

RETIREMENT INCOME
ECOFLEXTRA SERIES

ECOFLEXTRA

**EASY AS
1-2-3**



www.inalco.com

www.iapacific.com

www.iaclarington.com

www.ecoflextra.com

FOR USE BY FINANCIAL ADVISORS

 **INDUSTRIAL
ALLIANCE**
INSURANCE AND FINANCIAL SERVICES INC.

 **PACIFIC**[™]

 **CLARINGTON**[™]

»» IAG Savings and Retirement Plan — ECOFLEXTRA Series

WHY INVEST IN THE ECOFLEXTRA SERIES?

The Ecoflextra Series provides a predictable, durable and potentially increasing income.

Protects against the risk of outliving one's savings	Lifetime surrender option
Protects against market downturns	Market downturns don't reduce the guaranteed income
Takes advantage of market upswings	Locks-in investment gains
Protects against inflation	Grants generous bonuses

The numbers in the left margin correspond to the section numbers that cover the subject in the IAG Savings and Retirement Plan Product Guide, available at the following address: www.inalco.com/documents/marketing under Individual Savings and Retirement.

2.4 AVAILABLE SAVINGS PLANS

Non-registered, TFSA, RRSP, LIRA, RRIF, LIF

2.1 MAXIMUM AGE AT ISSUE

The maximum date for investing premiums in the Ecoflextra Series is the annuitant's 80th birthday.

2.3 CONTRACT MATURITY DATE

Non-registered/TFSA	December 31 of the year in which the annuitant reaches age 100
RRSP/LIRA	December 31 of the year in which the annuitant reaches age 71
RRIF/LIF	December 31 of the year in which the annuitant reaches age 100 ¹

¹For LIFs, the maturity date can be different according to applicable law.

2.2 MINIMUM INVESTMENT STANDARDS

Investment in Ecoflextra Series	
Minimum to establish a contract	\$25,000
Subsequent minimum investment	\$100
Minimum PAC investment	\$25
Minimum investment per fund	\$25
Dollar cost averaging (DCA)	\$25 per fund
Minimum surrender	\$100
Minimum fund transfer	\$25
Periodic income program (PIP) ¹	\$1,000 per year or \$100 per month

¹ The PIP is only available for RRSP, non-registered and TFSA contracts.

8 FUND OFFER –

⚠️ These are the only funds offered for contracts in force as of April 2, 2012.

FOCUS FUNDS

Focus Prudent
Focus Moderate
Focus Balanced
Focus Growth
Focus Aggressive

INCOME

Money Market
Short Term Bonds
Bonds
Strategic Corporate Bond
Tactical Bonds (Aston Hill)
Real Return Bond

DIVERSIFIED

Diversified Security
Diversified
Diversified Opportunity
Fidelity Canadian Asset Allocation
Canadian Balanced (QV)
SRI Balanced (Inhance)
Diversified Income
Strategic Income
Global Diversified (Aston Hill)
Tactical Income (Aston Hill)
Monthly Income (PH&N)

CANADIAN HYBRID FUNDS

Strategic Equity Income Hybrid 75/25
Dividend Growth Hybrid 75/25
Canadian Equity (Leon Frazer)
Hybrid 75/25
Fidelity Dividend Hybrid 75/25
Canadian Equity Index Hybrid 75/25
Select Canadian Hybrid 75/25
Canadian Equity Value Hybrid 75/25
Canadian Equity (Dynamic)
Hybrid 75/25
Canadian Leaders Hybrid 75/25
Fidelity True North® Hybrid 75/25
Canadian Equity Growth
Hybrid 75/25
Fidelity Canadian Opportunities
Hybrid 75/25
Canadian Equity (Small Cap.)
(QV) Hybrid 75/25

GLOBAL HYBRID FUNDS

Global Dividend (Dynamic)
Hybrid 75/25
Global Equity Hybrid 75/25
Global Equity (Templeton)
Hybrid 75/25
Global Equity (Mackenzie Cundill)
Hybrid 75/25
Global Equity (Radin) Hybrid 75/25
Global True Conviction Hybrid 75/25
Fidelity North Star® Hybrid 75/25
U.S. Equity (Sarbit) Hybrid 75/25

DISTINCTION FUNDS

Distinction Prudent
Distinction Conservative
Distinction Balanced
Distinction Monthly Income
Distinction Growth
Distinction Bold



9.3 FUND TRANSFERS FROM THE CLASSIC SERIES OR ECOFLEX SERIES TO THE ECOFLEXTRA SERIES

- › No surrender fees
- › No tax impact if transfer to the same funds

9.2 CHANGING FUNDS

- › No surrender fees
- › A fund change constitutes a disposition and therefore may have a tax impact

5.1		
	Guarantee at maturity	75% of all premiums invested in the funds
		Reduced in proportion to surrenders
5.2	Guarantee at death	100% of all premiums invested in the funds
		Can increase every three years until the annuitant's 80 th birthday, if the market value of the invested premiums is higher than the current guarantee at death
		Reduced in proportion to surrenders
7.1	Guaranteed Minimum Surrender Benefit (GMSB)	100% of the invested premiums
		Can increase every three years if the market value of the invested premiums is higher than the Guaranteed Surrender Balance (GSB)
		Can also increase, with no time limit, each year thanks to GSB bonuses
		The Guarantee is reduced by the amount of surrenders or an additional amount if the surrender threshold is exceeded.

7.1 WHAT IS THE GUARANTEED MINIMUM SURRENDER BENEFIT (GMSB)?

Under the Guaranteed Minimum Surrender Benefit, the policyholder is assured of receiving a durable and predictable income for life. Under this guarantee, market growth, bonuses and automatic resets increase the retirement income.

7.3 Guaranteed surrender balance (GSB): Overall amount used as a basis to calculate the retirement income

$$\text{GSB} = (\text{deposits} + \text{bonuses and crystallized gains}) - \text{surrenders (withdrawals)}$$

7.6 Eligible surrender amount (ESA): Annual amount that can be withdrawn without provoking a GSB downward adjustment. It's calculated as a percentage of the GSB, each year that precedes the beginning of lifetime income payments. The percentage depends on the annuitant's age when the calculation is made.

7.9 Lifetime surrender option

- › The Lifetime Surrender Option lets the client choose when lifetime income payments will begin.
- › The amount of each payment is called the Lifetime Surrender Amount (LSA).

7.10 LSA: › The client chooses the age when payments begin. The withdrawal rate depends on the chosen age:

age 55 to 59: 4.0%	age 60 to 64: 4.5%	age 65 to 69: 5.0%
age 70 to 74: 5.5%	age 75 +: 6.0%	

- › The LSA is calculated for the first time when payments begin and then on December 31 of each year.
- › The withdrawal rate can increase when a reset takes place and the annuitant has reached a new age bracket.

7.4 GSB Bonus: A 5% bonus is granted in all the years in which no surrender is made. The Bonus is added to the GSB.

GSB Bonus calculation base = invested premiums increased by any resets

5.2.1 Reset of the guarantee at death: Performed automatically on every third anniversary of the Ecoflextra Series, up to the annuitant's 80th birthday if:

Market Value > current Guarantee at Death.

7.7 Reset of GSB: Performed automatically on every third anniversary of the Ecoflextra Series, for the duration of the contract if: Market Value > GSB.**7.2 Guaranteed payments period:** Begins when the market value is reduced to zero while the GSB or the LSA, is still positive. At that time:

- › No new deposit is allowed in the Ecoflextra Series.
- › The guaranteed minimum value at death and the guaranteed minimum value at maturity no longer apply.

13. Transfer options at death

On the annuitant's death, if a market value remains, all the values accumulated in the contract can be retained and transferred to the successor named in the contract. The successor can be the spouse when appointed "unique beneficiary" or "successor annuitant." The successor can also be any other person appointed "successor annuitant.»

Impact of surrenders

Any surrenders reduce the Guaranteed Surrender Balance (GSB).

The other components of the Guaranteed Minimum Surrender Benefit are only affected if the amount surrendered exceeds the ESA or the LSA. Only the minimum RRIF withdrawal provided by law allows for a higher surrender than the ESA or the LSA without provoking a GSB downward adjustment and affecting the other components.

	Surrenders ≤ ESA	Surrenders > ESA and Minimum RRIF withdrawal
7.8	<p>Immediately Reduction of the GSB GSB = current GSB - surrender</p>	<p>Immediately GSB Downward Adjustment GSB = The lower of <ul style="list-style-type: none"> › Current GSB - Surrender or › Market value after surrender Reduction in the GSB Bonus Base Bonus base = Lower of <ul style="list-style-type: none"> › GSB after the downward adjustment › Current Bonus Base Next December 31 ESA = ESA rate x GSB</p>
7.8		<p>Surrender > LSA > Minimum RRIF withdrawal</p> <p>Next December 31 LSA = LSA rate X the higher of <ul style="list-style-type: none"> › GSB after all transactions › Market value </p>

11.6 SALES CHARGE OPTIONS

- › Front-End Load: A sales charge of up to 5% of the amount invested is negotiated between the policyholder and the financial advisor.
- › Deferred Sales Charge

Surrender year of units	Surrender charge as a % of the amount surrendered
1	5.5%
2-3	5%
4-5	4%
6	3%
7	2%
8 +	0%

Right to surrender without surrender fees: 10% of the market value of funds as at the previous December 31 + 10% of the new units purchased during the year

11.2 MANAGEMENT EXPENSE RATIO (MER)

The MER corresponds to the sum of the management and operating fees, plus applicable taxes. It varies from one fund to another.

11.4 GUARANTEED SURRENDER BALANCE FEE (GSB FEE)

GSB fees are associated with the Guaranteed Minimum Surrender Benefit under the Ecoflextra Series. These fees vary between 0.50% and 1.00%, according to the volatility of the funds held by the client. They are calculated on the value of the GSB at year-end and are deducted quarterly by surrendering fund units.