of investing through a SD-RRSP, and what happens when an annuitant turns 71 and their RRSP account matures.

1. Provide the annuitant with CWCF's Program Overview and Risk Acknowledgement.
2. Ensure the annuitant reads and understands the terms of the document.
3. Have the annuitant sign and date the bottom of the Risk Acknowledgement.
4. Make a copy of the document; have the annuitant retain one copy, and send the other to CWCF along with the rest of the account-opening paperwork.

#### Application Form for Opening a SD-RRSP or SD-TFSA Account

1. Enter the annuitant's personal information (or have them do so), confirming that all information is accurate. The individual's legal name that would be on file with the CRA is required.
2. Confirm that the annuitant is a resident of Canada by indicating 'Y' in the appropriate box.
3. **SD-RRSP only:** The 'Pension Jurisdiction' section can be left blank, as it is not applicable to our program. CWCF does not accept Locked-In funds.
4. **SD-RRSP only:** In the 'Contributor' section, indicate whether or not contributions to the account will be made and claimed by the annuitant's spouse (i.e. whether the account will be a Spousal RRSP).
  - a. If yes, indicate 'Y' and enter the spouse's name and SIN.
  - b. If no, indicate 'N' and leave this section blank.
5. Leave the line above 'Accepted by Canadian Worker co-operative Federation...' at the bottom of the form blank for CWCF staff to sign.
6. Have the annuitant sign and date the form.
7. Above 'Agent Name,' print the name of your co-op; above 'Agent Telephone,' enter the phone number of the co-op's Designated Representative.
8. **\*NEW in 2019\*** Take a copy of the annuitant's photo ID (front & back, including their signature) and attach it to the application form.
9. Make a copy of the document; have the annuitant retain one copy, and send the other to CWCF along with the rest of the account-opening paperwork.

#### Declaration of Trust

This document outlines the terms of the trust created between Concentra Trust and the annuitant when the application form is signed. Concentra acts as Trustee the SD-RRSP and SD-TFSA Programs administered by CWCF.

1. Provide the annuitant with the appropriate version of CWCF's Declaration of Trust – i.e. RRSP or TFSA, in either English or French per their preference.
2. Ensure the annuitant reads, understands, and retains a copy of the Declaration of Trust.

#### Designation of Beneficiary

An annuitant may designate a beneficiary(ies) to receive their RRSP/TFSA proceeds upon death. If the annuitant is unsure how to proceed in designating a beneficiary(s), it is recommended that

they seek professional counsel. It is not the role of CWCF – or the enterprise – to provide an annuitant with this advice.

**NOTE:** This form is optional. If a Designation of Beneficiary is not listed on the RRSP/TFSA contract, the estate is processed per the terms of the annuitant's Will. In the event that there is no Will, the laws of intestacy will be followed.

1. Ensure the annuitant reads and understands the form.
2. Indicate whether the plan is an RRSP or TFSA.
3. Client No. does not apply to CWCF registered plans.
4. For a new contract, leave the Contract Number blank; CWCF will complete this once the account has been created. If the annuitant is making a change to their designation, enter the Contract Number; this can be found on the annuitant's annual account statement.
5. Indicate whether the form is for a First Designation or Changing/Removing a Designation.
6. Enter the annuitant's name, city and province.
7. Complete the required information for each beneficiary.

**NOTE:** The full name of the beneficiary(ies) and their relationship(s) to the annuitant are mandatory fields. Including the beneficiary's SIN and address is strongly recommended.

8. Ensure the annuitant reads the "CAUTION" sections.
9. Have the annuitant date and sign the form, along with a witness.
10. Make a copy of the document; have the annuitant retain the copy, and forward the original form to CWCF along with the rest of the account-opening paperwork.

#### Fee Schedule

1. Ensure the annuitant reads and understands the fee schedule.
2. Print the annuitant's name in the appropriate blank at top of the form.
3. Have the annuitant date and sign the form. CWCF will add the contract number once the account has been opened.
4. Make a copy of the document; have the annuitant retain one copy, and send the other to CWCF along with the rest of the account-opening paperwork.

#### Payment Authorization Form

This form entitles the co-op to collect reimbursement from the annuitant for any and all fees the enterprise may pay to CWCF on the annuitant's behalf.

1. Ensure the annuitant reads and understands the commitment being made. At this time, the designated representative should discuss with the annuitant what its standard practice is regarding fees. (i.e. Will the enterprise pay fees on behalf of the annuitant? Will the enterprise expect to be reimbursed by the annuitant? What is the reimbursement process?)
2. Enter the name of the co-op in the first blank.

3. Have the annuitant date and sign the form, as well as provide their printed name.
4. Make a copy of the document; have the annuitant retain one copy, and send the other to CWCF along with the rest of the account-opening paperwork.

**NOTE:** Account fees cannot be withheld from dividends or interest earned on securities held within a SD-RRSP or SD-TFSA. If the enterprise would like its annuitants' account fees to be paid using these funds, the full value of the investment income must be sent to CWCF to be deposited to the registered plan. CWCF will subsequently withdraw the fees from their cash balance.

#### Direct Transfer Authorization Form

1. Section A – Ensure all of the annuitant's information is printed clearly and correctly.
2. Section B – Indicate whether the transfer is being made to an RRSP, Spousal RRSP or TFSA. Include the Contract Number and note the appropriate Specimen Plan (i.e. RSP or TFSA). Leave the 'Authorized Agent' line blank for CWCF staff to complete.
3. Section C – Enter **all** contact information for the Relinquishing Institution (i.e. the financial institution from whom here the funds are being transferred). Be sure to include the contract/plan number at that institution and any other relevant details about the account from which funds are to be transferred. Indicate the property that is to be transferred to CWCF and note the type of account it is being transferred from.  
**SD-RRSP only:** If the funds are coming from a spousal RRSP, include the Contributor's Name & SIN in the spaces provided.
4. Section D – Have the annuitant sign and date the authorization. A representative from the co-op or a financial institution must provide a signature guarantee.  
**NOTE:** By signing as guarantor, you are verifying that you have checked the signatory's ID and verified their identity, and that the signatory appears to be of sound mind and is signing the document of their own free will.
5. Leave Section E blank; this is for the Relinquishing Institution to complete when they process the transfer request.

#### Deposit Form

This form is available in both English and French. Please be sure to provide the annuitant with a copy of the form in their preferred language.

1. If this is the first time a deposit is being made to a new account, leave the 'Contract Number' blank and CWCF will enter it once the annuitant's account has been opened. If this is a subsequent transaction on the account, please enter the contract number; this can be found on the annual account statement issued to the annuitant.
2. Indicate whether the account is a SD-RRSP or a SD-TSFA.
3. Print the annuitant's name clearly as follows: LastName, FirstName
4. **SD-RRSP only:** Complete the Spousal RRSP Contributor Information if relevant (i.e. if the account is a Spousal RRSP).
5. Indicate the Deposit Detail with an 'X' beside the appropriate deposit type.

6. **If the annuitant is making an in-kind contribution or in-kind transfer**, complete the Securities Deposits section. Provide a detailed description of the securities including the following details:
  - a. investment name
  - b. type of security (e.g. preferred securities, bonds, etc.)
  - c. share certificate/registration numbers
  - d. quantity of securities being deposited
  - e. value of the investment being deposited
7. Leave the 'CWCF Office Use Only' section blank.
8. Have the annuitant date and sign the form.
9. Have the designated representative from the enterprise who is assisting the annuitant sign and print their name as the Sub-Agent, and include their phone number in the spaces provided.

#### Small Business Shares Annuitant Declaration

1. Ensure the annuitant reads and understands the form.
2. Print the annuitant's name and plan (contract) number. If it is a new account, CWCF will add the contract number once the account has been opened.
3. Have the annuitant date and sign the form before a witness, who also signs the form.

#### Share or Bond Register Confirmation Letter

**NOTE:** This letter is only required if the enterprise does not provide share certificates.

1. Copy the Share/Bond Register Confirmation Letter template onto the enterprise's letterhead, or create your own Register Confirmation Letter that includes the same information as the template.
2. Print the full legal name of your enterprise.
3. Enter the number of securities. If the securities are of a specific class (e.g. Preferred Class B), please note that designation before the word 'securities.'
4. Print the name of the annuitant for whom the securities are being registered. The registration must be recorded as "CWCF ITF Annuitant Name SD-RRSP (or SD-TFSA)."
5. Date, sign and print your title on the spaces provided.

#### Issuer Representation Letter (IRL)

This letter is used to confirm the Fair Market Value of the enterprise's securities, and is required by CWCF before any transactions involving its securities can be processed.

1. Copy the IRL template onto the enterprise's letterhead.
2. Enter the name of the security (i.e. Common Share, Preferred Share B, etc.), the name of enterprise and date of the valuation.
3. Enter the current value of an individual security (i.e. one share/bond).
4. Beside 'Name of Issuer,' enter the name of the enterprise.

5. Have a signing officer of the enterprise sign complete the bottom left portion of the form. The bottom right portion ('Transfer Agent') may be left blank for CWCF to complete.

**NOTE:** So long as the Fair Market Value of a particular investment does not change throughout an offering, CWCF will require **only one IRL per offering**. Alternatively, you may send **one IRL per package of paperwork**.

## **X. Liquidation/Dissolution**

In the event that an enterprise will be winding down, liquidating or dissolving, please advise CWCF at your earliest possible opportunity so that we may take appropriate action on the shares held within registered plans. This may involve the enterprise redeeming the shares at their original value, or redeeming them for a lesser value. It may also require the shares to be revalued to \$0 and either withdrawn in-kind or sold from the registered plans. CWCF will work with the enterprise's designated representative to ensure that proper steps are taken.

*If there are any questions regarding the information contained within this manual, or pertaining to CWCF's forms, please have the enterprise's designated representative reach out to CWCF staff to provide clarification.*