



## ADDENDUM TO THE IAG SAVINGS AND RETIREMENT PLAN INFORMATION FOLDER AND INDIVIDUAL VARIABLE ANNUITY CONTRACT DATED JUNE 2019

IAG Savings and Retirement Plan Contract issued by  
Industrial Alliance Insurance and Financial Services Inc.  
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On November 1st, 2019, the Information Folder (hereinafter the “Folder”) and Individual Variable Annuity Contract (hereinafter the “Contract”) of the IAG Savings and Retirement Plan are amended to reflect the following changes:

- A fee-based sales charge option (hereinafter “F-Class”) is added.
  - When you invest in F-Class Fund Units, Industrial Alliance Insurance and Financial Services Inc. (hereinafter “iA Financial Group”) does not pay any commission or service fees to your life insurance agent and his/her agency.
  - The amount you pay for holding F-Class Fund Units will be outlined in the agreement between you and your agent.
- The F-Class option is available in the following series:
  - Classic Series 75/75
  - Classic Series 75/75 Prestige
  - Series 75/100
  - Series 75/100 Prestige
  - Ecoflex Series 100/100

### LIST OF AMENDMENTS

Effective November 1st, 2019, this addendum amends the Folder in accordance with the following provisions:

1. The section entitled “How Much Will this Cost” in the “KEY FACTS” section of the Folder is amended to reflect the following:
  - 1.1. The first bullet point of this section is changed to:

If you invest in Funds, you can choose up-front sales charge, deferred sales charge, no sales charge and the F-Class option. For full details see Section 7.4 of this information folder.
  - 1.2. The following bullet point is added after the second bullet:

F-Class Fund Units have lower MER than other sales charge options Units and have fees that are paid directly by you, which are not included in the MER.

2. Section "3.5 Death Benefit for the Classic Series 75/75" of the Folder and paragraph "d) Application of the Guarantees for the Classic Series 75/75" of section "2.16.1 Classic Series 75/75" of the Contract are amended to reflect the following:

2.1. The following paragraph is added after item b):

Where F-Class Funds Units are held, the Guaranteed Minimum Value at Death payable by iA Financial Group will be reduced by the amount of the accrued Advisory Fee.

3. Section "4.5 Death Benefit for the Series 75/100" of the Folder and paragraph "d) Application of the Guarantees for the Series 75/100" of section "2.16.2 Series 75/100" of the Contract are amended to reflect the following:

3.1. The following paragraph is added after item b):

Where F-Class Funds Units are held, the Guaranteed Minimum Value at Death payable by iA Financial Group will be reduced by the amount of the accrued Advisory Fee.

4. Section "5.5 Death Benefit for the Ecoflex Series 100/100" of the Folder and paragraph "d) Application of the Guarantees for the Ecoflex Series 100/100" of section "2.16.3 Ecoflex Series 100/100" of the Contract are amended to reflect the following:

4.1. The following paragraph is added after item b):

Where F-Class Funds Units are held, the Guaranteed Minimum Value at Death payable by iA Financial Group will be reduced by the amount of the accrued Advisory Fee.

5. Section "7.3 Management Fee, Insurance Fees and Operating Expenses" of the Folder and section "2.7 Management Fee and Operating Expenses" of the Contract are amended to reflect the following:

5.1. Paragraph 4 of this section is changed for the following:

Furthermore, except for F-Class Fund Units, the commission payable to the life insurance agent for the initial investment in iA Financial Group's Funds (except any sales charge of the Front-end load, if applicable) as well as the service fees payable to him/her on a monthly basis as long as the Contract is in force, are also embedded in the management fee.

F-Class Fund Units have a lower management fee than other sales charge options, which does not include commissions or services fees.

6. Section "7.4 Sales Charge Options" of the Folder and section "2.6 Sales Charge Options" of the Contract are amended to reflect the following:

6.1. The first paragraph is changed for the following:

Each time the Policyholder invests a Premium in the Classic Series 75/75, the Series 75/100, the Ecoflex Series 100/100 or the FORLIFE Series, he/she has to determine which sales charge option is applicable for the investment of this Premium. In the same Contract, it is possible to have more than one sales charge option. There are four sales charge options available: Front-end Load, Deferred Sales Charge, No Sales Charge and F-Class options.

6.2. A new section is added after section 7.4.3 of the Folder and after section 2.6.3 of the Contract, entitled "7.4.4 F-Class Option" and "2.6.4 F-Class Option" respectively, with the following information:

**(Not available in the FORLIFE Series)**

If the Policyholder invests in the Funds under the F-Class option, there are no sales charge or Surrender Fees. iA Financial Group does not pay any commission or service fees to the life insurance agent and his/her agency. The life insurance agent and his/her agency receive an Advisory Fee paid by way of periodic surrenders of Premiums.

### **Contract held in a Nominee or Intermediary Account**

The Policyholder is eligible to invest in the Funds under the F-Class option in a contract held in a Nominee or Intermediary Account. The fees payable for holding F-Class Fund Units are generally outlined in the agency's or dealer's account agreement. iA Financial Group will surrender Premiums in payment of the fees and applicable taxes at the request of the agency or dealer.

If the Contract is no longer held in a Nominee or Intermediary Account, iA Financial Group reserves the right to transfer the F-Class Fund Units to the Front-end Load option or to any other sales charge option in accordance with iA Financial Group's administrative policies then in force. The transfer will not affect the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum value at Death and will not result in a taxable disposition if the Funds remain the same.

### **Contract held in Client Name**

The Advisory Fee paid for holding F-Class Fund Units is negotiated between the Policyholder and his/her life insurance agent and is outlined in iA Financial Group's F-Class Fund Advisory Fee Agreement.

- iA Financial Group collects the Advisory Fee and applicable taxes on the life insurance agent's behalf by surrendering an amount from each F-Class Fund. The debit of Units is processed on the last business day of each month. iA Financial Group reserves the right to change the frequency of the surrender of Premiums for the collection of the Advisory Fee and applicable taxes by providing written notice to the Policyholder.
  - The daily accrued amount of the Advisory Fee is equal to the Market Value of the Premiums invested in the F-Class Fund Units of each F-Class Fund held in the Contract multiplied by the Advisory Fee rate for that day divided by 365, plus applicable taxes.
  - If a F-Class Fund Advisory Fee Agreement is not received or if the agreement is terminated, iA Financial Group may, at its discretion, transfer the F-Class Fund Units to the Front-end Load option or to any other sales charge option in accordance with iA Financial Group's administrative policies then in force.
  - The debit of Units to pay the Advisory Fee and the transfer of the F-Class Fund Units to another sales charge option do not reduce the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum value at Death.
  - If a transfer between Funds, a partial or total surrender, or a change of Series from a Fund for which Premiums are invested under the F-Class option causes the Market Value of the Premiums invested in the F-Class Fund Units to be less than the accrued Advisory Fee, iA Financial Group may surrender Premiums equal to the accrued Advisory Fee prior to the Fund transfer, surrender or change of Series.
  - On the Annuitant's death before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by iA Financial Group will be reduced by the amount of the accrued Advisory Fee.
- 6.3. The sub-sections in section 7.4 following the insertion above are renumbered accordingly.
7. Section "7.8 Taxation" of the Folder is amended to reflect the following:
- 7.1. A paragraph is added at the end of the section "NON-REGISTERED CONTRACTS":

### **F-Class Advisory Fee**

The F-Class Advisory Fee charged to the Policyholder and collected by iA Financial Group through the debit of Units from F-Class Funds is considered an expense for the Policyholder. The debit of Units to pay the Advisory Fee involves a disposition and may result in a capital gain or loss.

The Advisory Fee is subject to goods and services tax (GST) and harmonized sales tax (HST).

7.2. A paragraph is added at the end of the section "REGISTERED CONTRACTS":

**F-Class Advisory Fee**

The F-Class Advisory Fee charged to the Policyholder and collected by iA Financial Group through the debit of Units from F-Class Fund Units is considered an expense for the registered plan. The Units debited to pay the Advisory Fee are not subject to withholding taxes and will not be reported to the Policyholder as taxable income.

The Advisory Fee is subject to goods and services tax (GST) and harmonized sales tax (HST).

8. Section 2.1 of the Contract is amended to add the following definition:

**Advisory Fee**

The Advisory Fee is a fee collected through surrenders of Premiums and paid to the Policyholder's life insurance agent and his/her agency, pursuant to an agreement between them and to section 2.6.4 F-Class Option.

**CERTIFICATION**

Industrial Alliance Insurance and Financial Services Inc. certifies that the Folder, as amended by this addendum, briefly and simply discloses all material facts relating to the variable nature of the Funds offered under the Individual Variable Annuity Contract - IAG Savings and Retirement Program.



Denis Ricard  
President and Chief Executive Officer



Jennifer Dibblee  
Vice-President, Legal Services  
Corporate Secretary

**INVESTED IN YOU.**