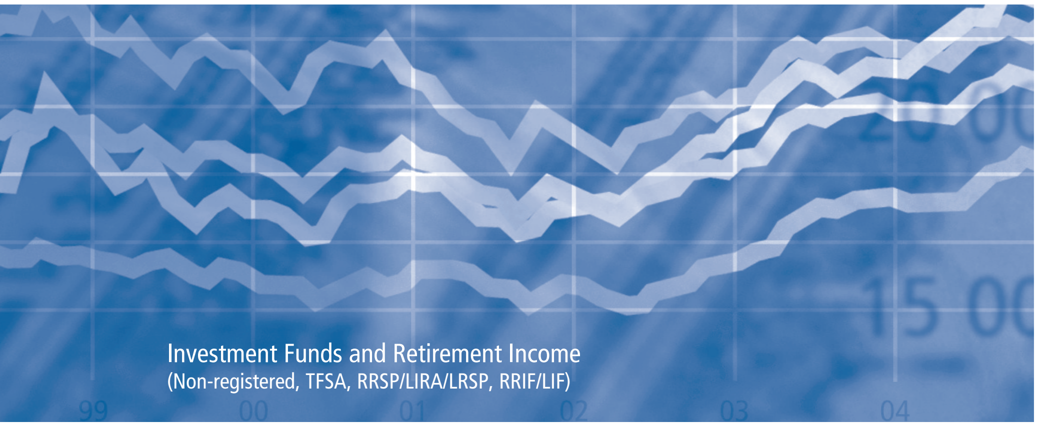
IAG SAVINGS AND
RETIREMENT PLAN

MAY 2014

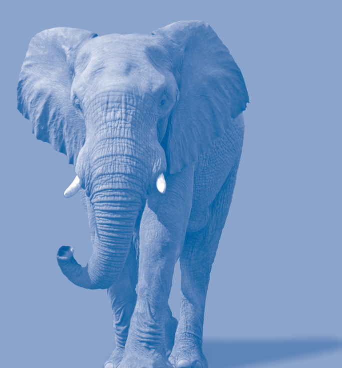
INFORMATION FOLDER

and Individual Variable Annuity Contract



Investment Funds and Retirement Income
(Non-registered, TFSA, RRSP/LIRA/LRSP, RRIF/LIF)

A partner you can trust.



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INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

IAG SAVINGS AND RETIREMENT PLAN
INDIVIDUAL VARIABLE ANNUITY CONTRACTS
(NON-REGISTERED, RSP/LIRA/LRSP, RIF/LIF, TFSA)

This document includes the IAG Savings and Retirement Plan Individual Variable Annuity Contract (Non-registered, TFSA, RSP/LIRA/LRSP, RIF/LIF) appearing on page 31, which will be called the "Contract" for purposes of this document, as well as the Information Folder related to this Contract. The Information Folder is a summary of the Contract and presents the numerous segregated funds (hereinafter called the “Funds”) offered by Industrial Alliance Insurance and Financial Services Inc. (hereinafter called the “Company”).

The Information Folder is not part of the Contract and must not be considered under any circumstances as a contractual document that binds the Policyholder and the Company. In the event of incompatibility between the Information Folder and the Contract, the Contract takes precedence. The information provided in the Information Folder is up-to-date on the date of the printing of this document, but could be subject to modifications.

Any amount that is allocated to a Fund is invested at the risk of the Policyholder and may increase or decrease in value.

This Policy contains a provision removing or restricting the right of the insured to designate persons to whom or for whose benefit insurance money is to be payable.

KEY FACTS

IAG Savings and Retirement Plan

This summary briefly describes the basic things you should know before you apply for this individual variable insurance contract. This summary is not your contract. A full description of all the features and how they work is contained in this information folder and your contract. You should review these documents and discuss any questions you have with your life insurance agent.

What am I getting? This is an insurance contract between you and Industrial Alliance Insurance and Financial Services Inc.	**Product**	**IAG Savings and Retirement Plan** Individual Variable Annuity Contract issued by Industrial Alliance Insurance and Financial Services Inc.
	Investment of a Premium	• You can choose an investment option • You can choose a guarantee
	Registration Type	• Non-registered • RSP • LIRA • TFSA • LRSP • RIF • LIF
	Beneficiary	You can name a person to receive the death benefit This designation allows your savings to be transferred to this person without having to pay probate fees
	Payments	You can receive regular payments now or later

The choices you make may affect your taxes. They could also affect the guarantees. Ask your life insurance agent to help you make these choices.

The value of your contract can go up or down subject to the guarantees.

What Guarantees are available?

For full details about how these guarantees work, see **Sections 3, 4 and 5** of this information folder.

You get maturity and death benefit guarantees. These help protect your fund investments. You also get added protection from reset of the guaranteed amount. You pay fees for this protection. There are extra fees for options you select. **Any withdrawals you make will reduce the guarantees. For full details, please refer to Sections 3, 4 and 5 of this information folder.**

Maturity Guarantee

This protects the value of your investment at specific dates in the future. These dates are called the guarantee maturity dates and may differ from one series to another. These dates are explained in this information folder in **Sections 3, 4 and 5**. If you make investments in more than one series, different maturity guarantees may apply.

The maturity guarantee is the same for the **Classic Series 75/75** and the **Series 75/100***. If you select one of these series, on the guarantee maturity date, you will receive the greater of:

- The market value of the funds, or
- **75%** of the money you put in the funds.

You can increase this maturity guarantee if you select the **Ecoflex Series 100/100**. However an extra fee applies. On this date, you will receive the greater of :

- The market value of the funds, or
- **100%** of the money you put in the funds.

* An extra fee applies if you select the **Series 75/100** because of the death benefit guarantee.

Death Benefit Guarantee

This protects the value of your investment if the person named as the annuitant dies before the guarantee maturity date. It is paid to someone you name.

If you select the **Classic Series 75/75**, it pays the greater of:

- The market value of the funds, or
- **75%** of the money you put in the funds.

You can increase the value of this guarantee if you select the **Series 75/100** or the **Ecoflex Series 100/100**. An extra fee applies for each of these series. If you select one of these series, it pays the greater of:

- The market value of the funds, or
- **100%** of the money you put in the funds.

	Reset If the value of your investment goes up, reset of your guarantees at a higher amount may occur. See **Sections 4 and 5** of this information folder for more details.
What investments are available?	You can invest in segregated funds, guaranteed interest options, the daily interest fund and the life investment. The maturity and death benefit guarantees only apply to segregated funds. You can choose from several types of segregated funds: Canadian bonds, Canadian, U.S. and global equity, hybrid, dividend, diversified portfolios and specialty funds. The segregated funds are described in the ***Fund Facts***. Please refer to the ***Fund Facts*** for more information. **Other than maturity and death benefit guarantees, Industrial Alliance Insurance and Financial Services Inc. does not guarantee the performance of segregated funds. Carefully consider your tolerance for risk when you select an investment option.**
How Much Will this Cost? The type of guarantees, the funds and the sales charge options you select all affect your costs.	> If you invest in funds, you can choose up-front, deferred and no sales charges. For full details see **Section 6.4** of this information folder. > Fees and expenses are deducted from the segregated funds. They are shown as management expense ratios or MERs on the ***Fund Facts*** for each fund. > If you select the **Series 75/100** or the **Ecoflex Series 100/100**, you pay additional fees. > If you make certain transactions or other requests, you may be charged separately for them. These may include withdrawals, short-term trading, switching funds and changing guarantees. For full details, see **Section 6.3** of this information folder and the ***Fund Facts*** for each segregated fund.
What can I do after I purchase this contract? If you wish, you can do any of the following:	✓ Transfers You may switch from one fund to another. See **Section 2.4** of this information folder. ✓ Change guarantee You can change the guarantee applicable for your investment. See **Section 2.5** of this information folder. ✓ Withdrawals You can withdraw money from your contract. If you decide to, this will affect your guarantees. You may also need to pay a fee or taxes. See **Section 2.6** of this information folder. ✓ Premiums You may make lump-sum or regular payments. See **Section 2.1** of this information folder. ✓ Resets If you select the **Series 75/100** or the **Ecoflex Series 100/100** and if the value of your investment goes up, you may reset your death benefit guarantee at a higher amount. For full details about how this reset works, see **Sections 4.6 and 5.6** of this information folder. ✓ Pay-out annuity At a certain time, unless you select another option, we will start making payments to you. See **Section 1.11** of the contract. **Certain restrictions and other conditions may apply. Review the contract for your rights and obligations and discuss any questions with your life insurance agent.**

What information will I receive about my contract?	We will tell you at least once a year the value of your investments and any transactions you have made. You may request more detailed financial statements of the funds. These are updated at certain times during the year. Semi-annual unaudited financial statements and audited annual financial statements will be provided upon written request. They are also available on the Company's website at www.inalco.com.
Can I change my mind? ***Yes, you can:*** – cancel the contract, – cancel any payment you make, or – reverse investment decisions.	To do any of these, you must tell us in writing within two business days of the earlier of: **a)** the date you receive confirmation; or **b)** five business days after it is mailed. The amount returned will be the lesser of: **a)** the amount you invested; or **b)** the value of the fund if it has gone down. If you cancel, the amount returned will include a refund of any sales charges or other fees you paid. If you change your mind about a specific fund transaction, the right to cancel only applies to that transaction.
Where can I get more information?	You may contact us at the following address: Industrial Alliance, Insurance and Financial Services Inc. 1080 Grande Allée West PO Box 1907, Station Terminus Quebec City, Quebec G1K 7M3 Phone number: 1-800-463-6236 Email address: info@inalco.com Information about our Company and the products and services we provide is on our website at www.inalco.com. For information about handling issues you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the Internet at www.olhi.ca. For information about additional protection available for all life insurance contractholders, contact Assuris, a company established by the Canadian life insurance industry. See www.assuris.ca for details. For information about how to contact the insurance regulator in your province visit the Canadian Council of Insurance Regulators website at www.ccir-ccrra.org.

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CERTIFICATION

IAG SAVINGS AND RETIREMENT PLAN
INDIVIDUAL VARIABLE ANNUITY CONTRACTS (NON-REGISTERED, TFSA, RSP/LIRA/LRSP, RIF/LIF)

The purpose of this Information Folder is to provide a brief summary of the IAG Savings and Retirement Plan Individual Variable Annuity Contracts (Non-registered, TFSA, RSP/LIRA/LRSP, RIF/LIF) offered by Industrial Alliance Insurance and Financial Services Inc. (hereafter called the "Company"), which permits investments in segregated funds, referred to as "Funds" in this Information Folder.

This document must be accompanied by the Fund Facts Booklet.

This Information Folder provides brief and plain disclosure of the key features of the IAG Savings and Retirement Plan Individual Variable Annuity Contracts offered by the Company (also referred to as the "IAG Savings and Retirement Plan Contract" or the "Contract" in this Information Folder).

Dated this 23rd day of May 2014.

Industrial Alliance Insurance and Financial Services Inc.
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

Yvon Charest
President and Chief Executive Officer

Douglas A. Carrothers
Corporate Secretary

1. DESCRIPTION OF IAG SAVINGS AND RETIREMENT PLAN INDIVIDUAL VARIABLE ANNUITY CONTRACTS

1.1 Definitions

All terms used in this Information Folder have the same meanings given to these terms in the Contract. Also, to know the definitions of the terms used in the Information Folder and which begin with a capital letter, the Policyholder must refer to the definitions provided in the Contract.

1.2 General Overview

The IAG Savings and Retirement Plan Contracts are individual variable annuity contracts offered by the Company and are among the various investment vehicles offered.

The IAG Savings and Retirement Plan Contracts can be entered into by completing either a paper application or an electronic application form and the signatures form. Both the paper and electronic applications offer the same features and advantages for each particular type of Contract.

The IAG Savings and Retirement Plan Contracts allow Premiums to be invested in the various investment vehicles offered by the Company. This Information Folder only describes the Funds available under this Contract and the applicable guarantees; however, other investment options are also available such as a daily interest fund, guaranteed investments and life investment (available with the RRIF Contract only). A description of each Fund appears in the Fund Facts Booklet, which must accompany this Information Folder. Please refer to Sections 3 and 4 of the Contract for more information on the other investment options. The Company may, from time to time, add or remove one or more of these Funds.

See Section 6.1 of this Information Folder, entitled Market Value of Fund Assets and Current Value of a Fund Unit for details on the method used to determine the Current Value of Fund Units or any other information regarding the Current Value of Fund Units.

The IAG Savings and Retirement Plan Contracts may be non-registered or registered as a Tax-Free Savings Account (TFSA), a Retirement Savings Plan (RSP), a Retirement Income Fund (RIF), a Life Income Fund (LIF), a Locked-in Retirement Account (LIRA) or a locked-in RSP in all provinces where allowed by law. Registered contracts may be more suitable for long-term rather than short-term investments.

When the Contract is registered, the applicable federal and provincial income tax legislation applies. See Section 6.8 *Taxation* for more information on registration. In addition, in order to comply with the legislation, the IAG Savings and Retirement Plan Contract may be modified by an endorsement when the Contract is issued to obtain the desired registration. As a result, certain provisions set out in the Contract may not apply under the terms of the endorsement provided for registration purposes. Before purchasing a registered contract, the Policyholder should talk to his/her life insurance agent about the tax implications of establishing, contributing to, amending and terminating registered contracts.

For a Non-registered contract only, there may be more than one Policyholder. **If the Contract is held by more than one Policyholder, all the rights and obligations pursuant to this Contract must be jointly exercised by all Policyholders**.

Except in the province of Quebec, following the death of a Policyholder and if the Contract is held under joint ownership with right of survivorship, the Contract remains in force and the last surviving Policyholder becomes the sole Policyholder of the Contract.

In the province of Quebec, following the death of a Policyholder and if a Subrogated Policyholder has been designated, the Subrogated Policyholder becomes a new Policyholder of the Contract.

Transfer of ownership may result in some tax implications and it is suggested that the Policyholder consult his/her tax specialist regarding the transfer of ownership.

The ownership and its transfer must be made in accordance with applicable legislation, the administrative rules of the Company and the terms and conditions of this Contract.

1.3 Maximum Age at Issue and Investment Period Maturity Date

IAG Savings and Retirement Plan Contracts can be issued up to the date the Annuitant turns the following ages:

IAG Savings and Retirement Plan Contract	Maximum Age at Issue
Non-registered/TFSA	90 years of age
RSP/LIRA/LRSP*	71 years of age
RIF/LIF	71 years of age (if transferred from an RRSP/LIRA)
	90 years of age (if transferred from a RRIF/LIF)

The Investment Period Maturity Date will mature on the following dates:

IAG Savings and Retirement Plan Contract	Investment Period Maturity Date
Non-registered/TFSA	December 31 of the year the Annuitant turns 100
RSP/LIRA/LRSP*	December 31 of the year the Annuitant turns 71 (Section 2.11 applies after age 71)
RIF/LIF	December 31 of the year the Annuitant turns 100 (for LIFs, however, the maturity date may be different depending on the applicable legislation)

* The listings of the types of registration provided previously are not exhaustive. For any other type of registration under the *Income Tax Act* (Canada) or any applicable pension legislation, please refer to the appropriate pension legislation.

1.4 Guarantees

Each Fund offers different guarantees with respect to the Premiums invested in the Funds. Some Funds may only be offered under certain type of Series. The Series offered under this Contact are:

I. Classic Series 75/75;

II. Series 75/100;

III. Ecoflex Series 100/100.

Each Series provides a Guaranteed Minimum Value at Maturity and a Guaranteed Minimum Value at Death for Premiums invested in the Funds. The guarantees decrease in proportion to each surrender. See Sections 3, 4, 5, of this Information Folder for more details on the IAG Savings and Retirement Plan guarantees.

2. GENERAL CONDITIONS

2.1 Premiums

Subject to certain restrictions related to the Maximum Age at Issue (see Section 1.3), the Policyholder may invest all or part of the Premiums paid under the Contract in the Funds offered by the Company.

The amounts allocated to the Funds will be used to purchase Fund Units based on the Current Value of a Fund Unit, as determined on the Valuation Date. Units are acquired in accordance with Sections 2.2 and 6.1, which describe the Valuation Date and the Current Value of a Fund Unit as referred to throughout this Information Folder. The Company reserves the right to limit the amount invested in a Fund and to close a Fund for all future investments.

If the Policyholder fails to give instructions as to the desired allocation of a Premium to the various Funds under the Contract, the Premium is invested in the Classic Series 75/75 Money Market Fund if the Contract is administered electronically through the FundSERV network and in the daily interest fund if the Contract is not administered electronically through the FundSERV network.

Any Premium is allocated to each Fund according to the Policyholder's written instructions. However, a minimum of $25 must be allocated to each Fund selected in order to purchase Fund Units under the Contract. If this Fund allocation minimum amount is not met when a Premium is invested, this Premium is invested in the Classic Series 75/75 Money Market Fund if the Contract is administered electronically through the FundSERV network and in the daily interest fund if the Contract is not administered electronically through the FundSERV network until the Fund allocation minimum amount is met. This Fund allocation minimum amount is subject to change at any time in accordance with the Company's administrative regulations.

ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER AND MAY INCREASE OR DECREASE IN VALUE.

2.2 Date the Units Are Credited to the Contract

Fund Units are credited to the Contract on the Valuation Date coinciding with the date on which the Company receives the request to invest a Premium in the Funds at its head office, or on the first Valuation Date following if the request to invest is received after 4:00 p.m. eastern time. The Fund Units will be credited to the Contract on this Valuation Date. The number of Fund Units credited to the Contract will be the amount allocated to the Fund by the investment of the Premium, divided by the Current Value of a Fund Unit of the Fund determined on the Valuation Date on which the Units were credited, as described in Section 6.1.

THE MARKET VALUE OF THE PREMIUMS INVESTED IN THE FUNDS AND THE CURRENT VALUE OF EACH FUND'S UNITS CREDITED TO THE CONTRACT ARE NOT GUARANTEED SINCE THESE VALUES FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

2.3 Market Value of the Premiums Invested in the Funds

The Market Value of the Premiums invested in the Funds on a Valuation Date is equal to the sum of the Current Value of all the Fund Units in each of the Funds credited to the Contract on that Valuation Date.

2.4 Transfers Between Funds

The Policyholder may request, in writing, that the Current Value of Fund Units credited to the Contract be transferred and invested in another available Fund, subject to certain restrictions. Tax implications may occur following a transfer between Funds.

Subject to the applicable provisions when a change of Series occurs, the Units credited following a transfer will retain the date the debited Units were initially credited to the Contract. However, Units credited to the Contract following a transfer of the value of the Units of the Money Market Fund to another Fund shall be credited to the Contract at the Valuation Date on which the Current Value of the Money Market Fund Units was determined. No Surrender Fees will be charged in these circumstances.

The value of the Units credited and debited following a transfer will be based on the Current Value of each Unit of the Funds for which a transfer request is received and on the Valuation Date upon which the transfer request is received by the Company.

The balance of the investment in a Fund after a transfer may not be less than the minimum amount required; otherwise, the entire investment in the Fund must be transferred to the other Fund in which the transfer is requested. This minimum is determined from time to time by the Company. The Company reserves the right to charge transaction fees on transfers at any time.

If a transfer between Funds results in a change of Series, Section 2.5 applies.

2.5 Change of Series

The Policyholder may request, in writing, to change the type of Series of the Units credited to the Contract subject to certain restrictions. The following table describes the different possibilities for which a change of Series is allowed under the Contract:

To / From	Classic Series 75/75	Series 75/100	Ecoflex Series 100/100
Classic Series 75/75		Allowed	Allowed
Series 75/100	Allowed		Allowed
Ecoflex Series 100/100	Allowed	Allowed	

Please refer to the appropriate Sections of this Information Folder to know how the Company proceeds with the Change of Series from the;

> Classic Series 75/75 to the Series 75/100 (Section 4.8)

> Classic Series 75/75 to the Ecoflex Series 100/100 (Section 5.8)

> Series 75/100 to the Ecoflex Series 100/100 (Section 5.8)

> Series 75/100 to the Classic Series 75/75 (Section 3.6)

> Ecoflex Series 100/100 to the Classic Series 75/75 (Section 3.6)

> Ecoflex Series 100/100 to the Series 75/100 (Section 4.8)

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

2.6 Surrender of Premiums

At any time on or before the Investment Period Maturity Date, the Policyholder may request, in writing, that some or all of the Premiums invested in the Funds be surrendered.

A partial or total surrender may entail Surrender Fees, which are described in Section 6.4.2. All partial surrenders must be at least $100 for each Fund, and the balance of the Fund Units must not fall below the required minimum (currently $25) as a result of the partial surrender, otherwise all the Units in that Fund will have to be surrendered. The Company reserves the right to change these minimum amounts at any time.

The surrender value of the Premiums invested in the Funds is equal to the number of Fund Units debited from the Contract multiplied by the Current Value of the Fund Unit on the Valuation Date coinciding with, or the first Valuation Date following, the date on which the Company receives the request to surrender minus the applicable Surrender Fees, if any. The Company reserves the right to delay the cash payment or transfer to another financial institution by up to 60 days from the date the written surrender request is received.

In the event of a partial surrender, the Policyholder must indicate both the amount to be surrendered and the particular Fund or Funds from which a portion of the surrender value is to be surrendered. For a Fund, if there are Units in several Series credited to the Contract, the Policyholder must also indicate which Units of that Fund are to be debited first (Units of the Classic Series 75/75, the Series 75/100 or the Ecoflex Series 100/100). Furthermore, in the event of a partial surrender, when there are Fund Units credited to the Contract from the same Fund and the same Series, it is the Fund Units that have been credited to the Contract the least recently that are debited first.

The Company may suspend the right to surrender Premiums invested in a Fund or postpone the date of payment upon surrender during any period when normal trading is suspended on any exchange listing securities in which the underlying fund is invested and if those securities are not traded on any other exchange that represents a reasonably practical alternative or with the prior permission of the Canadian securities regulatory authorities.

During any period of suspension, there will be no calculation of the Current Value of the Fund Units and no Units will be credited to or debited from the Contract. The calculation of the Current Value of the Fund Units will resume when trading resumes on the exchange or with the permission of the Canadian securities regulatory authorities. If the right to surrender Premiums invested in a Fund is suspended and the Policyholder makes a surrender request during that period, he/she may either withdraw his/her surrender request prior to the end of the suspension period or the Fund Units credited to his/her Contract will be debited in accordance with the request to surrender when the Current Value of the Fund Units is first calculated following the end of the suspension period.

THE SURRENDER VALUE OF PREMIUMS INVESTED IN THE FUNDS IS NOT GUARANTEED WHEN A PARTIAL OR TOTAL SURRENDER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

2.7 Frequent Trading

An investment in a Fund is a long-term process. A short-term transaction may be detrimental to the performance of a Fund, result in additional administration fees and have a negative impact on the Funds.

Frequent trading consists of carrying out transactions within a short period of time in an attempt to outperform the market. A short period of time is deemed to be 90 days or less. The investment of Premiums in a Fund, the partial or total transfer of Premiums invested in a Fund to other Funds and partial or total surrender of these Premiums are considered as transactions. Frequent trading is not illegal, but may be harmful to the Funds. These types of transactions may result in additional administration fees.

If the Policyholder surrenders or transfers the Premiums invested in a Fund, in whole or in part (except for the Money Market Fund), within 90 days following the date of their investment in the Fund, frequent trading fees equal to 2% of the amount of the transaction apply.

When a surrender or transfer occurs within 30 days following the date of the investment in any of the Global, International, Small Capitalization or Specialty Funds, the Company may waive the fees, at its sole discretion and only if it determines it to be under exceptional circumstances. For these Funds, when the transaction occurs between 31 and 90 days following the date of the investment, the Company reserves the right to waive the fees at its sole discretion.

For all other Funds, the Company may waive the fees at any time, at its sole discretion.

All frequent trading fees charged are invested in the Fund subject to the partial or total surrender or transfer of Premiums to increase the assets of the Fund for the benefit of all policyholders having invested in the Fund. The Company reserves the right to modify, at any time, the terms related to frequent trading fees.

These fees do not apply to Premiums surrendered or transferred under the Company’s systematic plans (such as the Pre-Authorized Chequing (“PAC”) Plan and the Periodic Income Program (“PIP”)).

In addition to any applicable frequent trading fees, the Company may, at its sole discretion, refuse any investment of future Premiums or transfer of Premium requests if the Company determines that the Policyholder’s trading activities may be detrimental to the Funds or the underlying funds.

2.8 Dollar Cost Averaging (RSP, LIRA, TFSA and Non-registered Contracts)

The Policyholder may participate, upon written request, in the Dollar Cost Averaging (“DCA”) investment plan. Under this plan, the Policyholder initially invests his/her Premium in the Money Market Fund. Each month, a designated amount, as determined by the Policyholder, is automatically transferred from the Money Market Fund in order to invest in selected Funds of the Contract for a specified period of time (between 6 and 12 months). This transaction requires a monthly minimum investment of $25 per Fund.

2.9 Periodic Income Program (RSP, TFSA and Non-registered Contracts)

The Policyholder may participate, upon written request, in the Periodic Income Program ("PIP"). The Policyholder can choose to receive the income on a monthly or annual basis. The minimum amount of periodic income paid to the Policyholder must be at least $1,000 on an annual basis or $100 on a monthly basis.

The amounts needed to pay the PIP are surrendered from the Funds through the debit of Units credited to the Contract in accordance with Section 2.6 in the proportion or following the order indicated by the Policyholder.

The Policyholder may terminate the PIP at any time by sending a written request to the Company. The Company reserves the right to modify the PIP from time to time.

ANY PORTION OF THE TOTAL VALUE OF PREMIUMS INVESTED IN FUNDS SURRENDERED TO MAKE PAYMENTS UNDER THE PERIODIC INCOME PROGRAM IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF EACH FUND'S ASSETS.

2.10 Retirement Income Payments (RIF and LIF Contracts)

Each year, the Company pays the Policyholder the retirement income payments chosen by him/her, provided the total payments made during each calendar year are not less than the minimum payment defined in paragraph 146.3(1) of the *Income Tax Act* (Canada). The Company makes the stipulated payments in accordance with the provisions of the *Income Tax Act* (Canada).

Payment Options

The Policyholder may choose from the payment options offered by the Company. The selected option applies for the entire duration of the Contract or until the Policyholder chooses another payment option offered by the Company. The Company may modify or cease to offer certain payment options. Failing instructions from the Policyholder, if the annual life income payments from the life investment are lower than the minimum annual payment, or if no investment is made in the life investment, payments will be made according to the Minimum Payment option described in the following paragraph. If the annual life income payments from the life investment are higher than the minimum annual payment prescribed by the *Income Tax Act* (Canada), and failing instructions from the Policyholder, payments will be made according to the Level Payment option described below. These payments correspond to the life income payments.

Minimum Payment

This is the minimum annual payment that must be made under the Contract as prescribed by the *Income Tax Act* (Canada). It is established on January 1st of each year by multiplying the Book Value of the Contract on this date by a percentage prescribed by the *Income Tax Act* (Canada). The percentage is based on the age of the Annuitant or the Annuitant's spouse, as indicated in the application. This option is available only if the sum of the payments from the life investment over the course of a calendar year, where applicable, is lower than the minimum amount prescribed by the *Income Tax Act* (Canada).

Level Payment

The Annuitant receives a fixed amount determined for the duration of the Contract. This amount must include the amount of the payments from the life investment, where applicable.

Indexed Payment

The amount determined by the Policyholder increases at the beginning of each calendar year according to an indexation rate chosen by the Policyholder. The indexation rate cannot exceed 8%. This amount must include the amount of the payments from the life investment, where applicable.

Frequency of Payments

The Policyholder can choose to receive the retirement benefits on a monthly, quarterly, semi-annual or annual basis on the day of his or her choice. However, if the total periodic retirement benefits over the course of a calendar year are lower than $1,200, the frequency must be annual. Failing instructions from the Policyholder and subject to the terms and conditions stated above, payments will be made on a monthly basis. If the Policyholder invests in the life investment, the frequency of payments and the day of the month the benefits are paid may not be modified while the life investment is in force.

Payment of Benefits

The retirement benefit payments are made according to the payment option selected by the Policyholder or, failing instructions from the Policyholder, according to the Contract provisions. For each retirement benefit payment, the amount paid under the life investment, where applicable, is used to make the payment. When an amount in addition to the amount paid under the life investment is required to pay the retirement benefit requested by the Annuitant or is required by law, or when no investment is made in the life investment, the amounts are surrendered from the various other investment vehicles in the proportion or according to the instructions provided by the Policyholder. Failing instructions from the Policyholder, the amounts needed to make up the difference between the amounts paid under the life investment, where applicable, and the retirement benefit payment or the amounts needed to pay the retirement benefits when no investment is made in the life investment, are surrendered according to the instructions provided on the application (hereafter called the “automatic surrender term”) and according to the surrender provisions specific to each investment vehicle. Guaranteed investments are surrendered starting with those having the shortest maturity. The automatic surrender term may be modified by the Company at any time.

2.11 Automatic Conversion (RSP and LIRA Contracts)

If the Contract is registered as an RSP or a LIRA and is in force on December 31 of the year in which the Policyholder turns 71, the Contract is automatically converted into an IAG Savings and Retirement Plan RIF or LIF Contract, respectively, offered by the Company. The automatic conversion does not in any way affect the investments in force at the time of the conversion.

The automatic conversion will be made in accordance with the *Income Tax Act* (Canada) or any corresponding provincial legislation and according to the administrative policies currently in effect at the Company.

2.12 Start of Annuity Payments

When the annuity payments under an IAG Savings and Retirement Plan Contract begin, as stipulated in the Contract or in any applicable endorsement, the Current Value of the Fund Units credited to the Contract will be used to determine the amount of the annuity. For more details on annuity payments, refer to Section 1.11 *Annuities* in the Contract or in the applicable endorsement.

3. CLASSIC SERIES 75/75

3.1 Guarantee Maturity Date

The Guarantee Maturity Date is the date at which the guarantee at maturity is applicable.

3.1.1 Establishment

The Guarantee Maturity Date is automatically established on December 31 of the year in which the Annuitant reaches 100 years of age.

If the Contract is registered as a LIF, the Guarantee Maturity Date may be different depending on the applicable pension legislation.

3.1.2 Successor Annuitant

On the Annuitant’s death, if Classic Series 75/75 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant’s spouse or common-law partner elects to become the Successor Annuitant a new Guarantee Maturity Date for the Classic Series 75/75 is automatically established on December 31 of the year in which the Successor Annuitant reaches 100 years of age.

3.2 Guaranteed Minimum Value at Maturity

The Guarantee Minimum Value at Maturity is equal to 75% of the Premiums invested in the Classic Series 75/75 Funds on the Initial Investment Date of the Classic Series 75/75 and varies as follows:

1) increases when additional Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the new Premiums;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Classic Series 75/75 Funds when any Classic Series 75/75 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and
3) the Guaranteed Minimum Value at Maturity is reduced to zero when there is no remaining value in the Classic Series 75/75 or if the Contract is cancelled or terminated.

On the Annuitant’s death, if a Successor Annuitant has been designated or the Annuitant’s spouse or common-law partner elects to become the Successor Annuitant, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant’s death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 75% of the Market Value of the Premiums invested in the Classic Series 75/75 Funds calculated on this date and following any credit of Units as provided for pursuant to Section 3.3 below. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this Section.

3.3 Application of the Guaranteed Minimum Value at Maturity on the Guarantee Maturity Date

On the Guarantee Maturity Date, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Classic Series 75/75 are compared. If the Guaranteed Minimum Value at Maturity is higher than the Market Value, the Company will make up the difference by crediting Classic Series 75/75 Fund Units at their Current Value.

Said Units are invested in the Classic Series 75/75 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

On the Guarantee Maturity Date, the Policyholder may choose one of the following options:

1. any annuity offered at the time by the Company;
2. to cash in the Contract;
3. to continue the Contract, including the annuity payments provided under the Contract.

All options must comply with the applicable legislation.

3.4 Guarantee Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 75% of the value of the Premiums invested in the Classic Series 75/75 Funds on the Initial Investment Date of the Classic Series 75/75 and varies as follows:

1) increases when additional Classic Series 75/75 Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the new Premiums;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Classic Series 75/75 Funds when any Classic Series 75/75 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and
3) the Guaranteed Minimum Value at Death is reduced to zero when there is no remaining value in the Classic Series 75/75 or if the Contract is cancelled or terminated.

3.5 Death Benefit for the Classic Series 75/75

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section 1.10 *Death Benefits* of the Contract will be the higher of:

a) the Market Value of the Premiums invested in the Classic Series 75/75 Funds on the date the Company receives all documents required to settle the claim; and
b) the Guaranteed Minimum Value at Death on the reception date described previously.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Classic Series 75/75 Funds, the Company makes up the difference by crediting Classic Series 75/75 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Classic Series 75/75 Funds. Said Units are invested in the Classic Series 75/75 Money Market Fund.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED SINCE IT VARIES ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

3.6 Change of Series

Series 75/100 to the Classic Series 75/75

Upon written request from the Policyholder, the Company proceeds with the change from the Series 75/100 to the Classic Series 75/75. Following the change of Series, the guarantees applicable under the Series 75/100 will decrease in proportion to the debited Fund Units from the Series 75/100 that are newly covered by the Classic Series 75/75.

For the purposes of the guarantees applicable under the Classic Series 75/75, the sum of the Current Value of all the credited Units newly covered by the Classic Series 75/75 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Classic Series 75/75. If no Classic Series 75/75 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Classic Series 75/75 will be automatically established on December 31 of the year in which the Annuitant turns one hundred (100).

Ecoflex Series 100/100 to the Classic Series 75/75

Upon written request from the Policyholder, the Company proceeds with the change from the Ecoflex Series 100/100 to the Classic Series 75/75. Following the change of Series, the guarantees applicable under the Ecoflex Series 100/100 will decrease in proportion to the debited Fund Units from the Ecoflex Series 100/100 that are newly covered by the Classic Series 75/75.

For the purposes of the guarantees applicable under the Classic Series 75/75, the sum of the Current Value of all the credited Units newly covered by the Classic Series 75/75 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Classic Series 75/75. If no Classic Series 75/75 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Classic Series 75/75 will be automatically established on December 31 of the year in which the Annuitant turns 100.

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

4. SERIES 75/100

4.1 Guarantee Maturity Date

The Guarantee Maturity Date is the date at which the guarantee at maturity is applicable.

4.1.1 Establishment

The Guarantee Maturity Date is automatically established on December 31 of the year in which the Annuitant reaches 100 years of age. If the Contract is registered as a LIF, the Guarantee Maturity Date may be different depending on the applicable pension legislation.

4.1.2 Successor Annuitant

On the Annuitant's death, if Series 75/100 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant a new Guarantee Maturity Date for the Series 75/100 is automatically established on December 31 of the year in which the Successor Annuitant reaches 100 years of age.

4.2 Guaranteed Minimum Value at Maturity

The Guarantee Minimum Value at Maturity is equal to 75% of the Premiums invested in the Series 75/100 Funds on the Initial Investment Date of the Series 75/100 and varies as follows:

1) increases when additional Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the new Premiums;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Series 75/100 Funds when any Series 75/100 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and
3) the Guaranteed Minimum Value at Maturity is reduced to zero when there is no remaining value in the Series 75/100 or if the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 75% of the Market Value of the Premiums invested in the Series 75/100 Funds calculated on this date and following any credit of Units as provided for pursuant to Section 4.3 below. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this Section.

4.3 Application of the Guaranteed Minimum Value at Maturity on the Guarantee Maturity Date

On the Guarantee Maturity Date, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Series 75/100 are compared. If the Guaranteed Minimum Value at Maturity is higher than the Market Value, the Company will make up the difference by crediting Series 75/100 Fund Units at their Current Value.

Said Units are invested in the Series 75/100 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

On the Guarantee Maturity Date, the Policyholder may choose one of the following options:

1. any annuity offered at the time by the Company;
2. to cash in the Contract;
3. to continue the Contract, including the annuity payments provided under the Contract.

All options must comply with the applicable legislation.

4.4 Guaranteed Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 100% (75% if the Annuitant is 80 years of age or older when the investment is made) of the Premiums invested in the Series 75/100 on the Initial Investment Date of the Series 75/100 and varies as follows:

1) increases when additional Fund Units are credited to the Contract under this Series (excluding transfers between Funds in this same Series), in the following proportion:
   > 100% of the Premiums if the investment took place before the Annuitant reaches 80 years of age;
   > 75% of the Premiums if the investment took place when the Annuitant is 80 years of age or older;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Series 75/100 Funds when any Series 75/100 Fund Units are debited from the Contract (excluding transfers between Funds in this same Series);
3) the Guaranteed Minimum Value at Death is reduced to zero when there is no remaining value in the Series 75/100 or if the Contract is cancelled or terminated;
4) the Guaranteed Minimum Value at Death may be increased by a reset of the Guaranteed Minimum Value at Death (see Section 4.6).

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, a new Guaranteed Minimum Value at Death is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Death is equal to 100% (75% if the Successor Annuitant is 80 years of age or older on this date) of the Market Value of the Premiums invested in the Series 75/100 Funds calculated on this date and following any credit of Units as provided for pursuant to Section 4.5 *Death Benefit for the Series 75/100*. The new Guaranteed Minimum Value at Death varies thereafter in accordance with the provisions provided under this Section.

4.5 Death Benefit for the Series 75/100

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section 1.10 *Death Benefits* of this Contract is the higher of:

a) the Market Value of the Premiums invested in the Series 75/100 Funds on the date the Company receives all documents required to settle the claim; and
b) the Guaranteed Minimum Value at Death on the reception date described previously.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Series 75/100 Funds, the Company makes up the difference by crediting Series 75/100 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Series 75/100 Funds. Said Units are invested in the Series 75/100 Money Market Fund.

4.6 Reset of the Guaranteed Minimum Value at Death

The Policyholder may reset the Guaranteed Minimum Value at Death for the Series 75/100 once per calendar year end up to the Annuitant's 80th birthday. No resets are permitted after that. The new Guaranteed Minimum Value at Death will be the higher of:

a) 100% of the Market Value of the Premiums invested in the Series 75/100 on the date the Company receives the Policyholder's request; and
b) the current Guaranteed Minimum Value at Death for this Series.

If new Premiums are invested in the Series 75/100 Funds between two resets or after the last reset is performed, the Guaranteed Minimum Value at Death shall be equal to the total of:

a) the Guaranteed Minimum Value at Death determined on the last reset performed;
b) 100% of the new Premiums invested in the Series 75/100 Funds if the investment took place before the Annuitant reaches 80 years of age; and
c) 75% of the new Premiums invested in the Series 75/100 Funds if the Annuitant is 80 years of age or older when the investment took place.

The example below illustrates how the Reset of the Guaranteed Minimum Value at Death (GMVD) for the Series 75/100 is calculated when the Annuitant is under 80 years of age:

Date	Transaction	Amount	Market Value (after transaction)[1]	GMVD (after transaction)
2013-03-01	Initial Premium	$200,000	$200,000	$200,000[2]
2013-11-30	Reset	(Reset)	$205,000	$205,000[3]
2013-12-31	Year-end	---	$213,000	$205,000
2014-06-15	Reset	(Reset)	$220,000	$220,000
2014-12-31	Year-end	---	$217,000	$220,000
2015-01-15	Subsequent Premium	$50,000	$269,000	$270,000[4]
2015-08-01	Reset	(Reset)	$283,000	$283,000

(1) Market Value of the Premiums invested in the Series 75/100 after the transaction;
(2) The Guaranteed Minimum Value at Death is equal to 100% of the initial Premium → $200,000;
(3) Reset of the GMVD = the greater of 100% of the Market Value of the Premiums invested in the Series 75/100 Funds; and the GMVD before the reset → the greater of $205,000 and $200,000 = $205,000;
(4) GMVD = GMVD before transaction + subsequent Premium → $220,000 + $50,000 = $270,000;

4.7 75/100 Guarantee Fee

In order to provide the Series 75/100, an additional insurance fee is charged to the Policyholder and paid to the Company through an automatic surrender of Premiums invested in the Series 75/100 Funds, hereinafter called the "75/100 Guarantee Fee". The Guarantees offer to the Policyholder a complete death protection against market downturns and the potential of locking-in guaranteed values.

The 75/100 Guarantee Fee for a year is established each December 31, based on the Market Value of the Premiums invested in the Series 75/100 on that date after all transactions have been processed, and are paid on a quarterly basis, starting in January of the following calendar year. Any automatic surrender of Premiums invested in the Series 75/100 Funds made to pay this fee will not affect the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death.

The 75/100 Guarantee Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

The annual 75/100 Guarantee Fee is established as follows:

75/100 Guarantee Fee = MV x (Ai x Fi + A2 x F2 +… + An x Fn)

where:

MV = the Market Value of the Premiums invested in the Series 75/100 on December 31 after all transactions have been processed;

Ai = for each Series 75/100 Fund in which the Policyholder has invested Premiums, the annualized proportion based on the Market Value of the Premiums invested in the Series 75/100 Fund during the calendar year, including any of these Premiums that have been surrendered;

Fi = the Fund fee rate depending on the category of each Fund, for each Series 75/100 Fund in which the Policyholder has invested Premiums. Please refer to the table in Section 4.7.1 for more details on how the category is determined; and

n = the number of Series 75/100 Funds in which Premiums from the Policyholder are invested during the calendar year.

The example below illustrates how the 75/100 Guarantee Fee is calculated and based on the following:

> Two Funds of the Series 75/100;
> Fund fee rate of $Fund_1$ = 0.10% (i.e. Category 1);
> Fund fee rate of $Fund_2$ = 0.30% (i.e. Category 3);
> $100,000 Premium invested in $Fund_1$ in January;
> $100,000 Premium invested in $Fund_2$ in August;
> No increase of the Market Value of the Premiums invested in both Funds.

Month	Month-end Market Value of $Fund_1$ Assets	Month-end Market Value of $Fund_2$ Assets	Total month-end Market Value of Fund Assets	Month-end proportion of $Fund_1$	Month-end proportion of $Fund_2$
January	$100,000	---	$100,000	1	0
February	$100,000	---	$100,000	1	0
March	$100,000	---	$100,000	1	0
April	$100,000	---	$100,000	1	0
May	$100,000	---	$100,000	1	0
June	$100,000	---	$100,000	1	0
July	$100,000	---	$100,000	1	0
August	$100,000	$100,000	$200,000	0.5	0.5
September	$100,000	$100,000	$200,000	0.5	0.5
October	$100,000	$100,000	$200,000	0.5	0.5
November	$100,000	$100,000	$200,000	0.5	0.5
December	$100,000	$100,000	$200,000	0.5	0.5
Annualized proportion of each Fund	---	---	---	0.7917 (i.e. 9.5/12)	0.2083 (i.e. 2.5/12)

Applying the above formula, the 75/100 Guarantee Fee is determined as follows:

75/100 Guarantee Fee = MV x (A1 x F1 + A2 x F2) = $200,000 x (0.7917 x 0.10% + 0.2083 x 0.30%) = $283.33

Therefore, every 3 months, on the day that is the same day of the month upon which the Series 75/100 Anniversary Date falls or on the first Valuation Date following, if none coincides, an amount of $70.83 corresponding to 1/4 of the 75/100 Guarantee Fee will be deducted.

Assume that, on this same day of the month (or on the first Valuation Date following, if none coincides) in January of the following year, the Market Value of the Premiums invested in a Series 75/100 Fund of each Fund is:

> $Fund_1$: $105,000

> $Fund_2$: $110,000

Market Value of the Premiums invested in the Series 75/100 Funds = $215,000

The fee withdrawn from each Fund will then be calculated as follows:

> $Fund_1$: 75/100 Guarantee Fee/4 x MV of $Fund_1$ / Total MV = $70.83 x $105,000/$215,000 = $34.59

> $Fund_2$: 75/100 Guarantee Fee/4 x MV of $Fund_2$ / Total MV = $70.83 x $110,000/$215,000 = $36.24

4.7.1 75/100 Guarantee Fund Fee Rate

A percentage of the year-end Market Value must be determined for all Premiums invested in the Series 75/100 Funds using a formula determined based on the volatility of those Funds. Three fund fee rate categories are available each time the Policyholder invests Premiums in the Series 75/100 Funds. The greater the volatility of the Funds, the higher the category. Please refer to the Fund Facts Booklet for more details on the 75/100 Guarantee fund fee rate related to each Fund. The Company may increase the Protection fund fee rate at anytime without providing notice up to the maximum fund fee rate listed in the table below.

Fund Fee Rate Category	75/100 Guarantee Fund Fee Rate	Maximum Fund Fee Rate
Category 1	0.10%	0.60%
Category 2	0.20%	0.70%
Category 3	0.30%	0.80%

4.8 Change of Series

Classic Series 75/75 to the Series 75/100

Upon written request from the Policyholder, the Company proceeds with the change from the Classic Series 75/75 to the Series 75/100. Following the change of Series, the guarantees applicable under the Classic Series 75/75 will decrease in proportion to the debited Fund Units from the Classic Series 75/75 that are newly covered by the Series 75/100.

For the purposes of the guarantees applicable under the Series 75/100, the sum of the Current Value of all the credited Units newly covered by the Series 75/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Series 75/100. If no Series 75/100 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Series 75/100 will be automatically established on December 31 of the year in which the Annuitant turns 100.

Ecoflex Series 100/100 to the Series 75/100

Upon written request from the Policyholder, the Company proceeds with the change from the Ecoflex Series 100/100 to the Series 75/100. Following the change of Series, the guarantees applicable under the Ecoflex Series 100/100 will decrease in proportion to the debited Fund Units from the Ecoflex Series 100/100 that are newly covered by the Series 75/100.

For the purposes of the guarantees applicable under the Series 75/100, the sum of the Current Value of all the credited Units newly covered by the Series 75/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Series 75/100. If no Series 75/100 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Series 75/100 will be automatically established on December 31 of the year in which the Annuitant turns 100.

5. ECOFLEX SERIES 100/100

5.1 Guarantee Maturity Date

5.1.1 Establishment

The Policyholder shall establish the Guarantee Maturity Date on the application or on any other required form by the Company when the Policyholder does not invest in the Ecoflex Series 100/100 on the Effective Date of the Contract. This date must be at least 15 years from the date the first Ecoflex Series 100/100 Fund Units were credited to the Contract. Furthermore, the Guarantee Maturity Date must be between the Annuitant's 60th and 71st birthday. Notwithstanding the preceding, if the Annuitant is 57 years of age or older at the time the first Ecoflex Series 100/100 Fund Units are credited to the Contract, the Guaranteed Maturity Date shall be set at exactly 15 years from this date.

5.1.2 Modification

15 years or more from the Guarantee Maturity Date, the Policyholder may request, in writing, that this date be modified. The new Guarantee Maturity Date shall be set at a date that is at least 15 years from the date the modification was made.

Furthermore, the new Guarantee Maturity Date must be between the Annuitant's 60th and 71st birthday and must be at least 15 years from the date of the modification.

5.1.3 Renewal

On the Guarantee Maturity Date for the Ecoflex Series 100/100, this date is automatically renewed for a period of 15 years, or for a longer period as requested by the Policyholder.

5.1.4 Automatic establishment

If the Annuitant is under 57 years of age when the first Ecoflex Series 100/100 Fund Units are credited to the Contract and the Guarantee Maturity Date is not specified by the Policyholder or does not respect the above conditions, the Guarantee Maturity Date is deemed to be the Annuitant's 71st birthday or the date exactly 15 years from the Initial Investment Date of the Ecoflex Series 100/100, whichever date is later.

5.1.5 Successor Annuitant

On the Annuitant's death, if Ecoflex Series 100/100 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant a new Guarantee Maturity Date for the Ecoflex Series 100/100 must be established by the Policyholder on the required form. This date must be at least 15 years from the date the Company receives all required documents to confirm the Annuitant's death. Furthermore, the Guarantee Maturity Date must be between the Successor Annuitant's 60th and 71st birthday. Notwithstanding the preceding, if the Successor Annuitant is 57 years of age or older on the date the Company receives all required documents to confirm the Annuitant's death, the Guarantee Maturity Date shall be set at exactly 15 years from this date.

If the Successor Annuitant is under 57 years of age on this date and the Guarantee Maturity Date is not specified by the Policyholder or does not respect the above conditions, the new Guarantee Maturity Date is deemed to be the Successor Annuitant's 71st birthday or the date exactly 15 years from this date, whichever date is later.

The "Modification" and "Renewal" subsection of this Section still apply when the Successor Annuitant becomes the Annuitant.

5.2 Guaranteed Minimum Value at Maturity

The Guaranteed Minimum Value at Maturity is equal to 100% (75% if the Annuitant is 72 years of age or older) of the Premiums invested in the Ecoflex Series 100/100 Funds on the Initial Investment Date of the Ecoflex Series 100/100 and varies as follows:

1) increases when additional Ecoflex Series 100/100 Fund Units are credited to the Contract (excluding transfers between Funds in this same Series), in the following proportion:

> 100% of the new Premiums if the investment took place at least 15 years before the Guarantee Maturity Date and if the Annuitant is less than 72 years of age;

> 75% of the new Premiums if the investment took place less than 15 years before the Guarantee Maturity Date;

> 75% of the new Premiums if the Annuitant is 72 years of age or older when the Premiums are invested;

> 75% of the new Premiums in all other cases;

2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds when any Fund Units under this Series are debited from the Contract (excluding transfers between Funds in this same Series);

3) 15 years before the Guarantee Maturity Date, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is:

> under 72 years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Maturity is automatically increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

> 72 years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

4) on the Guarantee Maturity Date, if the guarantee is renewed for another 15 years, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is:

> under 72 years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Maturity is increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

> 72 years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

5) the Guaranteed Minimum Value at Maturity is reduced to zero when the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 100% (75% if the Successor Annuitant is 72 years of age or older on this date) of the Market Value of the Premiums invested in the Ecoflex Series Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.3 d) *Application of the Guarantees* of the Contract. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this Section.

5.3 Application of the Guaranteed Minimum Value at Maturity on the Guarantee Maturity Date

On the Guarantee Maturity Date, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 are compared. If the Guaranteed Minimum Value at Maturity is higher than the Market Value, the Company will make up the difference by crediting Ecoflex Series 100/100 Fund Units at their Current Value. Said Units are invested in the Ecoflex Series 100/100 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

On the Guarantee Maturity Date, the Policyholder may choose one of the following options:

1. any annuity offered at the time by the Company;
2. to cash in the Contract;
3. to continue the Contract, including the annuity payments provided under the Contract.

All options must comply with the applicable legislation.

5.4 Guaranteed Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 100% (75% if the Annuitant is 80 years of age or older when the investment is made) of the Premiums invested in the Ecoflex Series 100/100 on the Initial Investment Date of the Ecoflex Series 100/100 and varies as follows:

1) increases when additional Fund Units are credited to the Contract under this Series (excluding transfers between Funds in this same Series), in the following proportion:

> 100% of the Premiums if the investment took place before the Annuitant reaches 80 years of age;

> 75% of the Premiums if the investment took place when the Annuitant is 80 years of age or older;

2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds when any Ecoflex Series 100/100 Fund Units are debited from the Contract (excluding transfers between Funds in this same Series);

3) 15 years before the Guaranteed Maturity Date, the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is:

   > under 80 years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Death is automatically increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

   > 80 years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

4) on the Guarantee Maturity Date, if the guarantee is renewed for another 15 years, the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is:

   > less than 80 years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Death is increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

   > 80 years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

5) the Guaranteed Minimum Value at Death is reduced to zero when the Contract is cancelled or terminated;

6) the Guaranteed Minimum Value at Death may be increased by a reset of the Guaranteed Minimum Value at Death (see Section 5.6).

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, a new Guaranteed Minimum Value at Death is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Death is equal to 100% (75% if the Successor Annuitant is 80 years of age or older on this date) of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds calculated on this date and following any credit of Units as provided for pursuant to Section 5.5 *Death Benefit for the Ecoflex Series 100/100*. The new Guaranteed Minimum Value at Death varies thereafter in accordance with the provisions provided under this Section.

5.5 Death Benefit for the Ecoflex Series 100/100

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section 1.10 *Death Benefits* of this Contract is the higher of:

a) the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds on the date the Company receives all documents required to settle the claim; and

b) the Guaranteed Minimum Value at Death on the reception date described previously.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds, the Company makes up the difference by crediting Ecoflex Series 100/100 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds. Said Units are invested in the Ecoflex Series 100/100 Money Market Fund.

5.6 Reset of the Guaranteed Minimum Value at Death

The Policyholder may reset the Guaranteed Minimum Value at Death for the Ecoflex Series 100/100 once per calendar year end up to the Annuitant's 80th birthday. No resets are permitted after that. The new Guaranteed Minimum Value at Death will be the higher of:

a) 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 on the date the Company receives the Policyholder's request; and

b) the current Guaranteed Minimum Value at Death for this Series.

If new Premiums are invested in the Ecoflex Series 100/100 Funds between two resets or after the last reset is performed, the Guaranteed Minimum Value at Death shall be equal to the total of:

a) the Guaranteed Minimum Value at Death determined on the last reset performed;

b) 100% of the new Premiums invested in the Ecoflex Series 100/100 Funds if the investment took place before the Annuitant reaches 80 years of age; and

c) 75% of the new Premiums invested in the Ecoflex Series 100/100 Funds if the Annuitant is 80 years of age or older when the investment took place.

The example below illustrates how the Reset of the Guaranteed Minimum Value at Death (GMVD) for the Ecoflex Series 100/100 is calculated when the Annuitant is under 80 years of age:

Date	Transaction	Amount	Market Value (after transaction)[1]	GMVD (after transaction)
2013-03-01	Initial Premium	$200,000	$200,000	$200,000[2]
2013-11-30	Reset	(Reset)	$205,000	$205,000[3]
2013-12-31	Year-end	---	$213,000	$205,000
2014-06-15	Reset	(Reset)	$220,000	$220,000
2014-12-31	Year-end	---	$217,000	$220,000
2015-01-15	Subsequent Premium	$50,000	$269,000	$270,000[4]
2015-08-01	Reset	(Reset)	$283,000	$283,000

(1) Market Value of the Premiums invested in the Ecoflex Series 100/100 after the transaction;
(2) The Guaranteed Minimum Value at Death is equal to 100% of the initial Premium → $200,000;
(3) Reset of the GMVD = the greater of 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds; and the GMVD before the reset → the greater of $205,000 and $200,000 = $205,000;
(4) GMVD = GMVD before transaction + subsequent Premium → $220,000 + $50,000 = $270,000;

5.7 Ecoflex Fee

In order to provide the Ecoflex Series 100/100, an additional insurance fee is charged to the Policyholder and paid to the Company through an automatic surrender of Premiums invested in the Ecoflex Series 100/100 Funds, hereinafter called the "Ecoflex Fee". The Guarantees offer to the Policyholder a complete maturity and death protection against market downturns and the potential of locking-in guaranteed values.

The Ecoflex Fee for a year is established each December 31, based on the Market Value of the Premiums invested in the Ecoflex Series 100/100 on that date after all transactions have been processed, and are paid on a quarterly basis, starting in January of the following calendar year. Any automatic surrender of Premiums invested in the Ecoflex Series 100/100 Funds made to pay this fee will not affect the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death.

The Ecoflex Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

The annual Ecoflex Fee is established as follows:

Ecoflex Fee = MV x (Ai x Fi + A2 x F2 +… + An x Fn)

where:

MV = the Market Value of the Premiums invested in the Ecoflex Series 100/100 on December 31 after all transactions have been processed;

Ai = for each Ecoflex Series 100/100 Fund in which the Policyholder has invested Premiums, the annualized proportion based on the Market Value of the Premiums invested in the Ecoflex Fund during the calendar year, including any of these Premiums that have been surrendered;

Fi = the Fund fee rate depending on the category of each Fund, for each Ecoflex Series 100/100 Fund in which the Policyholder has invested Premiums. Please refer to the table in Section 5.7.1 for more details on how the category is determined; and

n = the number of Ecoflex Series 100/100 Funds in which Premiums from the Policyholder are invested during the calendar year.

The example below illustrates how the Ecoflex Fee is calculated and based on the following:

> Two Funds of the Ecoflex Series 100/100;
> Fund fee rate of $Fund_1$ = 0.25% (i.e. Category 1);
> Fund fee rate of $Fund_2$ = 0.65% (i.e. Category 4);
> $100,000 Premium invested in $Fund_1$ in January;
> $100,000 Premium invested in $Fund_2$ in August;
> No increase of the Market Value of the Premiums invested in both Funds.

Month	Month-end Market Value of $Fund_1$ Assets	Month-end Market Value of $Fund_2$ Assets	Total month-end Market Value of Fund Assets	Month-end proportion of $Fund_1$	Month-end proportion of $Fund_2$
January	$100,000	---	$100,000	1	0
February	$100,000	---	$100,000	1	0
March	$100,000	---	$100,000	1	0
April	$100,000	---	$100,000	1	0
May	$100,000	---	$100,000	1	0
June	$100,000	---	$100,000	1	0
July	$100,000	---	$100,000	1	0
August	$100,000	$100,000	$200,000	0.5	0.5
September	$100,000	$100,000	$200,000	0.5	0.5
October	$100,000	$100,000	$200,000	0.5	0.5
November	$100,000	$100,000	$200,000	0.5	0.5
December	$100,000	$100,000	$200,000	0.5	0.5
Annualized proportion of each Fund	---	---	---	0.7917 (i.e. 9.5/12)	0.2083 (i.e. 2.5/12)

Applying the above formula, the Ecoflex Fee is determined as follows:

Ecoflex Fee = MV x (A1 x F1 + A2 x F2) = $200,000 x (0.7917 x 0.25% + 0.2083 x 0.65%) = $666.66

Therefore, every 3 months, on the day that is the same day of the month upon which the Ecoflex Series 100/100 Anniversary Date falls or on the first Valuation Date following, if none coincides, an amount of $166.66 corresponding to 1/4 of the Ecoflex Fee will be deducted.

Assume that, on this same day of the month (or on the first Valuation Date following, if none coincides) in January of the following year, the Market Value of the Premiums invested in a Ecoflex Series 100/100 Fund of each Fund is:

> $Fund_1$: $105,000

> $Fund_2$: $110,000

Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds = $215,000

The fee withdrawn from each Fund will then be calculated as follows:

> $Fund_1$: Ecoflex Fee/4 x MV of $Fund_1$ / Total MV = $166.66 x $105,000/$215,000 = $81.39

> $Fund_2$: Ecoflex Fee/4 x MV of $Fund_2$ / Total MV = $166.66 x $110,000/$215,000 = $85.27

5.7.1 Ecoflex Fund Fee Rate

A percentage of the year-end Market Value must be determined for all Premiums invested in the Ecoflex Series 100/100 Funds using a formula determined based on the volatility of those Funds. Five fund fee rate categories are available each time the Policyholder invests Premiums in the Ecoflex Series 100/100 Funds. The greater the volatility of the Funds, the higher the category. Please refer to the Fund Facts Booklet for more details on the Ecoflex fund fee rate related to each Fund. The Company may increase the Ecoflex fund fee rate at anytime without providing notice up to the maximum Ecoflex fund fee rate listed in the table below.

Fund Fee Rate Category	Ecoflex Fund Fee Rate	Maximum Ecoflex Fund Fee Rate
Category 1	0.25%	0.75%
Category 2	0.40%	0.90%
Category 3	0.50%	1.00%
Category 4	0.65%	1.15%
Category 5	0.75%	1.25%

5.8 Change of Series

Classic Series 75/75 to the Ecoflex Series 100/100

Upon written request from the Policyholder, the Company proceeds with the change from the Classic Series 75/75 to the Ecoflex Series 100/100. Following the change of Series, the guarantees applicable under the Classic Series 75/75 will decrease in proportion to the debited Fund Units from the Classic Series 75/75 that are newly covered by the Ecoflex Series 100/100.

For the purposes of the guarantees applicable under the Ecoflex Series 100/100, the sum of the Current Value of all the credited Units newly covered by the Ecoflex Series 100/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Ecoflex Series 100/100.

Series 75/100 to the Ecoflex Series 100/100

Upon written request from the Policyholder, the Company proceeds with the change from the Series 75/100 to the Ecoflex Series 100/100. Following the change of Series, the guarantees applicable under the Series 75/100 will decrease in proportion to the debited Fund Units from the Series 75/100 that are newly covered by the Ecoflex Series 100/100.

For the purposes of the guarantees applicable under the Ecoflex Series 100/100, the sum of the Current Value of all the credited Units newly covered by the Ecoflex Series 100/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Ecoflex Series 100/100.

6. HOW THE FUNDS WORK

6.1 Market Value of Fund Assets and Current Value of a Fund Unit

The market value of the assets allocated to each Fund and the Current Value of a Fund Unit are determined every Valuation Date. However, the Company reserves the right to adjust the frequency and dates of these regular valuations, subject to a minimum frequency of once a month. A decrease in the frequency with which Units of a Fund are valued would give the Policyholder the rights stipulated in Section 8 *Fundamental Changes*.

Special valuations may be made on days other than regular Valuation Dates. The valuation of the Funds and the underlying investments may be delayed or postponed if the stock market is closed, if transactions are suspended on assets allocated to the Funds in question, or if there is an emergency during which it is not reasonably practical for the Company to dispose of assets allocated to the Funds, to acquire assets on behalf of the Funds or to determine the total value of the Funds. In this case, the valuation will take place as soon as possible. The valuation will be based on the previous business day's closing sales price on a nationally recognized stock exchange, and in all other cases, on the fair market value as determined by the Company.

Market Value of Fund Assets

The Market Value of the assets allocated to a Fund (also referred to as "Fund assets") on a Valuation Date is determined by calculating the total market value of all the underlying investments allocated to this Fund minus any applicable fees and expenses, such as management fees and operating expenses, on that date. Premiums received since the last Valuation Date are not included in the market value of the assets; however, the value of the assets is calculated before surrenders on this Valuation Date. In addition, assets purchased but not paid for, as well as any expenses incurred, are deducted from the value of the assets. The only expenses charged to the Fund are those assignable to that Fund (refer to Section 6.3).

THE MARKET VALUE OF FUND ASSETS FOR EACH FUND IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE UNDERLYING INVESTMENT(S) ALLOCATED TO EACH FUND.

Current Value of a Fund Unit

The Current Value of a Fund Unit is determined by dividing the market value of the net assets allocated to the Fund by the number of Units of the Fund. The Current Value of a Fund Unit on a specific date is the Current Value of that Unit on the Valuation Date that coincides with this date, or at the first Valuation Date following, if none coincides.

When a Fund invests in the units of an underlying mutual fund (pooled fund) or an underlying fund (also referred to as an "underlying fund" in this Information Folder), the advisor for the underlying fund will use the method described above to determine the Current Value of a Fund Unit for the Company to use.

The Company reserves the right to divide the Fund Units. In such a case, the Company will modify the number of Fund Units credited to the Contract so that the division will not affect the Market Value of the Premiums invested in the Funds.

THE CURRENT VALUE OF EACH FUND'S UNITS IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

6.2 Reinvestment of Income

Income from dividends, interest and net capital gains earned from the investments of the Fund assets will be automatically reinvested in the particular Fund and used to increase the Current Value of a Fund Unit. The Company reserves the right to change this method following written notice to the Policyholder.

6.3 Management Fee, Insurance Fees and Operating Expenses

A management fee is paid to the Company and is deducted from the assets of each Fund on each Valuation Date. This fee varies from Fund to Fund and are determined on the market value of the assets allocated to a Fund on each Valuation Date.

The management fee rates may be modified from time to time but shall never exceed the management fee rates in effect on December 31, 2013 plus 2.00%.

The insurance fees, which are the fees associated with the benefits guaranteed under the Contract for the Classic Series 75/75, are embedded in the management fee. However, for the Series 75/100 and the Ecoflex Series 100/100, an additional insurance fee is not embedded in the management fees and is charged to the Contract through debit of Units. For more details about these additional fees, please refer to Section 4.7 *75/100 Guarantee Fee* and Section 5.7 *Ecoflex Fee.*

Furthermore, the commission payable to the life insurance agent for the initial investment in the Company's Funds (except any sales charge of the Front-end option 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.

For more details about the fees, please refer to the Fund Facts Booklet.

Any increase in the management fee and in any additional insurance fees not embedded in the management fee above the maximum insurance fee rate would be considered as a fundamental change and would give the Policyholder certain rights (see Section 8 *Fundamental Changes).* Please refer to Sections 4.7.1 and 5.7.1 to know the maximum Fund fee rate under each Series for which any additional insurance fee may be charged to the Contract.

In addition to the management fee, current operating expenses are deducted from the Fund, including, but not limited to:

> Legal, audit, accounting and transfer agent expenses;
> Administrative fees, costs and expenses;
> Interest charges;
> Policyholder communication fees;
> Financial and other reports and disclosure documents required to comply with laws;
> All other fees incurred by the Fund; and
> Applicable taxes.

At no time will there be any duplication of management fees when the Company invests some or all of the assets allocated to a Fund in an underlying investment fund.

MER

The management fee, operating expenses and applicable taxes constitute the total amounts charged to the average net assets of the Fund, and the ratio of the sum of these fees and expenses is called the "Management Expense Ratio" ("MER"). The MER includes all fees and expenses of any underlying investment fund in which the Company invests for the purpose of its Fund. Subject to Section 8 *Fundamental Changes*, the Company may change the MER of any Funds available under this Contract without notice. Please refer to the Fund Facts Booklet for more information about MERs.

When the Company invests in an underlying investment fund for the purpose of its Funds, in no event will there be any duplication of management fees at any time.

Other Taxes

The Funds are subject to foreign withholding taxes on income for non-Canadian investments. Otherwise, according to current tax laws, the Funds are tax-exempt since all capital gains and income are attributed to Policyholders.

Should the Funds become taxable, taxes will be charged against the Funds.

The GST/HST is included in the MER.

6.4 Sales Charge Options

Each time the Policyholder invests a Premium in the Classic Series 75/75, the Series 75/100 or the Ecoflex Series 100/100, 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 three sales charge options available: the front-end, the deferred sales charge and no sales charge option (please refer to Sections 6.4.1, 6.4.2, 6.4.3).

6.4.1 Front-end Option

If the Policyholder invests in the Funds under the Front-end option (also referred as "Front-End Option"), a sales charge of up to 5% of the Premium to be invested in the Funds is negotiated by the Policyholder and is paid to his/her life insurance agent. The sales charge payable by the Policyholder will depend on the negotiation between the Policyholder and the life insurance agent.

6.4.2 Deferred Sales Charge Option

If the Policyholder invests in the Funds under a Deferred Sales Charge option (also referred as "DSC Option"), Surrender Fees will be charged on surrenders of Premiums invested in the Fund if the surrender is made within 7 years following the date on which each debited Unit was credited to the Contract for a Fund for which Surrender Fees are applicable, subject to the Surrender Limit (see Section 6.4.4). The fees correspond to a percentage of the Current Value of the debited Units from the Contract at the time of the surrender.

The following table illustrates how the Surrender Fees are applied:

Year Units were debited	Fees as a % of the Current Value of debited Units
1st year	5.5%
2nd and 3rd year	5.0%
4th and 5th year	4.0%
6th year	3.0%
7th year	2.0%
8th and subsequent years	0.0%

Surrenders are applied such that the Fund Units credited to the Contract least recently are debited first.

Surrender fees do not apply to surrender of Premiums invested in the Money Market Fund unless these Premiums were previously invested in other Funds. Also, Surrender fees do not apply to surrender of Premiums invested in the Funds, made in accordance with the payment under the death benefits provisions.

6.4.3 No Sales Charge Option

If the Policyholder invests in the Funds under the No Sales Charge option (also referred as "NSC Option"), there is no sales charge or Surrender Fees.

6.4.4 Right to Surrender–Without Surrender Fees

If the DSC option has been selected for Premiums, those Premiums may be surrendered without incurring a Surrender Fee as long as the surrender amount does not exceed a certain amount (the "Surrender Limit") per calendar year.

The Surrender Limit is calculated as follows: up to 10% of the Market Value of the Premiums invested in the Funds under the DSC option as determined on the last Valuation Date of the year preceding the surrender, plus 10% of the Premiums invested in the Contract under the DSC option during the calendar year in which the surrender is requested.

Within the same Contract, the right to surrender without Surrender Fees also applies for a transfer from a Fund under the DSC option to the guaranteed investment offered by the Company with a term equal to or greater than 1 year. However, Surrender Fees shall apply in all circumstances to surrenders made for transfers of Funds under the DSC option to the daily interest fund or when the transfer is made to another contract offered by the Company. Surrender Fees also apply in all circumstances for transfers to other financial institutions. The Premiums under the DSC option surrendered pursuant to the Periodic Income Program ("PIP") are included in the calculation of Premiums surrendered without Surrender Fees for a particular year.

The free surrender privilege is not cumulative and cannot be carried forward to future years. The Company may, at any time, modify the free surrender privilege and a transaction fee of $35 may apply. The Company may modify this transaction fee at any time.

6.4.5 Specific Procedures if the Contract is Registered as a RIF Under the *Income Tax Act* (Canada)

If the Contract is registered as a RIF under the *Income Tax Act* (Canada), surrenders of Premiums made over the course of a calendar year not exceeding the higher of:

a) the sum of A and B, where:

A is equal to: 10% of the sum of the Current Value of all the Fund Units credited to the Contract following the investment of Premiums under the DSC option on the last business day of the preceding year, plus the sum of the book value of each guaranteed investment on this date; and

B is equal to: 10% of the Premiums invested in the Funds under the DSC option during the current year, plus the sum of the book value of each guaranteed investment issued during this year; and

b) the minimum annual payment that must be made under the Contract as prescribed by the *Income Tax Act* (Canada);

will be paid at their book value without any Surrender Fees.

Also, within the same Contract, the free surrender privilege for the amount set out in the previous paragraph also applies for a transfer from a Fund to a guaranteed investment offered by the Company with a term equal to or greater than 1 year.

However, Surrender Fees shall apply for transfers from a Fund to the daily interest fund, the life investment and for transfers to another Contract offered by the Company. Surrender Fees also apply to transfers to other financial institutions.

6.4.6 Specific Procedures for the Money Market Fund

No Surrender Fees apply to the surrender of Premiums invested in the Money Market Fund unless these Premiums were previously invested in other Funds.

6.4.7 Illustration of Growth and Surrender Fees

For a Premium of $1,000 invested in a Fund under the DSC option and for which Fund Units under the DSC option were credited to the Contract, the following table illustrates the surrender fee that may be payable for the Current Value of the debited Units under the DSC option if a surrender was to occur during the years indicated (see Sections 6.4.4 and 6.4.5 for details regarding the free surrender privileges used in this table). On or before the Investment Period Maturity Date, the surrender value of the Fund Units under the DSC option credited to the Contract may be used to purchase an annuity. However, if the annuity is purchased on the Guarantee Maturity Date or the Investment Period Maturity Date, the surrender value is determined after the application of the guarantees, if applicable.

Figures shown for a Premium invested in a Fund under the DSC option are based on the assumption that the Unit values under the DSC option increase at a constant rate of 7% per year.

EXAMPLE: $1,000 SINGLE PREMIUM

Year	Current value of Units under the DSC option assuming a 7% growth rate	Surrender fees as a % of the current value of the debited Units under the DSC option	For a Non-registered, TFSA, RRSP or LIRA Contract		For a RRIF or LIF Contract		
			Surrender fees	Surrender value	Minimum annual RRIF payment(1)	Surrender fees	Surrender value
1	$1,070	5.5	$53	$1,017	$146	$51	$1,019
2	$1,145	5	$52	$1,093	$169	$49	$1,096
3	$1,225	5	$55	$1,170	$197	$51	$1,174
4	$1,311	4	$47	$1,264	$235	$43	$1,268
5	$1,403	4	$50	$1,353	$281	$45	$1,358
6	$1,501	3	$41	$1,460	$300	$36	$1,465
7	$1,606	2	$29	$1,577	$321	$26	$1,580
8	$1,718	0	$0	$1,718	$344	$0	$1,718

(1) Based on an Annuitant aged 90 in year 1.

THE CURRENT VALUE OF EACH FUND'S UNITS FLUCTUATES WITH THE MARKET VALUE OF EACH FUND'S ASSETS, AND CONSEQUENTLY CANNOT BE GUARANTEED.

6.5 Termination of a Fund

Subject to the rules regarding the applicable fundamental changes (see Section 8), the Company reserves the right to terminate a Fund at any time. At least 60 days before the termination date of the Fund, the Company will send a notice to those Policyholders who have Units of the Fund credited to their Contract. Up to 5 days prior to the termination date of the Fund, Policyholders may request that the Current Value of the affected Fund Units credited to the Contract be transferred to and invested in another Fund currently available from the Company, hereafter referred to as a “similar Fund”. If the Policyholder does not request a transfer, the Company will transfer the Fund Units into the Fund of its choice. The Current Value of Fund Units transferred and invested in another Fund will be determined on the Valuation Date on which the Company terminates the Fund. Otherwise, the transfer will be subject to Section 2.4 *Transfers Between Funds*.

If no similar Fund is available, the Policyholder will then have certain rights. Please refer to Section 8 for more information.

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED IS NOT GUARANTEED WHEN A TRANSFER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

6.6 Information Provided to the Policyholder

During a given calendar year, at least one annual statement will be sent to the Policyholder. This statement will include the following:

> the number of Units credited to the Contract for each Fund and for each Series;

> the Current Value of the Units for each Fund under the Contract on the date of the statement;

> a list of all transactions since the last statement (Premiums paid, transfers between Funds, surrenders).

Updated Fund Facts for the Funds are available on the Company's website at www.inalco.com. To obtain a paper version of these documents, the Policyholder should send a written request to the Company's head office. To know the address, please refer to Section 10.

In addition to an annual statement, the Policyholder may, on request, obtain the Fund's overall rate of return, calculated on a net basis for at least 1, 3, 5 and 10 year periods, if applicable, the Fund's audited annual financial statements, as well as the Fund's unaudited semi-annual financial statements, which will cover:

> the annual management fees and other expenses related to the Funds;

> the "Management Expense Ratio" (MER) for each Fund.

To obtain a copy of these reports, the Policyholder should send a written request to the Company's head office and specify whether he or she would like to receive a paper or electronic version. In the case of the latter, the Policyholder's email address should be indicated on the request.

The Policyholder will receive an updated Information Folder whenever a substantial change is made to the Funds in particular, or to the Contract in general. The Policyholder's rights under the Contract will not be affected by any subsequent changes unless he or she has agreed to them in writing.

6.7 Division of Units

The Company reserves the right to divide up the Units of a Fund. In this case, the Company will modify the number of Units credited such that the total value of the Fund Units is not modified.

6.8 Taxation

All income and capital gains realized by a segregated fund are allocated in proportion to the number of Fund Units credited for each Policyholder. Fund income, net of the "Management Expense Ratio", is allocated daily. However, Funds that invest in an underlying mutual fund, the allocation may be different according to the allocation rules then in force for the underlying fund. Meaning these Funds may not report taxable amounts until year end. All taxation references are made with regard to the *Income Tax Act* (Canada). The Policyholder must respect all tax legislation, provincial or otherwise, that may apply regardless of the Company's interpretations contained in this Information Folder. The Company is not responsible for the way in which the taxation is interpreted, since it varies according to each investor's situation and is subject to any changes in the *Income Tax Act* (Canada) or provincial legislation. It is suggested that the Policyholder consult his/her personal tax specialist for advice on his/her particular tax situation.

NON-REGISTERED CONTRACTS

Each year, the Policyholder will receive a receipt for income tax purposes. The amount that appears on this receipt must be included in his/her tax return. The portion of investment income for each Fund that is allocated to the Contract is also reported to the Policyholder each year and must be included in his/her taxable income.

Transfers Between Funds

As described in Section 2.4, the Policyholder may request the transfer of Premiums between the Funds available under the Contract. All transfers involve a disposition of the transferred Fund Units. This disposition may involve a realization of accumulated capital gains that must be taxed in the transfer year, as required by the *Income Tax Act* (Canada).

If the Policyholder requests a transfer from one Series to another permitted Series of the same Fund, this will not result in a capital gain or a capital loss as no taxable disposition is created.

Guarantees

The Company will apply the guarantees, if applicable, on the Guarantee Maturity Date or at death, if death occurs prior to this date. All Premiums invested by the Company in the Contract under the guarantees are taxable only when the Premiums are surrendered from the Contract. All Premiums invested in the Contract under the guarantees at the Investment Period Maturity Date and at death are not taxable.

Ecoflex Fee

The Ecoflex Fee charged to the Policyholder by the Company through the debit of Units from the Ecoflex Series 100/100 Funds in which the Policyholder has invested is considered an expense for the Policyholder. The Units debited to pay the Ecoflex Fee involves a disposition and may result in a capital gain or loss. It is suggested that the Policyholder consult his/her tax specialist regarding the tax deductibility of the Ecoflex Fee.

The Ecoflex Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

75/100 Guarantee Fee

The 75/100 Guarantee Fee charged to the Policyholder by the Company through the debit of Units from the Series 75/100 Funds in which the Policyholder has invested is considered an expense for the Policyholder. The Units debited to pay the 75/100 Guarantee Fee involves a disposition and may result in a capital gain or loss. It is suggested that the Policyholder consult his/her tax specialist regarding the tax deductibility of the 75/100 Guarantee Fee.

The 75/100 Guarantee Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

REGISTERED CONTRACTS

The IAG Savings and Retirement Plan Contract may be registered as a Retirement Savings Plan (RSP), a Tax-Free Savings Account (TFSA), a Retirement Income Fund (RIF), a Life Income Fund (LIF), a Locked-in Retirement Account (LIRA) or a locked-in RSP. The Premiums are eligible for preferred tax treatment up to the maximum amount allowed by law, except for the TFSA. Premiums invested in the various registered accounts must be in accordance with the applicable legislation.

Investment income and capital gains are not subject to taxation when they are invested in the Contract. However, benefits payable under the terms of the Contract will be subject to income tax when they are withdrawn from the Contract, except for the TFSA. In some cases, the Company is obligated to deduct taxes from the benefits payable.

Transfers Between Funds

As described in Section 2.4, the Policyholder may request the transfer of Premiums between the Funds available under the Contract. All transfers involve a disposition of the transferred Fund Units. This disposition may involve a realization of accumulated capital gains that will be deferred and taxed only when the Premiums are surrendered from the registered Contract, except for the TFSA.

If the Policyholder requests a transfer from one Series to another permitted Series of the same Fund, this will not result in a capital gain or a capital loss as no taxable disposition is created.

Guarantees

The Company will apply the Fund guarantee, if applicable, on the Guarantee Maturity Date or at death, if death occurs prior to this date. All Premiums invested in the Contract under the guarantee at the Investment Period Maturity Date and at death are not taxable when they are invested but when the Premiums are surrendered from the registered Contract, except for the TFSA.

Ecoflex Fee

The Ecoflex Fee charged to the registered plan by the Company through the debit of Units from the Ecoflex Series 100/100 Funds in which the Policyholder has invested is considered an expense for the registered plan. The Units debited to pay the Ecoflex Fee are not subject to withholding taxes and will not be reported to the Policyholder as taxable income.

The Ecoflex Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

75/100 Guarantee Fee

The 75/100 Guarantee Fee charged to the registered plan by the Company through the debit of Units from the Series 75/100 Funds in which the Policyholder has invested is considered an expense for the registered plan. The Units debited to pay the 75/100 Guarantee Fee are not subject to withholding taxes and will not be reported to the Policyholder as taxable income.

The 75/100 Guarantee Fee is not subject to goods and services tax (GST) and harmonized sales tax (HST).

6.9 Risk Factors Associated With an Investment in the Funds

The following risk factors are inherent in both the Funds and the underlying funds. No additional risk factors other than those listed below have an impact on the underlying funds.

General and Market Risk

The market values of the Funds fluctuate with the Market Value of the Fund Assets and are not guaranteed. As a result, the current unit value for each Fund fluctuates in accordance with the changes in each Fund's market values. These changes in the current unit value or market value may result from various factors. Generally, the Market Value of a Fund's Assets will change in response to economic and investment market conditions, market expectations for the financial performance of the various securities held in the Funds, and in some cases, changes in interest rates. All of the Funds are subject to this risk.

Equities Risk (A)

For equity funds, the price of a company's stock is affected by its performance in terms of mergers, products, market share, market expectations and general economic conditions. Certain equities are also influenced by interest rates in general, as is the case for interest rate sensitive stocks. Volatility in equity funds may be mitigated by holding a diversified selection of stocks.

Interest Rate Risk (I)

The market value of fixed-income investments, such as government issued bonds, corporate bonds, commercial paper, T-bills or mortgage bonds, is linked to interest rates and can also exhibit volatility. This volatility may be mitigated by holding short-term securities in times of stable short-term rates, for example.

Credit Risk (C)

A mortgage's market value is influenced by the mortgagee's credit quality and by interest rates in general. Also, the market value volatility is increased when the mortgage maturity date is longer. Volatility in mortgage funds may be mitigated by diversifying the selection and the maturity dates of mortgages in the Fund. For more information on mortgage loans receivable, please consult the Funds' annual report.

Foreign Currency Risk ($)

When international funds are invested in companies located in other countries or through derivatives, such as futures contracts (on a non-leveraged basis), there may be additional volatility associated with changes in the foreign currency compared to the Canadian dollar. Risks such as currency exposure can be mitigated by using various hedging techniques.

Sovereign Risk (E)

Fluctuations in the market value of international funds may also occur due to changes in a country's political and economic situation, and restrictions placed on currency movements.

Real Estate Risk (M)

A Fund can also use investments related to specific activities such as real estate. Real estate is often relatively illiquid. Its value is influenced by local and general economic conditions such as the availability of rentable space and attractiveness of the property in the market. Its value is also influenced by the appraisal and how frequently an appraisal is done. If a Fund invests in real estate, such investments would be described in the Fund's annual report.

Special Equities Risk (AS)

Some Funds can also invest in small companies where securities are often less liquid, less marketable and more volatile than well-established companies.

Risks Associated with Index Funds (R)

Index funds were created to reflect the performance of specific market indices; as a result, for a Fund that has the same objective, a greater proportion than that normally allowed for Funds may be invested in or exposed to one or more issuers. This kind of concentration may have an impact on the liquidity and diversification of the Fund, its ability to meet surrender requests, and its volatility.

Liquidity Risk (L)

Some Funds may also invest in small companies, where securities are considered to be less liquid and more volatile than larger companies.

One or more of the above-mentioned risks may influence the Current Value of a Fund Unit and make the returns more volatile.

6.10 Use of Derivatives and Loans by the Funds

The Funds and underlying funds may use derivatives in order to reach their investment objectives. However, derivatives and loans may not be used to create leverage for investment purposes. Loans are only permitted temporarily for the purpose of accommodating Unit surrender requests while effecting an orderly liquidation of portfolio securities. Loans must not exceed 5% of the market value of the assets of the particular Fund at the time of such transaction.

Derivatives may only be used to modify certain characteristics of the portfolio, to replicate an index present in the reference portfolio, or to hedge currency exposure to the extent the manager deems appropriate in the event that the Funds are invested in foreign currencies. The derivatives that may be used by each Fund are options on indexes, swaps, structured notes, futures and forward contracts traded on exchange boards or over the counter according to their market availability.

Derivative Risk (D)

A fund's ability to dispose of the derivatives depends on the liquidity of such positions in the market, if the market direction should go against the manager's forecast, and the ability of the other party to fulfill its obligations. Thus, there is no guarantee that transactions involving derivatives will always be beneficial to the Fund.

6.11 Interest of Management and Other Entities in Material Transactions

Any transaction carried out in the 3 years preceding the distribution of this Information Folder or any transaction considered by a director, a member of management, or one of the Company's subsidiaries or affiliated companies will not have any material negative impact on the Funds.

6.12 Material Contracts

No Contract involving the Funds that can reasonably be deemed material by the Policyholder, or that may have an impact on the Funds available, has been concluded by the Company or any of its subsidiaries in the last 3 years.

6.13 Other Material Facts

No other material facts related to the Contracts and the Funds offered have been omitted under the previously outlined provisions.

7. INVESTMENT OPTIONS

IAG Savings and Retirement Plan Contracts currently offer the opportunity to invest in a full range of Funds. Professional management of the Funds is provided by the advisors listed in the Fund Facts Booklet. Professional management is aimed at providing clients of the Company with all the advantages that arise from investing in Funds.

The assets allocated to the Funds are invested in underlying investments and are managed by experienced advisors who specialize in the management of similar Funds. The Company reserves the right to change the advisor of the Fund at any time without changing the stated investment objectives of the Fund. Such changes to the advisor shall not require prior written notification to be sent to the Policyholder. A Unit value will be defined for any Fund of the Company that invests in an underlying fund. Advisors will follow the Company's investment policy with respect to a particular Fund.

Please refer to the Fund Facts Booklet to know the Funds available under each Series and the investment objectives of these Funds. More information about the investment policy and restrictions of each Fund can be found in the annual financial report.

The Company reserves the right to modify and/or change the investment policy of the Fund at any time to better meet the stated investment objectives of the Fund. Such changes to the investment policy shall not require prior written notification to be sent to the Policyholder. The detailed description and restrictions, and the investment policy of any underlying fund in which a Fund invests is available upon request at Industrial Alliance Insurance and Financial Services Inc.'s head office.

A change in the fundamental investment objectives of a Fund represents a fundamental change and confers certain rights on the Policyholder.

8. FUNDAMENTAL CHANGES

The Company must notify the Policyholder in writing at least 60 days before making a fundamental change to a Fund. This written notice advises the Policyholder what change will be made and when it will become effective. A fundamental change includes an increase in the management fee charged against the assets of a Fund, a change in the investment objectives of a Fund, a decrease in the frequency with which Units of a Fund are valued and/or an increase in the insurance fees of a Fund that exceeds the maximum specified in the Information Folder, if such insurance fees are disclosed separately from the management fees (please refer to the Information Folder to know this maximum).

With respect to an increase in the management fee, if the assets allocated to one of the Company's Funds are invested in an underlying fund, an increase in the management fee for the underlying fund, which translates into an increase in the management fee for the Company's Fund, is deemed to be a fundamental change.

The fundamental change notice gives the Policyholder the right to:

I. transfer the Premiums invested in the Fund that is subject to the fundamental change to a similar Fund offered by the Company that is not subject to the fundamental change, without incurring any Surrender Fees or similar fees, and without affecting the Policyholder's other rights or obligations under the Contract;

II. if the Company does not offer a similar Fund, surrender the Premiums invested in the Fund without incurring any Surrender Fees or similar fees. The Policyholder's election must be received by the Company at least 5 days prior to the expiry of the notice period required for a fundamental change. The notice is sent by regular mail to the Policyholder's last known address on file with the Company.

For the purpose of applying this provision, a similar Fund means a Fund that has similar fundamental investment objectives to the original Fund, is in the same Fund category (in accordance with the Fund categories published in a financial publication with broad distribution) and has the same or lower management fee and insurance fee than the management fee and insurance fee of the Fund in effect at the time the notice is given.

During the notice period, the Company may decide that the Policyholder shall not be permitted to invest in the Fund subject to the change, unless the Policyholder agrees to waive the free surrender privilege.

9. RESCISSION RIGHT

The Policyholder has the right to cancel this Contract within 2 business days of the earlier of:

> the date the Policyholder receives confirmation; or

> 5 business days after the confirmation is mailed.

The Policyholder may also change his/her mind about subsequent transactions made under this Contract within 2 business days of the earlier of:

> the date the Policyholder receives confirmation; or

> 5 business days after the confirmation is mailed.

The right to cancel only applies to the new transaction. The Policyholder has to tell the Company in writing, by email, fax or letter, that he/she wants to cancel. The amount returned will be the lesser of:

> the value of the Premium invested; or

> the value of the investment on the valuation day following the day the Company received the request to cancel.

The amount returned only applies to the specific transaction and will include a refund of any sales charges paid.

10. FUNDS' AUDITED FINANCIAL STATEMENTS

The audited annual financial statements and unaudited semi-annual financial statements for the Funds are available on the Company's website at www.inalco.com. To obtain a paper version of these documents, the Policyholder should send a written request to the Company's head office at the following address:

Industrial Alliance Insurance and Financial Services Inc.
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

Auditors:
Samson Bélair/Deloitte & Touche s.e.n.c.r.l.
925 Grande Allée West, Suite 400
Quebec City, Qc G1S 4Z4

IAG SAVINGS AND RETIREMENT PLAN
INDIVIDUAL VARIABLE ANNUITY CONTRACT
CONTRACTUAL PROVISIONS

ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER AND MAY INCREASE OR DECREASE IN VALUE.

THIS POLICY CONTAINS A PROVISION REMOVING OR RESTRICTING THE RIGHT OF THE INSURED TO DESIGNATE PERSONS TO WHOM OR FOR WHOSE BENEFIT INSURANCE MONEY IS TO BE PAYABLE.

1. GENERAL PROVISIONS

1.1 Definitions

In this Contract, the following definitions shall apply:

Annuitant

The Annuitant is the person on whose life the guarantees and annuity payments under this Contract are based and on whose death the death benefit is payable. If the Contract is registered as a Retirement Savings Plan (hereinafter referred to as an "RSP") or a Retirement Income Fund (hereinafter referred to as a "RIF") under the terms of the *Income Tax Act* (Canada), the term "Annuitant" is as defined in subsections 146(1) and 146.3(1) of the *Income Tax Act* (Canada), depending on the situation.

If the Contract is registered as a Tax-Free Savings Account (hereinafter referred to as a "TFSA") under the *Income Tax Act* (Canada), the Annuitant must be the Policyholder under the Contract and is referred to as the holder as defined in subsection 146.2(1) of the *Income Tax Act* (Canada).

Beneficiary(ies)

The Policyholder may designate one or more Beneficiaries. If there are co-Beneficiaries and if one of them dies before the Annuitant, his or her rights will accrue in equal shares to the other Beneficiaries. If no Beneficiary survives the Annuitant or if none has been designated, the death benefit will be paid to the Policyholder or to his or her estate. The Company assumes no responsibility for the validity of a change of Beneficiary.

Book Value of the Contract

The Book Value of the Contract is equal to the sum of the book value of each guaranteed investment, the book value of the daily interest fund, the book value of each life investment plus the Market Value of the Premiums invested in the Funds. If, at any time, the Book Value of the Contract is lower than the minimum value required by the Company, the Company reserves the right to surrender the Contract and pay the surrender value of the Contract to the Policyholder. The method of determining the book value of each guaranteed investment, the book value of the daily interest fund, the book value of each life investment and the Market Value of the Premiums invested in the Funds are described in the provisions specific to each investment vehicle (please see Sections 2, 3 and 4 of the Contract for more details on appropriate specific provisions).

Company

Industrial Alliance Insurance and Financial Services Inc. and for the purpose of this Contract constitutes the "Insurer".

Effective Date of the Contract

The date on which this Contract becomes effective. The Effective Date of the Contract is the day on which the first Premium is received by the Company and when the application is accepted by the Company.

Investment Period Maturity Date

The Investment Period Maturity Date is the date as of which no further Premiums can be paid into this Contract. For Non-registered Contracts, Contracts registered as a TFSA under the *Income Tax Act* (Canada) and Contracts registered as a RIF under the *Income Tax Act* (Canada), the Investment Period Maturity Date is December 31 of the year in which the Annuitant reaches one hundred (100) years of age. The Investment Period Maturity Date for a contract registered as an RSP under the *Income Tax Act* (Canada) is December 31 of the year in which the Annuitant reaches seventy-one (71) years of age and Section 1.12 *Automatic Conversion* of this Contract will then apply.

If the Contract is a Life Income Fund under any applicable pension legislation (hereinafter referred to as a "LIF"), the Investment Period Maturity Date may be different depending on the applicable legislation.

Maximum Age at Issue

The Maximum Age at Issue is the maximum age at which the Policyholder can subscribe to Contract even though he/she is allowed to invest Premiums until the Investment Period Maturity Date (see Section 1.4 of the Information Folder for more information). If the Contract is non-registered, if the Contract is registered as a TFSA under the *Income Tax Act* (Canada) or if the Contract is registered as a RIF under the *Income Tax Act* (Canada), the Maximum Age at Issue is December 31 of the year in which the Annuitant reaches ninety (90) years of age. If the Contract is registered as an RSP under the *Income Tax Act* (Canada), the Maximum Age at Issue is December 31 of the year in which the Annuitant reaches seventy-one (71) years of age and Section 1.12 *Automatic Conversion* of this Contract will apply.

The Company may modify the Maximum Age at Issue in order to respect the applicable legislation. For more details on the Maximum Age at Issue, please refer to the Information Folder.

Policyholder

The Policyholder is the individual or entity who is the holder of the rights under this Contract and is identified as the "Applicant" in the application for this Contract. The Policyholder is entitled to the benefits conferred under this Contract, subject to its terms and conditions and applicable legislation, during the Annuitant's lifetime. For the purpose of this Contract, the Policyholder constitutes the "Insured".

For a Non-registered Contract, there may be more than one Policyholder and they are collectively referred as the "Policyholder" under this Contract and identified as the "Applicant" and the "Co-Applicant" in the application for this Contract. When there are more than one Policyholder, all rights and obligations pursuant to the Contract are owned by all Policyholders indivisibly.

Premium(s)

A Premium is the amount received by the Company for investment under the Contract.

Subject to restrictions by any applicable legislation, the Policyholder may invest Premiums at any time prior to the Investment Period Maturity Date.

Subrogated Policyholder

The designation of a Subrogated Policyholder is only available in the province of Quebec. Subject to Section 1.8 of the Contract, at the first Policyholder's death, the Subrogated Policyholder is the individual who becomes the holder of the deceased Policyholder's rights and obligations pursuant to the Contract subject to its terms and conditions and applicable legislation. The Subrogated Policyholder is identified as the "Subrogated Applicant" in the application for this Contract.

Successor Annuitant

The Successor Annuitant is the person who is designated as the "Successor Annuitant" by the Policyholder by written notice to the Company at any time before the death of the Annuitant or the Annuitant's spouse or common-law partner if he/she elects to become the Successor Annuitant on the Annuitant's death, as provided for pursuant to this Contract. For more details, please refer to Section 1.9 *Successor Annuitant*.

1.2 Contract

The Contract is made up of this Contract, some parts of the Fund Facts as specified in Section 2.3 *Funds and Fund Facts* of this Contract, the application for this Contract, and any endorsements or amendments to the Contract that have been duly approved by the Company. For the purpose of this Contract, the Contract constitutes the "Policy".

If this Contract is registered as an RSP, a Locked-in Retirement Account (hereinafter referred to as a "LIRA"), a RIF, a Life Income Fund ("hereinafter referred to as a "LIF") or a TFSA under the *Income Tax Act* (Canada) or any other applicable legislation, the provisions of any RSP, LIRA, RIF, LIF and TFSA endorsements, as the case may be, form part of this Contract and overrides any conflicting provisions of this Contract.

The Company may modify the Contract in order to respect the *Income Tax Act* (Canada).

This Contract does not grant any right to participate in the profits or surplus realized by the Company.

The Information Folder, which provides a summary of this Contract and which appears on page 5 of this document, does not form part of the Contract and must not be considered under any circumstances as a contractual document.

1.3 Assignment

No assignment of this Contract will bind the Company unless it is in writing and until the assignment is filed with the Company. Any assignment may restrict or delay certain transactions otherwise permitted under this Contract. The Company assumes no liability for the validity of an assignment. However, a contract Registered as an RSP or as a RIF under the *Income Tax Act* (Canada) may not be assigned.

1.4 Currency

All amounts payable to or by the Company shall be in the legal currency of Canada.

1.5 Administrative Fees

A transaction fee of $25 may be charged if a cheque or pre-authorized payment is not honored on its first presentation. A transaction fee of $35 may be charged for a surrender or transfer in accordance with the Company's administrative policies then in force. At any time, the Company may modify these fees and additional fees may be added without prior written notice. Each investment vehicle currently offered may include its own administration fees and surrender charges (see specific provisions for each investment vehicle).

If the Contract is registered as a RIF under the *Income Tax Act* (Canada), the Company reserves the right to charge transaction fees for any modifications to the terms of the income payments or for any other modification or transaction.

1.6 Investment Vehicles

The Policyholder may invest all or part of the Premiums paid under the Contract in the investment vehicles currently offered by the Company, provided these amounts respect the minimum amount required for each of these vehicles. These minimums are determined by the Company and may be modified from time to time.

Four (4) types of investment vehicles are currently offered: the daily interest fund, the guaranteed investments, the life investment (only available on a Contract registered as a RIF under the terms of the *Income Tax Act* (Canada)) and the segregated funds (hereinafter referred to as "Funds").

The Company reserves the right to withdraw certain investment vehicles and to add new ones which must conform to the provisions of the *Income Tax Act* (Canada). Each investment vehicle currently offered is subject to its own requirements concerning investment and reinvestment, interest payable, administration fees and surrender charges. The same applies to any other investment vehicle that the Company may decide to offer.

If no instructions are provided or instructions are incomplete or do not concern 100% of the Premiums invested, the entire Premium will be invested in the Classic Series 75/75 Money Market Fund if the Contract is administered electronically through the FundSERV network, or invested in the daily interest fund if the Contract is not administered electronically through the FundSERV network (see Section 3 *SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS*).

1.7 Surrender of the Contract

The Contract may be surrendered in whole or in part according to the surrender rules governing each investment vehicle. The Company reserves the right to postpone the cash payment or transfer to another financial institution for up to sixty (60) days from the date on which the written surrender request is received.

The surrender value of the Contract is the aggregate of the surrender value of the daily interest fund, the surrender value of each guaranteed investment, the surrender value of each life investment and the surrender value of the Premiums invested in the Funds. The surrender value of the investment vehicles is established according to the method indicated in the specific provisions for each investment vehicle (see the appropriate SPECIFIC PROVISIONS).

1.8 Joint Ownership and Subrogated Policyholder

For a Non-registered Contract only, there may be more than one Policyholder. **If the Contract is held by more than one Policyholder, all the rights and obligations pursuant to this Contract must be jointly exercised by all Policyholders**.

Except in the province of Quebec, following the death of a Policyholder and if the Contract is held under joint ownership with right of survivorship, the Contract remains in force and the last surviving Policyholder becomes the sole Policyholder of the Contract.

In the province of Quebec, following the death of a Policyholder and if a Subrogated Policyholder has been designated, the Subrogated Policyholder becomes a new Policyholder of the Contract.

The transfer of ownership may result in some tax implications and it is suggested that the Policyholder consult his/her tax specialist regarding the transfer of ownership.

The ownership and its transfer must be made in accordance with applicable legislation, administrative rules of the Company and terms and conditions of this Contract.

1.9 Successor Annuitant

The following clause shall only apply before the Company begins to pay the annuity payments under Section 1.11 of this Contract. For further clarity, this clause shall not apply if the Company has begun to pay annuity payments as provided by Section 1.11. For more details about the annuity payments payable under the Contract, please refer to Section 1.11.

The Successor Annuitant is the person who is designated as the "Successor Annuitant" by the Policyholder by written notice to the Company at any time before the Annuitant's death. **The designation of a Successor Annuitant only applies if the Contract has not been hypothecated or assigned as collateral in favour of the Company. If the Policyholder hypothecates or assigns this Contract in favour of the Company, any designation of a Successor Annuitant by the Policyholder is automatically revoked and is no longer applicable.**

If no Successor Annuitant has been designated by the Policyholder by written notice to the Company before the Annuitant's death, the Annuitant's spouse or common-law partner, as those terms are defined under the *Income Tax Act* (Canada) or under any applicable pension legislation, shall become the Successor Annuitant if the following conditions are met:

1) the Annuitant's spouse or common-law partner is the sole Beneficiary under the Contract;
2) the Annuitant's spouse or common-law partner elects to become the Successor Annuitant on the Annuitant's death;
3) the Contract is not hypothecated or assigned as collateral in favour of the Company; and
4) the Company has not begun to pay the annuity payments under Section 1.11.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, the Successor Annuitant shall become the Annuitant, the Contract shall remain in force and no death benefit shall be payable by the Company. Notwithstanding the terms and conditions provided in this Contract, any rights of the Successor Annuitant are subject to any applicable pension legislation. For more details, refer to the *Before the Company begins to pay the Annuity Payments* subsection of Section 1.10.

Subject to Section 1.8 *Joint Ownership and Subrogated Policyholder*, if the Annuitant is also the sole Policyholder prior to the Annuitant's death, the Successor Annuitant shall become the Policyholder on the death of the Annuitant and shall become the holder of all of the rights under the Contract, subject to its terms and conditions and applicable legislation. In this case, if the Successor Annuitant is not the Annuitant's spouse or common law partner, tax implications may occur. For further clarity, the Successor Annuitant shall not become the Policyholder on the death of the Annuitant and shall not become the holder of any rights under the Contract if there are more than one Policyholder or if a Subrogated Policyholder has been designated.

On the death of the Annuitant, if the Contract is registered as an RSP, a RIF or a TFSA under the *Income Tax Act* (Canada) and if the Successor Annuitant designated by the Policyholder is not the Annuitant's spouse or common-law partner, as provided for pursuant to this Contract, tax implications may occur.

Whereas certain provisions under the Contract are based on the age of the Annuitant, some of the Contract provisions, such as the Investment Period Maturity Date and the Guarantee Maturity Date may change when the Successor Annuitant becomes the Annuitant. For more details, please refer to the appropriate sections.

1.10 Death Benefits

Before the Company begins to pay the Annuity Payments

If the Annuitant dies before the annuity payments under Section 1.11 begin, and the Company has received all required documentation to settle the death claim, the Company pays the Beneficiary the sum of:

1) the book value of the daily interest fund;
2) the book value of the guaranteed investments;
3) the book value of the life investments; and
4) the Market Value of the Premiums invested in the Funds. The Market Value of the Premiums invested in the Funds used to calculate the death benefit is subject to Section 2.16 *Guarantees*.

The payment of the death benefit discharges the Company of all of its obligations under this Contract.

Subject to applicable legislation and administrative rules of the Company and the terms and conditions of this Contract, the Company may agree to maintain the investments in the various investment vehicles, if the Annuitant's spouse is the Beneficiary and chooses to become the Policyholder under the terms of this Contract.

Notwithstanding the other terms and conditions of this Contract, on the Annuitant's death, if a Successor Annuitant has been designated or if the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, no death benefit shall be payable. All investments under the Contract shall remain in the investment vehicles with the exception of the life investment, as provided for hereafter, and the Contract continues in force as if the Successor Annuitant had been the Annuitant since the Effective Date of the Contract, subject to the following changes:

> under the Classic Series 75/75, if on the day the Company has received all required documents to confirm the Annuitant's death, the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Classic Series 75/75 Funds, the Company makes up the difference by crediting Classic Series Fund Units as provided for pursuant to subsection d) *Application of the Guarantees* of Section 2.16.1;

> under the Series 75/100, if on the day the Company has received all required documents to confirm the Annuitant's death, the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Series 75/100 Funds, the Company makes up the difference by crediting Series 75/100 Fund Units as provided for pursuant to subsection d) *Application of the Guarantees* of Section 2.16.2;

> under the Ecoflex Series 100/100, if on the day the Company has received all required documents to confirm the Annuitant's death, the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds, the Company makes up the difference by crediting Ecoflex Series 100/100 Fund Units as provided for pursuant to subsection d) *Application of the Guarantees* of Section 2.16.3;

> under the Classic Series 75/75, the Series 75/100 or the Ecoflex Series 100/100, a new Guaranteed Minimum Value at death and a new Guaranteed Minimum Value at Maturity are established on the date the Company has received all required documents to confirm the Annuitant's death and following the application of the guarantee at death, as provided for pursuant to Section 2.16.1, Section 2.16.2 and Section 2.16.3;

> the life income payments terminate on the Annuitant's death on whose life the life income payments were based and the book value of the life investment, if any, is invested in the daily interest fund on the day the Company has received all required documents to confirm the Annuitant's death(please refer to Section 4).

After the Company has begun to pay the Annuity Payments

If the Annuitant dies after the annuity payments under Section 1.11 begin but before the expiry of the period during which the annuity payments are guaranteed, if any, the annuity continues to be paid to the Beneficiary or, failing a Beneficiary, to the Policyholder or to his or her estate until expiry of the guaranteed period of the annuity. Any designation of Successor Annuitant, as provided for pursuant to this Contract, is no longer applicable when the Company began to pay the annuity payments under Section 1.11.

1.11 Annuities

1.11.1 Life Annuity upon the Policyholder's Request

Life annuity with 120 guaranteed payments

At any time after the Annuitant has reached sixty-five (65) years of age, and if the Contract is in force, the Policyholder may request in writing to the Company that the Company pay a life annuity with one hundred and twenty (120) guaranteed payments (hereinafter called the "Guaranteed Annuity") to the Annuitant. The amount of the monthly payments under this Guaranteed Annuity is equal to the Book Value of the Contract on the date the Guaranteed Annuity is calculated, less charges in the amount of $600, multiplied by X:

where X is equal to: 0.016% x age of Annuitant on the date the Guaranteed Annuity is calculated – 0.90%.

Life annuity without guaranteed payments

Notwithstanding the foregoing and in order to comply with income tax legislation, at any time after the Annuitant has reached eighty (80) years of age and if the Contract is in force and is registered as a RIF under the *Income Tax Act* (Canada), the Policyholder may request in writing to the Company that the Company pay a life annuity without guaranteed payments (hereinafter called the "Annuity Without Guarantee") to the Annuitant. The amount of the monthly payments under the Annuity Without Guarantee is equal to the Book Value of the Contract on the date the Annuity Without Guarantee is calculated, less charges in the amount of $600, multiplied by Y:

where Y is equal to: 0.0165% x age of the Annuitant on the date the Annuity Without Guarantee is calculated – 0.90%.

1.11.2 Automatic Annuities Commencing on the Investment Period Maturity Date

Life annuity with 120 guaranteed payments

If, on the Investment Period Maturity Date, the Contract is in force and the Company has not received any written instructions from the Policyholder as to the start of the annuity payments, a guaranteed life annuity (hereinafter called the "Guaranteed Annuity at Maturity") begins automatically, with no further notice to the Policyholder, and is paid to the Annuitant in accordance with the terms of this Contract. The amount of the monthly payments under the Guaranteed Annuity at Maturity is equal to the Book Value of the Contract on the date the Guaranteed Annuity at Maturity is calculated less charges in the amount of $600, multiplied by X:

where X is equal to: 0.016% x age of Annuitant on the date the Guaranteed Annuity at Maturity is calculated – 0.90%.

Life annuity without guaranteed payments

Notwithstanding the foregoing if, on the Investment Period Maturity Date, the Contract is in force and is registered as a RIF under the *Income Tax Act* (Canada), and the Company has not received any written instructions from the Policyholder as to the start of the annuity payments, a life annuity without guaranteed payments (hereinafter called the "Annuity at Maturity Without Guarantee") begins automatically, with no further notice to the Policyholder, and is paid to the Annuitant in accordance with the terms of this Contract. The amount of the monthly payments under the Annuity at Maturity Without Guarantee is equal to the Book Value of the Contract on the date the Annuity at Maturity Without Guarantee is calculated less charges in the amount of $600, multiplied by Y:

where Y is equal to: 0.0165% x age of the Annuitant on the date the Annuity at Maturity Without Guarantee is calculated – 0.90%.

1.11.3 Application of the Guarantees

If any annuity provided under this Contract is established on the Guarantee Maturity Date and if Fund Units have been credited to the Contract on this date, the value of the Units used to calculate the Book Value of the Contract is determined in accordance with Section 2.16.1 d) *Application of the Guarantees for the Classic Series 75/75*, Section 2.16.2 d) *Application of the Guarantees for the Series 75/100* and Section 2.16.3 d) *Application of the Guarantees for the Ecoflex Series 100/100*.

Once the Company begins to pay annuity payments under this Section, all guarantees applicable under the Contract, except as provided for in this section, will no longer be applicable.

1.11.4 Surrender Before the Company Begins to Pay the Annuity Payments

The Policyholder may, at any time before the Company begins to pay annuity payments under this Section, surrender the Contract and use the surrender value (see Section 1.7 *Surrender of the Contract)* to purchase another annuity offered by the Company.

1.11.5 Surrender After the Company Has Begun to Pay the Annuity Payments

Notwithstanding the other terms and conditions of this Contract, after the Company begins to pay annuity payments, no surrenders or transfers are allowed.

1.11.6 Proof of Age

Evidence satisfactory to the Company of the age of the Annuitant must be furnished before the Company begins to pay annuity payments under this Section.

1.11.7 Registered Accounts

Notwithstanding Section 1.11 of this Contract, if the Contract is administered through the FundSERV network and if the Contract is held as an investment for a Registered Nominee or Intermediary Account, as these terms are defined in the application for this Contract, the life annuity with one hundred and twenty (120) guaranteed payments is paid into that Registered Nominee or Intermediary Account for the benefit of the holder of the Registered Nominee or Intermediary Account.

1.12 Automatic Conversion

If this Contract is registered as an RSP under the *Income Tax Act* (Canada) and it is in force on the Investment Period Maturity Date, the Contract is automatically converted into a RIF or a LIF.

This automatic conversion will be made in accordance with the *Income Tax Act* (Canada) or any corresponding provincial legislation and according to the administrative policies then in effect at the Company. The conversion does not in any way affect the investments in place at the time of conversion and does not constitute the issuance of a new Contract.

1.13 File and Personal Information

In order to ensure the confidentiality of the Policyholder's personal information, the Company will establish a file (the "Policy File"), the purpose of which is to provide insurance, annuity products, and financial services to the Policyholder. The Company will retain in the Policy File any information provided by the Policyholder, the Annuitant and/or the Beneficiary as part of the application and administration of this Contract.

Only the Company's employees and authorized representatives who will be responsible for administering the Contract, as well as the relevant products and financial services, or any other person whom the Policyholder authorizes, will have access to the Policy File.

The Policy File will be kept in the Company's offices. The Policyholder is entitled to access the personal information contained in his/her Policy File and, if necessary, to have it rectified by sending a written request to the following address:

Industrial Alliance Insurance and Financial Services Inc.
Information Access Officer
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

The Company may establish a list of clients for prospecting purposes for use by the Company itself or other companies of the Industrial Alliance group. The Policyholder may remove his/her name from this list by sending a written request to the Information Access Officer at the above-mentioned address.

1.14 Proof of Survival

Whenever a payment provided for under this Contract is contingent on the existence of the Annuitant, the Company reserves the right to require proof that the Annuitant is alive on the date on which an annuity payment is due.

1.15 Limitation Period

Every action or proceeding against an Insurer for the recovery of insurance money payable under the Contract is absolutely barred unless commenced within the time set out in the *Insurance Act* or other applicable provincial legislation.

2. SPECIFIC PROVISIONS FOR FUNDS (SEGREGATED FUNDS)

2.1 Specific Definitions for Funds

In this Section, the following definitions apply:

Classic Series 75/75

Several Funds offer Fund Units for which the Contract provides the "Classic Series 75/75" guarantee (hereinafter referred to as the "Classic Series 75/75 Fund Units"). If the Policyholder invests Premiums in the Classic Series 75/75 Fund Units of one or more Funds (hereinafter referred to as the "Classic Series 75/75 Funds"), the Contract provides a Guaranteed Minimum Value at Maturity and a Guaranteed Minimum Value at Death equal to 75% of all the Premiums invested in the Classic Series 75/75 Funds and reduced proportionally by all surrenders, if any.

Current Value of a Fund Unit

Notwithstanding the Series of a Fund Unit, the Current Value of a Fund Unit is determined on a Valuation Date by dividing the market value of the assets allocated to the Fund by the number of Units of that Fund (also referred to as "Current Value").

Ecoflex Series 100/100

Several Funds offer Fund Units for which the Contract provides the "Ecoflex Series 100/100" guarantee (hereinafter referred to as the "Ecoflex Series 100/100 Fund Units"). If the Policyholder invests Premiums in the Ecoflex Series 100/100 Fund Units of one or more Funds (hereinafter referred to as the "Ecoflex Series 100/100 Funds"), the Contract provides a Guaranteed Minimum Value at Maturity and a Guaranteed Minimum Value at Death equal to 100% (75% if the Annuitant has reached a certain age) of all the Premiums invested in the Ecoflex Series 100/100 Funds and reduced proportionally by all surrenders, if any.

Ecoflex Fee

When the Policyholder invests Premiums in the Ecoflex Series 100/100 Funds, an Ecoflex Fee is charged quarterly. The Ecoflex Fee is an additional insurance fee which is not embedded in the management fees and which is charged to the Contract. The Ecoflex Fee is directly deducted from the Contract through an automatic surrender of Premiums invested in the Ecoflex Series 100/100 Funds. Please see the *Ecoflex Fee* subsection of Section 2.16.3 for more details about this fee and refer to the Information Folder for explanations as to how the proportional reduction is determined.

Funds

The Funds are the segregated fund(s) established by the Company and available for the investment of a Premium under this Contract from time to time.

Fund Facts

The Fund Facts is a disclosure document in respect of the Contract which form part of the information folder related to the Contract. A Fund Facts is established for each Fund offered under the Contract.

Fund Unit(s)

Fund Units are a notional measurement that is used by the Company to determine the value of the Premiums invested in the Funds and its benefits (also called "Unit" or "Units" in this Contract). A Policyholder does not acquire any ownership interest in the Fund Units, which may be whole or fractional.

Guarantee Maturity Date

For all Series, the Guarantee Maturity Date is the date on which the guarantee at maturity is applicable. For the Classic Series 75/75 and the Series 75/100, the Guarantee Maturity Date is established on December 31 of the year in which the Annuitant turns one hundred (100). For the Ecoflex Series 100/100, the Guarantee Maturity Date is established by the Policyholder on the application. The date must be at least fifteen (15) years from the date the first Ecoflex Series 100/100 Fund Units are credited to the Contract and must be between the Annuitant's 60th and 71st birthday (see Section 2.16.3 *Ecoflex Series 100/100*).
If the Contract is registered as a LIF, the Guarantee Maturity Date may be different depending on the applicable legislation.

Guaranteed Minimum Value at Death

If the Annuitant dies before the Investment Period Maturity Date, a Guaranteed Minimum Value at Death is provided by the Contract and is established as specified under the terms of Section 2.16 *Guarantees* of this Contract. Each Series has its own Guaranteed Minimum Value at Death.

Guaranteed Minimum Value at Maturity

The term "Guaranteed Minimum Value at Maturity" is defined as a minimum guaranteed value provided under this Contract as of the Guarantee Maturity Date. Each Series has its own Guaranteed Minimum Value at Maturity. The Guaranteed Minimum Value at Maturity for each Series is fully explained in Section 2.16 *Guarantees* of this Contract.

Initial Investment Date of the Classic Series 75/75

This is the date on which a Premium is invested in the Classic Series 75/75 Funds for the first time under the Contract.

Initial Investment Date of the Ecoflex Series 100/100

This is the date on which a Premium is invested in the Ecoflex Series 100/100 Funds for the first time under the Contract.

Initial Investment Date of the Series 75/100

This is the date on which a Premium is invested in the Series 75/100 Funds for the first time under the Contract.

Market Value of Fund Assets

The market value of the assets allocated to a Fund on a Valuation Date is determined by calculating the total market value of all the underlying investments allocated to this Fund minus any applicable fees and expenses, such as management fees and operating expenses.

THE MARKET VALUE OF EACH FUND'S ASSETS IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE UNDERLYING INVESTMENT(S) ALLOCATED TO EACH FUND.

Market Value of the Premiums invested in the Classic Series 75/75 Funds

The Market Value of the Premiums invested in the Classic Series 75/75 Funds on a Valuation Date is equal to the sum of the Current Value of all the Classic Series 75/75 Fund Units credited to the Contract on this Valuation Date.

Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds

The Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds on a Valuation Date is equal to the sum of the Current Value of all the Ecoflex Series 100/100 Fund Units credited to the Contract on this Valuation Date.

Market Value of the Premiums invested in the Funds

The Market Value of the Premiums invested in the Funds on a Valuation Date is equal to the sum of the Current Value of all the Fund Units, including all types of Series, in each of the Funds credited to the Contract on that Valuation Date.

Market Value of the Premiums invested in the Series 75/100 Funds

The Market Value of the Premiums invested in the Series 75/100 Funds on a Valuation Date is equal to the sum of the Current Value of all the Series 75/100 Fund Units credited to the Contract on this Valuation Date.

THE MARKET VALUE OF THE PREMIUMS INVESTED IN THE FUNDS, INCLUDING THE INVESTMENT IN THE CLASSIC SERIES 75/75 FUNDS, THE SERIES 75/100 FUNDS AND THE ECOFLEX SERIES 100/100 FUNDS, AND THE CURRENT VALUE OF EACH FUND'S UNITS ARE NOT GUARANTEED SINCE THESE VALUES FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

Series

Each Fund offers different series of guarantees with respect to the Premiums invested in the Funds. Some Funds may only offer certain type of Series. The Series offered under the Contract are:

i) Classic Series 75/75;

ii) Series 75/100;

iii) Ecoflex Series 100/100.

Series 75/100

Several Funds offer Fund Units for which the Contract provides the "Series 75/100" guarantee (hereinafter referred to as the "Series 75/100 Fund Units"). If the Policyholder invests Premiums in the Series 75/100 Fund Units of one or more Funds (hereinafter referred to as the "Series 75/100 Funds"), the Contract provides a Guaranteed Minimum Value at Maturity equal to 75% of all Premiums invested in the Series 75/100 and a Guaranteed Minimum Value at Death equal to 100% (75% if the Annuitant has reached a certain age) of all the Premiums invested in the Series 75/100 Funds and reduced proportionally by all surrenders, if any.

Surrender Fees

The Surrender Fees, if applicable, are deducted at the time of surrender of the Premiums in accordance with the rates stipulated under Section 2.6 *Sales Charge Options* of this Contract.

Valuation Date

A business day on which the Toronto Stock Exchange is open for trading and on which a value is available for the underlying investments held by a particular Fund.

75/100 Guarantee Fee

When the Policyholder invests Premiums in the Series 75/100 Funds, a 75/100 Guarantee Fee is charged quarterly. The 75/100 Guarantee Fee is an additional insurance fee which is not embedded in the management fees and which is charged to the Contract. The 75/100 Guarantee Fee is directly deducted from the Contract through an automatic surrender of Premiums invested in the Series 75/100 Funds. Please see the *75/100 Guarantee Fee* subsection of Section 2.16.2 for more details about this fee and refer to the Information Folder for explanations as to how the proportional reduction is determined.

2.2 Investing in Funds (Segregated Funds)

The Policyholder may request, at any time, to invest in one or more Funds offered by the Company. The Company reserves the right to limit amounts invested in a Fund and to close a Fund for all future investments of Premiums.

Fund Units are credited to the Contract on the Valuation Date coinciding with the date on which the Company receives the request to invest a Premium in the Funds, or on the first Valuation Date following, if the request to invest is received after 4:00 p.m. eastern time. The number of Fund Units credited to the Contract will be the amount allocated to the Fund by the investment of the Premium, divided by the Current Value of a Fund Unit of the Fund determined on the Valuation Date on which the Units are credited to the Contract.

Any Premium is allocated to each Fund according to the Policyholder's written instructions. However, a minimum of $25 must be allocated to each Fund selected in order to credit Fund Units under the Contract. If this Fund allocation minimum amount is not respected when a Premium is invested, this Premium is invested in the Classic Series 75/75 Money Market Fund for Contracts administered electronically through the FundSERV network and invested in the daily interest fund if the Contract is not administered electronically through the FundSERV network (see Section 3 *SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS*) until the Fund allocation minimum amount is respected. This Fund allocation minimum amount is subject to change at any time in accordance with the Company's administrative regulations.

If the Policyholder fails to give instructions as to the desired allocation of a Premium to the various Funds under the Contract, the Premium is invested in the Classic Series 75/75 Money Market Fund if the Contracts administered electronically through the FundSERV network and invested in the daily interest fund if the Contract is not administered electronically through the FundSERV network (see Section 3 *SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS*).

THE MARKET VALUE OF THE PREMIUMS INVESTED IN THE FUNDS AND THE CURRENT VALUE OF EACH FUND'S UNITS CREDITED TO THE CONTRACT ARE NOT GUARANTEED SINCE THESE VALUES FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

Rescission Right

The Policyholder has the right to change his/her mind about this Contract within two (2) business days of the earlier of:

> the date the Policyholder receives confirmation; or

> five (5) business days after the confirmation is mailed.

The Policyholder may also change his/her mind about subsequent transactions made under this Contract within two (2) business days of the earlier of:

> the date the Policyholder receives confirmation; or

- five (5) business days after the confirmation is mailed.

The right to cancel only applies to the new transaction. The Policyholder has to tell the Company in writing, by email, fax or letter, that he/she wants to cancel. The amount returned will be the lesser of:

- the value of the Premium invested; or
- the value of the investment on the valuation day following the day the Company received the request to cancel.

The amount returned only applies to the specific transaction and includes a refund of any sales charges paid.

2.3 Funds and Fund Facts

The Company offers a variety of Funds in which the Policyholder can invest the initial and subsequent Premiums. From time to time, existing Funds may be terminated (see Section 2.14 *Termination of a Fund*) or new Funds may be added. Please refer to Section 2.2 if no instructions are provided as to the investment of a Premium in each Fund.

A Fund Facts is available for each Fund offered under the Contract. The information provided in each Fund Facts complies with *Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds* of the Canadian Life and Health Insurance Association Inc. and is accurate as of the date the information was prepared.

The following elements or sections of each Fund Facts related to the Funds offered under the Contract form part of the Contract:

- Name of the Contract and the Fund;
- Management Expense Ratio;
- Risk disclosure ("How risky is it?" and "Risk Level");
- Fees and expenses ("How much does it cost" and "Ongoing fund expenses");
- Right to cancel ("What if I change my mind?").

Remedies for any error in the Fund Facts information outlined in the prior paragraph include reasonable measures by the Company to correct the error but do not entitle the Policyholder to specific performance under the Contract.

2.4 Fundamental Changes

The Company notifies the Policyholder in writing at least sixty (60) days before making a fundamental change to a Fund. This written notice advises the Policyholder what change is made and when it becomes effective. A fundamental change includes:

a) an increase in the management fee charged against the assets of a Fund;

b) a change in the fundamental investment objectives of a Fund;

c) a decrease in the frequency with which Units of a Fund are valued; and/or

d) an increase in the insurance fee of a Fund that exceeds the maximum specified in the Information Folder, if such insurance fee is disclosed separately from the management fee (please refer to the Information Folder for more details on this maximum).

Upon receipt of notice of a fundamental change, the Policyholder has the right to:

i) transfer the Premiums invested in the Fund subject to the fundamental change to a similar Fund offered by the Company that is not subject to the fundamental change, without incurring any Surrender Fees or similar fees and without affecting any other rights or obligations of the Policyholder under the Contract; or

ii) if the Company does not offer a similar Fund, surrender the Premiums invested in the Fund subject to the fundamental change, without incurring any Surrender Fees or similar fees.

A similar Fund means a Fund that has comparable fundamental investment objectives, is in the same Fund category (in accordance with the Fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee and insurance fee of the Fund in effect at the time the notice is given.

The Company must receive the Policyholder's election at least five (5) days prior to expiry of the notice period required for a fundamental change. The notice is sent by regular mail to the Policyholder's last known address as shown in the Company records. During the notice period, the Company may provide that the Policyholder shall not be permitted to invest in the Fund subject to the fundamental change, unless he/she agrees to waive the right to redeem without charges.

2.5 Market Value of Fund Assets and Current Value of a Fund Unit

The market value of the assets allocated to each Fund and the Current Value of a Fund Unit are determined on each Valuation Date. The Company reserves the right to adjust the frequency and dates of these regular valuations. However, in no event will a valuation be made less frequently than once a month (see Section 2.4 *Fundamental Changes*).

Special valuations may be made on days other than regular Valuation Dates. The valuation of the Funds and the underlying investments may be delayed or postponed if the stock market is closed, if transactions are suspended on assets allocated to the Funds in question, or if there is an emergency during which it is not reasonably practical for the Company to dispose of the assets allocated to the Funds, to acquire assets on behalf of the Funds or to determine the total value of the Funds. In this case, the valuation will take place as soon as possible. The valuation will be based on the closing price on the preceding business day on a nationally recognized stock exchange, and in all other cases, on the fair market value as determined by the Company.

Income from dividends, interest and net capital gains is reinvested in the Fund and used to increase the Current Value of a Fund Unit. The Company reserves the right to change this method following written notice to the Policyholder.

2.5.1 Current Value of a Fund Unit

The Current Value of a Fund Unit is determined by dividing the market value of the net assets allocated to the Fund by the number of Units of the Fund. The Current Value of a Fund Unit on a specific date is the Current Value on the Valuation Date that coincides with this date, or at the first Valuation Date following, if none coincides. When Units of an underlying fund are allocated to a Fund, the investment advisor of the underlying fund will also use the method described above for the determination of the Current Value of a Fund Unit for the Company to use.

The Company reserves the right to divide the Fund Units. In such a case, the Company will modify the number of Units credited to the Contract so that the division will not affect the Market Value of the Premiums invested in the Funds.

THE CURRENT VALUE OF EACH FUND'S UNITS IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

2.5.2 Market Value of Fund Assets

The Market Value of the assets allocated to a Fund (also referred as "Fund assets") on a Valuation Date is determined by calculating the total market value of all the underlying investments allocated to this Fund minus any fees and expenses (such as management fees and operating expenses) on that date. In addition, assets purchased but not paid for as well as any expenses incurred are deducted from the value of the assets. The only expenses charged to the Funds are those assignable to those Funds.

THE MARKET VALUE OF FUND ASSETS FOR EACH FUND IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE UNDERLYING INVESTMENT(S) ALLOCATED TO EACH FUND.

2.6 Sales Charge Options

Each time the Policyholder invests a Premium in the Classic Series 75/75, the Series 75/100 or the Ecoflex Series 100/100 Funds, 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 three sales charge options available: the front-end, the deferred sales charge and the no sales charge option.

2.6.1 Front-End Option

If the Policyholder invests in the Funds under the front-end option (also referred as "Front-End option") a sales charge of up to 5% of the Premium to be invested in the Funds is negotiated by the Policyholder and is paid to his/her life insurance agent. The sales charge payable by the Policyholder will depend on the negotiation between the Policyholder and the life insurance agent.

2.6.2 Deferred Sales Charge Option

If the Policyholder invests in the Funds under a deferred sales charge option (also referred as "DSC option"), Surrender Fees will be charged on surrenders of Premiums invested in the Fund if the surrender is made within seven (7) years following the date on which each debited Unit was credited to the Contract for a Fund for which Surrender Fees are applicable, subject to the "Surrender Limit" (see Section 2.6.4 *Right to Surrender–Without Surrender Fees* below). The fees correspond to a percentage of the Current Value of the debited Units from the Contract at the time of the surrender.

The following table illustrates how the Surrender Fees are applied:

Year Units were debited	Fees as a % of the Current Value of debited Units
1st year	5.5%
2nd and 3rd year	5.0%
4th and 5th year	4.0%
6th year	3.0%
7th year	2.0%
8th and subsequent years	0.0%

Surrenders are applied such that the Fund Units credited to the Contract least recently are debited first.

Surrender fees do not apply to the surrender of Premiums invested in the Money Market Fund unless these Premiums were previously invested in other Funds. Also, Surrender fees do not apply to surrender of Premiums invested in the Funds, made in accordance with the payment under the death benefits provisions.

2.6.3 No Sales Charge Option

If the Policyholder invests in the Funds under the No Sales Charge option (also referred as "NSC Option"), there is no sales charge or Surrender Fees.

2.6.4 Right to Surrender–Without Surrender Fees

If the DSC option has been selected for the Premiums, those Premiums may be surrendered without incurring a Surrender Fee so long as the surrender amount does not exceed a certain amount (the "Surrender Limit") per calendar year.

The Surrender Limit is calculated as follows: up to 10% of the Market Value of the Premiums invested in the Funds under the DSC option as determined on the last Valuation Date of the year preceding the surrender, plus 10% of the Premiums invested in the Contract under the DSC option during the calendar year in which the surrender is requested.

Within the same Contract, the right to surrender without Surrender Fees may also apply to the transfer from a Fund under the DSC option to the guaranteed investments offered by the Company with a term equal to or greater than one year. However, Surrender Fees shall apply in all circumstances to surrenders made for transfers of Funds under the DSC option to the daily interest fund or when the transfer is made to another contract offered by the Company. Surrender Fees also apply in all circumstances for transfers to other financial institutions. The Premiums under the DSC option surrendered pursuant to the Periodic Income Program ("PIP") are included in the calculation of the Premiums surrendered without Surrender Fees for a particular year.

The free surrender privilege is not cumulative and cannot be carried forward to future years. The Company may, at any time, modify the free surrender privilege and a transaction fee of $35 may apply. The Company may modify this transaction fee at any time.

2.6.5 Specific Procedures if the Contract is registered as a RIF under the *Income Tax Act* (Canada)

If the Contract is registered as a RIF under the *Income Tax Act* (Canada), surrenders of Premiums made over the course of a calendar year not exceeding the higher of:

a) the sum of A and B, where:

A is equal to: 10% of the sum of the Current Value of all the Fund Units credited to the Contract following the investment of Premiums under the DSC option on the last business day of the preceding year, plus the sum of the book value of each guaranteed investment on this date; and

B is equal to: 10% of the Premiums invested in the Funds under the DSC option during the current year, plus the sum of the book value of each guaranteed investment issued during this year; and

b) the minimum annual payment that must be made under the Contract as prescribed by the *Income Tax Act* (Canada)

will be paid at their market value without any Surrender Fees.

Also, within the same Contract, the free surrender privilege for the amount set out in the previous paragraph also applies for a transfer from a Fund to a guaranteed investment offered by the Company with a term equal to or greater than one year.

However, Surrender Fees shall apply for transfers from a Fund to the daily interest fund, the life investment and for transfers to another contract offered by the Company. Surrender Fees also apply to transfers to other financial institutions.

2.7 Management Fee and Operating Expenses

A Management fee is paid to the Company. It varies from Fund to Fund and is deducted from each Fund on each Valuation Date. The fee is determined on the market value of the assets allocated to a Fund on each Valuation Date.

The management fee rates may be modified from time to time, but shall never exceed the management fee rates in effect on December 31, 2013 plus 2.00%.

The insurance fee, which is the fee associated with the benefits guaranteed under the Contract for the Classic Series 75/75 (see Section 2.16 *Guarantees*), is embedded in the management fee. However, for the Series 75/100 and the Ecoflex Series 100/100, an additional insurance fee is not embedded in the management fee and is charged to the Contract through debit of Units. For more details about this additional insurance fee, please refer to Section 2.16 *Guarantees*.

Furthermore, the commission payable to the life insurance agent for the initial investment in the Company's Funds and the service fees which are paid monthly to the life insurance agent as long as the Contract is in force are embedded in the management fees. Please refer to the Fund Facts Booklet for the current management fee, the 75/100 Guarantee Fee and the Ecoflex Fee of each Fund, stipulated on an annual basis.

Please refer to the Fund Facts Booklet for more information about fees.

Any increase in the management fee and in any additional insurance fee not embedded in the management fees above the insurance fee rate would be considered as a fundamental change and would give the Policyholder certain rights (see Section 2.4 *Fundamental Changes* and refer to the Information folder to know the maximum insurance fee rate under each Series for which additional insurance fee may be charged to the Contract).

In addition to the management fee, current operating expenses are deducted from the Fund, including:

> Legal, audit, accounting and transfer agent expenses;
> Administrative fees, costs and expenses;
> Interest charges;
> Policyholder communication fees;
> Financial and other reports and disclosure documents required to comply with laws;
> All other fees incurred by the Fund; and
> Applicable taxes.

MER

The management fees, operating expenses and applicable taxes constitute the total amounts charged to the average net assets of the Fund, and the ratio of the sum of these fees and expenses is called the "Management Expense Ratio" ("MER"). The MER includes all fees and expenses of any underlying investment fund in which the Company invests for the purpose of its Fund. Subject to Section 2.4 *Fundamental Changes*, the Company may change the MER of any Funds available under this Contract without prior notice.

When the Company invests in an underlying investment fund for the purpose of its Funds, in no event will there be any duplication of management fees at any time.

2.8 Surrender of Premiums

At any time on or before the Investment Period Maturity Date, the Policyholder may make a partial or total surrender of the Premiums invested in the Funds (hereinafter called a "surrender"). All requests for a partial or total surrender must be made in writing. A partial or total surrender may entail Surrender Fees (see Section 2.6 *Sales Charge Options*). The surrender value of the Premiums invested in the Funds is equal to the number of Fund Units debited from the Contract multiplied by the Current Value of the Fund Unit on the Valuation Date coinciding with, or next following, the date on which the Company receives the request to surrender, minus the applicable Surrender Fees.

The Policyholder must indicate the amount to be surrendered in the event of a partial surrender and the particular Fund or Funds from which a portion of the surrender value is to be surrendered. For a Fund, if there are Classic Series 75/75 Fund Units, Series 75/100 Fund Units and Ecoflex Series 100/100 Fund Units credited to the Contract, the Policyholder must also indicate which Units of that Fund are to be debited first. Furthermore, in the event of a partial surrender, when there are Fund Units credited to the Contract from the same Fund and the same Series, it is the Fund Units that have been credited to the Contract least recently that are debited first.

All partial surrenders must respect the minimum surrender amount established by the Company. This amount is determined from time to time by the Company.

The Company may suspend the right to surrender Premiums invested in a Fund or postpone the date of payment upon surrender during any period when normal trading is suspended on any exchange on which securities in which the Fund or the underlying investment is invested and if those securities are not traded on any other exchange that represents a reasonably practical alternative or with the prior permission of the Canadian securities regulatory authorities.

During any period of suspension, there will be no calculation of the Current Value of the Fund Units and no Units will be credited to or debited from the Contract. The calculation of the Current Value of the Fund Units will resume when trading resumes on the exchange or with the permission of the Canadian securities regulatory authorities. If the right to surrender Premiums invested in a Fund is suspended and the Policyholder makes a surrender request during that period, he/she may either withdraw his/her surrender request prior to the end of the suspension period or the Fund Units credited to his/her Contract will be debited in accordance with the request to surrender when the Current Value of the Fund Units is first calculated following the end of the suspension period.

THE SURRENDER VALUE OF PREMIUMS INVESTED IN THE FUNDS IS NOT GUARANTEED WHEN A PARTIAL OR TOTAL SURRENDER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

2.9 Dollar Cost Averaging ("DCA")

The Policyholder may, upon written request, participate in the Dollar Cost Averaging investment plan ("DCA") for any Contracts registered as an RSP or as a TFSA under the *Income Tax Act* (Canada), LIRA Contracts and Non-registered Contracts. The Dollar Cost Averaging investment plan is not available for any contracts registered as a RIF under the *Income Tax Act* (Canada). Through this plan, the Policyholder initially invests his/her Premium in the Money Market Fund. Each month, a designated amount, determined by the Policyholder, is automatically transferred from the Money Market Fund in order to invest in selected Funds of the Contract for a specified length of time (between 6 and 12 months). This transaction requires a monthly minimum investment of $25 per Fund.

2.10 Periodic Income Program ("PIP")

The Policyholder may, upon written request, participate in the Periodic Income Program (PIP) solely if the Contract is non-registered or if registered as a TFSA or an RSP under the *Income Tax Act* (Canada). The Policyholder can choose to receive the income on a monthly or annual basis. The minimum amount of periodic income paid to the Policyholder must be at least $1,000 on an annual basis or $100 on a monthly basis.

The Policyholder may terminate the PIP at any time by sending a written request to the Company. The Company can modify the PIP from time to time.

ANY PORTION OF THE TOTAL VALUE OF PREMIUMS INVESTED IN FUNDS SURRENDERED TO MAKE PAYMENTS UNDER THE PERIODIC INCOME PROGRAM IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF EACH FUND'S ASSETS.

2.11 Transfers Between Funds

The Policyholder may request, in writing, that the Current Value of Fund Units credited to the Contract be transferred and invested in another available Fund, subject to certain restrictions. **Tax implications may occur following a transfer between Funds.**

Subject to the applicable provisions when a change of Series occurs, the Units credited following a transfer will retain the date the debited Units were initially credited to the Contract. However, Units credited to the Contract following a transfer of the value of the Units of the Money Market Fund to a Fund shall be credited to the Contract at the Valuation Date on which the Current Value of the Money Market Fund Units was determined. No Surrender Fees will be charged in these circumstances.

The value of the Units credited and debited following a transfer will be based on the Current Value of each Unit of the Funds for which a transfer request is received and on the Valuation Date upon which the transfer request is received by the Company.

The balance of the investment in a Fund after a transfer may not be less than the minimum amount required, otherwise the entire investment in the Fund must be transferred to the other Fund in which the transfer is requested. This minimum is determined from time to time by the Company. The Company reserves the right to charge transaction fees on transfers at any time.

If a transfer between Funds results in a change of Series, Section 2.12 applies.

2.12 Change of Series

The Company allows the Policyholder to change the type of Series of the Units credited to the Contract subject to certain restrictions.

Change of Series may change the guarantees applicable pursuant to each Series. For more details about the change of Series, see Section 2.16 *Guarantees.*

2.13 Frequent Trading

If the Policyholder surrenders or transfers the Premiums invested in a Fund, in whole or in part, (except for the Money Market Fund) within ninety (90) days following the date of their investment in the Fund, frequent trading fees equal to 2% of the amount of the transaction apply.

When a surrender or transfer occurs within thirty (30) days following the date of the investment in any of the Global, International, Small Capitalization or Specialty Funds, the Company may waive the fees, at its sole discretion and only if it determines it to be under exceptional circumstances. For these Funds, when the transaction occurs between thirty-one (31) and ninety (90) days following the date of the investment, the Company reserves the right to waive the fees at its sole discretion.

For all other Funds, the Company may waive the fees at any time, at its sole discretion.

All frequent trading fees charged are invested in the Fund subject to the partial or total surrender or transfer of Premiums to increase the assets of the Fund for the benefit of all policyholders having invested in the Fund. The Company reserves the right to modify, at any time, the terms related to frequent trading fees.

These fees do not apply to Premiums surrendered or transferred under the Company's systematic plans (such as the Pre-Authorized Chequing ("PAC") Plan and the Periodic Income Program ("PIP")).

In addition to any applicable frequent trading fees, the Company may, at its sole discretion, refuse any investment of future Premiums or transfer of Premium requests if the Company determines that the Policyholder's trading activities may be detrimental to the Funds or the underlying funds.

2.14 Termination of a Fund

Subject to Section 2.4 *Fundamental Changes* of this Contract, the Company reserves the right to terminate a Fund at any time. At least sixty (60) days before the termination date of the Fund, the Company will send a notice to Policyholders who have Units of the Fund credited to their Contract. Up to five (5) days prior to the termination date of the Fund, Policyholders may request that the Current Value of the affected Fund Units credited to the Contract be transferred to and invested in another Fund currently available. If the Policyholder does not request a transfer, the Company will transfer the Fund Units into the Fund of its choice. The Current Value of Fund Units transferred and invested in another Fund will be determined on the Valuation Date on which the Company terminates the Fund. Otherwise, the transfer will be subject to Section 2.11 *Transfers Between Funds*.

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED IS NOT GUARANTEED WHEN A TRANSFER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

2.15 Investment Policy Changes

The Company reserves the right to modify the investment policy of a Fund at any time to better meet the stated investment objectives of the Fund. Such changes to investment policy shall not require prior written notification to be sent to the Policyholder. Any change in the investment objectives of a Fund will be considered a fundamental change (see Section 2.4 *Fundamental Changes*).

2.16 Guarantees

Each Series provides its own guarantees as fully described in the following sections.

2.16.1 Classic Series 75/75

a) Guarantee Maturity Date

Establishment

The Guarantee Maturity Date is automatically established on December 31 of the year in which the Annuitant reaches one hundred (100) years of age.

If the Contract is registered as a LIF, the Guarantee Maturity Date may be different depending on the applicable pension legislation.

Successor Annuitant

On the Annuitant's death, if Classic Series 75/75 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant a new Guarantee Maturity Date for the Classic Series 75/75 is automatically established on December 31 of the year in which the Successor Annuitant reached one hundred (100) years of age.

b) Guaranteed Minimum Value at Maturity

The Guaranteed Minimum Value at Maturity is equal to 75% of the Premiums invested in the Classic Series 75/75 Funds on the Initial Investment Date for the Classic Series 75/75 and varies as follows:

1) increases when additional Classic Series 75/75 Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the Premiums;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Classic Series 75/75 Funds when any Classic Series 75/75 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and
3) the Guaranteed Minimum Value at Maturity is reduced to zero when there is no remaining value in the Classic Series 75/75 or if the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 75% of the Market Value of the Premiums invested in the Classic Series 75/75 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.1 d) *Application of the Guarantees for the Classic Series 75/75*. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this subsection b) *Guaranteed Minimum Value at Maturity*.

c) Guaranteed Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 75% of the Premiums invested in the Classic Series 75/75 Funds on the Initial Investment Date of the Classic Series 75/75 and varies as follows:

1) increases when additional Classic Series 75/75 Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the new Premiums;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Classic Series 75/75 Funds when any Classic Series 75/75 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and

3) the Guaranteed Minimum Value at Death is reduced to zero when there is no remaining value in the Classic Series 75/75 or if the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Death is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Death is equal to 75% of the Market Value of the Premiums invested in the Classic Series 75/75 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.1 d) *Application of the Guarantees for the Classic Series 75/75*. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this subsection c) *Guaranteed Minimum Value at Death.*

d) Application of the Guarantees for the Classic Series 75/75

On the Guarantee Maturity Date

If, on the Valuation Date coinciding with the Guarantee Maturity Date (or the first Valuation Date following, if none coincides), the Guaranteed Minimum Value at Maturity is higher than the Market Value of the Premiums invested in the Classic Series 75/75 Funds on that date, the Company will make up the difference by crediting Classic Series 75/75 Fund Units at their Current Value which have an aggregate value equal to the difference between the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Classic Series 75/75 Funds. Said Units are invested in the Classic Series 75/75 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

At death

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section 1.10 *Death Benefits* is the higher of:

a) the Market Value of the Premiums invested in the Classic Series 75/75 Funds on the date the Company receives all documents required to settle the claim; and

b) the Guaranteed Minimum Value at Death for the Classic Series 75/75 on the reception date described previously.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant as provided for pursuant to this Contract and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Classic Series 75/75 Funds, the Company makes up the difference by crediting Classic Series 75/75 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Classic Series 75/75 Funds. Said Units are invested in the Classic Series 75/75 Money Market Fund.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED SINCE IT VARIES ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

e) Change of Series

Ecoflex Series 100/100 and/or Series 75/100 to the Classic Series 75/75
Upon written request from the Policyholder, the Company proceeds with the change from the Ecoflex Series 100/100 and/or the Series 75/100 to the Classic Series 75/75. Following the change of Series, the guarantees applicable under the Ecoflex Series 100/100 and/or the Series 75/100 will decrease in proportion to the debited Fund Units from the Ecoflex Series 100/100 and/or the Series 75/100 that are newly covered by the Classic Series 75/75.

For the purposes of the guarantees applicable under the Classic Series 75/75, the sum of the Current Value of all the credited Units newly covered by the Classic Series 75/75 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Classic Series 75/75. If no Classic Series 75/75 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Classic Series 75/75 will be automatically established on December 31 of the year in which the Annuitant turns one hundred (100).

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

2.16.2 Series 75/100

a) Guarantee Maturity Date

Establishment

The Guarantee Maturity Date is automatically established on December 31 of the year in which the Annuitant reaches one hundred (100) years of age.

If the Contract is registered as a LIF, the Guarantee Maturity Date may be different depending on the applicable pension legislation.

Successor Annuitant

On the Annuitant's death, if Series 75/100 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant a new Guarantee Maturity Date for the Series 75/100 is automatically established on December 31 of the year in which the Successor Annuitant reached one hundred (100) years of age.

b) Guaranteed Minimum Value at Maturity

The Guaranteed Minimum Value at Maturity is equal to 75% of the Premiums invested in the Series 75/100 Funds on the Initial Investment Date for the Series 75/100 and varies as follows:

1) increases when additional Series 75/100 Fund Units are credited to the Contract (excluding transfers from one Fund to another Fund in this same Series) in a proportion of 75% of the Premiums;

2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Series 75/100 Funds when any Series 75/100 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series); and

3) the Guaranteed Minimum Value at Maturity is reduced to zero when there is no remaining value in the Series 75/100 or if the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 75% of the Market Value of the Premiums invested in the Series 75/100 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.2 d) *Application of the Guarantees for the Series 75/100*. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this subsection b) *Guaranteed Minimum Value at Maturity*.

c) Guaranteed Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 100% (75% if the Annuitant is eighty (80) years of age or older when the Premiums are invested) of the Premiums used for the initial investment in a Fund and varies as follows:

1) the Guaranteed Minimum Value at Death increases when additional Fund Units are credited to the Contract under this Series (excluding transfers from one Fund to another Fund in this same Series), in the following proportion: 100% of the new Premiums if the Premiums are invested before the Annuitant reaches eighty (80) years of age; 75% of the new Premiums if the investment took place when the Annuitant is eighty (80) years of age or older;
2) the Guaranteed Minimum Value at Death is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Series 75/100 Funds when any Series 75/100 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series and under the same guarantee); and
3) the Guaranteed Minimum Value at Death is reduced to zero when there is no remaining value in the Series 75/100 or if the Contract is cancelled or terminated.
4) the Guaranteed Minimum Value at Death may be increased by a reset of the Guaranteed Minimum Value at Death for the Series 75/100.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Death is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Death is equal to 100% (75% if the Successor Annuitant is eighty (80) years of age or older on this date) of the Market Value of the Premiums invested in the Series 75/100 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.2 d) *Application of the Guarantees for the Series 75/100*. The new Guaranteed Minimum Value at Death varies thereafter in accordance with the provisions provided under this subsection c) *Guaranteed Minimum Value at Death*.

d) Application of the Guarantees for the Series 75/100

On the Guarantee Maturity Date

If, on the Valuation Date coinciding with the Guarantee Maturity Date (or the first Valuation Date following, if none coincides), the Guaranteed Minimum Value at Maturity is higher than the Market Value of the Premiums invested in the Series 75/100 Funds on that date, the Company will make up the difference by crediting Series 75/100 Fund Units at their Current Value which have an aggregate value equal to the difference between the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Series 75/100 Funds. Said Units are invested in the Series 75/100 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

At death

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section 1.10 *Death Benefits* is the higher of:

a) the Market Value of the Premiums invested in the Series 75/100 Funds on the date the Company receives all documents required to settle the claim; and
b) the Guaranteed Minimum Value at Death for the Series 75/100 on the reception date described previously.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant as provided for pursuant to this Contract and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Series 75/100 Funds, the Company makes up the difference by crediting Series 75/100 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Series 75/100 Funds. Said Units are invested in the Series 75/100 Money Market Fund.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED SINCE IT VARIES ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

e) Reset of the Guaranteed Minimum Value at Death

The Policyholder may reset the Guaranteed Minimum Value at Death once per calendar year and up to the Annuitant's eightieth (80th) birthday. No resets are permitted after that. Following a reset, the new Guaranteed Minimum Value at Death is the higher of:

a) the Market Value of the Premiums invested in the Series 75/100 on the date the Company receives the Policyholder's request; and
b) the current Guaranteed Minimum Value at Death for this Series.

If new Premiums are invested in the Series 75/100 Funds between two resets or after the last reset is performed, the Guaranteed Minimum Value at Death shall be equal to the total of:

i. the Guaranteed Minimum Value at Death for this Series determined on the last reset performed; and
ii. 100% (or 75% if the Annuitant is eighty (80) years of age or older when the new Premiums are invested) of the new Premiums invested in the Series 75/100 Funds since the last reset was performed.

f) 75/100 Guarantee Fee

In order to provide the Series 75/100, the 75/100 Guarantee Fee is charged to the Policyholder and paid to the Company through an automatic surrender of Premiums invested in the Series 75/100 Funds. This results in debiting 75/100 Units from the Contract.

The 75/100 Guarantee Fee for a year is established on each December 31, based on the Market Value of all Premiums invested in the Series 75/100 on that date after all transactions have been processed. This fee is paid on a quarterly basis, starting in January of the following calendar year on the same day as the day of the Series 75/100 Anniversary Date (or on the first Valuation Date following, if none coincides). Any automatic surrender of Premiums invested in the Series 75/100 Funds made to pay this fee will not affect the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death.

The annual 75/100 Guarantee Fee is established as follows:

75/100 Guarantee Fee = MV x (A1 x F1 + A2 x F2 +… + An x Fn)

where:

MV = the Market Value of all premiums invested in the Series 75/100 on December 31 after all transactions have been processed;

A1 = for each Series 75/100 Fund in which the Policyholder has invested Premiums, the annualized proportion based on the Market Value of the Premiums invested in the Series 75/100 Funds during the calendar year, including any of these Premiums that have been surrendered;

F1 = the Fund fee rate depending on the category of each Fund, for each Series 75/100 Fund in which the Policyholder has invested Premiums. Please refer to the Information Folder for more details on how the category is determined; and

n = the number of Series 75/100 Funds in which the Policyholder has Premiums invested during the calendar year.

g) Change of Series

Classic Series 75/75 and/or Ecoflex Series 100/100 to the Series 75/100

Upon written request from the Policyholder, the Company proceeds with the change from the Classic Series 75/75 and/or the Ecoflex Series 100/100 to the Series 75/100. Following the change of Series, the guarantees applicable under the Classic Series 75/75 and/or the Ecoflex Series 100/100 will decrease in proportion to the debited Fund Units from the Classic Series 75/75 and/or the Ecoflex Series 100/100 that are newly covered by the Series 75/100.

For the purposes of the guarantees applicable under the Series 75/100, the sum of the Current Value of all the credited Units newly covered by the Series 75/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Series 75/100. If no Series 75/100 Fund Units were credited to the Contract before the change of Series, the Guaranteed Maturity Date for the Series 75/100 will be automatically established on December 31 of the year in which the Annuitant turns one hundred (100).

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

2.16.3 Ecoflex Series 100/100

a) Guarantee Maturity Date

Establishment

The Policyholder shall establish the Guarantee Maturity Date for all the Premiums invested in the Ecoflex Series 100/100 Funds on the application or on any other form required by the Company when the Policyholder does not invest in the Ecoflex Series 100/100 on the Effective Date of the Contract. This date must be at least fifteen (15) years from the date the first Ecoflex Series 100/100 Fund Units were credited to the Contract. Furthermore, the Guarantee Maturity Date must be between the Annuitant’s 60th and 71st birthday. Notwithstanding the preceding, if the Annuitant is fifty-seven (57) years of age or older at the time the first Ecoflex Series 100/100 Fund Units are credited to the Contract, the Guarantee Maturity Date shall be set at exactly fifteen (15) years from this date.

Modification of the Guarantee Maturity Date

Fifteen (15) years or more from the Guarantee Maturity Date, the Policyholder may request, in writing, that this date be modified. The new Guarantee Maturity Date shall be set at a date that is at least fifteen (15) years from the date the modification was made.

Furthermore, the new Guarantee Maturity Date must be between the Annuitant’s 60th and 71st birthday and must be at least fifteen (15) years from the date of the modification.

Renewal of the Guarantee Maturity Date

On the Guarantee Maturity Date, this date is automatically renewed for a period of fifteen (15) years, or for a longer period as requested by the Policyholder.

Automatic Establishment of the Guarantee Maturity Date

If the Annuitant is under fifty-seven (57) years of age when the first Ecoflex Series 100/100 Fund Units are credited to the Contract and the Guarantee Maturity Date is not specified by the Policyholder or does not respect the above conditions, the Guarantee Maturity Date is deemed to be the Annuitant's 71st birthday or the date exactly fifteen (15) years from the Initial Investment Date of the Ecoflex Series 100/100, whichever date is later.

Successor Annuitant

On the Annuitant’s death, if Ecoflex Series 100/100 Fund Units are credited to the Contract and if a Successor Annuitant has been designated or the Annuitant’s spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guarantee Maturity Date for the Ecoflex Series 100/100 must be established by the Policyholder on the required form. This date must be at least fifteen (15) years from the date the Company receives all required documents to confirm the Annuitant’s death. Furthermore, the Guarantee Maturity Date must be between the Successor Annuitant’s 60th and 71st birthday. Notwithstanding the preceding, if the Successor Annuitant is fifty-seven (57) years of age or older on the date the Company receives all required documents to confirm the Annuitant’s death, the Guarantee Maturity Date shall be set at exactly fifteen (15) years from this date.

If the Successor Annuitant is under fifty-seven (57) years of age on this date and the Guarantee Maturity Date is not specified by the Policyholder or does not respect the above conditions, the new Guarantee Maturity Date for is deemed to be the Successor Annuitant's 71st birthday or the date exactly fifteen (15) years from this date, whichever date is later.

The “Modification of the Guarantee Maturity Date” and “Renewal of the Guarantee Maturity Date” subsections of this Section 2.16.3 “*Ecoflex Series 100/100”* still apply when the Successor Annuitant becomes the Annuitant.

b) Guaranteed Minimum Value at Maturity

The Guaranteed Minimum Value at Maturity is equal to 100% (75% if the Annuitant is seventy-two (72) years of age or older when the Premiums are invested) of the Premiums invested in the Ecoflex Series 100/100 Funds on the Initial Investment Date for the Ecoflex Series 100/100 and varies as follows:

1) increases when additional Ecoflex Series 100/100 Fund Units are credited to the Contract (excluding transfers between Funds in this same Series), in the following proportion: 100% (75% if the Annuitant is seventy-two (72) years of age or older when the Premiums are invested) of the new Premiums if the investment took place at least fifteen (15) years before the Guarantee Maturity Date and if there was no increase under paragraph 3 below; 75% of the new Premiums in all other cases;
2) is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Ecoflex Series 100/100 when any Fund Units under this Series are debited from the Contract (excluding transfers between Funds in this same Series);
3) fifteen (15) years before the Guarantee Maturity Date, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is under seventy-two (72) years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Maturity is automatically increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;
4) on the Guarantee Maturity Date, if the guarantee is renewed for another fifteen (15) years, the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is under seventy-two (72) years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Maturity is increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity

is only adjusted if 75 % of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

5) the Guaranteed Minimum Value at Maturity is reduced to zero when the Contract is cancelled or terminated.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Maturity is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Maturity which replaces any prior Guaranteed Minimum Value at Maturity for this Series is equal to 100% (75% if the Successor Annuitant is seventy-two (72) years of age or older on this date) of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.3 d) *Application of the Guarantees for the Ecoflex Series 100/100*. The new Guaranteed Minimum Value at Maturity varies thereafter in accordance with the provisions provided under this subsection b) *Guaranteed Minimum Value at Maturity*.

c) Guaranteed Minimum Value at Death

The Guaranteed Minimum Value at Death is equal to 100% (75% if the Annuitant is eighty (80) years of age or older when the Premiums are invested) of the Premiums used for the initial investment in a Fund and varies as follows:

1) the Guaranteed Minimum Value at Death increases when additional Fund Units are credited to the Contract under this Series (excluding transfers from one Fund to another Fund in this same Series), in the following proportion: 100% of the new Premiums if the Premiums are invested before the Annuitant reaches eighty (80) years of age; 75% of the new Premiums if the investment took place when the Annuitant is eighty (80) years of age or older;

2) the Guaranteed Minimum Value at Death is adjusted in proportion to the decrease in the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds when any Ecoflex Series 100/100 Fund Units are debited from the Contract (excluding transfers from one Fund to another Fund in this same Series and under the same guarantee);

3) fifteen (15) years before the Guarantee Maturity Date, the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is under eighty (80) years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Death is automatically increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

4) on the Guarantee Maturity Date, if the guarantee is renewed for another fifteen (15) years, the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds are compared. At this time, if the Annuitant is less than eighty (80) years of age and if the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher, the Guaranteed Minimum Value at Death is increased to 100% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds;

5) the Guaranteed Minimum Value at Death is reduced to zero when the Contract is cancelled or terminated;

6) the Guaranteed Minimum Value at Death may be increased by a reset of the Guaranteed Minimum Value at Death for the Ecoflex Series 100/100.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract, a new Guaranteed Minimum Value at Death is established on the date the Company receives all required documents to confirm the Annuitant's death. The new Guaranteed Minimum Value at Death is equal to 100% (75% if the Successor Annuitant is eighty (80) years of age or older on this date) of the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds calculated on this date and following any credit of Units as provided for pursuant to subsection 2.16.3 d) *Application of the Guarantees for the Ecoflex Series 100/100*. The new Guaranteed Minimum Value at Death varies thereafter in accordance with the provisions provided under this subsection c) *Guaranteed Minimum Value at Death*.

d) Application of the Guarantees for the Ecoflex Series 100/100

On the Guarantee Maturity Date

On the Guarantee Maturity Date (or the first Valuation Date following, if none coincides), the Guaranteed Minimum Value at Maturity and the Market Value of the Premiums invested in the Ecoflex Series 100/100 are compared. If the Guaranteed Minimum Value at Maturity is higher than the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds, the Company makes up the difference by crediting Ecoflex Series 100/100 Fund Units at their Current Value. Said Units are invested in the Ecoflex Series 100/100 Money Market Fund. The date on which these Units are credited to the Contract is deemed to be the Guarantee Maturity Date.

On the Guarantee Maturity Date, the Policyholder may choose one of the following options:

1) any annuity offered at the time by the Company;
2) to cash in the Contract;
3) to continue the Contract, including the annuity payments provided under the Contract.

All options must comply with the applicable legislation.

At death

On the Annuitant's death, before the Investment Period Maturity Date, the Guaranteed Minimum Value at Death payable by the Company as provided for pursuant to Section1.10 *Death Benefits* is the higher of:

a) the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds on the date the Company receives all documents required to settle the claim; and

b) the Guaranteed Minimum Value at Death on that date.

On the Annuitant's death, if a Successor Annuitant has been designated or the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, as provided for pursuant to this Contract and if the Guaranteed Minimum Value at Death is higher than the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds, the Company makes up the difference by crediting Ecoflex Series 100/100 Fund Units at their Current Value on this date for an amount equal to the difference between the Guaranteed Minimum Value at Death and the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds. Said Units are invested in the Ecoflex Series 100/100 Money Market Fund.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED SINCE IT VARIES ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

e) Reset of the Guaranteed Minimum Value at Death

The Policyholder may reset the Guaranteed Minimum Value at Death once per calendar year and up to the Annuitant's eightieth (80th) birthday. No resets are permitted after that. Following a reset, the new Guaranteed Minimum Value at Death is the higher of:

a) the Market Value of the Premiums invested in the Ecoflex Series 100/100 on the date the Company receives the Policyholder's request; and

b) the current Guaranteed Minimum Value at Death for this Series.

If new Premiums are invested in the Ecoflex Series 100/100 Funds between two resets or after the last reset is performed, the Guaranteed Minimum Value at Death shall be equal to the total of:

i. the Guaranteed Minimum Value at Death for this Series determined on the last reset performed; and

ii. 100% (or 75% if the Annuitant is eighty (80) years of age or older when the new Premiums are invested) of the new Premiums invested in the Ecoflex Series 100/100 Funds since the last reset was performed.

f) Ecoflex Fee

In order to provide the Ecoflex Series 100/100, the Ecoflex fee is charged to the Policyholder and paid to the Company through an automatic surrender of Premiums invested in the Ecoflex Series 100/100 Funds. This results in debiting Ecoflex Units from the Contract.

The Ecoflex Fee for a year is established on each December 31, based on the Market Value of all Premiums invested in the Ecoflex Series 100/100 on that date after all transactions have been processed. This fee is paid on a quarterly basis, starting in January of the following calendar year on the same day as the day of the Ecoflex Anniversary Date (or on the first Valuation Date following, if none coincides). Any automatic surrender of Premiums invested in the Ecoflex Series 100/100 Funds made to pay this fee will not affect the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death.

The annual Ecoflex Fee is established as follows:

Ecoflex Fee = MV x (A1 x F1 + A2 x F2 +… + An x Fn)

where:

MV = the Market Value of all premiums invested in the Ecoflex Series 100/100 on December 31 after all transactions have been processed;

A1 = for each Ecoflex Series 100/100 Fund in which the Policyholder has invested Premiums, the annualized proportion based on the Market Value of the Premiums invested in the Ecoflex Series 100/100 Funds during the calendar year, including any of these Premiums that have been surrendered;

F1 = the Fund fee rate depending on the category of each Fund, for each Ecoflex Series 100/100 Fund in which the Policyholder has invested Premiums. Please refer to the Information Folder for more details on how the category is determined; and

n = the number of Ecoflex Series 100/100 Funds in which the Policyholder has Premiums invested during the calendar year.

g) Change of Series

Classic Series 75/75 and/or Series 75/100 to the Ecoflex Series 100/100
Upon written request from the Policyholder, the Company proceeds with the change from the Classic Series 75/75 and/or the Series 75/100 to the Ecoflex Series 100/100. Following the change of Series, the guarantees applicable under the Classic Classic Series 75/75 and/or the Series 75/100 will decrease in proportion of the debited Fund Units from the Classic Series 75/75 and/or the Series 75/100 that are newly covered by the Ecoflex Series 100/100.

For the purposes of the guarantees applicable under the Ecoflex Series 100/100, the sum of the Current Value of all the credited Units newly covered by the Ecoflex Series 100/100 on the Valuation Date the change of Series is made by the Company is deemed to be a new investment of Premiums in the Ecoflex Series 100/100. If no Ecoflex Series 100/100 Fund Units were credited to the Contract before the change of Series, the Policyholder will have to establish the Guaranteed Maturity Date for the Ecoflex Series 100/100 in accordance with subsection a) *Guaranteed Maturity Date for the Ecoflex Series 100/100* of this Section 2.16.3 *Ecoflex Series 100/100*. If the Policyholder does not establish the Guarantee Maturity Date, subsection *Automatic Establishment of the Guarantee Maturity Date* applies (for more details see subsection a) *Guarantee Maturity Date for the Ecoflex Series 100/100* of Section 2.16.3 *Ecoflex Series 100/100*).

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

3. SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS
(Not available for Contracts administered electronically through the FundSERV network)

3.1 Daily Interest Fund

All amounts invested in the daily interest fund earn interest at a rate declared by the Company from time to time.

The Policyholder may not invest in this investment vehicle if the Contract is administered electronically through the FundSERV network.

Value of the daily interest fund

The book value and the surrender value correspond to the total amount invested in this investment vehicle plus accrued interest.

3.2 Guaranteed Investments

A guaranteed investment is made up of an amount invested at a guaranteed interest rate for a fixed period. The interest rate on guaranteed investments will be set according to the Company's administrative rules in effect at the time of investment. The interest rate applicable to a particular Premium will vary according to the amount and the term of the Premium invested.

The Policyholder may not invest in this investment vehicle if the Contract is administered electronically through the FundSERV network.

Book Value

The book value of a guaranteed investment is equal to the amount invested in the guaranteed investment with accrued interest.

Surrender Value

The surrender value of any guaranteed investment is the lesser of a) and b), where:

a) is the book value of the guaranteed investment on the date of the request minus the difference between i) and ii), multiplied by the number of years and twelfths of years remaining, where:

i) is the annual future interest that the guaranteed investment would produce, taking into consideration the current rate offered by the Company for a duration equivalent to the original duration chosen and the type of interest chosen for the amount invested, increased by 1%; and

ii) is the annual future interest that the guaranteed investment would produce, taking into consideration its guaranteed rate;

b) is the book value of the guaranteed investment on the date of the request.

Moreover, when a guaranteed investment is surrendered, the Company will deduct from the lesser of a) or b) above an amount equal to 0.065% for each month remaining in the term of the guaranteed investment multiplied by the book value of the investment on the date of the surrender.

4. SPECIFIC PROVISIONS FOR THE LIFE INVESTMENT

(Only available if the Contract is registered as a RIF under the terms of the *Income Tax Act* (Canada). Not available for Contracts administered electronically through the FundSERV network)

In these specific provisions for the life investment, the Annuitant refers to the Policyholder.

A life investment is made up of a Premium invested in this investment vehicle at a guaranteed interest rate. Once this Premium is invested, the Company agrees to pay a life income to the Annuitant. The life income is determined based on the Premium invested, the selected payment frequency, the applicable interest rate, the Company's administrative rules, mortality tables, fees in effect at the Company, the guarantee at death selected by the Annuitant, as well as the age of the Annuitant when the Premium is invested in a life investment. The guaranteed interest rate that applies to the invested Premium varies according to the amount of the Premium and the age of the Annuitant when the investment is made.

The Policyholder may not invest in this investment vehicle if the Contract is administered electronically through the FundSERV network.

4.1 Payment of the Life Income

Life income payments are made according to the selection made by the Annuitant in the section of the application referring to the Contract's retirement benefits and life income payments or failing such selection, according to the terms of the Contract. No modification can be made to the frequency of the life income payments or to the day of the month on which the payments are made.

Unless a partial or total surrender is made from the life investment, no amendment can be made to the life income payment, even if the total life income payments for a year is higher than the minimum prescribed by law (see Section 6.8 *Retirement Income Payments)*.

4.2 Guarantees

Two types of guarantee are offered to the Annuitant when the initial investment is made under the life investment. The Annuitant selects the type of guarantee in the application. The following guarantees are offered:

Cash refund guarantee

The Company guarantees that when the Annuitant on whose life the life income payments have been based dies, the book value of the life investment on the date of death will be payable. It is possible for the book value of the life investment to equal zero.

Floor cash refund guarantee

The Company guarantees that on the Annuitant's death on whose life the life income payments have been based, the value of the life investment payable will be the higher of a) and b), where:

a) is equal to the book value of the life investment on the date of death;

b) is equal to 10% of the Premium initially invested in the life investment, reduced in the event of a partial surrender in proportion to the decrease in the book value of the life investment following the partial surrender made (hereinafter called the "floor cash refund").

4.3 Book Value

The book value of the life investment is equal to the greater of a) and b), where:

a) is equal to the Premium initially invested in the life investment less partial surrenders and less the total life income payments already made; and

b) is equal to the value of the floor cash refund. The value of the floor cash refund will only be applicable if the Annuitant selects the floor cash refund guarantee option in the application. See Section 4.2 *Guarantees* for more details on the floor cash refund guarantee option and the floor cash refund.

4.4 Surrender

The Annuitant may make a partial or total surrender of the life investment at any time on or before the Investment Period Maturity Date. Any partial surrender shall result in a decrease in the future life income payments. Once a partial surrender is made, life income payments are reduced in proportion to the decrease in the book value of the life investment following the partial surrender.

4.5 Surrender Value

The surrender value of a life investment is equal to:

> total surrender: the book value of the life investment on the surrender date minus the Surrender Fees;

> partial surrender: amount of the surrender minus Surrender Fees.

When a partial or total surrender is made, Surrender Fees (see Section 4.6 *Surrender Fees*) and administrative fees of $100 are applicable.

4.6 Surrender Fees

The Surrender Fees for a life investment are calculated as follows:

Surrender Fees = amount of surrender x (3% + D x (y2 – y1))

Where:

y1 is equal to the average yield on Government of Canada marketable bonds with a maturity of more than 10 years in effect when the Contract is issued;

y2 is equal to the average yield on Government of Canada marketable bonds with a maturity of more than 10 years in effect when the surrender is requested;

where the difference between y2 and y1 cannot be negative.

Where D is defined as being the higher of i) and ii), which are defined as follows:

i) is equal to 100 minus the age of the Annuitant when the surrender is made, divided by 3; and

ii) is equal to 3.

4.7 Termination of the Life Investment

The life income payments terminate on the Annuitant's death on whose life the life income payments have been based or on the total surrender of this investment vehicle. At the Investment Period Maturity Date, the surrender value of the life investment at this date is transferred to a life annuity as defined in Section 1.11 *Annuities* of this Contract.

On the Annuitant's death, if a Successor Annuitant has been designated, the Annuitant's spouse or common-law partner elects to become the Successor Annuitant, if provided for under Section 1.9 of this Contract, the life investment terminates and the book value of the life investment is invested in the daily interest fund on the date the Company receives all documents required to confirm the Annuitant's death.

5. RETIREMENT SAVINGS PLAN ENDORSEMENT

SECTION 146 OF THE *INCOME TAX ACT* (CANADA) IF SELECTED IN THE APPLICATION

Further to the Annuitant's request to register this Contract as a registered retirement savings plan under the terms of the *Income Tax Act* (Canada) and provincial income tax laws, this endorsement modifies the Contract as follows:

5.1 General

In this plan:

> the term "*Income Tax Act*" or simply, the "Act", refers to section 146 of the *Income Tax Act* (Canada) and any other applicable provisions of that Act, as amended from time to time, as well as any applicable provincial income tax legislation;

> "you" and "your" refer to the Policyholder or the Annuitant as defined in the Act;

> "spouse" means spouse or common-law partner in accordance with the Act;

> "RRSP" means Registered Retirement Savings Plan as defined in the Act; and

> "RRIF" means Registered Retirement Income Fund as defined in the Act.

5.2 Conferring Benefits

No advantage conditional in any way upon the existence of this plan may be extended in accordance with subsection 207.01(1) of the Act.

5.3 Investment Period Maturity Date

The Investment Period Maturity Date of this plan is any date selected by you which must not be after the end of the calendar year of your seventy-first (71st) birthday, or any other age which may be stipulated in the Act as the maximum age. Upon investment period maturity, you may elect to receive an immediate annuity income in any form permitted by the Act or you may elect to purchase a RRIF or to convert this plan into a RRIF, as defined in the Act. If you do not make an election, a RRIF benefit, as described in the Contract (see Section 1.12 *Automatic Conversion*), will be deemed to have been selected on your behalf by the Company. The immediate annuity must provide for equal annual or more frequent income payments.

The Company will not accept any contributions after the maturity date.

5.4 Death Benefit

If you die before income payments commence, the proceeds are paid to your Beneficiary or to your estate, if there is no Beneficiary, in cash as a lump sum, unless a "refund of Premiums" as defined in the Act has been requested. If you die after income payments have commenced under the annuity or the RRIF option and the beneficiary is not your spouse, the commuted value of any remaining income payments if any, is paid in a lump sum to your designated beneficiary, if there is one, otherwise to your estate.

The total amount of the annuity instalments paid to the spouse from the plan during a year following the death of the Annuitant may not exceed the total amount of the annuity payments made during one of the years prior to the Annuitant's death.

5.5 Over-contributions

This plan permits the payment of an amount, not exceeding the Book Value of the Contract, where such amount is paid to reduce the amount of tax otherwise payable under Part X.1 of the Act.

5.6 Surrenders and Transfers

Subject to any restrictions contained in this Contract, prior to the Investment Period Maturity Date of this plan, you may elect to direct the Company to:

> transfer all or a portion of the Premiums invested in the Plan to

a) a registered pension plan;

b) another RRSP;

c) a RRIF;

d) purchase an immediate annuity as per the Act; or

> surrender an amount in cash, subject to applicable withholding taxes.

5.7 Assignment

This plan and payments thereunder may not be assigned, either in whole or in part.

5.8 Legislation Changes

The Company shall have the right to amend any of the registration provisions of this plan resulting from changes to the applicable legislation without providing written notice to the Policyholder.

The provisions of this endorsement apply notwithstanding any provision to the contrary in the Contract.

6. RETIREMENT INCOME FUND ENDORSEMENT

IN REFERENCE TO SECTION 146.3 OF THE *INCOME TAX ACT* (CANADA) AND IN ACCORDANCE WITH THE CHOICE SPECIFIED IN THE REQUEST.

Further to the Annuitant's request to register this Contract as a registered retirement income fund under the terms of the *Income Tax Act* (Canada) and provincial income tax legislation or where the Annuitant has reached seventy-one (71) years of age on a registered retirement savings plan and has not selected another option (see Section 1.12 *Automatic Conversion* of the Contract), this endorsement modifies the Contract as follows:

6.1 General

In this endorsement:

> "Act" means the *Income Tax Act* (Canada);

> "spouse" means spouse or common-law partner in accordance with the Act;

> "RRSP" means Registered Retirement Savings Plan as defined by the Act;

> "RRIF" means Registered Retirement Income Fund as defined by the Act.

6.2 Proof of Age

Evidence satisfactory to the Company of the age of the Annuitant must be furnished before the conversion of the RRSP Contract to a RRIF is made.

6.3 Assignment

Payments from the Contract may not be assigned in whole or in part in accordance with paragraph 146.3(2) b) of the Act.

6.4 Transaction Fees

The Company reserves the right to charge transaction fees for any modifications to the terms of payment or for any other transactions.

6.5 Advantage

No advantage conditional in any way upon the existence of this plan may be extended in accordance with subsection 207.01(1) of the Act.

6.6 Request to Transfer

Upon receipt of written instructions from the Annuitant, the Company shall, in the prescribed manner, transfer all or part of the surrender value of the Contract at the time such request is received at the head office, together with all information necessary for the continuance of the RRIF, to any person who has agreed to be an issuer of another RRIF for the Annuitant, subject to the amount retained by the Company complying with paragraph 146.3(2) e) of the Act.

Upon receipt of written instructions from the Annuitant and all information required for such purposes, the Company shall transfer an amount from a RRIF of an Annuitant in accordance with subsection 146.3(14) of the Act if the amount:

(a) is transferred on behalf of an individual who is a spouse or common-law partner or former spouse or common-law partner of the Annuitant and who is entitled to the amount under a decree, an order or a judgment of a competent tribunal, or under a written agreement, that relates to a division of property between the Annuitant and the individual in settlement of rights that arise out of, or on a breakdown of, their marriage or common-law partnership; and

(b) is transferred directly to

- (i) a RRIF under which the individual is the Annuitant; or
- (ii) an RRSP under which the individual is the Annuitant.

6.7 Premiums

The Company shall only accept Premiums from the following sources:

i) an RRSP of which the Annuitant is the owner;

ii) another RRIF of which the Annuitant is the owner;

iii) an RRSP or a RRIF under which the spouse or former spouse of the Annuitant is the Annuitant pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, providing for the division of property between the Annuitant and his/her spouse or former spouse, during or after the breakdown of their marriage;

iv) a registered pension plan of which the Annuitant is a member as this term is defined in subsection 147.1(1) of the Act;

v) a registered pension plan in accordance with subsection 147.3(5) or (7) of the Act;

vi) a specified pension plan under the circumstances provided for in subsection 146(21) of the Act;

vii) from the Annuitant, to the extent that the Premium is an amount described in subparagraph 60(l)(v) of the Act; or

viii) a deferred profit sharing plan in accordance with subsection 147(19) of the Act.

6.8 Retirement Income Payments

Each year, the Company pays the Annuitant the retirement income payments that he/she has chosen, subject to the total payments made during each calendar year being at least equal to the minimum payment required by the Act.

The Company makes the payments in accordance with the provisions of the Act.

The Company agrees to pay to the Annuitant:

i) annually, commencing the first calendar year following the year in which the RRIF is established, the minimum amount prescribed by the Act. Upon receipt of a written request, amounts in excess of the minimum amount shall be paid without, however, surpassing the surrender value of the Contract before the payment date. The terms of payment are subject to the agreement between the Annuitant and the Company.

ii) at the end of the year in which the final payment must be made, an amount equal to the surrender value of the Contract.

a) Payment Options

The Annuitant may choose from the following payment options offered by the Company. The option chosen applies for the entire duration of the Contract or until the Annuitant chooses, in writing, another payment option offered by the Company. The Company may modify or cease to offer certain payment options. Failing instructions from the Annuitant and if the annual life income payments from the life investment do not exceed the minimum annual payment that may be made under the Contract as prescribed by the Act, payments will be made according to the minimum payment option described below. If the annual life income payments from the life investment exceed the minimum annual payment prescribed by the Act and failing instructions from the Annuitant, payments will be made according to the level payment option described below which will be equivalent to the life income payment. When no investment is made in a life investment, payments will be made according to the minimum payment option described below.

b) Minimum Payment

This is the minimum annual payment that must be made under the Contract as prescribed by the Act. It is established on January 1 of each year by multiplying the Book Value of the Contract on this date by a percentage prescribed by the Act. The percentage is based on the age of the Annuitant or his/her spouse's age, as indicated on the application. This option is only available if the total payments from the life investment for a given calendar year, if applicable, are lower than the minimum prescribed by law.

c) Level Payment

The Annuitant receives a fixed amount for the duration of the Contract. The amount must include the amount received through a life investment, if any.

d) Indexed Payment

The amount determined by the Annuitant increases at the beginning of each calendar year according to an indexation rate chosen by the Annuitant. The indexation rate cannot exceed 8%. The amount must include the amount received through a life investment, if any.

e) Frequency of Payments

The Annuitant can choose to receive the payments under the Contract on a monthly, quarterly, semi-annual or annual basis on the day of his/her choice. However, if the total periodic retirement benefits over the course of a calendar year are lower than $1,200, the frequency must be annual. Failing instructions from the Annuitant and subject to the preceding, the payments are made on a monthly basis.

If the Annuitant invests in a life investment, the frequency of the payments and the day of the month on which the payments are made cannot be modified while the life investment is in place.

f) Income Payments
Retirement income payments are made in accordance with the payment option chosen by the Annuitant or, failing such choice, according to the terms of the Contract. For each retirement income payment, the amount paid under the life investment, if any, is used to make this payment. When an amount in addition to the amount paid under the life investment is required to make the retirement income payment requested by the Annuitant or as required by the Act, or when no investment is made in the life investment, the amounts are redeemed from other investment vehicles in order of surrender or in the proportion indicated by the Annuitant.

Failing instructions from the Annuitant, the amounts required to cover the difference, if any, between the amounts paid under the life investment and the retirement income payment or the amounts required to pay the retirement income, when no investment is made in a life investment, are surrendered in the order indicated in the application (referred to as the "automatic surrender term"), in accordance with the provisions specific to each investment vehicle. Guaranteed investments are surrendered according to those with the shortest maturity. The Company may modify the automatic surrender term at any time.

Surrenders made over the course of a calendar year not exceeding the higher of:

a) 10% of the Book Value of the Fund Units credited to the Contract, on the last business day of the preceding year plus 10% of the Premiums invested in the Fund Units during the current year; and
b) the minimum annual payment that must be made under the Contract as prescribed by the Act.

will be paid at their Book Value without any Surrender Fees. However, Surrender Fees will apply to surrenders made for transfers to other financial institutions or for surrenders of a life investment (see Section 1.5 *Administrative Fees* of the general provisions and the *Surrender Fees* subsection of Section 4 *SPECIFIC PROVISIONS FOR THE LIFE INVESTMENT*).

This right to surrender without Surrender Fees is not cumulative and cannot be carried forward to future years. The Company may modify at any time the right to surrender without Surrender Fees and a transaction fee may apply.

g) Income Tax
The Act requires that income tax be retained by the Company from the retirement income payments. The income retained will be the minimum amount permitted by law, unless the Annuitant chooses a higher amount.

The provisions of this endorsement apply notwithstanding any provision to the contrary in the Contract.

7. TAX-FREE SAVINGS ACCOUNT ENDORSEMENT

SECTION 146.2 OF THE *INCOME TAX ACT* (CANADA) IF SELECTED IN THE APPLICATION

This endorsement shall only apply if the Policyholder is also the Annuitant under the Contract.

Further to the Policyholder's request to the Company to file an election to register this Contract as a Tax-Free Savings Account (hereinafter referred to as the "Arrangement") under the terms of the *Income Tax Act* (Canada) and provincial income tax legislation, this endorsement modifies the Contract as follows:

7.1 General

In this Arrangement:

a) the term "Act" refers to as the *Income Tax Act* (Canada), amended from time to time, as well as any applicable provincial income tax legislation;
b) the term "contributions" has the same meaning as given in the Act and constitutes the Premiums under the Contract;
c) the term "holder" means:
    1. until the death of the Policyholder who entered into the Arrangement with the Company, the Policyholder;
    2. at and after the death of the holder, the holder's survivor subject to conditions specified in Section 7.10 of this endorsement;
d) the term "spouse" means spouse or common-law partner in accordance with the Act;
e) the term "survivor" means another individual who is, immediately before the holder's death, the spouse of the holder;
f) the term "TFSA" means Tax-Free Savings Account as referred to in the Act.

7.2 Exclusivity

This Arrangement is maintained for the exclusive benefit of the holder determined without regard to any right of a person to receive a payment out of or under this Arrangement only on or after the death of the holder.

No individual other than the holder or the issuer of the Arrangement has any rights under the Arrangement relating to the amount and timing of distribution and the investing of Funds. The holder is solely responsible for the tax consequences that may result from his actions under this Arrangement.

7.3 Proof of Age

The holder must have attained the age required in accordance with the Act to make contributions to the Arrangement. Evidence satisfactory to the Company of the age of the holder must be furnished at the time the Arrangement is entered into.

7.4 Contributions

This Arrangement prohibits any individual other than the holder from making contributions under the Arrangement.

However, the holder is solely responsible for ensuring that these contributions are lower than the limits prescribed by the Act to avoid any tax consequences.

7.5 Over-contributions

If, at any time in a calendar month, the holder has an excess TFSA amount, as this term is defined under Part XI.01 of the Act, the holder shall, in respect of that month, pay a tax under this Part of the Act which is equal to 1% of the highest excess TFSA amount in that month.

However, the Arrangement permits distributions, as this term is defined in the Act, to be made to reduce the amount of tax otherwise payable by the holder under Part XI.01 of the Act.

7.6 Unused Contributions

The unused TFSA contributions can be carried forward for future years and are determined as stipulated in the Act.

7.7 Non-resident

If, at any time, a non-resident holder makes a contribution under the Arrangement, the non-resident holder shall pay a tax under Part XI.01 of the Act which is equal to 1% of the amount of the contributions in respect of each month for the period determined in section 207.03 of the Act.

7.8 Transfers

Subject to any restrictions under this Contract, the holder may elect to direct the Company to:

a) transfer directly all or any part of the property held in connection with the Arrangement, or an amount equal to its value, to another TFSA of the holder; or;

b) transfer to another TFSA, the holder of which is the spouse of the holder of this Arrangement, if the following conditions are satisfied:
   1. the holder and the spouse are living separate and apart at the time of the transfer; and
   2. the transfer is made under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a division of property between the holder and the spouse in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership.

7.9 Distributions

The Company may make a payment out of the Arrangement in satisfaction of all or part of the holder's interest in the Arrangement.

The investment income earned in this Arrangement, including capital gains, is not taxed in accordance with the Act.

7.10 Death

At and after the death of the holder, upon receipt of satisfactory proof of death, the survivor shall become the holder under the Arrangement if the following conditions are met:

a) the survivor has been designated "Successor Annuitant" under the Contract prior to the death of the holder or he/she has elected to become the "Successor Annuitant" on the death of the holder, as provided for pursuant to Section 1.9 of the Contract; and

b) there is no irrevocable designation of Beneficiary under the Contract prior to the death of the holder.

If the previous conditions are not met at or after the death of the holder, the survivor shall not become the holder under the Arrangement and subject to Section 1.10 of the Contract, if the Contract remains in force after the death of the holder, the Contract shall cease to be registered as a TFSA under the Act and tax implications may occur.

Notwithstanding the foregoing, the Contract shall cease to be registered as a TFSA under the Act immediately before the death of the last holder of the Arrangement.

7.11 Legislation Changes

The Company shall have the right to amend any of the registration provisions of this Arrangement resulting from changes to the applicable legislation without providing written notice to the holder.

7.12 Prescribed Conditions

This Arrangement complies with the conditions prescribed by the Act and the regulations promulgated under the Act. The conditions of this endorsement will take precedence over the provisions in the Contract in the case of conflicting or inconsistent provisions.

Yvon Charest
President and Chief Executive Officer

Douglas A. Carrothers
Corporate Secretary

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About Industrial Alliance

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. operates throughout Canada as well as in the United States. The Company offers life and health insurance products, mutual and segregated funds, savings and retirement plans, securities, auto and home insurance, mortgage and car loans and other financial products and services for both individuals and groups. Ranked among the top four life and health insurance companies in Canada, Industrial Alliance is one of Canada's largest public companies and trades on the Toronto Stock Exchange under the ticker symbol IAG.

For more information, contact:

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