LEGACY

ACCESS TO LIQUIDITY
TRANSPARENCY
GROWTH

SPECIALIZED LIFE INSURANCE FOR BUILDING AND PROTECTING YOUR ESTATE

Product guide

iA Financial Group

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IMPORTANT INFORMATION ABOUT THIS GUIDE

This guide is a reference tool intended for the exclusive use of advisors. Its purpose is to outline the main characteristics of the Legacy life insurance product offered by Industrial Alliance Insurance and Financial Services Inc. Please refer to the contract for more information on the features or to confirm specific details. In the event of a discrepancy between this guide and the contract, the terms of the contract prevail.

This guide does not provide tax, legal or accounting advice. The tax information provided in this guide is based on the *Income Tax Act* (Canada) and its regulations in effect on the date this guide was prepared.

We recommend that you invite your client to consult their independent legal and financial advisors concerning the tax and financial impacts of life insurance.

Please note that in this document, the words "contract" and "policy" have the same meaning and are used interchangeably.

Introduction to Legacy

Legacy is a specialized life insurance product designed to help your clients build and protect their estate by offering guaranteed permanent coverage with early cash values. One of its key benefits is the annual bonus which increases the death benefit and cash values. Additional premiums enhance growth of the policy's values through the PUA allocation option. Legacy provides flexibility and stability to help your clients achieve their long-term financial goals. It is administered on a universal life system to offer more options and flexibility.

Ensuring estate growth from one generation to the next

Legacy could be the ideal protection for clients who want to:

— Enjoy flexible financial protection and grow their estate;

— Pass on wealth to the next generation;

— Take advantage of the strong guaranteed cash values to access additional early liquidity;

— Have flexible financial protection that will change as their life changes;

— Diversify their assets by accessing asset classes normally reserved for the institutional market.

Product summary

Life insurance coverage	— Base coverage: Level cost payable to age 100 — Paid-up additional life insurance (PUA coverage) (optional) — Term life insurance riders (optional)
Coverage options	— Individual (maximum one life insured) — Joint last-to-die (maximum two lives insured)
Age at issue	— Individual: 0 to 85 — Joint last-to-die: 15 to 85[1]
Rate bands	— Band 1: $1,000,000 to $4,999,999 — Band 2: $5,000,000 or more
Death benefit	— Base coverage — PUA coverage — Policy funds
Total cash surrender value (CSV)	— Base coverage: guaranteed CSV — PUA coverage: CSV guaranteed at purchase — Market value of the policy funds — IIT refund (additional CSV layer imbedded in the contract, see section entitled "Taxation" for more information).
Annual bonus	— The base coverage and PUA coverage, if any, are eligible for an annual bonus. — The bonus is not guaranteed. — The bonus can be 1) used to purchase PUA coverage or 2) deposited in the accumulation fund
PUA allocation option	When using this option and depositing excess premiums, you can accelerate policy growth through the purchase of additional PUA coverage.
Policy loans	— Cash loan advances — Automatic loan advances (to keep the policy in force if needed)
Disability benefit	— To age 70 for accident or sickness for a life insured who practises a remunerated occupation at the onset of total disability, and to any age for loss of use, activities of daily living or terminal illness — Up to 4 payments per year, paid from the following (in order): – the shuttle fund – the accumulation fund – the PUA GCSV – the base GCSV
Riders	— Option to modify an individual coverage to a joint last to die coverage — Term life insurance riders 10, 20, 25 and 30 years
Additional benefits	— Contribution in the event of the Applicant's Disability (CAD) — Contribution in the event of the Insured's Disability (CID) — Contribution in the event of the Applicant's Death (CADE)
Policy fees	None

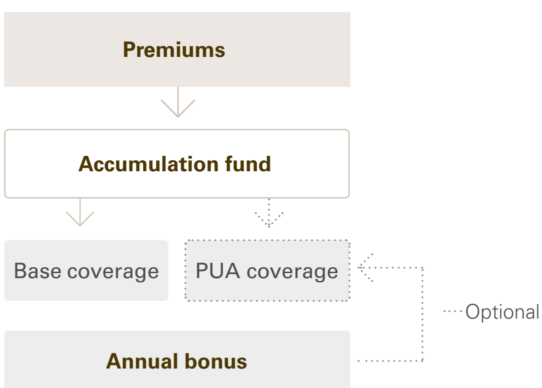
[1] Both insureds must be between 15 and 85 years of age.

Legacy mechanics and key features

Legacy is designed to adapt to the needs of your clients through every stage of life. While the main product is fairly simple, it also includes a range of innovative features which provide a unique set of opportunities within the permanent insurance market.

The two main pillars of Legacy are the base coverage and the paid-up additions (PUA coverage). The base coverage is the foundation of the product and has a guaranteed life insurance coverage and annually increasing guaranteed cash surrender value. Optional PUA coverage can be added, which provides additional life insurance coverage and cash value growth. Base coverage and PUA coverage give the right to an annual bonus which also grows the policy's values. PUA coverage can be purchased through the annual bonus and through the PUA allocation option, using excess deposits in the accumulation fund.

Standard approach



Premiums are deposited in the accumulation fund and used to pay the cost of the base coverage, and any optional PUA coverage. Amounts remaining in the accumulation fund may be invested in a variety of investment options.

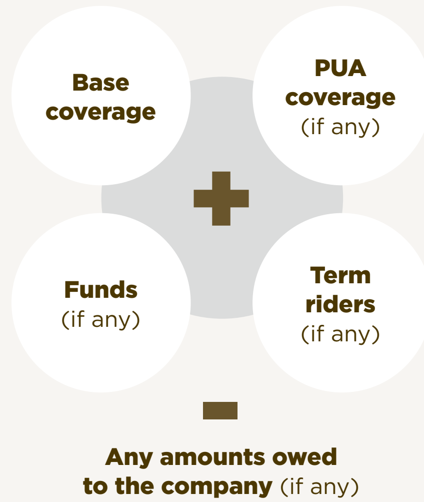
Base coverage and PUA coverage give rights to an annual bonus. (See section entitled "Legacy Bonus" for details).

The annual bonus can be used to purchase PUA coverage or, alternatively, deposited in the accumulation fund (not shown in the image above).

Legacy values and coverage options

Death benefit

The tax-free death benefit is made up of the following:



Coverage options

Individual: life insurance coverage issued on only one life. The death benefit is payable at the death of the life insured.

Joint last-to-die: life insurance coverage issued on two lives. The death benefit is payable when the last life insured dies except for the policy funds, which may be payable on each death depending on the option chosen by the policyowner. Each insured is subject to the medical requirements corresponding to their real age (and not equivalent age).

Payment of the policy funds

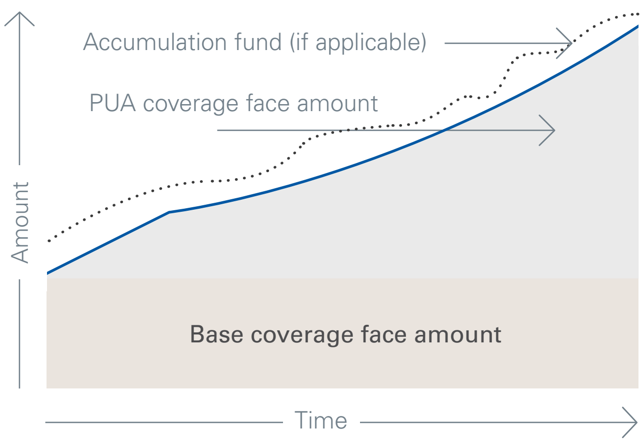
The value of the accumulation fund (and the shuttle fund, if any), net of any amounts owed to the company, is paid to the beneficiary of the funds.

The policyowner may designate one or more beneficiaries to receive, on the death of either life insured, a benefit equal to a pre-elected percentage of the fund. The beneficiary and fund percentages must be elected prior to the death of the life insured.

Death benefit composition

Base coverage and term rider face amounts are the guaranteed layer of the death benefit whereas growth could come from PUA coverage and/or investments in the funds. PUA coverage and investments can be purchased/made with the annual bonus and excess deposit. Once purchased, the PUA coverage face amount is guaranteed. PUA factors (purchase costs) are guaranteed at issue of the policy.

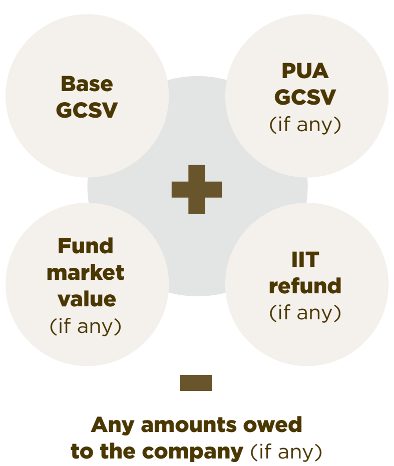
Death benefit value over time (example)



The graph above shows a classic example of death benefit value over time. In this example, the bonus is used to purchase PUA coverage. The growth of the death benefit could also be accelerated with excess deposits. In this example, investments are optional in the funds and no term riders were purchased.

Total surrender value

The policyowner can request to surrender the contract at any time. Surrender of the contract automatically results in its termination. The total surrender value of a Legacy policy is composed of the following:



where GCSV refers to guaranteed cash surrender value

Composition of total surrender value

Base GCSV is guaranteed at issue and indicated on the contract specifications pages of the policy whereas PUA GCSV are guaranteed once purchased. PUA GCSV can be calculated using the PUA factors (purchased cost) shown in the contract specifications pages. PUA factors are guaranteed; however, the amount that the client receives through the bonus is not guaranteed.

The GCSV starts growing as early as the first monthly anniversary. The base GCSV and the PUA GCSV increase on each monthly anniversary and remain level until the following monthly anniversary.

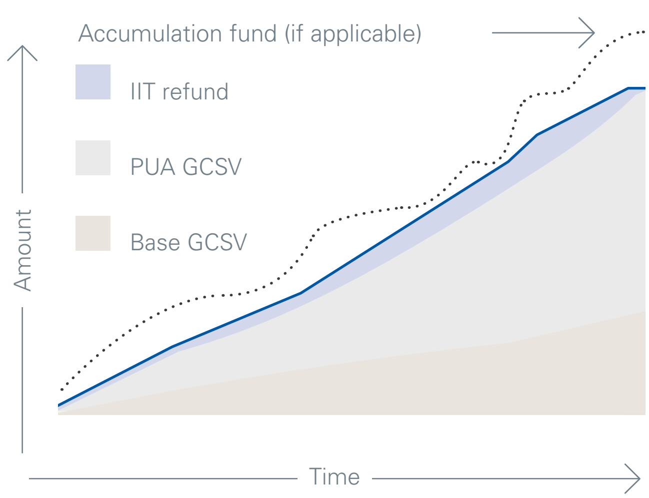
The GCSV is payable, in whole or in part, when Legacy coverages are reduced or surrendered. Any request to reduce coverage will first apply to the PUA coverage and then, if necessary, to the base coverage. The surrender value is not payable at death.

The expression "funds" above refers to the market value of the accumulation fund and the shuttle fund. On request, the policyowner can make withdrawals at any time (see section entitled "Accessing Legacy surrender value" for the implications of a withdrawal).

Where applicable, the Legacy contract enhances the surrender values paid to the policyowner. The amount of enhancement is referred to as an IIT refund. This value comes from a tax refund that iA receives from the Canada Revenue Agency following a surrender or a withdrawal. This value is given back fully or partially to the policyowner, ensuring that the contract maintains its tax-exempt status.

The graph below shows a classic example of the total surrender value trend over time. In this example, PUA coverage was purchased and investments in the funds are optional.

Surrender value over time (example)



In the event of a surrender, transaction fees may apply. Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Extranet Document Centre.

Legacy bonus

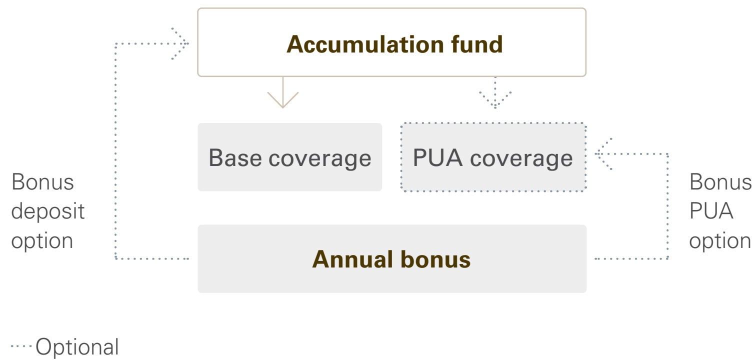
Legacy base coverage and PUA coverage give rights to an annual bonus which is calculated at the end of each policy year.

The bonus can be used to purchase PUA coverage through the **bonus PUA option**, or deposited into the funds with the **bonus deposit option**.

Both options contribute to the policy values.

The bonus PUA option must be elected at issue. The policyowner can change the bonus PUA option to the bonus deposit option at any time, but may not switch from the bonus deposit option to the bonus PUA option.

Legacy bonus options



Bonus formula

The bonus formula is guaranteed and will never be negative.

The formula is as follows → **(EquiBuild Fund declared rate – 2.75%) x average bonus reference value**

EquiBuild Fund declared rate (EFDR)

The EFDR is established on January 1 of each year and is used to calculate the bonus payable on the next policy anniversary. The EFDR is based on the annual smoothed return earned on the EquiBuild Fund, a portfolio of diversified assets managed by our internal portfolio managers.

Average bonus reference value

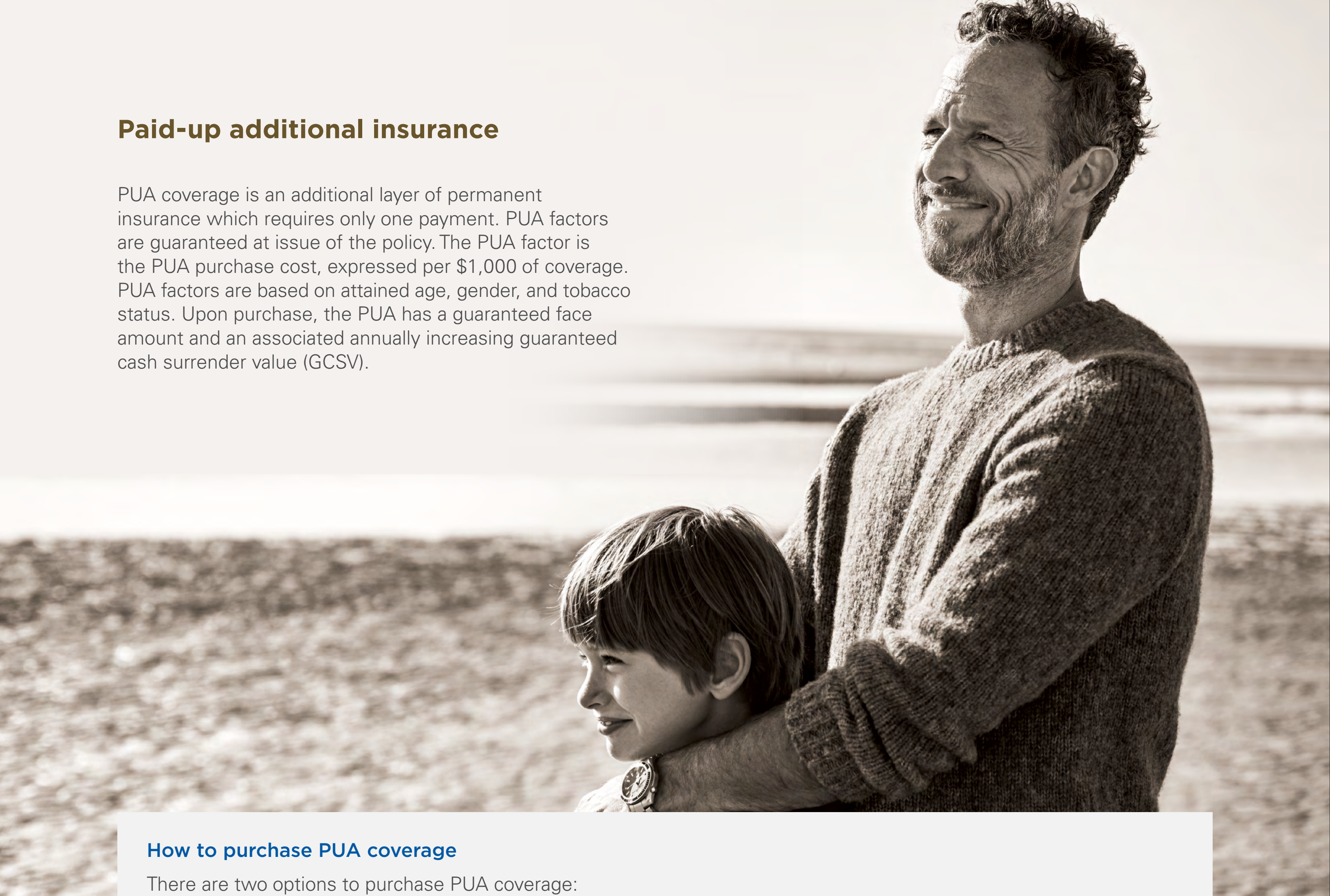
The bonus reference value is equal to the sum of the base GCSV, the PUA GCSV and a bonus accelerator. The bonus accelerator is an amount that is used to enhance the bonus for the first 9 policy years. From year 10, the bonus accelerator is equal to 0. To calculate the year-end annual bonus, the bonus reference value is averaged out to reflect average values throughout the year.

Note about the bonus

The bonus formula is simple and easy to explain to clients since it is based solely on EFDR. Consequently, iA only shares the EquiBuild Fund's investment experience with Legacy policyowners. There is less variability and more predictability, as the bonus calculation will not be affected by claims, expenses or lapses.

Paid-up additional insurance

PUA coverage is an additional layer of permanent insurance which requires only one payment. PUA factors are guaranteed at issue of the policy. The PUA factor is the PUA purchase cost, expressed per $1,000 of coverage. PUA factors are based on attained age, gender, and tobacco status. Upon purchase, the PUA has a guaranteed face amount and an associated annually increasing guaranteed cash surrender value (GCSV).



How to purchase PUA coverage

There are two options to purchase PUA coverage:

— **Bonus PUA option** (described in section entitled "Legacy bonus")

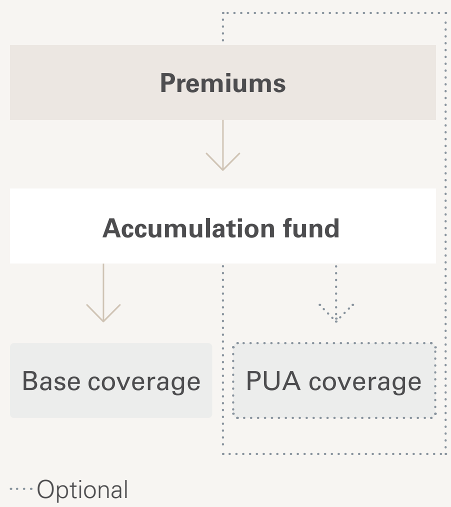
— **PUA allocation option**

PUA allocation option

The PUA allocation option allows policyowners to purchase additional PUA coverage and optimize the growth of both the surrender values and death benefit as follows:

- The PUA allocation option and amount must be elected at issue of the policy;
- The client may or may not put excess deposits in the policy during the year. The excess deposit amount for a given year is entirely up to the client;
- At the end of the policy year, a predetermined amount called the PUA allocation will be deducted, to the extent possible, from the accumulation fund. Before purchasing PUA coverage, a fee will be applied to the amount deducted from the accumulation fund. Fees are guaranteed in the contract and will never increase.

If the full amount is not available in the accumulation fund, PUA coverage will still be bought but for a lesser amount.



PUA allocation option rules

- The PUA allocation is selected at issue of the policy.
- Once elected, the PUA allocation cannot be increased but can be reduced by the policyowner.

PUA allocation lock in-rules:

In order to maintain the PUA allocation amount elected at issue, the accumulation fund balance must be sufficient to cover the total PUA allocation amount in at least one of the first two policy years. Otherwise, beginning in policy year three, the PUA allocation will be reset to the greater of the two PUA allocations deducted from the accumulation fund in policy years 1 and 2 for the remainder of the life of the policy.

This rule is guaranteed in the contract, as are the PUA factors.

PUA purchase breaks (under the PUA allocation option)

Once the PUA allocation is locked in, policyowners can take PUA allocation purchase breaks.

To take a PUA purchase break, the policyowner should maintain a $0 balance at the end of the policy year. To resume PUA purchases, the policyowner simply makes excess deposits and the PUA allocation will be withdrawn from any balance in the accumulation fund at the end of the policy year.

Availability

- If an insured has an extra premium expressed in dollars per $1,000, the PUA allocation option is not available, even if the extra premium is subsequently withdrawn.
- The minimum PUA allocation is $100.
- The PUA allocation option is available for issue ages of 20 years and older.

Limitations

- We can limit the amount of PUA purchased to maintain tax-exempt status.
- We can limit the amount of PUA purchased when the maximum PUA coverage allowed in the specifications page is reached (if there is any).
- We reserve the right to limit PUA allocation purchase breaks to 24 months in the future, provided we apply this practice to all Legacy policies and that we notify clients 12 months in advance. Currently, once the PUA allocation is locked in, unlimited breaks are permitted.

PUA allocation examples

At issue, the elected PUA allocation is $50,000.

	Scenario 1	Scenario 2
Year 1	No excess deposit was made during the year, so no PUA coverage was purchased through the PUA allocation option.	$40,000 was available in the accumulation fund at year-end so that $40,000 of PUA allocation was used.
Year 2	$55,000 was available in the accumulation fund at year-end so that $50,000 of PUA allocation was used and is now locked in.	$25,000 was available in the accumulation fund at year-end so that $25,000 of PUA allocation was used.

In scenario 1

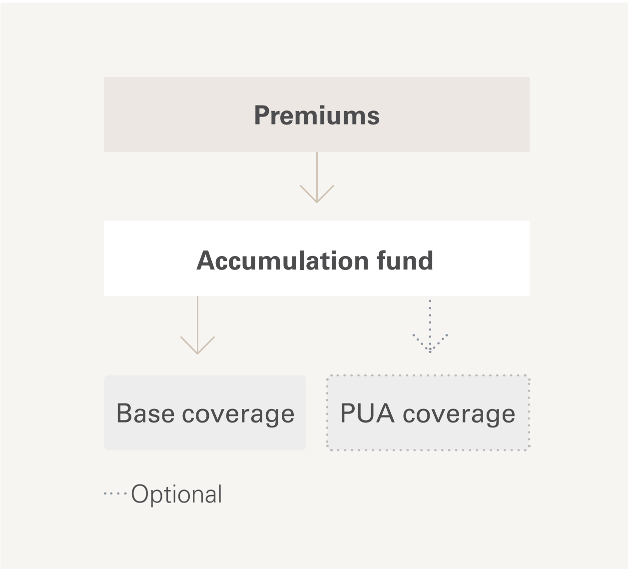
Since the full amount of $50,000 was used in one of the first 2 years, the PUA allocation of $50,000 is locked in.

In scenario 2

The maximum amount used is $40,000 so this amount is locked in.

Premiums and cost

Because Legacy is administered using a UL platform, cash flows, including premium deposits and deductions for cost of insurance, are managed through the accumulation fund.



Premium payments

- Depending on their goals, clients may elect to pay the minimum amount required to keep the policy in force, or the maximum premium allowed to maintain the contract's tax-exempt status.
- Any amount paid over the minimum premium is referred to as "excess premium", "excess deposit" or "additional deposit".
- Clients may pay premiums on an annual basis or on a monthly PAC (pre-authorized cheque) basis. The monthly premium is calculated by dividing the annual premium by 12.
- Clients may choose to cease premium payments temporarily, if policy values permit. Cost of insurance (COI) continues to be payable and monthly deductions continue to be taken from the accumulation fund even if premium payments are suspended.
- Policyowners may also benefit from automatic loan advances to keep the policy in force when the accumulation fund is insufficient to cover a monthly deduction. See section entitled "Accessing Legacy's surrender value" for more information.
- Any amounts received in excess of the maximum premium are transferred to the shuttle fund. Amounts in the shuttle fund are transferred to the accumulation fund, when possible, while maintaining the tax-exempt status of the policy.

Premium taxes

- Provincial premium taxes are deducted from the premiums received, and the net premium is deposited in the accumulation fund.
- Any increase in the provincial tax may affect the minimum premium. If the premium the client has chosen to pay becomes insufficient to keep the contract in force, the company reserves the right to increase it.
- No premium taxes are charged for amounts transferred or paid into the shuttle fund.

Monthly deduction for cost of insurance

On each monthly anniversary, the following amounts are deducted from the accumulation fund:

- The cost of insurance (COI) for the base coverage
- The monthly cost for riders (if any)
- The extra premium (if any)

The COI is payable until the policy anniversary in which the insured turns 100 (the youngest insured for joint last-to-die cases). The COI is level throughout the life of the contract.

The cost of any riders is deducted until the date the rider expires or is removed from the policy.

The extra premium, if any, is deducted for the period shown in the contract specification pages.

Bands

Rates for base coverage are based on the face amount at issue. The following bands are available:

Band	Face amount ($)
1	1,000,000 to 4,999,999
2	5,000,000 or over

Special quote requirement for high face amounts

No special quote is required if:

the Legacy application* is equal to or less than

$40 million

and the insured's in-force Canadian coverage* (including the current Legacy application) is equal to or less than

$60 million

Otherwise, a special quote is required.

*In-force coverage plus Legacy application: the special quote rule is based on "Maximum Net Amount at Risk (MNAR)" and not the "face amount". For this rule, when we refer to the insured's in-force Canadian coverage, we mean all life products of all insurers' MNAR. Legacy MNAR is available in the illustration report in the Advisor Centre.

Special quote examples

If the insured has current in-force coverage of

$15 million MNAR,

up to

$40 million of Legacy MNAR

is guaranteed without a special quote

If the insured has current in-force coverage of

$30 million MNAR,

up to

$30 million of Legacy MNAR

is guaranteed without a special quote

In this example, if the applicant applies for a

$40 million MNAR Legacy policy

surcharges might apply on

25% of the coverage

Grace period and lapse

When the value of the accumulation fund is insufficient to cover monthly deductions, the contract will remain in force for a grace period of 31 days.

At the end of the grace period, if the balance of the accumulation fund is still insufficient to cover the monthly deduction, the company will make an automatic loan advance when possible to cover the shortfall (for additional details on loans, please refer to section entitled "Accessing Legacy surrender value").

Reinstatement

If the contract terminates, as described in the preceding section, it may be reinstated within two years of the lapse date, once the conditions described in the contract are met.

Accumulation fund and shuttle fund

Each Legacy contract has an accumulation fund. The accumulation fund is comprised of the portfolio account and the various investment accounts selected by the policyowner. The portfolio account is the account in which all transactions are carried out. The shuttle fund receives any excess amount from the accumulation fund that would cause the contract to lose its tax-exempt status.

The accumulation fund and the shuttle fund (if any) are owned by the policyowner. However, following the death of an insured, the balance of these two funds, net of any amounts owed to the company, is paid tax-free to the beneficiary of the funds.

Accumulation fund mechanics

Premiums

Accumulation fund: Portfolio account, Investment accounts

Tax exempt test

Shuttle fund: Portfolio account, Investment accounts

Portfolio account

- Deposits, deductions and withdrawals are made in the portfolio account.
- On each monthly anniversary, monthly deductions are taken from the portfolio account.
- Interest on the balance is compounded and credited on each monthly anniversary. The interest formula is guaranteed in the contract and will never be less than 0%.

Investment accounts

- The investment portion of the accumulation fund.
- Composed of a variety of investment accounts (see appendix entitled "Investment accounts" for more information).
- The interest credited is tax-sheltered so that the policy can benefit from tax-free compound growth.
- Withdrawals may be taxable.

Shuttle fund

- Structured in the same way as the accumulation fund.
- Interest is taxable as income.

Accessing Legacy's surrender value

Aside from full surrender of the policy (described under "Total surrender value" in section entitled "Legacy values and coverage options), the policyowner has other options to access Legacy's surrender value during the life of the insured, which may impact the total face amount payable at death:

— Partial surrender (face amount reduction)

— Partial withdrawal

— Policy loans

— Disability benefits

Partial surrender, partial withdrawal and policy loan advances might have tax implications. Taxation is described in the next section.

Partial surrender (face amount reduction)

Upon request, we may reduce the face amount of a coverage. The following conditions would apply:

— The reduction first applies to the PUA coverage, if any.

— The base coverage face amount is reduced only when the PUA coverage is depleted.

— The associated portion of the GCSV will be deposited in the accumulation fund.

— If base coverage is reduced, the PUA allocation will be reduced and other factors will be adjusted accordingly.

Partial withdrawal (from the funds)

Upon request, the policyowner may make partial withdrawals.

— A withdrawal amount cannot exceed the market value of the accumulation fund and the shuttle fund, less any amounts owed to the company.

— Withdrawals are first made from the shuttle fund and then from the accumulation fund.

— A refund of the IIT could occur following the partial withdrawal and enhance the value paid to the policyowner.

— Transaction fees may apply. Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Document Centre of the Advisor Centre.

Policy loans

There are two types of loan:

Cash loan advance	initiated on request by the policyowner and payable to the policyowner
Automatic loan advance	initiated by the company to cover any shortfall in the accumulation fund when monthly deductions are due

Cash loan advance

The maximum cash loan advance is calculated as follows:

90%* (base GCSV + PUA GCSV + market value of accumulation fund[2]) – any amounts owed to the company.

Automatic loan advance

The maximum automatic loan advance is calculated as follows:

(base GCSV + PUA GCSV)- any amounts owed to the company.

For automatic loan advances only, any premium deposits made by the policyowner are first used to reduce any automatic loan advances.

[2] Only the EquiBuild Account, the fixed-term accounts and the daily interest account are available for cash loans.

Important: For both types of loan, the full bonus will still apply. The interest rate of the loan is determined by the company and is available in the Advisor Centre.

Disability benefit

A disability benefit is included in the contract at no additional charge. Through this contract option, the policyowner can receive disability benefits when a life insured who is 18 years of age or older becomes totally disabled. See the total disability definition in the Appendix entitled "Definitions".

— The disability benefit is paid from the accumulation fund, the PUA GCSV and the base GCSV (in that order). Payment of the disability benefit reduces the death benefit accordingly.

— The amount of the disability benefit is determined by the policyowner, who may receive up to four payments a year.

— Each disability benefit payment is subject to the same conditions and fees as a partial withdrawal. However, a disability benefit payment will not trigger a tax refund and is received tax-free by the policyowner.

— At the time of the request, the insured must have been totally disabled, as defined in Appendix entitled "Definitions", for a minimum continuous period of 90 days.

Taxation

Legacy is a life insurance contract that has exempt status under the *Income Tax Act*. The contract values therefore grow sheltered from tax, subject to the limit set out in the Act. In the event of an increase in values or certain policyowner transactions, a portion of the surrender values may be paid to the policyowner to preserve the contract's tax-exempt status.

Taxation on surrenders, withdrawals, loans and disability benefits

For a total surrender, partial surrender, withdrawal, or policy loan advance, when the amount of the surrender or policy loan advance exceeds the contract's ACB,[3] the amount in excess of the ACB will be a taxable amount.

— **For a partial surrender or withdrawal**, the taxable amount is proportional to the amount withdrawn.

— **For a policy loan advance**, the amount in excess of the ACB is taxable.

[3] The adjusted cost basis (ACB) is a life insurance value that is used in calculating the taxable gain on a partial surrender, a policy loan or the amount to be credited to the capital dividend account (CDA) for a corporation.

Disability benefits are not taxable and do not affect the contract's adjusted cost basis (ACB)

Riders and additional benefits

— Term Life Insurance of 10, 20, 25, 30 years

— Contribution in the event of the Applicant's Disability (CAD)

— Contribution in the event of the Applicant's Death (CADE)

— Contribution in the event of the Insured's Disability (CID)

— Individual coverage to a joint last-to-die coverage

See the Riders and Additional Benefits Guide in the Advisor Centre for details.

Premium offset option

EVO software allows you to select a policy year to start illustrating premium offset. The premium offset illustration involves the following elements:

— Premiums set at $0;

— PUA allocation option set at $0; and

— No change to the bonus option (bonus PUA option or bonus deposit option).

Typical process for paying cost of insurance

Monthly deductions are taken from the accumulation fund. If the accumulation fund balance is insufficient to cover a monthly deduction, the Company will initiate an automatic loan advance.

Accumulation fund balance → **Automatic loan advance**

Premium offset process for paying cost of insurance

Monthly deductions are taken from the accumulation fund. If the accumulation fund balance is insufficient to cover a monthly deduction, the Company will surrender PUA coverage and use the PUA GCSV to cover the shortfall. If the PUA GCSV is insufficient to cover the monthly deduction, the Company will initiate an automatic loan advance to cover the shortfall.

Accumulation fund balance → **PUA GCSV** → **Automatic loan advance**

fPolicyholders must submit a written request to the Company in order to activate premium offset. Premiums paid by monthly pre-authorized cheque (PAC) will automatically stop. When the policyholders activate premium offset, they maintain their locked-in PUA allocation (see section entitled "Paid-up additional insurance" for more information) and continue to purchase PUA coverage under the PUA allocation option on any end of a future policy year when there is a balance in the accumulation fund. (Reminder—in addition to the cost of the PUA coverage, the Company assesses an additional charge on these PUA purchases.)

Policyholders who do not wish to maintain their locked-in PUA allocation when activating premium offset must include a written request to reduce their PUA allocation to zero. The policyholder cannot increase the PUA allocation thereafter.

As noted before, the default scenario illustrated by EVO assumes that the PUA allocation is set to $0.

Converting term insurance to Legacy

A term policy can be converted to a Legacy policy. Some restrictions apply.

— The face amount of the term policy must be at least $1 million.

— If the new Legacy policy has the same face amount as the converted term ($1 million term to $1 million Legacy for example), the PUA allocation option is not available.

— The term policy can convert to a lower face amount of Legacy coverage with PUA allocation rights. The following criteria must be met:

  – The illustration must include a minimum of 10 years of PUA allocation purchases.

  – The MNAR of the Legacy policy must be equal to or lower than the term policy face amount in all years.

  – Any remaining face amount of the term policy must be lapsed.

> The maximum MNAR can be found in the "Summary of coverage" section of the illustration report under the heading "For Advisor's Use".

Appendix A – Other modifications after issue

Legacy is a flexible life product that adapts to the policyowner's changing needs. This section covers some modifications that can be made without terminating the contract. Note that transactions to access Legacy's value can be found in the section entitled "Accessing Legacy's surrender value".

Dissociation

On the applicant's request, where applicable, any term life insurance rider can be dissociated from the Legacy policy to stand as a separate contract without evidence of insurability.

— The life insurance coverage will continue under a term life insurance contract provided by the company.

— The new contract will have the same effective date and features as the coverage in force under the Legacy policy.

— A transaction fee will apply. Please refer to the "Policies and Procedures Guide" available in the Document Centre section of the Advisor Centre.

Individual to Joint Last-to-Die (JLTD) conversion - 2 options

After issue, an individual policy can be converted to a JLTD policy. There are 2 options to do so:

— The contractual provision

— The individual to JLTD rider

The major difference between these two options is that the second life will be underwritten either "at issue" or "at the time of change" depending on the option.

Option 1: individual to JLTD contract provision

This is a default provision of the contract.Underwriting for the second life will be done at the time of change or can be avoided if the second life is surrendering an equivalent amount of individual life coverage to become insured as a joint last-to-die insured under this provision.
The option can be exercised any time after the fifth policy anniversary at the rate in effect at the time of the modification. This option is not available if the "individual to JLTD" rider described opposite has been issued.

Option 2: individual to JLTD rider

This rider is only available at issue, and underwriting for the second life is done at issue. The cost of the rider is $7.50 per month. The rider can be exercised any time after the fifth policy anniversary at the rates in effect at the time of the modification.

General rules of both options (not exhaustive[4]):

— All insureds under the new joint coverage must be over 15 years of age and under 75 years of age.

— The face amount must be completely converted.

— Any individual term life insurance coverage that the contract might contain must be either dissociated or terminated.

— The policy issue date will not change.

Equivalent single age (ESA) is determined as follows for both options:

— The age of each insured on the policy effective date;

— The equivalent age calculation method in effect on the effective date of the individual coverage or the last reinstatement date of the contract;

— Any extra premium that applies to a rated life insured will be included at the time of modification.

Change from smoker to non-smoker

When exercised, the base GCSV, the PUA GCSV and the bonus reference value are recalculated. Any resulting excess GCSV will be released into the accumulation fund.

[4] Please refer to the contract for the complete rules.

Appendix B – How policy funds are managed

Monthly payment

An amount equivalent to a monthly deduction is kept in the portfolio account. If the balance of the portfolio account becomes insufficient to cover a monthly deduction, we will transfer, from the accumulation fund, according to the DDA (see below), a sufficient amount to make up for the deficit plus a monthly deduction.

On any monthly anniversary, if the balance of the portfolio account is greater than a monthly deduction, the excess will be transferred, subject to any minimum investment requirements, to the various investment accounts according to the automatic investment instructions (AII).

Annual payment

If the policyowner selected annual payments upon receipt of the annual premium, if the accumulation fund is less than or equal to two minimum annual premiums, an equivalent amount of the monthly deductions required until the next policy anniversary will be kept in the portfolio account.

If, upon receipt of the annual premium, the accumulation fund is greater than two minimum annual premiums, only one monthly deduction will be held in the portfolio account and the excess will be transferred to the various investment accounts according to the automatic investment instructions (AII).

Automatic investment instructions (AII)

— The AII allows policyowners to rapidly invest the excess amounts in the portfolio account to the investment accounts of their choice. Policyowners can choose to invest directly in a specific investment account, regardless of their AII.

— The AII must be specified on the insurance application.

— The AII can include up to 10 investment accounts. The amounts are transferred from the portfolio account to the investment accounts selected according to the proportions established by the policyowner.

— If no instructions are specified, the AII will be set at 100% in the EquiBuild Account.

— The AII can be changed at any time on request. The new AII takes effect two business days after the request has been received by the company.

Designated deduction accounts (DDA)

— DDAs are selected by the policyowner and are used to determine which investment accounts will cover the monthly deductions when the portfolio account is insufficient. These deductions are made according to the proportions chosen by the policyowner in the DDAs.

— Up to 10 investment accounts can be used simultaneously.

— The transfer percentages specified under the DDAs may be different from those specified for the automatic investment instruction (AII).

— If no DDAs have been specified or if the investment accounts designated as DDAs do not have sufficient funds to cover the required transfer, the monthly deductions will be made from the accumulation fund in the following order:

- First, from the portfolio account, then
- From the daily interest account, then
- From the EquiBuild Account, then
- From the index-based accounts, beginning with the one most recently created, then
- From the fixed-term accounts, based on the shortest remaining term to maturity.

Transfers

The policyowner can request transfers between investment accounts.

— Transfers to fixed-term accounts are subject to a minimum of $500 per account.

— There is no charge for such transfers except when made from a fixed-term account before maturity or the EquiBuild Account, which can result in a market value adjustment.

Appendix C – Investment accounts

The policyowner may choose from the following accounts for investments in the policy funds:

Guaranteed interest accounts:

— Daily interest account

— Fixed-term account

Index-based accounts:

— Market index accounts

— Active management accounts

Guaranteed interest accounts

Guaranteed interest accounts	Minimum guaranteed return
Daily interest account	**The higher of:** — 0% for either the accumulation fund or the shuttle fund — 100% of the 3-month CORRA (Canadian Overnight Repo Rate Average) reference index, less 1%
5-year fixed-term account	**The higher of:** — 0% — 100% of the return on Government of Canada five-year bonds, less 1.00%
10-year fixed-term account	**The higher of:** — 0% — 100% of the return on Government of Canada 10-year bonds, less 1.00%

Index-based accounts

Market index accounts reflect the performance of known reference indices.

Market index accounts	Reference index	Guaranteed return	Guaranteed maximum annual fees
Bonds	FTSE TMX Canada Universe Bond Index	100% of the return of DEX Universe Bond Index, less current annual fees	**1.50%**
Canadian Stocks	S&P/TSX 60 Index	100% of the total return of the S&P/TSX 60 Index, including dividends, less current annual fees	**1.50%**
Global Stocks	MSCI World Index	100% of the net total return of the MSCI World Index, including net dividends, converted into Canadian currency, less current annual fees	**1.50%**
International Stocks	MSCI EAFE Index	100% of the net total return of the MSCI EAFE Index, including net dividends, converted into Canadian currency, less current annual fees	**1.50%**
European Stocks	MSCI Europe Index	100% of the net total return of the MSCI Europe Index, including net dividends, converted into Canadian currency, less current annual fees	**1.50%**
US Stocks	S&P 500 Index	100% of the total return of the S&P 500 Index, including dividends, converted into Canadian currency, less current annual fees	**1.50%**
US Stocks / DAQ	NASDAQ 100 Index	100% of the return of the NASDAQ 100 Price Index, converted into Canadian currency, less current annual fees	**1.50%**

Active management accounts

The interest rate is equal to 100% of the total net return of the underlying fund, less the annual fees listed in the table below:

Active management accounts	Underlying fund	Guaranteed maximum annual fees
Dividend Growth (iA)	100% of the return of the iA Clarington Dividend Growth Fund – T6 Series less current annual fees	**0.50%**
EquiBuild Account (iA)	iA EquiBuild Fund	**2.00%**

Important note: The annual fees shown in the above tables for the index-based accounts are not the current annual fees, but the maximum guaranteed annual fees as specified in the contract. For a list of our current annual fees, please visit our website.

The mirrored funds – The EquiBuild Account and EquiBuild Fund

The EquiBuild Account is a mirror of the EquiBuild Fund. The EquiBuild Fund was described in the bonus section of this guide as the annual bonus driver whereas the EquiBuild Account is an investment vehicle in the accumulation fund with the same asset allocation. The return credited on the EquiBuild Account is the same as the rate of return of the EquiBuild Fund, minus MER.

EquiBuild Fund

Used in the annual bonus calculation

EquiBuild Account

Investment vehicle in the accumulation fund. The interest rate is the EquiBuild interest rate minus MER.

Index-based accounts guarantee at death

The Legacy policy includes a minimum guarantee on the value of the index-based accounts (excluding the EquiBuild Account) in the accumulation and shuttle funds. The overall value of the index-based accounts is used to determine the benefit amount payable to the beneficiary of the funds.

The amount guaranteed at death for all active index-based accounts is the greater of:

- The market value of the index-based accounts on the date of death; and
- A percentage of the amount invested by the policyowner in the index-based accounts. This percentage is based on the deceased insured's age at issue as shown in the table below.

Life insured's age at issue	Guaranteed percentage
0 to 60	**100%**
61	**95%**
62	**90%**
63	**85%**
64	**80%**
65 +	**75%**

Market Value Adjustments (MVA)

Certain transactions involving fixed-term accounts and the EquiBuild Account may trigger a market value adjustment. An MVA is a downward adjustment of value that reflects the cost of liquidating certain assets. The MVA formulas are provided in the contract.

Transaction	MVA on EquiBuild Account	MVA on fixed-term accounts
Death benefit payment	No	No
Total surrender value payment	Yes	Yes
Automatic transfers to cover monthly deductions	No	No
Transfers between the accumulation fund and the shuttle fund	Yes	No
Deductions to purchase PUA coverage	No	Yes
Partial withdrawals	Yes	Yes
Transfers to other accounts	Yes	Yes
Any disability benefits that are paid	Yes	Yes

Appendix D – Definitions

Age

At any time, "age", in respect of coverage, is the age of the life insured rounded to their nearest birthday.

Equivalent age

For joint last-to-die coverage, the equivalent age is a single age for both insureds, calculated according to our administrative rules and used to calculate the premiums that the policyowner pays.

Amounts owed to the company

At any date, the sum of the following items:

- transaction fees incurred and unpaid;
- any policy loan balance;
- any amount needed to keep the contract in force until that date.

Policy funds

Unless otherwise indicated, equals the sum of the market value of the accumulation fund and the market value of the shuttle fund.

GCSV

Guaranteed cash surrender value; may be preceded by "base", "PUA", or "total" to describe the portion of GCSV being referred to.

Total disability

A total disability occurs under one of the following conditions:

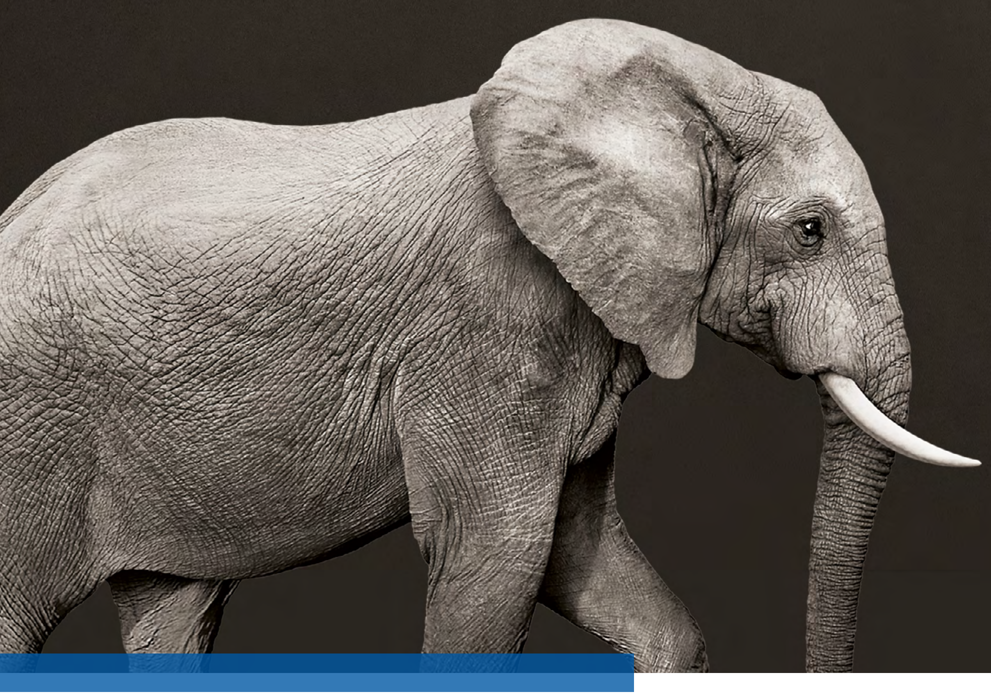
- Before age 70, as the direct result of an illness or injury, the total and continuous inability to perform the duties of the insured's regular occupation, for a life insured who practises a remunerated occupation at the onset of total disability;
- Before age 65, as the direct result of an illness or injury, the total and continuous inability to perform the duties of any occupation for which the life insured is reasonably qualified, regardless of the availability of employment, when the life insured who is temporarily unemployed or on employment insurance at the onset of total disability;
- At any age, the total, permanent and irrevocable loss of sight in both eyes, or use of both hands, or use of both feet, or use of one hand and one foot, as confirmed by a medical practitioner;
- At any age, an illness or injury which, according to the diagnosis of a medical practitioner, is expected to result in the death of the life insured within 24 months of the date of the diagnosis;
- At any age, the continued inability to perform, by themselves, any one of the primary activities of daily living as defined below.

Primary activities of daily living

- Walking;
- Feeding – the ability to consume food or drink that already has been prepared and made available, with or without the use of adaptive utensils;
- Dressing – the ability to put on and remove necessary clothing including braces, artificial limbs or other surgical appliances;
- Bladder and bowel continence – the ability to manage bowel and bladder function;
- Bathing – the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the aid of equipment;
- Talking to make themselves understood in a quiet place, by a person of their acquaintance;
- Hearing so as to understand, in a quiet place, a person of their acquaintance;
- Using the mental functions necessary for everyday activities such as:
  - memory;
  - problem solving, goal-setting and decision making (taken together);
  - adaptive functioning.

ABOUT iA GLOBAL ASSET MANAGEMENT (iAGAM)

Choosing Legacy means benefitting from the expertise of a seasoned asset management team. iA Global Asset Management is a wholly-owned subsidiary of iA Financial Group. iAGAM has close to 180 employees, including more than 100 investment professionals and nearly 50 CFA charterholders. The team responsible for managing all of iA Financial Group's assets within iAGAM manages the EquiBuild Account. This team manages nearly $45 billion in assets, of which more than $10 billion is invested in alternative assets. This type of investment includes real estate investments, private debt, commercial mortgages, infrastructure investments and private equity. The team's portfolio management is supported by the expertise of several teams within iAGAM, including a variety of managers with a wealth of experience in equities, bonds, alternative assets, asset allocation, economics and risk management.



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