Deferred Life Annuity

LifeAnew

La Capitale

FACT SHEET

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1. Single Premium Deferred Life Annuity

1.1. Type of benefit

The contractholder pays a single premium at contract issue in return for a fixed and guaranteed monthly annuity, payment of which will start on a predetermined later date, hereafter referred to as the "disbursement date."

1.2. Types of contract

- RRSP
- LIRA
  - Source of funds:

Eligible:	Ineligible:
RPP: Pension plan subject to the Quebec Supplemental Pension Plans Act	**Federal RPP:** • Chartered banks • Telecommunications company (e.g. Videotron) • Interprovincial transportation company (e.g. Via Rail) • Business related to Aboriginal matters
LIRA registered in Quebec	**Locked-in RRSP**
LIF registered in Quebec	**LIRA or LIF outside Quebec**

1.3 Age at issue

- Between age 40 and 60 inclusive (actual age)
- A minimum accumulation period of 10 years is required prior to disbursement

1.4 Age at disbursement

- Between age 55 and 70 inclusive (actual age)
- A minimum accumulation period of 10 years is required prior to disbursement

1.5 Minimum and maximum single premium (at issue only)

- Minimum: $5,000
- Maximum $499,999

1.6 Minimum and maximum benefit

- Minimum: $600/year
- Maximum: calculated according to maximum premium

1.7 Contractholder's death benefit

Before the disbursement date

The death benefit corresponds to the premium paid with simple interest calculated at a rate of 2 % per year from the effective date to the date of death.

After the disbursement date

The death benefit corresponds to the premium paid with simple interest calculated at a rate of 2 % per year from the effective date to the date of death; LESS the total of all monthly annuity payments made with respect to this benefit up to the date of death.

If the result of this calculation is negative or equal to 0, no death benefit shall be payable.

Guaranteed period of the annuity

Unlike our standard annuity contracts, this contract does not provide a guaranteed period, but it does provide a death benefit.

1.8 Surrender of the LifeAnew contract

1.8.1. Total surrender of accumulated value during the accumulation period

Upon written notice from the contractholder and in consideration of the cancellation of the benefit, the contractholder may request a total surrender of the accumulated value. No reinstatement entitlement is provided.

The accumulated value is adjusted upwards or downwards according to the market value on the surrender date. This adjustment is calculated as follows:

Accumulated value X (A–B) X (C+9)

- A: Average yield of Government of Canada marketable bonds, term over 10 years, published by the Bank of Canada on the effective date;
- B: Average yield of Government of Canada marketable bonds, term over 10 years, published by the Bank of Canada on the surrender date.
- C: **Number of years and fraction of years between surrender date and disbursement date**

In the case of an adjustment upwards, the adjusted accumulated value can never exceed the death benefit, as calculated on the surrender date.

1.8.2. Partial surrender of accumulated value during the accumulation period

Upon written notice from the contractholder and in consideration of a reduction in the monthly annuity and death benefit, the contractholder may request a partial surrender.

The accumulated value is adjusted as follows:

Adjusted accumulated value (as calculated for a total surrender) X Proportion of reduction in accumulated value

Important: In no case may the contractholder remit the portion of the accumulated value repurchased from the insurer in order to reinstate the original values of the benefit.

If the reduced paid-up annuity is lower than the minimum set by the Insurer (currently $50/month), the total contract will automatically be surrendered.

In LifeAnew-LIRA contracts, certain conditions apply to total or partial surrenders:

- Contractholder age 65 or over: The total amount accumulated in a LIRA may not be greater than 40% of the maximum pensionable earnings, i.e. $19,320 (2011).
- Non-resident (for at least two years)
- Disabled (medical certificate required): Suffering from a physical or mental disorder that reduces life expectancy

1.8.3. Non-redeemable after the disbursement date

After the disbursement date, the life annuity will be paid to the annuitant with no option to surrender.

1.9 Changing the disbursement date

Bringing forward the disbursement date

- Up to five years prior to the disbursement date provided for in the contract
- The monthly annuity payment will be reduced by 6% per year brought forward

Conditions:

- The new disbursement date must be at least 10 years later than the effective date of the contract.
- At the new disbursement date, the contractholder must be at least 55 years old.
- The request must be sent in writing at least 60 days prior to the new disbursement date.
- The request must be sent in writing no more than 180 days prior to the new disbursement date.
- Disbursement dates must be coordinated for all deferred life annuity benefits issued under the same contract.

Any such request must be sent in writing to the Insurer no earlier than one hundred and eighty (180) days and no later than sixty (60) days prior to the new disbursement date. Furthermore, if this contract includes an instalment premium deferred life annuity, the contractholder must bring forward the disbursement date of such annuity so that the disbursement date is the same for both benefits.

Deferring the disbursement date

- Up to five years after the disbursement date provided for in the contract
- The monthly annuity payment will be increased by 6% per year deferred.

Conditions:

- The new disbursement date must be no later than the year during which the contractholder reaches age 70.
- The request must be sent in writing at least 60 days prior to the new disbursement date.
- The request must be sent in writing no more than 180 days prior to the new disbursement date.
- Disbursement dates must be coordinated for all deferred life annuity benefits issued under the same contract.

Any such request must be sent in writing to the Insurer no earlier than one hundred and eighty (180) days and no later than sixty (60) days prior to the original disbursement date. Furthermore, if this contract includes an instalment premium deferred life annuity, the contractholder must also bring forward the disbursement date of such annuity so that the disbursement date is the same for both benefits.

1.10 Features of the LifeAnew-LIRA contract

At the time of application, it is important to ensure that the correct type of contractholder (member, former member or purchaser) is selected, as this selection has a bearing on reversibility and beneficiaries. See the table below for further details.

Type of contractholder		Reversibility*	Beneficiary	Form No.
Member	The contractholder transfers the pension fund to a LifeAnew-LIRA contract.	The life annuity provides a 60% benefit to the surviving spouse. In that event, the contractholder receives a reduced annuity.	The designation of a beneficiary other than the spouse is valid only if the contractholder has no spouse at the time of death.	T2151
Former member	The contractholder transfers a LIRA or a LIF to a LifeAnew-LIRA contract.			T2033
Purchaser	Following the breakdown of a marriage or civil union, the contractholder transfers the former spouse's pension fund, LIRA or LIF to a LifeAnew-LIRA contract.	The life annuity provides no survivor benefit.	The contractholder is free to designate another beneficiary, and this designation may be revocable or irrevocable.	T2220 and court order (if transferring a pension fund to a LifeAnew-LIRA contract following marriage or civil union breakdown) T2033 if transferring a LIRA - Purchaser to a LifeAnew-LIRA contract

*Note: Reversibility is not available in LifeAnew-RRSP contracts.

In Strategis, since the amount of the joint and survivor annuity is determined based on the spouse's age and gender on the disbursement date and at enrolment, this information is not known with certainty; only the non joint and survivor life annuity is illustrated. It is possible to find out the value of a joint and survivor annuity using the conversion table available in Strategis. Six months prior to the disbursement date, the spousal information will have to be confirmed. The spouse may, at that time, waive the survivor benefit.

Definition of spouse:

- The person to whom the member is married or with whom the member is in a civil union;
- A person of the same or opposite sex who has cohabited in a conjugal relationship with a member, who is not married or in a civil union, for a period of three years or more or, **<u>as in the situations below, for a period of one year or more:</u>**
  - At least one child has been born or is expected but not yet born of their union;
  - The couple have adopted at least one child together during their conjugal relationship;
  - One of the two has adopted at least one child during this period.
- The status of the contractholder's spouse is established on the disbursement date of the annuity or on the day preceding the contractholder's death, whichever comes first.

Beneficiaries:

<table>
<tr><th colspan="5">Member or former member contractholder:</th></tr>
<tr><th>On enrolment</th><th>Death During accumulation</th><th>On the disbursement date</th><th colspan="2">Death During disbursement</th></tr>
<tr>
<td rowspan="3">A revocable beneficiary must be designated.

The designation of a beneficiary other than the spouse is valid only if the contractholder has no spouse at the time of death.</td>
<td rowspan="3">The death benefit is payable to the following persons, in order of priority:

1. Spouse
2. Designated beneficiary
3. Estate</td>
<td rowspan="3">Two options:
➢ Joint and survivor annuity
➢ Non joint and survivor life annuity

The joint and survivor annuity is payable only to the person who meets the criteria of the definition of spouse.</td>
<td rowspan="2">Joint and survivor life annuity - not waived</td>
<td>If the spouse has not waived the survivor benefit prior to the disbursement date, a reduced monthly life annuity is payable for life.</td>
</tr>
<tr><td>Upon the spouse's death, the death benefit is payable to the following persons, in order of priority:
1. Designated beneficiary
2. Estate</td></tr>
<tr><td>Joint and survivor life annuity - waived</td><td>The death benefit is payable to the following persons, in order of priority:
1. Spouse
2. Designated beneficiary
3. Estate</td></tr>
</table>

Member contractholder:			
On enrolment	**Death During accumulation**	**On the disbursement date**	**Death During disbursement**
A revocable or an irrevocable beneficiary must be designated	The death benefit is payable to the following persons, in order of priority: 1. Designated beneficiary 2. Estate	**One option:** ➢ **Non joint and survivor life annuity**	The death benefit is payable to the following persons, in order of priority: 1. Designated beneficiary 2. Estate

2. Instalment Premium Deferred Life Annuity

2.1. Type of benefit

The contractholder pays instalment premiums for a certain period of time in return for a fixed and guaranteed monthly annuity, payment of which will start on a predetermined later date, hereafter referred to as the "disbursement date."

2.2. Types of contract

- RRSP

2.3. Age at issue

- Between age 40 and 60 inclusive (actual age)
- A minimum accumulation period of 10 years is required prior to disbursement.

2.4. Age at disbursement

- Between age 55 and 70 inclusive (actual age)
- A minimum accumulation period of 10 years is required prior to disbursement.

2.5. Minimum and maximum instalment premium

- Minimum: $1,200$/year
- Maximum: $12,000$/year

2.6. Minimum and maximum benefit

- Minimum: $600/year
- Maximum: calculated according to maximum premium

2.7. Contractholder's death benefit

Before the disbursement date

The death benefit corresponds to the premiums paid with simple interest calculated at a rate of 2 % per year from the effective date to the date of death.

After the disbursement date

The death benefit corresponds to the premium paid with simple interest calculated at a rate of 2 % per year from the effective date to the date of death; LESS the total of all monthly annuity payments made with respect to this benefit up to the date of death.

If the result of this calculation is negative or equal to 0, no death benefit shall be payable.

Guaranteed period of the annuity

Unlike our standard annuity contracts, this contract does not provide a guaranteed period, but it does provide a death benefit.

2.8. Surrender of contract

2.8.1. Total surrender of accumulated value during the accumulation period

Upon written notice from the contractholder and in consideration of the cancellation of this benefit and any additional benefit, the contractholder may request a total surrender of the adjusted accumulated value. No reinstatement entitlement is provided.

To calculate the adjusted accumulated value, the insurer first determines the reimbursement of the accumulated value to which the contractholder is entitled according to the following table:

Number of years elapsed since effective date	Reimbursement %
Less than one year	70.00%
One year	70.00%
Two years	75.00%
Three years	80.00%
Four years	85.00%
Five years	90.00%
Six years	95.00%
Seven years or more	100.00%

The result is then adjusted upwards or downwards according to the market value on the surrender date. This adjustment is calculated as follows:

Reimbursement amount X (A–B) X (C + 9)

- A: Average yield of Government of Canada marketable bonds, term over 10 years, published by the Bank of Canada on the effective date;
- B: Average yield of Government of Canada marketable bonds, term over 10 years, published by the Bank of Canada on the surrender date.
- C: **Number of years and fraction of years between surrender date and disbursement date**

In the case of an adjustment upwards, the adjusted accumulated value can never exceed the death benefit, as calculated on the surrender date.

2.8.2. Partial surrender of accumulated value during the accumulation period

Upon written notice from the contractholder and in consideration of a reduction in the instalment premium and the death benefit, the contractholder may request a partial surrender. In such case, the insurer shall pay to the contractholder a portion of the accumulated value, adjusted as follows:

Adjusted accumulated value (as calculated for a total surrender) X Proportion of reduction in accumulated value

Important: In no case may the contractholder remit the portion of the accumulated value repurchased from the insurer in order to reinstate the original values of the benefit.

If the reduced paid-up annuity is lower than $50/month, the contract will automatically be surrendered in whole.

2.8.3. Non-redeemable after the disbursement date

After the disbursement date, the life annuity will be paid to the annuitant with no option to surrender.

2.9. Changing the amount of instalment premiums

Reduction of the instalment premium

- The monthly annuity payment established and the death benefit will be adjusted downwards in proportion to the reduction in premiums.
- Within a period of two years following the reduction in premiums, the contractholder may reimburse the missing instalment premiums with interest to restore the original value of the contract (reinstatement request).

Non-payment of the instalment premium

- The monthly annuity payment will be adjusted downwards in proportion to the premiums that were unpaid up to the disbursement date compared to the total of the premiums provided for under the contract. From such point onwards, instalment premiums cease to be payable.
- If at any time the reduced paid-up annuity is lower than $50/month, the contract will automatically be surrendered in whole.
- Within a period of two years following the non-payment of premiums, the contractholder may reimburse the missing instalment premiums with interest to restore the original value of the contract (reinstatement request).

2.10. Changing the disbursement date

Bringing forward the disbursement date

- Up to five years prior to the disbursement date provided for in the contract
- The monthly annuity payment will be adjusted downwards in proportion to the premiums that were unpaid compared to the total of the premiums provided for under the contract, then reduced by 6% per year brought forward.
- Payment of the instalment premiums will cease on the new disbursement date.

Conditions:

- The new disbursement date must be at least 10 years later than the effective date of the contract
- At the new disbursement date, the contractholder must be at least 55 years old
- The request must be sent in writing at least 60 days prior to the new disbursement date.
- The request must be sent in writing no more than 180 days prior to the new disbursement date.
- Disbursement dates must be coordinated for all deferred life annuity benefits issued under the same contract.

Any such request must be sent in writing to the Insurer no earlier than one hundred and eighty (180) days and no later than sixty (60) days prior to the new disbursement date. Furthermore, if this contract includes an instalment premium deferred life annuity, the contractholder must bring forward the disbursement date of such annuity so that the disbursement date is the same for both benefits.

Deferring the disbursement date:

- Up to five years after the disbursement date provided for in the contract
- The monthly annuity payment will be increased by 6% per year deferred.
- Payment of the instalment premiums will cease on the original disbursement date.

Conditions:

- The new disbursement date must be no later than the year during which the contractholder reaches age 70.
- The request must be sent in writing at least 60 days prior to the new disbursement date.
- The request must be sent in writing no more than 180 days prior to the new disbursement date.
- Disbursement dates must be coordinated for all deferred life annuity benefits issued under the same contract.

Any such request must be sent in writing to the Insurer no earlier than one hundred and eighty (180) days and no later than sixty (60) days prior to the new disbursement date. Furthermore, if this contract includes an instalment premium deferred life annuity, the contractholder must bring forward the disbursement date of such annuity so that the disbursement date is the same for both benefits.

2.11. Additional benefit

Waiver of premiums (age at issue: 18 to 55; expiry of the benefit: age 65.)

Important Notice

In the event of any discrepancy between this fact sheet and the provisions of the contract, the latter shall prevail.