



Canadian Worker Co-operative Federation

Self-Directed RRSP

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:

4026 Prospect Rd.
Kentville, NS
B4N 3V8
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 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) which enables worker co-operatives to capitalize their enterprises with shares held within a SD-RRSP. This program is registered with the Canada Revenue Agency (CRA) and works with Concentra Trust as its formal trustee. The CWCF SD-RRSP program is 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 can also be used by any co-operative which has RRSP eligible shares. This support manual provides a guide for co-operative boards of directors and administrators on joining and administering of the program.

CWCF Contact for RRSP Administration:

Peter Hough, Financial Officer

Tel: 902-678-0473

Fax: 902-678-1351

Email: peter.cwcf@xcountry.tv

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 - Regular Members, and \$100 - 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.

II. Setting up Individual Contracts for Annuitants

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

1. The Co-op representative must ensure the Annuitant reads the Declaration of Trust and assist him/her in completing two copies of the SD RRSP application form. Have the Annuitant retain one copy.
2. Explain the Designation of Beneficiary provision and assist the Annuitant to complete the Designation of Beneficiary Form if they so choose.
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

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. This is the simplest method and does not require any transfer of cash to the CWCF, only a rerecording of the ownership of the shares in the name of the RRSP ITF the Annuitant (the person in whose name the RRSP is set up.) See (A) below. For RRSP 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 an SD RRSP 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.
3. On the deposit form, enter the information on the Co-op Securities which have been contributed.
4. The Co-op representative must ensure the applicant reads and signs the Small Business Shares Annuitant Declaration.
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.
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 RSP**).
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 an SD-RRSP 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.
3. Assist the Annuitant in completing the Deposit Form.
4. The Co-op representative must ensure the applicant reads and signs the Small Business Shares Annuitant Declaration.
5. Forward completed forms to the CWCF.
6. On receiving the forms the CWCF will initiate the transfer of funds.
7. When the transfer is received the CWCF will write a cheque to the Co-op to purchase the shares.
8. 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.
9. 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 RSP**.)
10. 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.)
11. Forward these completed documents to the CWCF.

IV. Instruction 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.

Completing the Application Form

Complete Self-Directed RRSP Application with Declaration of Trust (two electronic files)

1. First print two copies of the CWCF Application/Declaration of Trust 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. 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.
4. In Contributor section, indicate whether or not the contribution is being made by your spouse. If yes, enter their name and SIN.
5. Ensure the Annuitant signs and dates the form at the bottom.
6. On the line "Agent Name," print the name of the 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. Complete the Spousal Section if making a contribution to a Spousal Account.
 4. Complete the Deposit Detail using an "X" beside deposit type, then fill in date and amount of the deposit.
 5. Complete Securities Deposit section only if making a contribution in-kind.
 6. Have the Annuitant date and sign the form.
 7. 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. For a new contract leave the Client Contract Number blank. If it is a change to the designation, enter Client Contract Number from Annual Statement.
3. Enter the 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 the Annuitant date and sign with a witness.
8. Forward a copy to the CWCF. The Annuitant may want to keep a copy for their records.

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.
6. You may leave information on Transfer Agent blank.

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. Enter the name of the Annuitant and the name of the Co-op (leave Plan Number blank as the CWCF will enter it.)

2. Have the Accountant review and complete Section 1 and 2.
3. Have Accountant date and sign.

Share 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, 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.
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.

The Small Business Shares Annuitant Declaration

1. Print name of the Annuitant in the 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.

Transfer-In Form

1. Enter the 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 Number held with the Transferor institution (from your plan statements) and deposit number, 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 Number 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

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

VI. Annual Fees

Each Year in November or early 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 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.

VII. Withdrawal, Transfer, Deregistration

All shares held within an RRSP 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 an RRSP 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 an RRSP Contract may only be redeemed (sold) through a letter of direction from the Annuitant to the CWCF. The letter of direction should include the Contract Number and the name of the security, the number of securities and state that the Annuitant is making a withdrawal from their RRSP Contract.
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) RRSP.
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 required by Canada Revenue and the CWCF's closing fee of \$75.
7. The CWCF issues a RRSP T4 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 RRSP to another RRSP with a different financial institution.

1. The Annuitant must meet with the receiving Financial Institution, which will receive the transfer from the CWCF 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) RRSP.
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 an RRSP so it will be held by the Annuitant outside of the RRSP Contract. In this case the Annuitant is not selling the share but is just making it a non-registered investment.

1. The Annuitant sends instruction to the CWCF to deregister their share holdings with a cheque made out to the CWCF for \$75 for the closing fee. The letter of direction should include the Contract Number, the name of the security and the number of securities and state that the Annuitant is requesting deregistration from their RRSP Contract.
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 RRSP 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.

VIII. 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.