

RRSP Loan



LOANS

PRODUCT GUIDE



For advisor use only

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1. PURPOSE OF THE PRODUCT

The purpose of the RRSP loan is to allow you to offer your clients an interesting alternative to encourage them to increase their RRSP contribution.

Target market

Aimed at Canadian residents, the RRSP loan is intended for different types of clients:

- Clients who do not have the funds they need to make their annual RRSP contribution;
- Clients who want to contribute with their unused RRSP contribution.

To be eligible, clients must meet the eligibility criteria presented below.



2. THE PRODUCT IN BRIEF

When the loan amount increases, the rate in force as of the effective date applies to the total amount of the new RRSP loan.

RRSP loan	Loan granted to contribute to an iA Financial Group RRSP contract (client and/or spouse's contract)
Maximum age at issue or renewal	Age at issue or renewal may be limited by the amortization period chosen, since this period must in no case exceed 71 years. For example, if the client is 68 years of age, a maximum amortization period of 36 months may be granted.
Interest rate	The RRSP loan is a credit agreement with a floating interest rate. Interest rate varies according to the amount of the loan and the repayment period chosen by the client. The interest is charged to the client's account at the end of each month.
Minimum loan	\$1,000
Maximum loan	\$50,000
Repayment period	\$1,000 to \$4,999: 2 years or less \$5,000 to \$12,499: 5 years or less \$12,500 and over: 10 years or less
Required minimum repayment	The minimum monthly repayment is determined by the interest rate and the repayment period chosen by the customer.
Investment options	All IAG Savings and Retirement Plan investment options are available; for existing Ecoflex and Ecoflexextra contracts, all their investment options are available.
Summary analysis of credit	YES
Proof of unused RRSP contributions	YES, if applicable
Application of rules on the total loan amount	When the loan amount increases, the rate in effect on the effective date applies to the total amount of the new RRSP loan. The new total RRSP loan is equal to the amount of the new RRSP loan and the balance of the existing RRSP line of credit/loan to form a single new contract. Note : RRSP loan statements are sent on an annual basis on December 31 st of each year.

3. THE MAIN ADVANTAGES

- Possibility of deferring first payment at 120 days
- Rapid and easy way to contribute to an RRSP even though you don't have the required funds at the time of the loan
- Monthly repayments adapted to the client's financial situation
- Loan can be repaid at any time without penalty
- All investment options offered for in force IAG Savings and Retirement Plan, Ecoflex contracts and Ecoflextra contracts are available (subject to certain conditions)
- Possibility of increasing the loan to make additional RRSP contributions (the minimum repayment will be adjusted accordingly).

Offer your clients an easy and low-cost way to contribute to an RRSP and let them take advantage of a tax deduction, growth of their capital in a tax shelter, but most of all a higher retirement income!

4. HOW IT WORKS

4.1 Eligible investments and contracts

The RRSP loan is available year-round to allow your clients to maximize their retirement savings.

Thanks to the iA Financial Group RRSP loan, your clients can invest in any of the IAG Savings and Retirement Plan investment options.

For your clients with an existing Ecoflex and Ecoflextra contract (guaranteed investments and investment funds), they still have access to the full range of investment options available to make their savings grow.

The RRSP loan applies to all iA Financial Group RRSP contracts except for the following contracts:

- ECOFLEX Special
- ECOFLEX 5 and 10 non-modified
- PPP
- SFER I
- Select 90 and 91
- Soliflex 15



4.2 Using the loan

The RRSP loan can only be used to make a deposit in an individual iA Financial Group RRSP (the borrower's RRSP or spouse's RRSP), regardless of the beneficiary's revocable or irrevocable status.

If the borrower wishes to contribute only to their spouse's RRSP contract or if they want to deposit part of their contribution in their own RRSP contract and the remainder in their spouse's contract, the spouse's signature will be required if the person receiving the contribution is also present on the [F16A application](#) as a co-borrower on the authorized RRSP loan. However, the signature of the person receiving the contribution will be required on the F17A application as they are the contract holder.

What limits are granted for the RRSP loan?

Minimum loan :	\$1,000
Maximum loan :	\$50,000

4.3 120-day option

Your clients can defer their first loan payment at 120 days. Interest will accrue during this period on the amount borrowed. Furthermore, the 1st payment must be done exactly 120 days after the effective date of the contract.

4.4 Interest rate

The RRSP loan is a credit agreement with a floating rate of interest and the interest rate varies depending on the Prime. Thus, the interest rate changes whenever the Prime rate fluctuates but the payments remain fixed. Upward and downward rate changes may affect the amortization period of the loan.

Interest is calculated daily and charged to the client's account at the end of each month.

Repayment period	Interest rate (as at Mai 25, 2021) ¹	
	Less than \$5,000	\$5,000 or more
1 year	PR ² + 2.25%	PR + 0.75%
2 years	PR + 2.25%	PR + 1.25%
3 to 5 years	Not available	PR + 2.25%
6 to 10 years ³	Not available	PR + 3.00%

¹ RRSP loan rates are available at ia.ca under Loans > [RRSP Loans](#)

² Prime rate = Royal Bank of Canada's preferred rate

³ Available for loans of \$12,500 or more

The company reserves the right to perform a credit check for any request below \$5,000.

To determine the amount of repayments, please refer to the [RRSP loan calculator](#) on ia.ca or the [F13-1007A](#) schedule available in the Advisor Center's Document Center.



5. REPAYMENT

5.1 Effective date of the loan

Once the Company has received the documents, it will analyze the application for the RRSP loan. If the application is accepted, the RRSP contribution will be deposited in the client's account according to his/her investment instructions. The effective date of the RRSP loan will then be established.

5.2 Monthly repayments

The monthly repayments will be drawn directly from the client's bank account through a pre-authorized deposit (PAD) according to the date chosen by the client (except for the 29th, 30th and 31st of each month). The client can request to change the date of the monthly payments at any time, subject to a \$35 fee (no fees apply to the first two (2) requests per calendar year).

Any PAD payment that is returned for non-sufficient funds will be subject to the fees in effect at the company. The payment will be presented to the bank for payment 10 days later and transaction fees will be included in the total amount. If a second payment is returned for non-sufficient funds, the RRSP loan will be considered to be delinquent, and the balance will become fully payable.



The date of the first monthly repayment will correspond to the PAD date chosen by the client, to a maximum of 30 days after the effective date of the loan. Unless the client has chosen the 120-day option, in which case the first repayment can be deferred at exactly 120 days from the effective date of the line of credit.

The example below shows the normal process of an application, from the time it is signed until your client starts making the monthly repayments.

Example :

1	Client's signature on the application	December 1, 2022
2	Reception of the completed application at the company	December 5, 2022
3	Effective date of the RRSP loan (once the file has been analyzed)	December 7, 2022
4	Date of the first monthly repayment (PAD date)	January 7, 2023 at the latest (for 30-day option) April 7, 2023 (for 120-day option)

The balance of the RRSP loan can be repaid in whole or in part at any time, with no interest penalty.

5.3 Minimum repayment

The minimum monthly repayment required is established according to the interest rate and according to the repayment term chosen by the client. These factors differ for the 30-day option and the 120-day option.

If there is an increase in the RRSP loan

When the client wants to make an additional contribution to his RRSP, he can request an increase in his RRSP loan at any time, based on his ability to repay.

The increase in the loan revokes the contract in force and the balance due under the terms of these previous contracts will be repaid in accordance with the conditions of the new contract. The existing balance and the additional amount requested will form a new total. This total will determine the new minimum repayment period required according to the rate in effect.

For a lump-sum or partial repayment of the RRSP loan

Clients who want to make a lump-sum repayment on their RRSP loan can do so at any time. For example, clients can use their tax refund to repay the loan faster.

Following a lump-sum repayment, the monthly repayment amount remains the same and the contract provisions concerning the repayment period cannot be modified. The loan can therefore be paid faster.

Change in the monthly repayment

The amount of the monthly repayment can be changed (increased or decreased) at any time on the client's request, subject to a 5-day waiting period and the minimum payment. The repayment period cannot be changed.



6. RRSP LOAN APPLICATION FORM

The application for the RRSP loan (F16A, F16AP) must be duly completed in full (including information required for PAD payments). Send the original copy to the head office and give the second copy to your client.

Any request for a loan requiring modifications by Head Office will be returned to the agent so that the required corrections can be made. Please note that under the Consumer Protection Act, you may have to obtain the client's signature a second time for certain corrections.

6.1 Situations where the spouse's signature is required

The spouse's signature is required in the following two cases:

- If the contribution is made in the borrower's spouse's RRSP contract;
- If the PAD is drawn from an account requiring two signatures.

7.7 FINANCIAL SITUATION AND ELIGIBILITY CRITERIA

7.1 Eligibility Criteria

Criteria	Eligible	Ineligible
<p>If the client's income is ineligible, the following phrase will appear in Business Tracker: ineligible income.</p>	<ul style="list-style-type: none"> • Employment income • Rental income • Dividend and investment income: average of the last two years • Retirement income • Self-employed or commission worker: average net income of the last two years (lines 13500 to 13900 of the T1 general form) 	<ul style="list-style-type: none"> • Employment income • Family allowance • Employment insurance • Undeclared income • Disability • Income earned outside Canada • Alimony • Spouse's income
<p>Borrower's net worth Calculation: Net worth = assets - liabilities*</p> <p>If the client's net worth is insufficient, the following statement will appear in the Business Tracker: negative or low value.</p>	<ul style="list-style-type: none"> • Value of the primary residence and rental properties • Investments: registered or non-registered • Liquidity (from official statements and complete for the last three months) • Stock market shares <p>Note: The monthly obligation related to the mortgage loan can be increased if the amount declared is lower than the established minimum.</p>	<ul style="list-style-type: none"> • Corporate shares • Value of a business enterprise • Shares held outside Canada • Land and woodlots • Cryptocurrency • Vehicles • Recreational vehicles • Furniture • Precious metals • Tools

*Loan (mortgage, personal, RRSP, student, car, investment), credit line, credit card, loan or credit line endorsement or other financial obligations.

Financial habits	
<p>If the client's financial habits are unsatisfactory, the following statement will appear in the Business Tracker: unsatisfactory credit history.</p>	<p>Here it has to do with a set. More specifically, this set includes savings habits and credit history, among other things.</p> <ul style="list-style-type: none"> • Credit rating equal to or superior to the established minimum <ul style="list-style-type: none"> – The minimum score is not published and a potential client's score will never be disclosed to the advisor – Supplier used: Equifax (TransUnion or Credit Karma are not eligible) • Little or no unfavourable history (late payments) • No bankruptcy/judgement or consumer proposal at the credit bureau in the last five years.
<p>Monthly obligation related to RRSP loan To the loan, the total amortization ratio of the borrower's debt must be lower than or equal to 35%.</p> <p>If the client's ability to repay the monthly obligation related to the investment loan is insufficient, the following statement will appear in the Business Tracker: insufficient repayment ability.</p>	<ul style="list-style-type: none"> • Calculation: 35% of eligible income – monthly payments for existing debts = amount which must be greater than the monthly RRSP loan payment <p>Important:</p> <ul style="list-style-type: none"> • Declare all of the client's debts • Indicate a 5% payment for all credit card balances • Pay attention to the frequency of payments (every two weeks, weekly, monthly) • Enter the balance and the entire payment even if the debt is joint
<p>Permanent SIN</p>	<p>The product is offered to Canadian citizens and permanent residents only. A client who holds a temporary SIN (starting with 9) is not eligible.</p>

7.2 Required documents

When a new contract is issued	<ul style="list-style-type: none"> • The iA Financial Group RRSP loan application form (F16A) • The new IAG Retirement Savings Program application (F17A) completed if applicable • A specimen cheque for the DPA • A permanent SIN (a temporary SIN starting with 9 is not eligible for this product) <p>Note: Application for an RRSP loan is also available in EVO.</p>
For an RRSP loan request on an in-force contract or a request to increase an RRSP loan	<ul style="list-style-type: none"> • The iA Financial Group RRSP loan application form (F16A) • The form F51-153A(1) indicating the amount of the subsequent deposit <p>Note: An existing RRSP loan can be increased using the EVO contribution tool.</p>
According to the term and amount	<p>\$1,000 to \$4,999 - Regardless of the term: Proof of income</p> <p>\$5,000 to \$25,000 - Term of 60 months or less: Proof of income and assets</p> <p>\$12,500 to \$25,000 - Term of over 60 months: Proof of income, assets and liabilities</p> <p>\$25,001 or more - Regardless of the term: Proof of income, assets and liabilities</p>

7.3 Proof of income

The following documents must be annexed to the request and to the RRSP loan contract (F16A), according to the desired amount and term:

Employment income	<p>One of the following documents is required* :</p> <ul style="list-style-type: none"> • Payslip for the last 30 days • Most recent T4 • Most recent notice of assessment • Most recent income tax return
Rental income	<p>One of the following documents is required* :</p> <ul style="list-style-type: none"> • Most recent income tax return • Most recent notice of assessment
Self-employed or commission workers	<p>The following two documents are required:</p> <ul style="list-style-type: none"> • Most recent income tax return, including the T2125 form for the last two years • Notice of assessment for the last two years

*Note : Additional documents could be required for credit analysis purposes.



7.4 Proof of assets

<p>Real estate (primary residence, rental property, other real estate)</p>	<p>Provide the following documents for each property* :</p> <ul style="list-style-type: none"> • Most recent municipal valuation of the property • Most recent municipal tax bill <p>Important: If the property was acquired in the last twelve months, provide the offer to purchase accepted by the two parties.</p>	
<p>Investments</p>	<p>Provide official investment statements, if applicable:</p> <ul style="list-style-type: none"> • RRSP account • TFSA account • Non-registered funds • Bank accounts (last three months) 	<p>Ineligible proof</p> <ul style="list-style-type: none"> • Online banking screenshot • Incomplete bank and investment account statements
<p>Notes :</p> <p>The statements must state the name, the holder's address and the type of contract.</p> <p>It is not necessary to provide iA individual savings statements. However, the statements for investments held at Investia must be attached to the request.</p>		

Note : Additional documents could be required for credit analysis purposes.

7.5 Proof of liabilities

<p>Creditors</p>	<p>Provide the following documents, if applicable:</p> <ul style="list-style-type: none"> • Mortgage statements • Credit line statements (regardless of the type) • Leverage loan statements
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7.6 Requirements in terms of credit and ability to repay

View credit analysis as a tool which allows you to understand the client's ability to assume their credit.

Make sure to properly complete part 2 of the [RRSP loan application \(F16A\)](#) to avoid placing your client in a situation where they are unable to make the required reimbursements.

The following information is required:

$$\frac{\text{Total monthly debt payments} + \text{New obligation related to the requested loan}}{\text{Gross monthly income}} \times 100\% = \text{Client's repayment ability (RATD) Total debt amortization ratio}$$

The RATD must be lower than or equal to 35%

Note that in this calculation, several obligations are not taken into account, such as property taxes or heating expenses, which justifies a lower debt amortization ratio than certain other lenders.

8. GENERAL CONDITIONS – RRSP LOAN

Even during bankruptcy or consumer proposal the Company will first apply the amounts withdrawn from an RRSP contract to which an RRSP loan is attached to the repayment of the RRSP loan, for the following situations:

- A death;
- A de-registration;
- A transfer of funds (to another contract at the company or to another financial institution);
- When a partial or total withdrawal is made.

Any amount withdrawn from an RRSP contract shall conform to the Income Tax Act and will be subject to tax deductions.

8.1 Specific conditions

- Only one RRSP loan per client. Other than contributing to his/her own RRSP, the borrower may decide to contribute all or part of the amount in his/her spouse's RRSP. In this case, a joint loan is granted and both signatures are required.
- The Company reserves the right to obtain additional information concerning the borrower's credit evaluation, if it deems necessary. The Company reserves the right to reject a request if the borrower's credit file does not meet its standards.
- Clients can make contributions to their RRSP contract by PAD at the same time as they repay the loan. However, the client must be aware that any deposit made to their RRSP contract that has an RRSP loan attached to it will be inaccessible until the RRSP loan is repaid in full.
- When the Company pays the RRSP loan amount into the contract, an investment confirmation will be sent to the client according to the usual procedure. The client will receive an annual statement. If you complete the F16A application with your client, this document is considered to be the initial statement. For enrolment via EVO, the initial statement and investment confirmation will be sent to the client according to their communication preference.

9. AGENT'S RESPONSIBILITY



The agent is responsible for the quality of the applications submitted.

Part 2 of the F16A application must be properly completed. Appendix I contains details to facilitate this summary analysis of the ability to repay.



No loan may be granted to a client who is bankrupt, has ever declared bankruptcy or who has loans or credit card payments or other loans in arrears.

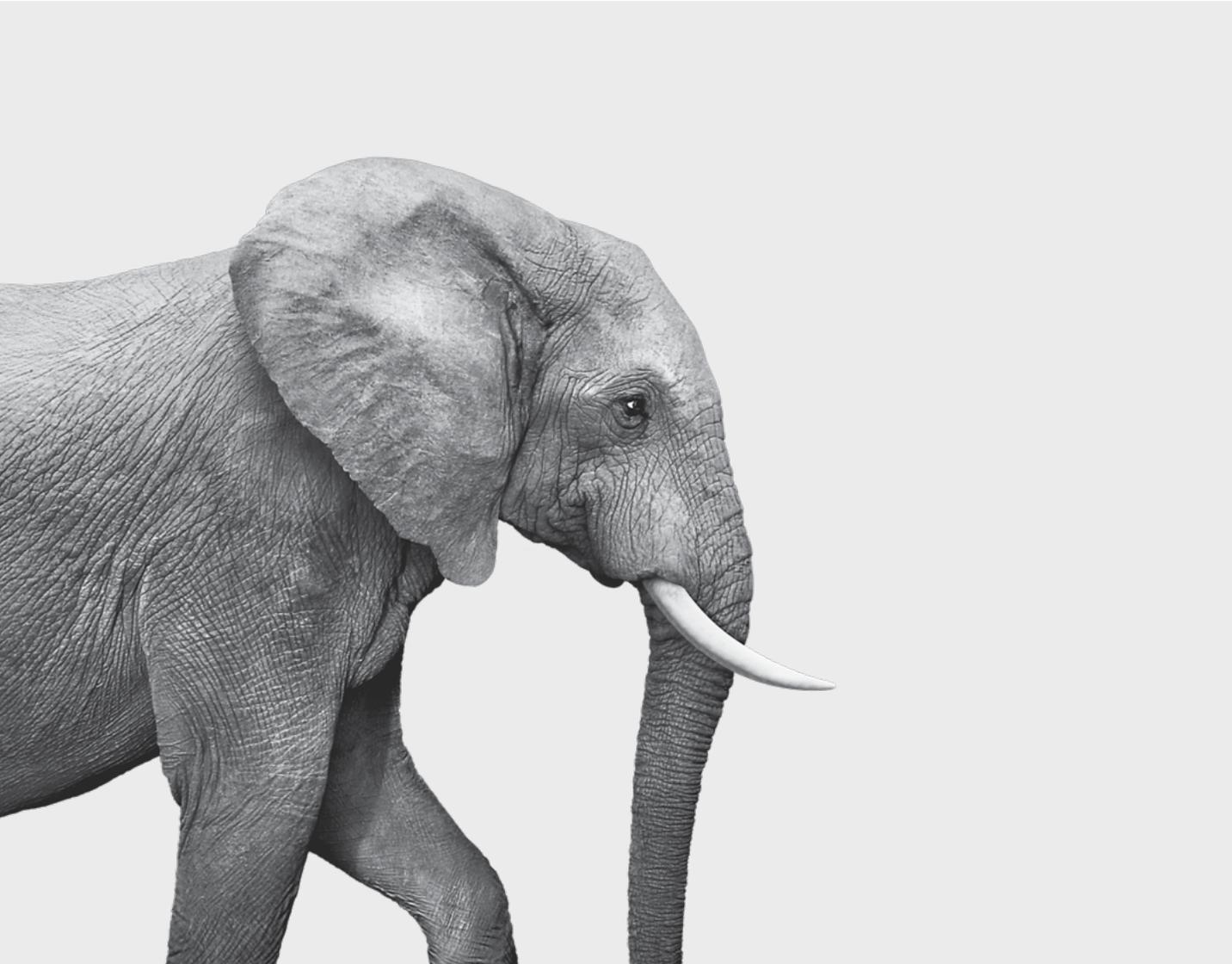
However, it is possible to grant an RRSP loan to a client if he or she has been discharged from bankruptcy for at least 2 years and there has been a restoration of consumer credit.



The agent will be called upon to collaborate if the loan defaults. The agent will have to assist the Company in its collection efforts. In the event of an extended default, a proportional amount of the agent's sales commission will be recovered (plus a \$35 administration fee).

APPENDIX I: TRANSACTION FEES

For current fees, see the Policies and Procedures Guide- Individual Savings and retirement, available in the Document centre (in the Advisor Center (Extranet)).



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