



Canadian Worker Co-operative Federation

Self-Directed RRSP & TFSA

Support Manual for CEDIFs

Updated: December 12, 2016

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Introduction

The CWCF is a federally incorporated not for profit co-operative incorporated in 1992. The CWCF is a national federation of worker co-operatives with members all across Canada. The head office is:

Suite #1, 41 Aberdeen Street
Kentville, N.S.
B4N 2M9
www.canadianworker.coop

CWCF Vision

To be a growing, cohesive network of democratically-controlled worker co-operatives that provide a high quality worklife, 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 the CWCF has taken to embody this 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 shares 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. The CWCF SD-RRSP & SD-TFSA programs are completely administered by the CWCF under an agency agreement with Concentra Trust and under the regulations of the CRA.

The CWCF is pleased that the SD-RRSP and SD-TFSA can also be used by the Community Economic Development Investment Funds of Nova Scotia to assist them in raising capital by providing a cost effective SD-RRSP and SD-TFSA Contract.

***IMPORTANT NOTE:** CEDIFs should contact the province to confirm; however, we have been advised that investors wishing to hold CEDIF shares in a TFSA will forgo the equity tax credit.*

This support manual provides a guide for CEDIF boards of directors and administrators on joining and administering the program.

CWCF contact information for SD-RRSP & SD-TFSA administration:

Suite #1, 41 Aberdeen Street
Kentville, N.S. B4N 2M9

Tel: 902-678-1683
Fax: 902-678-0780

Kristin Glenn, RRSP Program Manager
Email: kristin@canadianworker.coop
Note: Kristin will be on maternity leave until January 2018.

RRSP/TFSA Program Administrators for 2017:

Josh Dyke: josh@canadianworker.coop
Kristin Van Hattem: rrsp@canadianworker.coop

I. Joining the CWCF Plan

Requirements

1. The CEDIF applies for Associate Membership in the CWCF by submitting the Associate Member Application Form with an accompanying cheque made out to the CWCF for \$100+GST/HST. The CEDIF must remain a member in good standing by paying the annual fee on receipt of the dues invoice from the CWCF.
2. The CEDIF must read, sign and mail two copies of the Sub-Agency Agreement to the CWCF. **IMPORTANT NOTE: CEDIFs who are already members in the program should fill out the updated Sub-Agency Agreement if they want to use the new TFSA program.**
3. The CEDIF sets up an ESCROW account with Concentra Financial – Contact Patti Kehrer (306) 956-1834, or other authorized financial institution if engaged in raising funds through an approved Offering Document.

II. Setting up Individual Contracts for Annuitants

To set up a SD-RRSP or SD-TFSA Contract (a self-directed plan for an investor, herein called the Annuitant)

The CEDIF representative must:

1. Ensure the Annuitant reads the SD-RRSP or SD-TFSA Declaration of Trust.
2. Assist him/her in completing two copies of the SD-RRSP or SD-TSFA application form. Have the Annuitant retain one copy. (Note: if the Annuitant is setting up both types of accounts, please complete both application forms.)

3. Explain the Designation of Beneficiary provision and assist the Annuitant to complete the Designation of Beneficiary Form if they so choose. Indicate on the form whether it is a SD-RRSP or a SD-TFSA. (Note: complete one for each type of account, if applicable.)
4. Ensure the applicant reads the Fee Schedule and signs two copies. Have the Annuitant retain one copy.
5. Ensure the applicant reads the Payment Authorization Form and signs two copies. Have the Annuitant retain one copy.

III. Making Deposits to the SD-RRSP & SD-TFSA

Ensure the Annuitant has set up an SD-RRSP or SD-TFSA Contract as per (II) above.

In making a deposit, the Annuitant the annuitant has three options, as listed below, A through C. Choose the appropriate category and follow the instructions.

- A. Cash Deposit – New Contribution
- B. Transfer In - Transferring money from an existing RRSP/TFSA
- C. Contribution In-Kind – Contributing CEDIF shares that have been previously purchased and held outside an RRSP/TFSA by the owner of the shares.

A. Cash Deposit – New Contract and New Contribution

NOTE: This process is only applicable if the contribution on its own is completing the share purchase. If a contribution is being combined with a transfer, the contribution cheque must be made out to **“CWCF” (Annuitant’s name on the subject line) and mailed directly to CWCF**. The total funds will be sent to the escrow agent after both the contribution and the transfer are received.

1. Assist the Annuitant in completing the Deposit Form.
2. Complete CEDIF Subscription form, with shares registered **CWCF ITF ‘John Doe’ RSP/TFSA** (Note: *“ITF” means “In Trust For”*).
3. Have the Annuitant write a cheque for the full amount made **payable to the Escrow Agent**. On cheque memo line print **For CWCF SD-RRSP/SD-TFSA ‘John Doe’ (see note above if contribution is being combined with a transfer: cheque must be made out to “CWCF” and mailed to CWCF)**.
4. CEDIF representative must ensure the applicant reads and signs the Small Business Shares Annuitant Declaration.
5. CEDIF must send on its letterhead the Issuer Representation Letter (When sending a group of contracts only one copy of the IRL is required for the group.)
6. Forward original completed forms to CWCF (Deposit Form, Subscription Form, copy of the cheque (**or cheque itself, if being combined with a transfer**), Small Business Shares Annuitant Declaration, Issuer Representation Letter).
7. Forward a Copy of the CEDIF Subscription Form with the cheque to the Escrow Agent.

NOTE: As per the CWCF Fee Schedule, please include admin fee for second and subsequent deposits per annum (1 deposit per annum is free of charge).

B. Transfer In - Transferring money from an existing RRSP/TFSA – New Contract

1. Assist the Annuitant in completing the CWCF Transfer-In Form.
2. Assist the Annuitant in completing the Deposit Form.
3. Complete CEDIF Subscription form – (shares registered **CWCF ITF ‘John Doe’ RSP/TFSA**)
4. Ensure the applicant reads and signs the Small Business Shares Annuitant Declaration.
5. CEDIF must send on its letterhead the Issuer Representation Letter (When sending a groups of contracts only one copy of the IRL is required for the group.)
6. Forward original completed forms to CWCF (Transfer-In Form, Deposit Form, Subscription Form, Small Business Shares Annuitant Declaration, Issuer Representation Letter).
7. Include Transfer-In to set up new account fee if this is the annuitant’s first transaction (see Fee Schedule). The CWCF accepts cheques from the annuitant, the CEDIF, or direction to remove fee from annuitant’s CWCF cash account, if available.

NOTE: As per the CWCF Fee Schedule, please include admin fee for second and subsequent deposits per annum (1 deposit per annum is free of charge).

C. Contribution In-Kind – Contributing CEDIF shares that have been previously purchased and held outside an RRSP/TFSA by the owner of the shares.

1. Assist the Annuitant in completing the deposit form indicating a contribution in-kind.
2. On the Deposit Form enter the information on the Securities being contributed.
3. CEDIF representative must ensure the applicant reads and signs the Small Business Shares Annuitant Declaration.
4. Transfer the share certificate to the CWCF (shares registered **CWCF ITF John Doe RSP/TFSA**).
5. CEDIF must send on its letterhead the Issuer Representation Letter (When sending a groups of contracts only one copy of the IRL is required for the group.)
6. Forward original completed forms to CWCF (Deposit Form, Small Business Shares Annuitant Declaration, Share Certificate, Issuer Representation Letter).

NOTE: As per the CWCF Fee Schedule, please include admin fee for second and subsequent deposits per annum (1 deposit per annum is free of charge).

IV. Instructions for Individual Forms (see Sample Forms provided by CWCF)

CWCF Associate Member Application Form

1. Enter the name of the CEDIF and its contact information.
2. Enter (Print) the name of the Designated Representative (i.e. the contact person for CEDIF regarding its relationship with the CWCF).
3. Have the CEO sign and date before a witness.
4. Forward with a cheque made payable to the CWCF for \$100 + G/HST

Agency Agreement

1. Print two copies of the Agency Agreement
2. Enter the full legal name of the CEDIF and city and province in appropriate blanks.
3. In Section 12 enter the Contact address for the CEDIF.
4. Sign the agreement with two officers/directors of the CEDIF in Sub-Agent signature section.
5. Forward both signed copies to the CWCF.
6. CWCF will return a signed copy to the CEDIF.

Issuer Representation Letter

This is used to confirm the value of the CEDIF's shares and is required by the CWCF before it can process any share transaction.

1. Create a copy of the IRL on the CEDIF's letterhead.
2. Enter the name of security i.e. Common Share, Preferred Share B, etc. and the name of CEDIF and date of the valuation.
3. Enter the value of an individual security i.e. 1 share.
4. Beside NAME OF ISSUER enter the name of the CEDIF.
5. Have a signing officer of the CEDIF sign, address, etc.
6. You may leave information on Transfer Agent blank.

Completing the RRSP/TFSA Application Form

1. Print two copies of the CWCF Application form. Complete both copies and submit an original to the CWCF. Have contributor retain the copy.
2. Enter the Annuitant's personal information and complete all sections except the Pension Lock-In, as this is not applicable (the CWCF program does not accept Locked-In funds).
3. In the Contributor section, indicate whether or not the contribution is being made by your spouse. If yes, enter their name and SIN. (**NOTE:** For spousal accounts, the annuitant is the account holder and the contributor is the person whose funds are being used; contact CWCF if you require assistance determining this).
4. Ensure the Annuitant signs and dates the form at the bottom.

5. On the line “Agent Name”, print the name of the CEDIF, and under “Agent Telephone”, the phone number of your CEDIF Administrator.

Declaration of Trust

1. Ensure the annuitant reads and retains a copy of the Declaration of Trust.

Designation of Beneficiary

1. Ensure Annuitant reads and understands the form.
2. For a new contract leave the Client Contract # blank. If it is a change to the designation, enter Client Contract # from Annual Statement.
3. Enter Annuitant’s name.
4. Indicate type of designation.
5. Enter all the required information including SIN for each Beneficiary.
6. Be sure to read the CAUTION section.
7. Have Annuitant date and sign with a witness.
8. Forward original copy to the CWCF.

Fee Schedule

1. Ensure the Annuitant reads the fee schedule.
2. Print the Annuitant’s name in the first blank at top of the form.
3. Have the Annuitant date and sign the form. The CWCF will add the contract number.

Payment Authorization Form

1. Ensure Annuitant reads and understands the commitment being made.
2. Enter the name of the CEDIF in the first blank.
3. Have Annuitant date and sign form and print their name.

The Small Business Shares Annuitant Declaration

1. Print name of Annuitant in top line.
2. Enter contract number if the Annuitant has an existing contract (see annual statement) or leave blank if this is a new contract.
3. Have the Annuitant enter date and sign.
4. Have witness to signature sign.

Deposit Form

1. Contract Number – If this is the first time a deposit is being made leave blank and CWCF will enter the Contract Number after completing the Annuitant Contract setup. Otherwise, enter the contract number from the Annuitant’s Annual Statement.
2. Enter the Annuitant’s Name

3. Complete the Spousal Section if making a contribution to a Spousal Account.
4. Complete the Deposit Detail using an X beside deposit type, fill in date and amount of the deposit.
5. Complete Securities Deposit section only if making a contribution in-kind.
6. Have Annuitant date and sign the form.
7. In Section on Agent, enter the CEDIF's name and the CEDIF Administrator's phone number.

Transfer-In Form

1. Enter Annuitant Personal Information.
2. Enter the Transferor Institution information – ***be sure to give full mailing address with postal code and telephone number.***
3. Enter the Contract or Plan # held with the Transferor institution (from your plan statements) and deposit #, etc. if applicable.
4. Following **Please Transfer**, indicate amount being transferred and from what type of plan.
5. If this is the first deposit to your CWCF Contract leave contract number blank. If it is a subsequent deposit add your Contract # from your Annual Statement.
6. Date and Sign on Annuitant's Signature line.

V. Dividends Paid on Shares held by an Annuitant in the SD-RRSP or SD-TFSA

All income received (dividends) on investments held within a SD-RRSP or SD-TFSA is the income of the SD-RRSP or SD-TFSA. If the dividends are paid in cash, a cheque should be made out to CWCF in trust for the SD-RRSP or SD-TSFA Annuitant's account and forwarded to the CWCF office. If dividends are issued as additional shares include a Share Certificate. Under no circumstances may these dividends be sent directly to the Annuitant.

VI. Annual Fees

Each Year in December the CWCF will forward to the CEDIF an invoice for the full amount of all annual fees for the Annuitants with Shares in the CEDIF. The invoice will be accompanied by a Contract Listing of all Annuitants and an invoice for the annual fees in the name of each Annuitant held under the administration of the CEDIF. The CEDIF is responsible for forwarding cheque payable to the CWCF for the full amount on receipt of the Contract Listing for the annual fees and is responsible for sending individual invoices and collecting the fees identified on the Contract Listing.

VII. Withdrawal, Transfer, Deregistration

All shares held within a SD-RRSP or SD-TFSA Contract may only be withdrawn etc. by written instruction from the Annuitant to the CWCF. **Under no circumstances may the CEDIF change the ownership or redeem shares held within an RRSP except on written instruction from the CWCF.**

Note: Share can only be redeemed for withdrawal etc. based upon the redemption terms and conditions set by the CEDIF for its shares.

Withdrawal in cash from RRSP

1. All shares held within a SD-RRSP or SD-TFSA Contract may only be redeemed (sold) through a letter of direction from the Annuitant to the CWCF. Annuitants should complete and mail the Cash Withdraw Request Form to the CWCF.
2. On receiving the letter of direction from the Annuitant, the CWCF will send a request for redemption to the CEDIF.
3. If the CEDIF accepts the request for redemption, the CEDIF will determine the value of the shares being redeemed and complete the Issuer Representation Letter confirming the value of the shares.
4. The CEDIF will then forward to the CWCF the IRL with a cheque for the full value made out to the CWCF ITF (Name of Annuitant) SD-RRSP or SD-TFSA.
5. On receipt of the cheque the CWCF will return the cancelled share certificate to the CEDIF.
6. The CWCF will then issue a cheque to the Annuitant for the full amount less any withholding tax (SD-RRSP only) required by Canada Revenue and the CWCF's closing fee of \$75 (\$50 if not closing account).
7. The CWCF issues a SD-RRSP T4 (RRSP only) for the full amount to the Annuitant who declares it as income for the taxation year in which the withdrawal was made.

Transfer Out - Cash from CWCF SD-RRSP or SD-TFSA to another RRSP of TFSA with a different financial institution.

1. The Annuitant must meet with the receiving Financial Institution and complete the receiving Financial Institution's Transfer-in form.
2. The Annuitant will have the receiving Financial Institution forward the Transfer-in form to the CWCF.
3. On receiving the Transfer-in form from the Financial Institution the CWCF will send a request for redemption to the CEDIF.
4. If the CEDIF accepts the request for redemption it will determine the value of the shares being redeemed and complete the Issuer Representation Letter confirming the value of the shares.
5. The CEDIF will then forward to the CWCF the IRL with a cheque for the full value made out to the CWCF ITF (Name of Annuitant) SD-RRSP or SD-TSFA.

6. On receipt of the cheque the CWCF will return the cancelled share certificate to the CEDIF.
7. The CWCF will then issue a cheque to the receiving Financial Institution ITF for the full amount less the CWCF's closing fee of \$75 (\$50 if not closing account).

Deregistration of Shares – Changing the status of a share held within a SD-RRSP or SD-TSFA so it will be held by the Annuitant outside of the SD-RRSP or SD-TFSA Contract. In this case the Annuitant is not selling the shares but is just making it a non-registered investment (withdrawal from the RRSP or TFSA)

1. The Annuitant completes and sends the De-registration request form to the CWCF to deregister their shareholdings, along with a cheque made out to the CWCF for the \$75 closing fee. The annuitant must also submit to the CWCF a cheque for the withholding tax required by the CRA on withdrawals. Contact the CWCF to confirm the amount required.
2. The Annuitant must obtain from the CEDIF an Issuer Representation Letter confirming the value of the shares and forward it to the CWCF.
3. The CWCF will complete the deregistration and forward the appropriate documents to the Annuitant (power of attorney to transfer securities).
4. The Annuitant uses the documents to inform the CEDIF that the shares are no longer held with the SD-RRSP or SD-TFSA Contract.
5. The CWCF issues a RRSP T4 for the full value of the deregistered shares to the Annuitant who declares it as income for the taxation year in which the withdrawal was made. Since the SD-TSFA withdrawal is not taxable income, no T4 is issued.

VIII. Forwarding Documents to the CWCF

1. On the cover letter
 - a. List all Annuitants whose documents are enclosed with cheques and the value of each cheque; and
 - b. List all Annuitants requesting Transfer-In transactions and amounts to be transferred.
2. Keep a copy for your records of the cover letter.
3. Documents should be couriered or sent by registered mail.

IX. If a CEDIF Fails to Close

Although it is unlikely that a CEDIF will fail to close, it is important to understand what this scenario would mean for the individuals who have subscribed for shares by making a deposit to the SD-RRSP/SD-TFSA or by transferring funds from an existing RRSP/TFSA into the CWCF's SD-RRSP/SD-TFSA.

1. As soon as a new deposit to a SD-RRSP/SD-TFSA is received by the CWCF it is recorded as an RRSP/TFSA contribution as of the date it is received. This is prior to the closing of the CEDIF. The Annuitant will receive an appropriate receipt for the contribution for use when filing their income tax return.

2. The funds, although already contributed to the SD-RRSP/SD-TFSA, are held in escrow until the CEDIF's Offering is closed, at which point the CEDIF issues the shares to be held by the SD-RRSP/SD-TFSA.
3. However, should the CEDIF's Offering fail to close for any reason, shares will not be issued and the funds will be returned from the escrow account to the CWCF in trust for the SD-RRSP/SD-TFSA Annuitant.
4. On being informed by the CEDIF of its failure to close, the Annuitant must provide the CWCF with instructions for transferring or withdrawing these funds. See Section VII above for instructions on the different options.