



Canadian Worker Co-operative Federation

Self-Directed RRSP & TFSA

Support Manual for Co-operatives

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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
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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 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 & SD-TFSA can also be used by any co-operative which has eligible shares. This support manual provides a guide for co-operative boards of directors and administrators on joining and administering of the program.

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I. Joining the CWCF Plan

Requirements

1. The Co-op applies for Regular or Associate Membership in the CWCF by submitting the appropriate Member Application Form with an accompanying cheque made out to the CWCF for \$50 plus GST/HST (Regular Members) or \$100 plus GST/HST (Associate Members). The Co-op must remain a member in good standing by paying the annual fee on receipt of the dues invoice from the CWCF.
2. The Co-op must read and sign two copies of the Sub-Agency Agreement provided by the CWCF. **IMPORTANT NOTE: Co-ops who are already members in the program should fill out the updated Sub-Agency Agreement to use the new TFSA program.**
3. Confirm with an independent accountant that the Co-op's shares are eligible investments. See Worker Co-operative and Specified Co-operative Corporation Share Declaration form for details.

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)

1. The Co-op representative must ensure the Annuitant reads the SD-RRSP or SD-TFSA Declaration of Trust and 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 the application forms.)
2. 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. (Complete one for each type of account if applicable.)
3. The Co-op representative must ensure the applicant reads the Fee Schedule and signs two copies. Have the Annuitant retain one copy.
4. The Co-op representative must 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

In making a deposit, the Annuitant will fit into one of two different situations, as listed below. Choose the appropriate category and follow the instructions.

Note: It is usually easiest to use the Contribution In-Kind deposit. The Co-op Investor buys shares in the Co-op by directly paying the Co-op for the shares and then provides

written instruction (on appropriate forms) to contribute the shares to their SD-RRSP or SD-TFSA. This is the simplest method and does not require any transfer of cash to the CWCF, only a re-recording of the ownership of the shares in the name of the RRSP/TFSA ITF the Annuitant (the person in whose name the RRSP or TFSA is set up). See (A) below. For RRSP or TFSA transfers, see (B).

A. Contribution In-Kind – Contributing Co-op shares that have been previously purchased and held outside an RRSP by the owner of the shares.

1. Ensure the Annuitant has set up a SD-RRSP or SD-TFSA Contract as per (II) above if this is the first deposit of any type. If the Annuitant has an existing contract, proceed to step (2) after entering the annuitant's contract number from their annual statement at the top of the deposit form.
2. Assist the Annuitant in completing the deposit form indicating a contribution in-kind, and indicating whether it is a SD-RRSP or a SD-TFSA.
3. On the deposit form, enter the information on the Co-op Securities which have been contributed.
4. Have the annuitant read and complete the Worker Co-operative and Specified Co-operative Corporation Shares Annuitant Declaration (SD-RRSP or SD-TFSA as appropriate.)
5. The Co-op should have an accountant (must be a Chartered Accountant, Certified Management Accountant or a Certified General Accountant) complete the Worker Co-operative and Specified Co-operative Corporation Shares Declaration (SD-RRSP or SD-TFSA as appropriate).
6. Complete the Share Register Confirmation Letter on the Co-op's letterhead or transfer the share certificates to the CWCF (shares registered **CWCF ITF John Doe SD-RRSP or SD-TFSA**).
7. Co-op 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.)
8. Forward completed forms and letters etc. to the CWCF.

B. Transfer In - Transferring money from an existing RRSP

1. Ensure the Annuitant has set up a SD-RRSP or SD-TFSA Contract as per (II) above if this is the first deposit of any type. If the Annuitant has an existing contract, proceed to step (2) after entering the Annuitant's contract number from their annual statement at the top of the deposit form.
2. Assist the Annuitant in completing the CWCF Transfer-In Form indicating whether the transfer is for a SD-RRSP or a SD-TFSA.
3. Assist the Annuitant in completing the Deposit Form.
4. Have the annuitant read and complete the Worker Co-operative and Specified Co-operative Corporation Shares Annuitant Declaration (SD-RRSP or SD-TFSA as appropriate.)
5. On the Co-op's letterhead, send the Issuer Representation Letter (only one copy of the IRL is required when sending a group of contracts.)
6. Forward these completed documents to the CWCF.
7. On receiving the forms the CWCF will initiate the transfer of funds.

8. When the transfer is received the CWCF will write a cheque to the Co-op to purchase the shares.
9. **On receipt of the money the Co-op must** have an accountant (must be a Chartered Accountant, Certified Management Accountant or a Certified General Accountant) complete the Worker Co-operative and Specified Co-operative Corporation Shares Declaration. (SD-RRSP or SD-TFSA as appropriate.)
10. Complete the Share Register Confirmation Letter on the Co-op's letterhead or transfer the share certificates to the CWCF (shares registered **CWCF ITF John Doe SD-RRSP or SD-TFSA.**)

IV. Forwarding Documents to the CWCF

1. On the cover letter
 - a. List all Annuitants whose documents are enclosed.
 - b. List all Annuitants requesting Transfer-In transactions and amounts to be transferred.
2. Keep a copy for your records of the cover letter.

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 Register Confirmation Letter or 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 Co-op an invoice for the full amount of all annual fees for the Annuitants with Shares in the Co-op. 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 Co-op. The Co-op is responsible for forwarding a cheque payable to the CWCF for the full amount on receipt of the Contract Listing for the annual fees and is responsible for sending the individual invoices and collecting the fees identified on the Contract Listing. Note there is an account fee for each account – SD-RRSP, Spousal SD-RRSP, and SD-TFSA.

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 Co-op change the ownership or redeem shares held within a SD-RRSP or SD-TFSA except on written instruction from the CWCF.**

Note: Shares can only be redeemed for withdrawal, etc. based upon the redemption terms and conditions set by the Co-op 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 Co-op.
3. If the Co-op accepts the request for redemption, the Co-op will determine the value of the shares being redeemed and complete the Issuer Representation Letter confirming the value of the shares.
4. The Co-op 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 Co-op.
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.
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 or 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 Co-op.
4. If the Co-op 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 Co-op 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 Co-op.
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.

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-TSFA Contract. In this case the Annuitant is not selling the share but is just making it a non-registered

investment. For both the SD-RRSP and SD-TFSA it is considered a withdrawal transaction.

1. The Annuitant sends instruction to the CWCF to deregister their shareholdings with a cheque made out to the CWCF for \$75 for the closing fee. Annuitant should complete and mail the De-Registration Request Form to the CWCF.
2. The Annuitant must also obtain from the Co-op an Issuer Representation Letter confirming the value of the shares and forward it to the CWCF.
3. The CWCF will complete deregistration and forward the appropriate documents to the Annuitant.
4. The Annuitant uses the documents to inform the Co-op 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 share 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. Instructions for Individual Forms

CWCF Worker Co-op or Associate Member Application Form

1. Enter the name of the Co-op and its contact information.
2. Enter (print) the name of the Designated Representative i.e. the contact person for Co-op 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.

Agency Agreement

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

Issuer Representation Letter

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

1. Create a copy of the IRL on the Co-op's letterhead.
2. Enter the name of security i.e. Common Share, Preferred Share B, etc., the name of Co-op and date of the valuation.

3. Enter the value of an individual security i.e. one share.
4. Beside NAME OF ISSUER enter the name of the Co-op.
5. Have a signing officer of the Co-op sign, address, etc. (left side of form).
6. You may leave information on Transfer Agent blank (right side of form).

Completing the Application Form

Complete SD-RRSP or SD-TSFA Application with Declaration of Trust (two electronic files)

1. First print two copies of the CWCF Application Form. Complete both copies and submit one copy (original, if forms photocopied) to the CWCF and have the contributor retain the copy.
2. Ensure the Annuitant reads the Declaration of Trust.
3. Enter the Annuitant's personal information.
4. SD-RRSP - Be sure to complete all sections except the Pension Lock-In, as this is not applicable. The CWCF program does not accept Locked-In funds.
5. SD-RRSP - In Contributor section, indicate whether or not the contribution is being made by your spouse. If yes, enter their name and SIN. If not, leave this section blank.
6. Ensure the Annuitant signs and dates the form at the bottom.
7. On the line "Agent Name," print the name of your Co-op, and under "Agent Telephone," enter the phone number of your Co-op Administrator.

Deposit Form

1. Contract Number – If this is the first time a deposit is being made, leave this space blank and the CWCF will enter the Contract Number after completing the Annuitant Contract setup. If this is the second, third deposit, etc., enter the contract number from the Annuitant's Annual Statement.
2. Enter the Annuitant's Name.
3. Indicate whether it is a SD-RRSP or a SD-TSFA
4. SD-RRSP - Complete the Spousal Section if making a contribution to a Spousal Account.
5. Complete the Deposit Detail using an "X" beside deposit type, then fill in date and amount of the deposit.
6. Complete Securities Deposit section only if making a contribution in-kind.
7. Have the Annuitant date and sign the form.
8. In the section on Agent, enter the Co-op's name and the Co-op Administrator's phone number.

Designation of Beneficiary

1. Ensure Annuitant reads and understands the form.
2. Indicate whether it is a SD-RRSP or a SD-TSFA.

3. For a new contract leave the Client and Contract Numbers blank. If it is a change to the designation, enter Client and Contract Number from Annual Statement.
4. Enter the Annuitant's name.
5. Indicate type of designation.
6. Enter all the required information including SIN for each Beneficiary.
7. Be sure to read the "CAUTION" section.
8. Have the Annuitant date and sign with a witness.
9. Forward a copy to the CWCF. The Annuitant may want to keep a copy for their records.

Worker Co-operative and Specified Co-operative Corporation Shares Annuitant Declaration
SD-RRSP or SD-TFSA Version

1. Ensure that the client has the appropriate form for either a SD-RRSP or SD-TFSA.
2. Ensure the annuitant reads and understands the form.
3. Enter the annuitants name and plan numbers (if plan number is not available the CWCF RRSP staff will insert it).
4. Enter the number of shares to be purchased, the name of the co-op, and the total value of the shares being purchased.
5. Have the annuitant date and sign the form before a witness who also signs the form.

Worker Co-operative and Specified Cooperative Corporation Shares Declaration

Note: This must be completed and signed by an independent accountant (Chartered Accountant CA, Certified Management Accountant CMA, or a Certified General Accountant).

1. Ensure that the accountant has the appropriate form for either a SD-RRSP or SD-TFSA.
2. Enter the name of the Annuitant and the name of the Co-op (leave Plan Number blank as the CWCF will enter it.)
3. Have the Accountant review and complete Section 1 and 2.
4. Have Accountant date and sign.

Share or Bond Register Confirmation Letter

1. Make a copy of the letter template on your Co-op's letterhead.
2. Insert the full legal name of your Co-op.
3. Enter the number of shares or bonds, if the shares are of a specific class (e.g. Preferred Class B) please at that designation to the before the word 'shares'.
4. Enter the name of the Annuitant and ensure to note whether it is a SD-RRSP or SD-TFSA.
5. Date and sign.

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 the Annuitant reads and understands the commitment being made.
2. Enter the name of the Co-op in the first blank.
3. Have the Annuitant date and sign the form and print their name.

Transfer-In Form

1. Indicate whether this is for a SD-RRSP or SD-TSFA
2. Enter the Annuitant Personal Information.
3. Enter the Transferor Institution information – ***be sure to give full mailing address with postal code and telephone number.***
4. Enter the Contract or Plan Number held with the Transferor institution (from your plan statements) and deposit number, etc. if applicable.
5. Indicate whether it is being transferred to SD-RRSP 145-698 or to SD-TFSA 145-2416
6. Following Please Transfer, indicate amount being transferred and from what type of plan.
7. If this is the first deposit to your CWCF Contract, leave contract number blank. If it is a subsequent deposit, add your Contract Number from your Annual Statement.
8. Date and Sign on Annuitant's Signature line.