

EDUCATION SAVINGS PLAN

Investment Application

One focus, many solutions.



PLANNING



INVESTING



LENDING



One focus, many solutions.

EDUCATION SAVINGS PLAN Account

FOR OFFICE USE ONLY

NEW CLIENT REP. NUMBER

EXISTING CLIENT

ACCOUNT NUMBER

INDIVIDUAL FAMILY

Subscriber Information

MR. MRS. MISS MS. DR.

LAST NAME: _____ FIRST NAME: _____ MIDDLE NAME: _____

ADDRESS: _____

CITY: _____ PROVINCE: _____ POSTAL CODE: _____

TELEPHONE: PRIMARY () _____ BUS. () _____ EMAIL: _____

SOCIAL INSURANCE NUMBER: M A N D A T O R Y Y DATE OF BIRTH: Y Y Y Y M M D D

NAME OF EMPLOYER: (SCHOOL NAME/OTHER) _____ TYPE OF BUSINESS: _____

ADDRESS: _____

OCCUPATION: TEACHER EDUCATIONAL EMPLOYEE SCHOOL ADMINISTRATION OTHER _____

SCHOOL BOARD _____

AFFILIATIONS: OSSTF ETFO OECTA AEFO COLLEGE UNIVERSITY PRIVATE SCHOOL OPC CPCO OTHER

WORKING STATUS: EMPLOYED FULL-TIME EMPLOYED PART-TIME RETIRED OTHER _____

Joint Subscriber Information (Please note that Joint Subscriber must be the spouse or common law partner of the Subscriber listed above.)

LAST NAME: _____ FIRST NAME: _____ MIDDLE NAME: _____

ADDRESS: _____

CITY: _____ PROVINCE: _____ POSTAL CODE: _____

SOCIAL INSURANCE NUMBER: M A N D A T O R Y Y DATE OF BIRTH: Y Y Y Y M M D D

NAME OF EMPLOYER: (SCHOOL NAME/OTHER) _____ TYPE OF BUSINESS: _____

ADDRESS: _____

OCCUPATION: TEACHER EDUCATIONAL EMPLOYEE SCHOOL ADMINISTRATION OTHER _____

SCHOOL BOARD _____

AFFILIATIONS: OSSTF ETFO OECTA AEFO COLLEGE UNIVERSITY PRIVATE SCHOOL OPC CPCO OTHER

WORKING STATUS: EMPLOYED FULL-TIME EMPLOYED PART-TIME RETIRED OTHER _____

Know Your Client Information – Mandatory

(Applicable securities laws require us to determine the general investment needs and objectives of potential purchasers before executing purchase orders. This information will be held in strict confidence.)

Investment Knowledge

S** JS**
 SOPHISTICATED
 GOOD
 FAIR
 POOR

Investment Objective*†

INCOME _____ %
 MEDIUM TERM (Balanced) _____ %
 LONG TERM GROWTH _____ %
(Values above must add up to 100%)

Investment Risk Tolerance*

HIGH
 MEDIUM
 LOW

Marital Status

MARRIED
 SINGLE
 OTHER

Investment Time Horizon*

1-2 YEARS
 3-5 YEARS
 6-9 YEARS
 OVER 10 YEARS

Gross Annual Income

S** _____
JS** _____

Net Worth* (includes JS**)

LIQUID ASSETS \$ _____
FIXED ASSETS + \$ _____
LIABILITIES - \$ _____
NET WORTH = \$ _____

*Please refer to Appendix A for more information.

**S is the Subscriber and JS is the Joint Subscriber.

Did you borrow money for investing in this account? Yes No

SPOUSE'S NAME: _____ SPOUSE'S OCCUPATION: _____

NUMBER OF DEPENDANTS: _____

Beneficiary Designation (cont'd.)

Beneficiary 3

SURNAME: _____ GIVEN NAME(S): _____ INITIALS: _____ RELATIONSHIP: _____
(Name must be exactly as appears on Social Insurance Card)

DATE OF BIRTH:

Y	Y	Y	Y	M	M	D	D
---	---	---	---	---	---	---	---

 SOCIAL INSURANCE NUMBER:

M	A	N	D	A	T	O	R	Y
---	---	---	---	---	---	---	---	---

 GENDER: F M CANADIAN RESIDENT: YES NO

CUSTODIAL PARENT/GUARDIAN NAME: _____ BENEFICIARY ADDRESS: _____
(if not Subscriber) (Custodial Parent/Guardian address required if Beneficiary is under 19 years of age)

Other Pertinent Information

SUCCESSOR SUBSCRIBER: *(The person who will continue to administer the plan in the event of the death of the subscriber)*

SURNAME: _____ GIVEN NAME: _____ (INITIALS): _____

Designation of Educational Institution *(Entitled to amount held under plan in case of failure of direction on termination date.)*

NAME: _____ ADDRESS: _____

***FINAL TERMINATION DATE:**

This date must not be later than December 31st of the 35th year following the year this Plan is established, or no later than December 31st of the 40th year following the year this Plan is established in the case of a Specified Plan.

Y	Y	Y	Y	M	M	D	D
---	---	---	---	---	---	---	---

***FINAL CONTRIBUTION DATE:**

This date must not be later than December 31st of the 31st year following the year this Plan is established, or no later than December 31st of the 35th year following the year this Plan is established in the case of a Specified Plan.

Y	Y	Y	Y	M	M	D	D
---	---	---	---	---	---	---	---

Use of Accounts by a Third Party

- A) WILL ANOTHER PERSON(S) HAVE A FINANCIAL INTEREST IN THIS ACCOUNT? YES NO
- B) WILL ANY PERSON OTHER THAN THE ACCOUNT HOLDER OR AUTHORIZED REPRESENTATIVE OF THE ACCOUNT HOLDER DIRECT THE ACTIVITY IN THIS ACCOUNT? YES NO

(If you answered "yes" to either of these questions, please provide the following information about that third party.)

NAME OF THE THIRD PARTY _____ ADDRESS OF THE THIRD PARTY _____

DATE OF BIRTH OF THE THIRD PARTY *(if he or she is an individual)* _____ THE RELATIONSHIP THAT EXISTS BETWEEN THE ACCOUNT HOLDER AND THE THIRD PARTY _____

THE PRINCIPAL BUSINESS OR THE OCCUPATION OF THE THIRD PARTY _____

Authorization

I/We hereby apply to open an Educators Financial Group Inc. Education Savings Plan, and request The Royal Trust Company ("Royal Trust") apply for registration of the Plan under the Income Tax Act (Canada) and any applicable provincial income tax legislation.

I/We acknowledge and agree to be bound by the terms and conditions of this Plan as set out in the application, the Declaration of Trust, and any relevant addendum to the Plan.

I/We understand that the information contained in this form, as well as the amount of the contribution and grant paid and/or received to the plan may be shared with the custodial parent/guardian. Information will also be provided to EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA, the federal government department responsible for the program and Canada Revenue Agency for taxation purposes.

It is my wish that all documents relating to the Account have been and shall be drawn up in the English language only. C'est mon désir que tout document de rapportant au régime soient rédigés en anglais seulement.

By signing here I/we verify that all the information provided is true, and I/we further confirm that I/we have read, understand and acknowledge receipt of Appendix A, the Privacy Protection Notice, the Pre-Authorized Chequing Agreement, the Client Complaint Information Form, the Complaint Handling Procedures, the Relationship Disclosure Notice and the Risk Disclosure Document.

DO YOU WANT THE AVAILABILITY TO VIEW YOUR ACCOUNT ONLINE? YES NO

DO YOU WANT TO RECEIVE ELECTRONIC STATEMENTS TO YOUR EMAIL (vs. paper statements)? YES NO

DO YOU WANT TO RECEIVE EDUCATORS ENEWS (exclusive offers/financial information to your email)? YES NO

If you opted in for electronic statements and/or Educators eNews, please remember to include your email address within the SUBSCRIBER INFORMATION section.

SUBSCRIBER'S SIGNATURE

Y | Y | Y | Y | M | M | D | D
DATE

JOINT SUBSCRIBER'S SIGNATURE

Y | Y | Y | Y | M | M | D | D
DATE

SALES REPRESENTATIVE'S SIGNATURE

Y | Y | Y | Y | M | M | D | D
DATE

COMPLIANCE OFFICER'S APPROVAL

Y | Y | Y | Y | M | M | D | D
DATE OF APPROVAL

(Accepted by Educators Financial Group Inc., as agent for The Royal Trust Company)

**EDUCATORS FINANCIAL GROUP INC., EDUCATION SAVINGS PLAN
PLAN TEXT, INDIVIDUAL PLAN**

I. DEFINED TERMS

- (a) **Accumulated Income Payment** means any amount paid out of the Plan, other than a payment described in any of sections 14(a) and 14(c) to 14(f), to the extent that the amount so paid exceeds the fair market value of any consideration given to the Plan for the payment of the amount.
- (b) **Applicable Grant Legislation** means:
the *Canada Education Savings Act* (Canada) and any regulations thereunder, as may be amended from time to time.
- (c) **Applicable Tax Legislation** means the *Income Tax Act* (Canada), the regulations thereunder and any applicable provincial income tax legislation relating to education savings plans, all as may be amended from time to time.
- (d) **Application** means the Subscriber's application for a **Educators Financial Group Inc.** Education Savings Plan.
- (e) **Assets of the Plan** means all amounts contributed to the Plan (including transfers to the Plan from another RESP), all Government Grants received by the Plan and all earnings and gains derived from investments, net of any losses and fees, charges and disbursements payable pursuant to section 13 and any other payments from the Plan, and includes all investments and uninvested cash held from time to time by the Trustee in accordance with the Plan.
- (f) **Beneficiary** means the individual, designated by the Subscriber in accordance with section 3, to whom or on whose behalf an Educational Assistance Payment will be paid if the individual qualifies under the Plan.
- (g) **Designated Educational Institution in Canada** means an educational institution in Canada that is a university, college or other educational institution designated by the Lieutenant Governor in Council of a province as a specified educational institution under the *Canada Student Loans Act*, designated by an appropriate authority under the *Canada Student Financial Assistance Act*, or designated by the Minister of Education of the Province of Quebec for the purpose of *An Act respecting financial assistance for education expenses*, R.S.Q., c. A-13.3.
- (h) **Designated Provincial Program** means a program, administered pursuant to an agreement entered into under section 12 of the *Canada Education Savings Act* (Canada), or a program, such as the Quebec Education Savings Incentive, established under the laws of a province to encourage the financing of children's post-secondary education through savings in registered education savings plans.
- (i) **Educational Assistance Payment** means any amount, other than a Refund of Payments, paid out of the Plan in accordance with section 10(a) to or for the Beneficiary to assist the Beneficiary to further his or her education at a Post-Secondary School Level.
- (j) **Estate Representative** means an executor, an administrator, an administrator with the will annexed, a liquidator or an estate trustee with a will or without a will, whether one or more than one is appointed.
- (k) **Final Contribution Date** means
- (i) where the Plan is not a Specified Plan, the last day of the 31st year following the Plan Commencement Year; and
 - (ii) where the Plan is a Specified Plan, the last day of the 35th year following the Plan Commencement Year.
- (l) **Final Termination Date** means
- (i) where the Plan is not a Specified Plan, the last day of the 35th year following the Plan Commencement Year; and
 - (ii) where the Plan is a Specified Plan, the last day of the 40th year following the Plan Commencement Year.
- (m) **Government Grants** mean:
- (i) the Canada Education Savings grant paid or payable under section 5 of the *Canada Education Savings Act* (Canada), and
 - (ii) the Canada Learning Bond paid or payable under section 6 of the *Canada Education Savings Act* (Canada).
- (n) **Plan** means the education savings plan established by the Application and this Plan Text.
- (o) **Plan Commencement Year** means:
- (i) the year in which the Plan was originally entered into, or
 - (ii) where an amount has been transferred to the Plan from another RESP, the earlier of the year in which the Plan was originally entered into and the year in which the other RESP was established.
- (p) **Post-Secondary Educational Institution** means:
- (i) a Designated Educational Institution in Canada,
 - (ii) an educational institution in Canada that is certified by the Minister of Employment and Social Development to be an educational institution providing courses, other than courses designed for university credit, that furnish a person with skills for, or improve a person's skills in, an occupation, or
- (iii) an educational institution outside Canada that provides courses at a Post-Secondary School Level and that is:
 - A. a university, college or other educational institutional at which the Beneficiary was enrolled in a course of not less than 13 consecutive weeks, or
 - B. a university at which the Beneficiary was enrolled on a full-time basis in a course of not less than three consecutive weeks.
- (q) **Post-Secondary School Level** includes a program of courses at an educational institution in Canada that is certified by the Minister of Employment and Social Development to be an educational institution providing courses, other than courses designed for university credit, of a technical or vocational nature designed to furnish a person with skills for, or improve a person's skills in, an occupation.
- (r) **Promoter** means **Educators Financial Group Inc.** or any successor Promoter under section 19.
- (s) **Public Primary Caregiver** of a beneficiary under an education savings plan in respect of whom a special allowance is payable under the *Children's Special Allowances Act*, means the department, agency or institution that maintains the beneficiary or the public trustee or public curator of the province in which the beneficiary resides.
- (t) **Qualifying Educational Program** means a program at a Post-Secondary School Level of not less than 3 consecutive weeks duration that requires that each student taking the program spend not less than 10 hours per week on courses or work in the program.
- (u) **Refund of Payments** means
- (i) a refund of a contribution, if the contribution was made otherwise than by way of a transfer from another RESP; or
 - (ii) a refund of an amount that was paid into the Plan by way of a transfer from another RESP, where the amount would have been a refund of payments under the other RESP if it had been paid directly to a subscriber under the other RESP.
- (v) **RESP** means a "registered education savings plan" as defined in the Applicable Tax Legislation.
- (w) **RESP Lifetime Limit** means the "RESP lifetime limit" as defined in the Applicable Tax Legislation.
- (x) **RRSP** means a registered retirement savings plan as defined in the Applicable Tax Legislation.
- (y) **Specified Educational Program** means a program at a Post-Secondary School Level of not less than three consecutive weeks duration that requires each student taking the program to spend not less than 12 hours per month on courses in the program.
- (z) **Specified Plan** means an education savings plan:
- (i) that does not allow more than one Beneficiary at any one time,
 - (ii) under which the Beneficiary is an individual in respect of whom paragraphs 118.3(1)(a) to (b) of the *Income Tax Act* (Canada) apply for the Beneficiary's taxation year that ends in the 31st year following the Plan Commencement Year; and
 - (iii) that provides that, at all times after the end of the 35th year following the Plan Commencement Year, no other individual may be designated as a Beneficiary;
- (aa) **Subscriber**, at any time, means:
- (i) each individual (other than a trust) identified as a Subscriber in the Application,
 - (ii) an individual who has before that time acquired a Subscriber's rights under the Plan pursuant to a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a division of property between the individual and a Subscriber under the Plan in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership, or
 - (iii) after the death of an individual described in any of (i) and (ii) above, any other person (including the estate of the deceased individual) who acquires the individual's right as a subscriber under the Plan or who makes contributions into the Plan in respect of the Beneficiary,
- but does not include an individual whose rights as a Subscriber under the Plan had, before that time, been acquired by an individual in the circumstances described in (ii) above.
- Where 2 individuals are identified as Subscribers in the Application, each individual must be a spouse or common-law partner of the other. When the context requires or permits, the singular "Subscriber" shall be read as if the plural "Subscribers" was used.
- (bb) **Trustee** means The Royal Trust Company or any replacement Trustee appointed pursuant to section 16.

2. AGREEMENT

The application of the Subscriber for a **Educators Financial Group Inc.** Education Savings Plan and this Plan Text constitute an agreement between the Promoter, the Trustee and the Subscriber for an education savings plan.

3. BENEFICIARY

Any individual may be designated by the Subscriber in the Application as the Beneficiary. A designation made after 2003 can only be made if:

- (a) the individual's social insurance number is provided to the Promoter before the designation and the individual is resident in Canada at the time of the designation, or
- (b) the designation is made in conjunction with a transfer of property into the Plan from another RESP under which the individual was a beneficiary immediately before the transfer and, except where the individual is not a resident of Canada and was not assigned a social insurance number before the designation is made, the individual's social insurance number is provided to the Promoter before the designation.

At any time, subject to the conditions above, the Subscriber may designate a replacement Beneficiary by delivering to the Promoter written notice of such designation in a form satisfactory to, and containing the information required by, the Promoter. If more than one such replacement designation has been delivered to the Promoter, the one bearing the latest date will govern.

4. NOTICE OF BENEFICIARY DESIGNATION

Within 90 days after a Beneficiary has been designated by the Subscriber, the Promoter shall notify the Beneficiary (or, where the Beneficiary is under 19 years of age at the time of designation and either ordinarily resides with a parent or legal guardian of the Beneficiary or is maintained by a public primary caregiver (as defined in the Applicable Tax Legislation) of the Beneficiary, that parent, legal guardian or public primary caregiver) in writing of the existence of the Plan and the name and address of the Subscriber.

5. CONTRIBUTIONS

Contributions into the Plan do not include amounts paid into the Plan under or because of the Applicable Grant Legislation or, pursuant to the Income Tax Act, amounts paid into the Plan under or because of a Designated Provincial Program, or any other program that has a similar purpose to a Designated Provincial Program and that is funded, directly or indirectly, by a province (other than an amount paid into the plan by a Public Primary Caregiver in its capacity as Subscriber under the plan).

No contribution may be made to the Plan other than a contribution made by or on behalf of the Subscriber in respect of the Beneficiary or a contribution made by way of transfer from another RESP, provided that:

- (a) the Beneficiary is resident in Canada when the contribution is made and, unless the Plan was entered into before 1999, the Beneficiary's social insurance number is provided to the Promoter before the contribution is made,
- (b) the contribution is made by way of transfer from another RESP under which the Beneficiary was a beneficiary immediately before the transfer, or
- (c) the contribution is made by way of transfer from another RESP, the parent (as that term is defined at paragraph 252(2)(a) of the *Income Tax Act* (Canada)) of the Beneficiary was the parent of an individual who was a beneficiary under the other RESP, and the Beneficiary was under 21 years of age when the Plan was entered into and the Beneficiary is a resident in Canada when the contribution by way of transfer is made and, unless the Plan was entered into before 1999, the Beneficiary's social insurance number is provided to the Promoter before the contribution by way of transfer is made.

Notwithstanding the foregoing:

- (d) no contribution shall be less than the minimum contribution amount, if any, established by the Promoter from time to time,
- (e) no contribution may be made to the Plan by or on behalf of the Subscriber after the Final Contribution Date, and
- (f) a contribution by way of transfer from another RESP will not be permitted if the other RESP has made an accumulated income payment.

The Subscriber is solely responsible for ensuring that the total amount of contributions made in respect of the Beneficiary under the Plan and any other RESPs does not exceed the RESP Lifetime Limit.

6. GOVERNMENT GRANTS

Where the Beneficiary is eligible for Government Grants under the Applicable Grant Legislation, at the request of the Subscriber and upon completion and delivery of all forms required under the Applicable Grant Legislation and by the Promoter, the Promoter will apply for Government Grants in respect of the Beneficiary. The Promoter and the Trustee are not responsible for determining whether the Beneficiary is eligible for Government Grants.

The Promoter will cause the Trustee to pay out of the Assets of the Plan any refund of Government Grants required under the Applicable Grant Legislation and Applicable Tax Legislation.

7. INVESTING

The Assets of the Plan will be invested in accordance with the Subscriber's instructions, in a form satisfactory to the Promoter, provided that any proposed

investment complies with the Promoter's investment requirements, if any, communicated to the Subscriber from time to time. The Promoter may, in its sole discretion, retain a portion of the Assets of the Plan in cash for the administration of the Plan. If the Plan has a cash deficit, as determined by the Promoter in its sole discretion, the Promoter may cause the realization of investments in the Plan, at the Promoter's choosing, to cover such cash deficit including for the purposes of paying expenses, taxes, fees and other amounts including for greater certainty, fees and other amounts payable under section 13.

Any uninvested cash will be placed on deposit with the Trustee or an affiliate of the Trustee. The interest payable to the Plan in respect of such cash balances will be determined by the Promoter from time to time in its sole discretion with no obligation to pay a minimum amount or rate. The Trustee will pay interest to the Promoter for inclusion in the Plan and the Promoter shall credit the Assets of the Plan with appropriate interest. The Trustee shall have no responsibility to ensure the interest is included in the Assets of the Plan by the Promoter and will not be liable if such inclusion is not made.

Any segregated fund investments will be held in nominee name. The Promoter and Subscriber shall designate the Trustee as the beneficiary under any segregated fund held under the Plan. Upon the death of the Subscriber, the proceeds of the segregated fund shall be paid to the Plan and form part of the Assets of the Plan to be dealt with according to the terms of this Plan Text.

It is the sole responsibility of the Subscriber to select investments of the Plan and to determine whether any investment should be purchased, sold or retained by the Plan. In the absence of any instructions from the Subscriber, the Promoter may, in its sole discretion, cause the realization of sufficient investments to permit the payment of any amounts required to be paid under the Plan.

The investment of the assets of the Plan shall not be limited in any way to investments authorized for trustees under, or to the criteria in planning or the requirements for diversifying the investment of the assets of the Plan as may be prescribed for trustees by, any applicable federal, provincial or territorial legislation.

It is the sole responsibility of the Subscriber to ensure that investments of the Plan are and remain "qualified investments" for RESPs within the meaning of the Applicable Tax Legislation.

8. CORPORATE ACTIONS

The Promoter and the Trustee will not have any duty or responsibility to vote, subscribe, convert or tender the Assets of the Plan in respect of any merger, consolidation, reorganization, receivership, bankruptcy, insolvency proceedings, take-over bids, issuer bids, rights offerings or similar events with respect to the investments of the Plan, except in accordance with a direction from the Subscriber.

9. REFUND OF PAYMENTS

At any time, the Subscriber may, in a written form satisfactory to the Promoter, request a Refund of Payments, such amount not to exceed the value of the Assets of the Plan less the total amount of all Government Grants held in the Plan.

Within 30 days of receipt of the written request by the Promoter (or such shorter period as the Promoter may determine in its sole discretion), the Refund of Payments will be paid to the Subscriber or to the Beneficiary if so directed by the Subscriber in writing.

Where there is more than one Subscriber at the time a Refund of Payments is requested, the Refund of Payments is deemed to be owed to both Subscribers jointly and may be paid either to both Subscribers or to either one of them, as directed by the Subscribers. Absent such direction, the Refund of Payments will be paid to both Subscribers jointly. Any Refund of Payments made to one or both Subscribers, as the case may be, shall constitute a valid discharge to the Promoter and Trustee for the Refund of Payments paid.

10. EDUCATIONAL ASSISTANCE AND OTHER PAYMENTS

Upon receipt of instructions from the Subscriber in a form satisfactory to the Promoter, the Promoter shall cause the Trustee to pay out of the Assets of the Plan, including any Government Grants held in the Plan subject to the provisions of the Applicable Grant Legislation, such amount or amounts as the Subscriber directs:

- (a) to or for the Beneficiary as an Educational Assistance Payment
 - (i) provided either that the Beneficiary
 - A. is enrolled at a Post-Secondary Educational Institution as a student in a Qualifying Educational Program, or
 - B. has attained the age of 16 years and is enrolled as a student in a Specified Educational Program and at a Post-Secondary Educational Institution.
 - (ii) further provided either that the Beneficiary
 - A. has satisfied the condition set out in section 10(a)(i)A., and
 - a) has done so throughout at least 13 consecutive weeks in the 12-month period that ends at that time, or
 - b) the total of the Educational Assistance Payment and all other education assistance payments made under this Plan and any other RESP of the Promoter to or for the Beneficiary in the 12-month period that ends at that time does not exceed \$5,000 or any greater amount that the Minister designated for the purposes of the *Canada Education Savings Act* (Canada) approves in writing with respect to the Beneficiary, or

- B. satisfies the condition set out in section 10(a)(i)B. and the total of the payment and all other educational assistance payments made under a RESP of the Promoter to or for the Beneficiary in the 13-week period that ends at that time does not exceed \$2,500 or any greater amount that the Minister designated for the purpose of the *Canada Education Savings Act* (Canada) approves in writing with respect to the Beneficiary.

Notwithstanding the above, an Educational Assistance Payment may be paid at any time in the six-month period immediately following the time at which the Beneficiary ceases to be enrolled as a student in the Qualifying Educational Program or the Specified Educational Program if the Educational Assistance Payment would have complied with the above requirements had it been made immediately before that time.

The Trustee will cause all or a portion of each Educational Assistance Payment to be paid from any Government Grants held in the Plan as permitted by and pursuant to the terms of the Applicable Grant Legislation.

The Promoter will determine whether the conditions for paying an Educational Assistance Payment have been satisfied and such determination shall be final and binding on the Subscriber and Beneficiary;

- (b) to, or to a trust in favour of, a Designated Educational Institution in Canada;
- (c) to another RESP so long as no Accumulated Income Payment has been paid under section 10(d); or
- (d) as an Accumulated Income Payment provided that:
- (i) the payment is made to, or on behalf of, a Subscriber who is resident in Canada for tax purposes when the payment is made,
 - (ii) the payment is not made jointly to, or on behalf of, more than one Subscriber; and
 - (iii) any of
 - A. the payment is made after the 9th year that follows the Plan Commencement Year and each individual (other than a deceased individual) who is or was a Beneficiary has attained 21 years of age before the payment is made and is not, when the payment is made, eligible under the Plan to receive an Educational Assistance Payment,
 - B. the payment is made in the 35th year following the Plan Commencement Year where the Plan is not a Specified Plan,
 - C. the payment is made in the 40th year following the Plan Commencement Year where the Plan is a Specified Plan, or
 - D. each individual who was a Beneficiary is deceased when the payment is made.

At the Subscriber's request and on receipt of the requisite supporting documentation, where the Beneficiary suffers from a severe and prolonged mental impairment that prevents, or can reasonably be expected to prevent, the Beneficiary from enrolling in a Qualifying Educational Program at a Post-Secondary Educational Institution, the Promoter will apply to the Minister of National Revenue for permission to waive the condition in section 10(d)(iii)(A) for making Accumulated Income Payments.

Where there is more than one Subscriber at the time an Accumulated Income Payment is requested, the payment shall be made to the Subscriber who requested it. Any such payment made to either one of the Subscribers, as requested, shall constitute a valid discharge to the Promoter and Trustee for the payment made.

II. TERMINATION

The Plan will be terminated on the earliest of the following dates:

- (a) the date indicated by the Subscriber in the Application or such other date designated by the Subscriber by written instrument satisfactory to the Promoter. (If more than one such instrument has been delivered to the Promoter, the one bearing the latest date will govern.),
- (b) the last day of February in the year following the year in which the first Accumulated Income Payment is made from the Plan,
- (c) the date the registration of the Plan as a RESP is revoked by the Minister of National Revenue, and
- (d) the Final Termination Date.

Where any Assets of the Plan remain on or immediately before the termination of the Plan, the Promoter shall cause the Trustee to pay from the Assets of the Plan:

- (e) any fees or charges that remain unpaid,
- (f) a Refund of Payments to the Subscriber in the amount that would be permitted under section 9,
- (g) a repayment of any Government Grants as required under the Applicable Grant Legislation, and
- (h) any amount remaining in the Plan after the payments described in (e), (f) and (g) above, to the Designated Educational Institution in Canada designated by the Subscriber or, where such designation has not been made, chosen by the Promoter.

12. DESIGNATED EDUCATIONAL INSTITUTION IN CANADA

The Subscriber shall designate a Designated Education Institution in Canada in the Application or otherwise in a form satisfactory to the Promoter. At any time, the Subscriber may change the Designated Educational Institution in Canada by delivering to the Promoter written notice of such change in a form satisfactory to, and containing the information required by, the Promoter. If more than one such notice has been delivered to the Promoter, the one bearing the latest date will govern.

13. FEES AND CHARGES

Subject to any limitations in the Applicable Grant Legislation, the Promoter and the Trustee shall be entitled to such reasonable fees and charges as may be established from time to time for their services under the Plan and to reimbursement for all costs and disbursements (including all taxes) reasonably incurred in the performance of their duties hereunder including brokerage fees, commissions and other expenses incurred in the making of any investment. The Promoter and the Trustee are entitled to change the amount of such fees or charges in the future, upon reasonable notice to the Subscriber. Unless paid directly to the Promoter and Trustee, all amounts payable pursuant to this section (together with any applicable taxes) shall be charged against, and deducted from, the Assets of the Plan (excluding any Government Grants) in such manner as the Promoter and the Trustee determine and the Promoter may, in its sole discretion, cause the realization of investments held in the Plan, at the Promoter's choosing, for the purpose of paying such fees and other amounts.

The Subscriber authorizes both the Promoter and the Trustee, together or separately, to appoint and employ agents to who both may delegate, respectively any of the Promoter's and the Trustee's powers, duties and responsibilities under the Plan.

14. APPOINTMENT AND RESPONSIBILITIES OF TRUSTEE

The Trustee agrees to act as trustee of the Assets of the Plan and shall, subject to the payment of fees and charges pursuant to section 13, irrevocably hold, invest and reinvest the Assets of the Plan for the following purposes:

- (a) the payment of Educational Assistance Payments,
- (b) the payment of Accumulated Income Payments,
- (c) the Refund of Payments,
- (d) the repayment of amounts (and the payment of amounts related to that repayment) under the *Canada Education Savings Act* (Canada) or under a Designated Provincial Program,
- (e) the payment to, or to a trust in favour of, Designated Educational Institutions in Canada, or
- (f) the payment to a trust that irrevocably holds property pursuant to a registered education savings plan for any of the purposes set out in (a) to (e) above.

The Trustee shall file all information returns and other documents in respect of the Plan as required under the Applicable Tax Legislation and the Applicable Grant Legislation.

15. SELF-DEALING

The Trustee's services are not exclusive and, subject to the limitations otherwise provided in these terms and conditions on the powers of the Trustee, the Trustee may, for any purpose, and is hereby expressly authorized from time to time in its sole discretion to, appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate, with which it may be directly or indirectly interested or affiliated with, whether on its own account or on the account of another (in a fiduciary capacity or otherwise), and to profit therefrom, without being liable to account therefor and without being in breach of these terms and conditions.

16. REPLACING THE TRUSTEE

The Trustee may resign as trustee of the Plan by providing written notice of such resignation within the notice period agreed upon by the Promoter and the Trustee in writing. The Trustee will resign upon receiving 90 days' written notice from the Promoter so long as it is satisfied that the proposed replacement Trustee will properly assume and fulfill the Trustee's duties and liabilities hereunder.

Upon receiving notice of resignation from the Trustee, or upon providing notice to the Trustee to resign, the Promoter shall forthwith select a replacement Trustee. If the Promoter fails to nominate a replacement Trustee within 30 days after receipt of the notice of resignation or providing the notice to the Trustee to resign, the Trustee shall be entitled to appoint a replacement Trustee. The resignation of the Trustee will not be effective until the replacement Trustee has been appointed and until notice of the replacement has been provided by the Promoter to the Minister of Employment and Social Development and any other governmental authority which may require such notice.

Upon the appointment of a replacement Trustee, the replacement Trustee shall, without further act or formality, be and become the Trustee hereunder and, without any conveyance or transfer, be vested with the same power, rights, duties and responsibilities as the Trustee and with the Assets of the Plan as if the replacement Trustee had been the original Trustee. The Trustee shall execute and deliver to the replacement Trustee all such conveyances, transfers and further assurances as may be necessary or advisable to give effect to the appointment of the replacement Trustee.

Any replacement Trustee must be a corporation resident in Canada that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as a trustee.

Any trust company resulting from the merger or amalgamation of the Trustee with one or more trust companies and any trust company that succeeds to substantially all of the trust business of the Trustee will become the replacement Trustee without further act or formality, subject to prior notice being provided to the Minister of Employment and Social Development and any other governmental authority which may require such prior notice.

The Promoter shall give notice of the replacement of the Trustee to the Subscriber, the Minister of National Revenue, and any other governmental authority which may require such notice.

17. RESPONSIBILITIES OF THE PROMOTER

The Promoter has ultimate responsibility for the Plan, including the administration of the Plan in accordance with these terms and conditions. The Promoter will apply for the registration of the Plan as a RESP in accordance with the Applicable Tax Legislation.

The Promoter shall file all information returns and other documents in respect of the Plan as required under the Applicable Tax Legislation and the Applicable Grant Legislation.

18. STATEMENTS AND RECORDS

The Promoter will maintain an account for the Plan in which will be recorded:

- (a) contributions to the Plan by or on behalf of the Subscriber;
- (b) investments, investment transactions and investment income, gains and losses,
- (c) Educational Assistance Payments,
- (d) amounts transferred to another RESP,
- (e) Government Grants repayments,
- (f) amounts paid to Designated Educational Institutions in Canada,
- (g) the Refund of Payments available to be made to the Subscriber and the Refunds of Payments already made,
- (h) the amount of fees and other charges payable by the Plan,
- (i) Accumulated Income Payments, and
- (j) the balance of any Government Grants held in the Plan and any other information required under an agreement between the Promoter and the Department of Employment and Social Development Canada or any other governmental authority respecting Government Grants.

An annual (or more frequent at the sole discretion of the Promoter) statement will be sent to the Subscriber showing the transactions affecting the Plan for the preceding year.

19. REPLACING THE PROMOTER

Provided the written consent of the Trustee has been obtained, such consent not to be unreasonably withheld, at any time, the Promoter may assign its rights and obligations under the Plan to any other corporation resident in Canada that is authorized to assume and discharge the obligations of the Promoter under the Plan so long as prior notice has been provided by the Promoter to the Minister of Employment and Social Development and any other governmental authority which may require such prior notice. Any such assignee shall execute any agreements and other documents that are necessary for the purpose of assuming such rights and obligations.

The successor Promoter shall give notice of the replacement of the Promoter to the Subscriber, the Minister of National Revenue, and any other governmental authority which may require such notice.

20. LIMITATION OF LIABILITY OF TRUSTEE AND PROMOTER

The Promoter and the Trustee shall not be liable for any loss or damage suffered or incurred by the Plan, a Subscriber or the Beneficiary as a result of the purchase, sale or retention of any investment including any loss resulting from the Promoter or the Trustee acting on the direction of an agent appointed by a Subscriber to provide investment direction.

The Promoter and the Trustee shall not be liable in their personal capacity for any tax, interest or penalty which may be imposed on the Trustee in respect of the Plan under Applicable Tax Laws, as a result of payments out of the Plan or the purchase, sale or retention of any investment (including any investment that is not a "qualified investment" within the meaning of the Applicable Tax Legislation).

The Subscriber will at all times indemnify the Promoter and the Trustee and save the Promoter and the Trustee harmless in respect of any Government Grant repayments required to be made or taxes which may be imposed on the Promoter or the Trustee as a result of the acquisition, retention or transfer of any investments or as a result of payments or distributions out of the Plan made in accordance with these terms and conditions or as a result of the Promoter or the Trustee acting or declining to act upon any instructions given to the Promoter or the Trustee, whether by the Subscriber or any agent appointed by the Subscriber to provide investment direction.

21. AMENDMENTS TO THE PLAN

The Trustee or Promoter may change the terms of this Plan Text periodically. The Subscriber will be provided with notice of any such changes. No change to these terms and conditions shall have the effect of disqualifying the Plan as a RESP or disqualifying the Beneficiary as a recipient of Government Grants under the Applicable Grant Legislation and any change may be retroactive.

22. NOTICE

Any notice given by the Subscriber to the Promoter or Trustee shall be sufficiently given if delivered to the office of the Promoter where the Plan is administered or, if mailed, postage prepaid, addressed to the Promoter at such office and shall be deemed to have been given on the date such notice is delivered or received by the Promoter.

Any notice, statement or receipt to be given by the Promoter to the Subscriber shall be sufficiently given if delivered personally to the Subscriber or, if mailed, postage prepaid, addressed to the Subscriber at the address set out in the Application unless the Subscriber or, where applicable, the Subscriber's Estate Representative or personal representative has notified the Promoter of a new address. Any such notice, statement or receipt shall be deemed to have been given at the time of personal delivery to the Subscriber or, if mailed, on the third day after mailing.

23. SUBSCRIBER INSTRUCTIONS

All directions, instructions, designations and other information to be provided under the Plan by the Subscriber must be in a form acceptable to the Promoter and the Trustee.

24. PRIVACY

The Subscriber agrees that any information provided by the Subscriber to the Promoter may be used by and shared between the Trustee, the Government of Canada and the applicable province or territory as required for the administration of the Plan in accordance with these terms and conditions, Applicable Grant Legislation, Applicable Tax Legislation and otherwise in accordance with applicable laws.

25. DATE OF BIRTH, SOCIAL INSURANCE NUMBER AND RESIDENCY

The Subscriber's statement of the Beneficiary's date of birth and social insurance number on the Application or a written designation shall be deemed to be a certification of the Beneficiary's age and social insurance number and an undertaking by the Subscriber to provide any further evidence of proof of age as may be required by the Promoter.

The Trustee and Promoter shall be entitled to rely upon the Promoter's records as to the current address of the Beneficiary and the Subscriber as establishing his or her respective residency and domicile for the operation of the Plan and any payments from it, subject to the receipt of any written notice to the contrary respecting a change in residency or domicile prior to such payment being made.

26. SUBSCRIBER DEATH

The Promoter and the Trustee are each authorized as each determines advisable in its sole discretion to release any information about the Plan after the Subscriber's death to either the Subscriber's Estate Representative or the Beneficiary, or both. If the Beneficiary is a minor at the time of his or her death, such information may be released to his or her custodial parent, legal guardian or Public Primary Caregiver.

Where a Subscriber dies at a time when there are two Subscribers:

- (a) if the Plan was opened outside of the Province of Quebec, the survivor shall assume all rights, privileges and obligations of the deceased Subscriber and the heirs, successors, assigns and legal representatives of the deceased Subscriber shall have no rights under the Plan; or
- (b) if the Plan was opened in the Province of Quebec, the *Civil Code of Quebec* and other applicable laws will apply.

27. PAYMENT INTO COURT

If there is a dispute about who is legally authorized to direct and receive payments from the Plan after the death of the Subscriber, the Promoter and the Trustee are entitled to either apply to the court for directions or to pay all or a portion of the Assets of the Plan into court and, in either case, fully recover any legal costs incurred in this regard as a cost or disbursement in respect of the Plan. The Promoter and the Trustee will not be liable for any penalty, or any loss or damage resulting from the repayment of Government Grants as required under the Applicable Grant Legislation, that may occur as a result of any such payment of Assets of the Plan into court.

28. HEIRS, REPRESENTATIVES AND ASSIGNS

These terms and conditions shall be binding upon the heirs, Estate Representatives, attorneys, committees, guardians of property, other legal and personal representatives and assigns of the Subscriber and upon the respective successors and assigns of the Trustee and the Promoter and their directors, officers, employees and agents, as well as their respective estates, Estate Representatives, heirs, attorneys, committees, guardians of property, other legal and personal representatives and assigns.

29. LANGUAGE

The parties hereto have requested that all documents relating to the Plan be in English. Les parties ont demandé que tout document se rapportant au régime soit en anglais.

30. GOVERNING LAW

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

The Subscriber expressly agrees that any action arising out of or relating to the Plan shall be filed only in a court located in Canada and the Subscriber irrevocably consents and submits to the jurisdiction of such court for the purposes of litigating any such action.

**EDUCATORS FINANCIAL GROUP INC., EDUCATION SAVINGS PLAN
PLAN TEXT, FAMILY PLAN**

I. DEFINED TERMS

- (a) **Accumulated Income Payment** means any amount paid out of the Plan, other than a payment described in any of sections 14(a) and 14(c) to 14(f), to the extent that the amount so paid exceeds the fair market value of any consideration given to the Plan for the payment of the amount.
- (b) **Applicable Grant Legislation**
the *Canada Education Savings Act* (Canada) and any regulations thereunder; as may be amended from time to time.
- (c) **Applicable Tax Legislation** means the *Income Tax Act* (Canada), the regulations thereunder and any applicable provincial income tax legislation relating to education savings plans, all as may be amended from time to time.
- (d) **Application** means the Subscriber's application for a **Educators Financial Group Inc.** Education Savings Plan.
- (e) **Assets of the Plan** means all amounts contributed to the Plan (including transfers to the Plan from another RESP), all Government Grants received by the Plan and all earnings and gains derived from investments, net of any losses and fees, charges and disbursements payable pursuant to section 13 and any other payments from the Plan, and includes all investments and uninvested cash held from time to time by the Trustee in accordance with the Plan.
- (f) **Beneficiary** means an individual, and **Beneficiaries** means the individuals, designated by the Subscriber in accordance with section 3, to whom or on whose behalf an Educational Assistance Payment will be paid if the individual qualifies under the Plan.
- (g) **Designated Educational Institution in Canada** means an educational institution in Canada that is a university, college or other educational institution designated by the Lieutenant Governor in Council of a province as a specified educational institution under the *Canada Student Loans Act*, designated by an appropriate authority under the *Canada Student Financial Assistance Act*, or designated by the Minister of Education of the Province of Quebec for the purpose of *An Act respecting financial assistance for education expenses, R.S.Q., c.A-13.3*.
- (h) **Designated Provincial Program** means a program administered pursuant to an agreement entered into under section 12 of the *Canada Education Savings Act* (Canada), or a program, such as the Quebec Education Savings Incentive, established under the laws of a province to encourage the financing of children's post-secondary education through savings in registered education savings plans.
- (i) **Educational Assistance Payment** means any amount, other than a Refund of Payments, paid out of the Plan in accordance with section 10(a) to or for a Beneficiary to assist that Beneficiary to further his or her education at a Post-Secondary School Level.
- (j) **Estate Representative** means an executor, an administrator, an administrator with the will annexed, a liquidator or an estate trustee with a will or without a will, whether one or more than one is appointed.
- (k) **Final Contribution Date** means the last day of the 31st year following the Plan Commencement Year.
- (l) **Final Termination Date** means the last day of the 35th year following the Plan Commencement Year.
- (m) **Government Grants** mean
- (i) the Canada Education Savings grant paid or payable under section 5 of the *Canada Education Savings Act* (Canada), and
 - (ii) the Canada Learning Bond paid or payable under section 6 of the *Canada Education Savings Act* (Canada).
- (n) **Plan** means the education savings plan established by the Application and this Plan Text.
- (o) **Plan Commencement Year** means:
- (i) the year in which the Plan was originally entered into, or
 - (ii) where an amount has been transferred to the Plan from another RESP, the earlier of the year in which the Plan was originally entered into and the year in which the other RESP was established.
- (p) **Post-Secondary Educational Institution** means:
- (i) a Designated Educational Institution in Canada,
 - (ii) an educational institution in Canada that is certified by the Minister of Employment and Social Development to be an educational institution providing courses, other than courses designed for university credit, that furnish a person with skills for, or improve a person's skills in, an occupation, or
 - (iii) an educational institution outside Canada that provides courses at a Post-Secondary School Level and that is:
 - A. a university, college or other educational institutional at which a Beneficiary was enrolled in a course of not less than 13 consecutive weeks, or
 - B. a university at which a Beneficiary was enrolled on a full-time basis in a course of not less than three consecutive weeks.
- (q) **Post-Secondary School Level** includes a program of courses at an educational institution in Canada that is certified by the Minister of Employment and Social Development to be an educational institution providing courses, other than courses designed for university credit, of a technical or vocational nature designed to furnish a person with skills for, or improve a person's skills in, an occupation.
- (r) **Promoter** means **Educators Financial Group Inc.** or any successor Promoter under section 19.
- (s) **Public Primary Caregiver** of a beneficiary under an education savings plan in respect of whom a special allowance is payable under the *Children's Special Allowances Act*, means the department, agency or institution that maintains the beneficiary or the public trustee or public curator of the province in which the beneficiary resides.
- (t) **Qualifying Educational Program** means a program at a Post-Secondary School Level of not less than 3 consecutive weeks duration that requires that each student taking the program spend not less than 10 hours per week on courses or work in the program.
- (u) **Refund of Payments** means
- (i) a refund of a contribution, if the contribution was made otherwise than by way of a transfer from another RESP, or
 - (ii) a refund of an amount that was paid into the Plan by way of a transfer from another RESP, where the amount would have been a refund of payments under the other RESP if it had been paid directly to a subscriber under the other RESP.
- (v) **RESP** means a "registered education savings plan" as defined in the Applicable Tax Legislation.
- (w) **RESP Lifetime Limit** means the "RESP lifetime limit" as defined in the Applicable Tax Legislation.
- (x) **RRSP** means a registered retirement savings plan as defined in the Applicable Tax Legislation.
- (y) **Specified Educational Program** means a program at a Post-Secondary School Level of not less than three consecutive weeks duration that requires each student taking the program to spend not less than 12 hours per month on courses in the program.
- (z) **Subscriber**, at any time, means:
- (i) each individual (other than a trust) identified as a Subscriber in the Application,
 - (ii) an individual who has before that time acquired a Subscriber's rights under the Plan pursuant to a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a division of property between the individual and a Subscriber under the Plan in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership, or
 - (iii) after the death of an individual described in any of (i) and (ii) above, any other person (including the estate of the deceased individual) who acquires the individual's right as a subscriber under the Plan or who makes contributions into the Plan in respect of a Beneficiary,
- but does not include an individual whose rights as a Subscriber under the Plan had, before that time, been acquired by an individual in the circumstances described in (ii) above.
- Where 2 individuals are identified as Subscribers in the Application, each individual must be a spouse or common-law partner of the other. When the context requires or permits, the singular "Subscriber" shall be read as if the plural "Subscribers" was used.
- (aa) **Trustee** means The Royal Trust Company or any replacement Trustee appointed pursuant to section 16.

2. AGREEMENT

The application of the Subscriber for a **Educators Financial Group Inc.** Education Savings Plan and this Plan Text constitute an agreement between the Promoter, the Trustee and the Subscriber for an education savings plan.

3. BENEFICIARY

The Subscriber can designate one or more individuals as Beneficiaries of the Plan provided that each such individual is connected to each living Subscriber, or was connected to a deceased original Subscriber, by blood relationship or adoption (as defined in the Applicable Tax Legislation) [**Note to Draft: To be eligible for government grants, each of the beneficiaries must be siblings of one another. This Plan Text will not limit Beneficiaries to siblings and it is understood that the application form will contain information indicating whether all Beneficiaries are siblings. This is required so that confirmation of the government grant requirement can be provided.**] and provided that a designation in respect of a particular individual can only be made if:

- (a) the individual is under 21 years of age at the time of designation, or
- (b) the individual was, immediately before the time of designation, a beneficiary under another RESP that allows more than one beneficiary at any one time.

In addition, a designation made after 2003 of a particular individual can only be made if:

- (c) the individual's social insurance number is provided to the Promoter before the designation and the individual is resident in Canada at the time of the designation, or
- (d) the designation is made in conjunction with a transfer of property into the Plan from another RESP under which the individual was a beneficiary immediately before the transfer and, except where the individual is not a resident of Canada and was not assigned a social insurance number before the designation is made, the individual's social insurance number is provided to the Promoter before the designation.

At any time, subject to the conditions above, the Subscriber may designate another individual to replace a Beneficiary by delivering to the Promoter written notice of such designation in a form satisfactory to, and containing the information required by, the Promoter. If more than one such replacement designation has been delivered to the Promoter, the one bearing the latest date will govern.

4. NOTICE OF BENEFICIARY DESIGNATION

Within 90 days after a Beneficiary has been designated by the Subscriber, the Promoter shall notify the Beneficiary (or, where the Beneficiary is under 19 years of age at the time of designation and either ordinarily resides with a parent or legal guardian of the Beneficiary or is maintained by a public primary caregiver (as defined in the Applicable Tax Legislation) of the Beneficiary, that parent, legal guardian or public primary caregiver) in writing of the existence of the Plan and the name and address of the Subscriber.

5. CONTRIBUTIONS

Contributions into the Plan do not include amounts paid into the Plan under or because of the Applicable Grant Legislation or, pursuant to the Income Tax Act, amounts paid into the Plan under or because of a Designated Provincial Program, or any other program that has a similar purpose to a Designated Provincial Program and that is funded, directly or indirectly, by a province (other than an amount paid into the plan by a Public Primary Caregiver in its capacity as Subscriber under the plan).

No contribution may be made to the Plan other than a contribution made by or on behalf of the Subscriber in respect of a Beneficiary or a contribution made by way of transfer from another RESP, provided that:

- (a) the Beneficiary is resident in Canada when the contribution is made and, unless the Plan was entered into before 1999, the Beneficiary's social insurance number is provided to the Promoter before the contribution is made,
- (b) the contribution is made by way of transfer from another RESP under which the Beneficiary was a beneficiary immediately before the transfer, or
- (c) the contribution is made by way of transfer from another RESP, and the parent (as that term is defined at paragraph 252(2)(a) of the *Income Tax Act* (Canada)) of the Beneficiary was the parent of an individual who was a beneficiary under the other RESP and the Beneficiary is a resident in Canada when the contribution by way of transfer is made and, unless the Plan was entered into before 1999, the Beneficiary's social insurance number is provided to the Promoter before the contribution by way of transfer is made.

Notwithstanding the foregoing:

- (d) a contribution in respect of a Beneficiary can only be made if the Beneficiary is under 31 years of age at the time of the contribution,
- (e) no contribution shall be less than the minimum contribution amount, if any, established by the Promoter from time to time,
- (f) no contribution may be made to the Plan by or on behalf of the Subscriber after the Final Contribution Date, and
- (g) a contribution by way of transfer from another RESP will not be permitted if the other RESP has made an accumulated income payment.

The Subscriber is solely responsible for ensuring that the total amount of contributions made in respect of each Beneficiary under the Plan and any other RESPs does not exceed the RESP Lifetime Limit.

6. GOVERNMENT GRANTS

Where a Beneficiary is eligible for Government Grants under the Applicable Grant Legislation, at the request of the Subscriber and upon completion and delivery of all forms required under the Applicable Grant Legislation and by the Promoter, the Promoter will apply for Government Grants in respect of the Beneficiary. The Promoter and the Trustee are not responsible for determining whether the Beneficiary is eligible for Government Grants.

The Promoter will cause the Trustee to pay out of the Assets of the Plan any refund of Government Grants required under the Applicable Grant Legislation and Applicable Tax Legislation.

7. INVESTING

The Assets of the Plan will be invested in accordance with the Subscriber's instructions, in a form satisfactory to the Promoter, provided that any proposed investment complies with the Promoter's investment requirements, if any, communicated to the Subscriber from time to time. The Promoter may, in its sole discretion, retain a portion of the

Assets of the Plan in cash for the administration of the Plan. If the Plan has a cash deficit, as determined by the Promoter in its sole discretion, the Promoter may cause the realization of investments in the Plan, at the Promoter's choosing, to cover such cash deficit including for the purposes of paying expenses, taxes, fees and other amounts including for greater certainty, fees and other amounts payable under section 13.

Any uninvested cash will be placed on deposit with the Trustee or an affiliate of the Trustee. The interest payable to the Plan in respect of such cash balances will be determined by the Promoter from time to time in its sole discretion with no obligation to pay a minimum amount or rate. The Trustee will pay interest to the Promoter for inclusion in the Plan and the Promoter shall credit the Assets of the Plan with appropriate interest. The Trustee shall have no responsibility to ensure the interest is included in the Assets of the Plan by the Promoter and will not be liable if such inclusion is not made.

Any segregated fund investments will be held in nominee name. The Promoter and Subscriber shall designate the Trustee as the beneficiary under any segregated fund held under the Plan. Upon the death of the Subscriber, the proceeds of the segregated fund shall be paid to the Plan and form part of the Assets of the Plan to be dealt with according to the terms of this Plan Text.

It is the sole responsibility of the Subscriber to select investments of the Plan and to determine whether any investment should be purchased, sold or retained by the Plan. In the absence of any instructions from the Subscriber, the Promoter may, in its sole discretion, cause the realization of sufficient investments to permit the payment of any amounts required to be paid under the Plan.

The investment of the assets of the Plan shall not be limited in any way to investments authorized for trustees under, or to the criteria in planning or the requirements for diversifying the investment of the assets of the Plan as may be prescribed for trustees by, any applicable federal, provincial or territorial legislation.

It is the sole responsibility of the Subscriber to ensure that investments of the Plan are and remain "qualified investments" for RESPs within the meaning of the Applicable Tax Legislation.

8. CORPORATE ACTIONS

The Promoter and the Trustee will not have any duty or responsibility to vote, subscribe, convert or tender the Assets of the Plan in respect of any merger, consolidation, reorganization, receivership, bankruptcy, insolvency proceedings, take-over bids, issuer bids, rights offerings or similar events with respect to the investments of the Plan, except in accordance with a direction from the Subscriber.

9. REFUND OF PAYMENTS

At any time, the Subscriber may, in a written form satisfactory to the Promoter, request a Refund of Payments, such amount not to exceed the value of the Assets of the Plan less the total amount of all Government Grants held in the Plan.

Within 30 days of receipt of the written request by the Promoter (or such shorter period as the Promoter may determine in its sole discretion), the Refund of Payments will be paid to the Subscriber or to a Beneficiary if so directed by the Subscriber in writing.

Where there is more than one Subscriber at the time a Refund of Payments is requested, the Refund of Payments is deemed to be owed to both Subscribers jointly and may be paid to either both Subscribers or to either one of them, as directed by the Subscribers. Absent such direction, the Refund of Payments will be paid to both Subscribers jointly. Any Refund of Payments made to one or both Subscribers, as the case may be, shall constitute a valid discharge to the Promoter and Trustee for the Refund of Payments paid.

10. EDUCATIONAL ASSISTANCE AND OTHER PAYMENTS

Upon receipt of instructions from the Subscriber in a form satisfactory to the Promoter, the Promoter shall cause the Trustee to pay out of the Assets of the Plan, including any Government Grants held in the Plan subject to the provisions of the Applicable Grant Legislation, such amount or amounts as the Subscriber directs:

- (a) to or for a Beneficiary as an Educational Assistance Payment
 - (i) provided either that the Beneficiary
 - A. is enrolled at a Post-Secondary Educational Institution as a student in a Qualifying Educational Program, or
 - B. has attained the age of 16 years and is enrolled as a student in a Specified Educational Program and at a Post-Secondary Educational Institution.
 - (ii) further provided either that the Beneficiary
 - A. has satisfied the condition set out in section 10(a)(i)A., and
 - a) has done so throughout at least 13 consecutive weeks in the 12-month period that ends at that time, or
 - b) the total of the Educational Assistance Payment and all other education assistance payments made under this Plan and any other RESP of the Promoter to or for the Beneficiary in the 12-month period that ends at that time does not exceed \$5,000 or any greater amount that the Minister designated for the purposes of the *Canada Education Savings Act* (Canada) approves in writing with respect to the Beneficiary, or

- B. satisfies the condition set out in section 10(a)(i)B. and the total of the payment and all other educational assistance payments made under a RESP of the Promoter to or for the Beneficiary in the 13-week period that ends at that time does not exceed \$2,500 or any greater amount that the Minister designated for the purpose of the *Canada Education Savings Act* (Canada) approves in writing with respect to the Beneficiary.

Notwithstanding the above, an Educational Assistance Payment may be paid at any time in the six-month period immediately following the time at which the Beneficiary ceases to be enrolled as a student in the Qualifying Educational Program or the Specified Educational Program if the Educational Assistance Payment would have complied with the above requirements had it been made immediately before that time.

The Trustee will cause all or a portion of each Educational Assistance Payment to be paid from any Government Grants held in the Plan as permitted by and pursuant to the terms of the Applicable Grant Legislation.

The Promoter will determine whether the conditions for paying an Educational Assistance Payment have been satisfied and such determination shall be final and binding on the Subscriber and Beneficiary;

- (b) to, or to a trust in favour of, a Designated Educational Institution in Canada;
- (c) to another RESP so long as no Accumulated Income Payment has been paid under section 10(d); or
- (d) as an Accumulated Income Payment provided that:
- (i) the payment is made to, or on behalf of, a Subscriber who is resident in Canada for tax purposes when the payment is made,
 - (ii) the payment is not made jointly to, or on behalf of, more than one Subscriber; and
 - (iii) any of
 - A. the payment is made after the 9th year that follows the year of the Plan Commencement Year and each individual (other than a deceased individual) who is or was a Beneficiary has attained 21 years of age before the payment is made and is not, when the payment is made, eligible under the Plan to receive an Educational Assistance Payment,
 - B. the payment is made in the 35th year following the Plan Commencement Year; or
 - C. each individual who was a Beneficiary is deceased when the payment is made.

At the Subscriber's request and on receipt of the requisite supporting documentation, where a Beneficiary suffers from a severe and prolonged mental impairment that prevents, or can reasonably be expected to prevent, the Beneficiary from enrolling in a Qualifying Educational Program at a Post-Secondary Educational Institution, the Promoter will apply to the Minister of National Revenue for permission to waive the condition in section 10(d)(iii)(A) for making Accumulated Income Payments.

Where there is more than one Subscriber at the time an Accumulated Income Payment is requested, the payment shall be made to the Subscriber who requested it. Any such payment made to either one of the Subscribers, as requested, shall constitute a valid discharge to the Promoter and Trustee for the payment made.

II. TERMINATION

The Plan will be terminated on the earliest of the following dates:

- (a) the date indicated by the Subscriber in the Application or such other date designated by the Subscriber by written instrument satisfactory to the Promoter. (If more than one such instrument has been delivered to the Promoter, the one bearing the latest date will govern.),
- (b) the last day of February in the year following the year in which the first Accumulated Income Payment is made from the Plan,
- (c) the date the registration of the Plan as a RESP is revoked by the Minister of National Revenue, and
- (d) the Final Termination Date.

Where any Assets of the Plan remain on or immediately before the termination of the Plan, the Promoter shall cause the Trustee to pay from the Assets of the Plan:

- (e) any fees or charges that remain unpaid,
- (f) a Refund of Payments to the Subscriber in the amount that would be permitted under section 9,
- (g) a repayment of any Government Grants as required under the Applicable Grant Legislation, and
- (h) any amount remaining in the Plan after the payments described in (e), (f) and (g) above, to the Designated Educational Institution in Canada designated by the Subscriber or, where such designation has not been made, chosen by the Promoter.

12. DESIGNATED EDUCATIONAL INSTITUTION IN CANADA

The Subscriber shall designate a Designated Education Institution in Canada in the Application or otherwise in a form satisfactory to the Promoter. At any time, the Subscriber may change the Designated Educational Institution in Canada by delivering to the Promoter written notice of such change in a form satisfactory to, and containing the information required by, the Promoter. If more than one such notice has been delivered to the Promoter, the one bearing the latest date will govern.

13. FEES AND CHARGES

Subject to any limitations in the Applicable Grant Legislation, the Promoter and the Trustee shall be entitled to such reasonable fees and charges as may be established from time to time for their services under the Plan and to reimbursement for all costs and disbursements (including all taxes) reasonably incurred in the performance of their duties hereunder including brokerage fees, commissions and other expenses incurred in the making of any investment. The Promoter and the Trustee are entitled to change the amount of such fees or charges in the future, upon reasonable notice to the Subscriber. Unless paid directly to the Promoter and Trustee, all amounts payable pursuant to this section (together with any applicable taxes) shall be charged against, and deducted from, the Assets of the Plan (excluding any Government Grants) in such manner as the Promoter and the Trustee determine and the Promoter may, in its sole discretion, cause the realization of investments held in the Plan, at the Promoter's choosing, for the purpose of paying such fees and other amounts.

The Subscriber authorizes both the Promoter and the Trustee, together or separately, to appoint and employ agents to who both may delegate, respectively any of the Promoter's and the Trustee's powers, duties and responsibilities under the Plan.

14. APPOINTMENT AND RESPONSIBILITIES OF TRUSTEE

The Trustee agrees to act as trustee of the Assets of the Plan and shall, subject to the payment of fees and charges pursuant to section 13, irrevocably hold, invest and reinvest the Assets of the Plan for the following purposes:

- (a) the payment of Educational Assistance Payments,
- (b) the payment of Accumulated Income Payments,
- (c) the Refund of Payments,
- (d) the repayment of amounts (and the payment of amounts related to that repayment) under the *Canada Education Savings Act* (Canada) or under a Designated Provincial Program,
- (e) the payment to, or to a trust in favour of, Designated Educational Institutions in Canada, or
- (f) the payment to a trust that irrevocably holds property pursuant to a registered education savings plan for any of the purposes set out in (a) to (e) above.

The Trustee shall file all information returns and other documents in respect of the Plan as required under the Applicable Tax Legislation and the Applicable Grant Legislation.

15. SELF-DEALING

The Trustee's services are not exclusive and, subject to the limitations otherwise provided in these terms and conditions on the powers of the Trustee, the Trustee may, for any purpose, and is hereby expressly authorized from time to time in its sole discretion to, appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate, with which it may be directly or indirectly interested or affiliated with, whether on its own account or on the account of another (in a fiduciary capacity or otherwise), and to profit therefrom, without being liable to account therefor and without being in breach of these terms and conditions.

16. REPLACING THE TRUSTEE

The Trustee may resign as trustee of the Plan by providing written notice of such resignation within the notice period agreed upon by the Promoter and the Trustee in writing. The Trustee will resign upon receiving 90 days' written notice from the Promoter so long as it is satisfied that the proposed replacement Trustee will properly assume and fulfill the Trustee's duties and liabilities hereunder.

Upon receiving notice of resignation from the Trustee, or upon providing notice to the Trustee to resign, the Promoter shall forthwith select a replacement Trustee. If the Promoter fails to nominate a replacement Trustee within 30 days after receipt of the notice of resignation or providing the notice to the Trustee to resign, the Trustee shall be entitled to appoint a replacement Trustee. The resignation of the Trustee will not be effective until the replacement Trustee has been appointed and until notice of the replacement has been provided by the Promoter to the Minister of Employment and Social Development and any other governmental authority which may require such notice.

Upon the appointment of a replacement Trustee, the replacement Trustee shall, without further act or formality, be and become the Trustee hereunder and, without any conveyance or transfer, be vested with the same power, rights, duties and responsibilities as the Trustee and with the Assets of the Plan as if the replacement Trustee had been the original Trustee. The Trustee shall execute and deliver to the replacement Trustee all such conveyances, transfers and further assurances as may be necessary or advisable to give effect to the appointment of the replacement Trustee.

Any replacement Trustee must be a corporation resident in Canada that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as a trustee.

Any trust company resulting from the merger or amalgamation of the Trustee with one or more trust companies and any trust company that succeeds to substantially all of

the trust business of the Trustee will become the replacement Trustee without further act or formality, subject to prior notice being provided to the Minister of Employment and Social Development and any other governmental authority which may require such prior notice.

The Promoter shall give notice of the replacement of the Trustee to the Subscriber; the Minister of National Revenue, and any other governmental authority which may require such notice.

17. RESPONSIBILITIES OF THE PROMOTER

The Promoter has ultimate responsibility for the Plan, including the administration of the Plan in accordance with these terms and conditions. The Promoter will apply for the registration of the Plan as a RESP in accordance with the Applicable Tax Legislation.

The Promoter shall file all information returns and other documents in respect of the Plan as required under the Applicable Tax Legislation and the Applicable Grant Legislation.

18. STATEMENTS AND RECORDS

The Promoter will maintain an account for the Plan in which will be recorded:

- (a) contributions to the Plan by or on behalf of the Subscriber;
- (b) investments, investment transactions and investment income, gains and losses;
- (c) amounts and recipients of Educational Assistance Payments;
- (d) amounts transferred to another RESP;
- (e) Government Grants repayments;
- (f) amounts paid to Designated Educational Institutions in Canada;
- (g) the Refund of Payments available to be made to the Subscriber and the Refunds of Payments already made;
- (h) the amount of fees and other charges payable by the Plan;
- (i) Accumulated Income Payments; and
- (j) the balance of any Government Grants held in the Plan and any other information required under an agreement between the Promoter and the Department of Employment and Social Development Canada and any other governmental authority respecting Government Grants.

An annual (or more frequent at the sole discretion of the Promoter) statement will be sent to the Subscriber showing the transactions affecting the Plan for the preceding year.

19. REPLACING THE PROMOTER

Provided the written consent of the Trustee has been obtained, such consent not to be unreasonably withheld, at any time, the Promoter may assign its rights and obligations under the Plan to any other corporation resident in Canada that is authorized to assume and discharge the obligations of the Promoter under the Plan so long as prior notice has been provided by the Promoter to the Minister of Employment and Social Development and any other governmental authority which may require such prior notice. Any such assignee shall execute any agreements and other documents that are necessary for the purpose of assuming such rights and obligations.

The successor Promoter shall give notice of the replacement of the Promoter to the Subscriber; the Minister of National Revenue, any other governmental authority which may require such notice.

20. LIMITATION OF LIABILITY OF TRUSTEE AND PROMOTER

The Promoter and the Trustee shall not be liable for any loss or damage suffered or incurred by the Plan, a Subscriber or a Beneficiary as a result of the purchase, sale or retention of any investment including any loss resulting from the Promoter or the Trustee acting on the direction of an agent appointed by a Subscriber to provide investment direction.

The Promoter and the Trustee shall not be liable in their personal capacity for any tax, interest or penalty which may be imposed on the Trustee in respect of the Plan under Applicable Tax Laws, as a result of payments out of the Plan or the purchase, sale or retention of any investment (including any investment that is not a "qualified investment" within the meaning of the Applicable Tax Legislation).

The Subscriber will at all times indemnify the Promoter and the Trustee and save the Promoter and the Trustee harmless in respect of any Government Grant repayments required to be made or taxes which may be imposed on the Promoter or the Trustee as a result of the acquisition, retention or transfer of any investments or as a result of payments or distributions out of the Plan made in accordance with these terms and conditions or as a result of the Promoter or the Trustee acting or declining to act upon any instructions given to the Promoter or the Trustee, whether by the Subscriber or any agent appointed by the Subscriber to provide investment direction.

21. AMENDMENTS TO THE PLAN

The Trustee or Promoter may change the terms of this Plan Text periodically. The Subscriber will be provided with notice of any such changes. No change to these terms and conditions shall have the effect of disqualifying the Plan as a RESP or disqualifying a Beneficiary as a recipient of Government Grants under the Applicable Grant Legislation and any change may be retroactive.

22. NOTICE

Any notice given by the Subscriber to the Promoter or Trustee shall be sufficiently given if delivered to the office of the Promoter where the Plan is administered or, if mailed, postage prepaid, addressed to the Promoter at such office and shall be deemed to have been given on the date such notice is delivered or received by the Promoter.

Any notice, statement or receipt to be given by the Promoter to the Subscriber shall be sufficiently given if delivered personally to the Subscriber or, if mailed, postage prepaid, addressed to the Subscriber at the address set out in the Application unless the Subscriber or, where applicable, the Subscriber's Estate Representative or personal representative has notified the Promoter of a new address. Any such notice, statement or receipt shall be deemed to have been given at the time of personal delivery to the Subscriber or, if mailed, on the third day after mailing.

23. SUBSCRIBER INSTRUCTIONS

All directions, instructions, designations and other information to be provided under the Plan by the Subscriber must be in a form acceptable to the Promoter and the Trustee.

24. PRIVACY

The Subscriber agrees that any information provided by the Subscriber to the Promoter may be used by and shared between the Trustee, the Government of Canada and the applicable province or territory as required for the administration of the Plan in accordance with these terms and conditions, Applicable Grant Legislation, Applicable Tax Legislation and otherwise in accordance with applicable laws.

25. DATE OF BIRTH, SOCIAL INSURANCE NUMBER AND RESIDENCY

The Subscriber's statement of a Beneficiary's date of birth and social insurance number on the Application or a written designation shall be deemed to be a certification of the Beneficiary's age and social insurance number and an undertaking by the Subscriber to provide any further evidence of proof of age as may be required by the Promoter.

The Trustee and Promoter shall be entitled to rely upon the Promoter's records as to the current address of the Beneficiary and the Subscriber as establishing his or her respective residency and domicile for the operation of the Plan and any payments from it, subject to the receipt of any written notice to the contrary respecting a change in residency or domicile prior to such payment being made.

26. SUBSCRIBER DEATH

The Promoter and the Trustee are each authorized as each determines advisable in its sole discretion to release any information about the Plan after the Subscriber's death to either the Subscriber's Estate Representative or a Beneficiary, or both. If the Beneficiary is a minor at the time of his or her death, such information may be released to his or her custodial parent, legal guardian or Public Primary Caregiver.

Where a Subscriber dies at a time when there are two Subscribers:

- (a) if the Plan was opened outside of the Province of Quebec, the survivor shall assume all rights, privileges and obligations of the deceased Subscriber and the heirs, successors, assigns and legal representatives of the deceased Subscriber shall have no rights under the Plan; or
- (b) if the Plan was opened in the Province of Quebec, the *Civil Code of Quebec* and other applicable laws will apply.

27. PAYMENT INTO COURT

If there is a dispute about who is legally authorized to direct and receive payments from the Plan after the death of the Subscriber, the Promoter and the Trustee are entitled to either apply to the court for directions or to pay all or a portion of the Assets of the Plan into court and, in either case, fully recover any legal costs incurred in this regard as a cost or disbursement in respect of the Plan. The Promoter and the Trustee will not be liable for any penalty, or any loss or damage resulting from the repayment of Government Grants as required under the Applicable Grant Legislation, that may occur as a result of any such payment of Assets of the Plan into court.

28. HEIRS, REPRESENTATIVES AND ASSIGNS

These terms and conditions shall be binding upon the heirs, Estate Representatives, attorneys, committees, guardians of property, other legal and personal representatives and assigns of the Subscriber and upon the respective successors and assigns of the Trustee and the Promoter and their directors, officers, employees and agents, as well as their respective estates, Estate Representatives, heirs, attorneys, committees, guardians of property, other legal and personal representatives and assigns.

29. LANGUAGE

The parties hereto have requested that all documents relating to the Plan be in English. Les parties ont demandé que tout document se rapportant au régime soit en anglais.

30. GOVERNING LAW

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

The Subscriber expressly agrees that any action arising out of or relating to the Plan shall be filed only in a court located in Canada and the Subscriber irrevocably consents and submits to the jurisdiction of such court for the purposes of litigating any such action.



One focus, many solutions.

APPENDIX A

Risk Tolerance

Risk tolerance can be defined by how comfortable you are with fluctuations in the value of your investments. Please refer to the risk categories below to assist you in determining your own acceptable level of risk.

- **Low:** Demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include money market funds as well as some fixed income funds.
- **Medium:** Demonstrate a medium volatility and are for investors looking for moderate growth over a longer period of time and may include balanced funds as well as certain Canadian and U.S. Equity funds.
- **High:** Demonstrate a high volatility and are for investors who are growth oriented and are willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long-term returns. Examples may include labour-sponsored venture capital funds or funds that invest in specific market sectors or geographic areas such as emerging markets and science and technology funds.

Investment Objectives

- **Income:** Your objective is to generate current income from your investments and you are less concerned with capital appreciation. Investments that will satisfy this objective include fixed income investments such as funds that invest in bond or money market instruments.
- **Medium term:** You are seeking a combination of income and growth by investing in fixed income securities and equity funds. An account with growth and income objectives will typically hold at least 40% in fixed income investments and 60% in equity mutual funds.
- **Long-term growth:** You are seeking capital appreciation over the long term and current income is not a requirement. This may lead you to hold a relatively high proportion of funds that invest in equities if you also have a higher risk tolerance and long-term time horizon.

Time Horizon

Time Horizon is the period between now and the point when you will need to access a significant portion of the money you have accumulated.

Net Worth

Your Net Worth is calculated as estimated liquid assets (*i.e. investments, cash*) plus fixed assets (*i.e. real estate, registered plan assets*) less estimated liabilities (*i.e. mortgage, car loan*).

Politically Exposed Foreign Persons

The following individuals including their spouses or common-law partners, mothers or fathers, children, brothers, sisters, half-brothers or half-sisters; and spouses, or common-law partners' mothers or fathers, are considered to be "Politically Exposed Persons" for the purposes of the new regulation:

- Head of state or government
- Member of the executive council of government or member of a legislature
- Deputy minister (*or equivalent*)
- Ambassador or ambassador's attaché or counselor
- Military general (*or higher rank*)
- President of a state-owned company or bank
- Head of a government agency
- Judge
- Leader, or president of a political party in a legislature



One focus, many solutions.

PRIVACY PROTECTION Notice

Educators Financial Group (“Educators”) is committed to protecting the privacy of personal information that we collect and maintain in the course of carrying on our business. This Privacy Protection Notice describes how we collect, hold, use and disclose your personal information. You understand that in signing this application that you consent to your personal information being collected, held, used and disclosed by Educators Financial Group as Agent for the Royal Trust Company.

1. Client Record and Personal Information:

We hold the personal information we collect about you (*and your spouse and/or beneficiary as applicable*) for the purposes identified in this Notice in your client record. Depending on the investment or service you request, you understand the personal information collected may include but is not limited to:

- Your name, address, telephone number, social insurance number, date of birth and account holdings;
- The name, address, social insurance number and date of birth of your spouse/partner and/or beneficiary;
- Your email address, school board and or affiliation; and
- Your banking information (*i.e. void cheque for setting up a Pre-Authorized Contribution Plan – PAC*).

2. Your Personal Information – Collecting, Holding, Using and Disclosing:

You understand that Educators may collect, hold, and use the personal information in your client record as well as collect personal information from and disclose personal to third parties identified in Section 3 for the following purposes:

- To verify your identity and to ensure the accuracy of information contained in your client record;
- To establish and maintain an investment account for you;
- To fully understand your investment needs, objectives and tolerance for risk so that Educators may determine appropriate investment strategies for you;
- To establish and maintain services that you may request such as a PAC (Pre-Authorized Contribution Plan) and/or a Group Payroll Deduction Plan;
- To execute transactions for you such as transferring funds by electronic or other means;
- To establish and maintain paper/electronic communications with you through mediums including newsletters, statements, eNews, special mailings, transaction confirmations, tax receipts and other information as needed to service your account;
- Verifying information previously given by you with any other organization when necessary for the purposes provided in this Notice;
- To occasionally conduct research to determine how better to serve our clients;
- To meet legal and regulatory requirements; and
- To provide me with information about Educators Financial Group products and services.

3. Third Parties:

- Educators may collect your personal information for the purposes identified in this Notice from third parties such as other financial institutions and mutual fund companies, and from third parties who represent that they have the right to disclose the information.
- Educators may transfer your personal information for the purposes identified in this Notice to our service providers, such as account statement preparation and mailing companies, courier companies and document storage companies. When Educators transfers personal information to our service providers, we ensure by contractual means that the transferred personal information is used only for the purposes for which the service provider is retained and is protected to the same degree as it is when in our possession.
- Educators may disclose your personal information to third parties when permitted or required by law, such as disclosure for tax purposes to the Canada Revenue Agency.
- Some of our service providers may be located in the United States, and to the extent your personal information is located outside of Canada, it will be subject to any legal requirements in the US applicable to these service providers. For example, there could be lawful requirements imposed on our US service providers to disclose personal information to various US government authorities.

4. Your Rights:

- You have the right to expect that Educators will only use or disclose your personal information for the purpose for which it was collected, unless you give consent for it to be used for other reasons;
- You have the right to know who at Educators is responsible for protecting your personal information and that access to your information is restricted to and may only be accessed by employees of Educators whose professional duties require them to do so;
- You are entitled to access, through a written request, the personal information in your client record, subject to limited exceptions set out in law. You may verify this personal information and request in writing that any inaccurate information be corrected; and
- If your concerns about access to and/or the correction of your personal information have not been resolved to your satisfaction, or if you have questions or other concerns about the management of your personal information, you may contact the Privacy Officer at Educators. If after contacting Educators’ Privacy Officer your question or concern has not been resolved, you have the right to file a formal complaint with the Privacy Commissioner of Ontario.



One focus, many solutions.

PRE-AUTHORIZED Chequing Agreement

(Not applicable for Locked-in RSP, LIRA, RIF, LIF, RLSP or RLIF account types)

By signing the Pre-Authorized Contribution Plan (PAC) section of the application form you agree to the following terms and conditions:

- You authorize Educators Financial Group to debit the bank account provided for the amount(s) and in the frequencies instructed.
- You acknowledge that your debit will be considered a Funds Transfer Pre-Authorized Debit (PAD) by Canadian Payments Association definition.
- You have certain recourse rights if a debit does not comply with this agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this pre-authorized debit agreement. To obtain more information on your recourse rights, you may visit our website at www.educatorsfinancialgroup.ca or contact us directly at **416.752.6843** or **1.800.263.9541**. Alternatively, you may visit the Canadian payments association website at www.cdnpay.ca.
- You confirm that all persons whose signatures are required to authorize transactions in the bank account provided have signed the Pre-Authorized Contribution Plan (PAC) section of the application form.
- You may change these instructions or cancel this plan at any time, provided that Educators Financial Group receives written notice at least 10 business days before your next scheduled PAD. To obtain a copy of a cancellation form or for more information regarding your right to cancel a preauthorized debit agreement, you may visit our website at www.educatorsfinancialgroup.ca or contact us directly at **416.752.6843** or **1.800.263.9541**. Alternatively, you may visit the Canadian payments association website at www.cdnpay.ca.
- You agree to release the financial institution of all liability if the revocation is not respected, except in the case of gross negligence by the financial institution.
- You agree that the information in this form will be shared with the financial institution, insofar as the disclosure of this information is directly related to and necessary for the proper application of the rules applicable for pre-authorized debits.
- You acknowledge and agree that you are fully liable for any charges incurred if the debits cannot be made due to insufficient funds or any other reason for which you may be held accountable.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

Client Complaint Information Form

Clients of a mutual fund dealer who are not satisfied with a financial product or service have a right to make a complaint and to seek resolution of the problem. MFDA Member dealers have a responsibility to their clients to ensure that all complaints are dealt with fairly and promptly. If you have a complaint, these are some of the steps you can take:

- Contact your mutual fund dealer. Member firms are responsible to you, the investor, for monitoring the actions of their representatives to ensure that they are in compliance with by-laws, rules and policies governing their activities. The firm will investigate any complaint that you initiate and respond back to you with the results of their investigation within the time period expected of a Member acting diligently in the circumstances, in most cases within three months of receipt of the complaint. It is helpful if your complaint is in writing.
- Contact the Mutual Fund Dealers Association of Canada (“MFDA”), which is the self-regulatory organization in Canada to which your mutual fund dealer belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. You may make a complaint to the MFDA at any time, whether or not you have complained to your mutual fund dealer. The MFDA can be contacted:
 - By completing the on-line complaint form at www.mfda.ca
 - By telephone in Toronto at (416) 361-6332, or toll free at 1-888-466-6332
 - By e-mail at complaints@mfda.ca¹
 - In writing by mail to 121 King Street West, Suite 1000, Toronto, ON M5H 3T9 or by fax at (416) 361-9073

Compensation:

The MFDA does not order compensation or restitution to clients of Members. The MFDA exists to regulate the operations, standards of practice and business conduct of its Members and their representatives with a mandate to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry. If you are seeking compensation, you may consider the following:

- Ombudsman for Banking Services and Investments (“OBSI”): After the dealer’s Compliance Department has responded to your complaint, you may contact OBSI. You may also contact OBSI if the dealer’s Compliance Department has not responded within

¹ You may wish to consider issues of internet security when sending sensitive information by standard e-mail.

90 days of the date you complained. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. OBSI can make a non-binding recommendation that your firm compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. OBSI can be contacted:

- By telephone in Toronto at (416) 287-2877, or toll free at 1-888-451-4519
- By e-mail at ombudsman@obsi.ca
- Legal Assistance: You may consider retaining a lawyer to assist with the complaint. You should be aware that there are legal time limits for taking civil action. A lawyer can advise you of your options and recourses. Once the applicable limitation period expires, you may lose rights to pursue some claims.
- Manitoba, New Brunswick and Saskatchewan: Securities regulatory authorities in these provinces have the power to, in appropriate cases, order that a person or company that has contravened securities laws in their province pay compensation to a claimant. The claimant is then able to enforce such an order as if it were a judgment of the superior court in that province. For more information, please visit:
 - Manitoba: www.msc.gov.mb.ca
 - New Brunswick: www.nbsc-cvmnb.ca
 - Saskatchewan: www.sfsc.gov.sk.ca
- Québec: The Autorité des marchés financiers (“AMF”) pays indemnities to victims of fraud, fraudulent tactics or embezzlement where those responsible are individuals or firms authorized to practice under the legislation governing the provision of financial services in Quebec. It also rules on the eligibility of claims and sets the amount of the indemnities to be paid to victims. Consumers can thus be compensated to a maximum of \$200,000 per claim, through funds accumulated in a financial services compensation fund. For more information, please visit www.lautorite.qc.ca.



One focus, many solutions.

COMPLAINT HANDLING Procedures (CHP)

Educators Financial Group has procedures in place to handle complaints in a fair and prompt manner. This is a summary of those procedures, which we provide to new clients and to persons who have filed a complaint. This summary is posted on our website. New clients and those who submit a verbal or written complaint are provided with a copy of the Client Complaint Information Form (CCIF) which provides information for options that complainants have when making a complaint.

How Complaints Can Be Filed

All complaints may be directed to the Compliance Department by letter sent to our firm address below, by email; info@educatorsfinancialgroup.ca or by phone at 1.800.263.9541.

2225 Sheppard Avenue East
Suite 1105
Toronto, Ontario
M2J 5C2

How Complaints are Handled

We will send you an initial acknowledgement and response within (5) five business days of receiving your complaint. We will also send you a copy of our Client Complaint Information Form (CCIF), as well as a copy of our Complaint Handling Procedures (CHP).

We will investigate your complaint and look at all the information and documentation necessary. We may need to contact you for additional information and assistance is available if required for any reason. We will usually complete this process within 90 days or less and send you a written resolution response unless the case is very complicated and we are waiting for additional information.

If you are not satisfied with our response, a complaint can also be filed with:

- I. Mutual Fund Dealers Association of Canada (MFDA): Investigates complaints about mutual fund dealers and their Advisors and takes enforcement action where appropriate. There is no cost to clients to submit a complaint to the MFDA.

121 King Street West, Suite 1000
Toronto, ON M5H 3T9

Call: 416.361.6332

Toll Free: 1.800.263.9541

Fax: 416.361.9073

Email: complaints@mfd.ca

- II. Ombudsman for Banking Services & Investment (OBSI): Independent from the MFDA, government and the financial services industry. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients.

401 Bay Street, Suite 1505

P.O. Box 5

Toronto, ON M5H 2Y4

Call: 1.888.451.4519

Fax: 1.888.422.2865

Email: ombudsman@obsi.ca

- III. You may also wish to retain a lawyer to assist with your complaint.

Settlements

Complainants may be required to sign releases or waivers for financial settlements offered and please be advised that our Advisors cannot enter into a private settlement without written consent of the firm.

Clients and complainants may contact us at any time to provide additional information or for updates on their complaint, by contacting our Chief Compliance Officer.

Privacy

If you have a complaint about the treatment of your personal information, you may contact the Compliance or the Office of the Privacy Commissioner of Canada at **1.800.282.1376**.



One focus, many solutions.

RELATIONSHIP Disclosure Notice

As a member of the Mutual Fund Dealers Association of Canada (MFDA), Educators Financial Group (“Educators”) is required to provide all clients (new and existing), core information about the nature of their relationship between Educators and its financial advisors. The objective of the relationship disclosure requirement is to ensure that clients understand their obligations upon opening an account, as well as the obligations of Educators in regards to informing clients about service levels and costs.

Nature of the Advisory Relationship

As a client of Educators, you are responsible for making your investment decisions. However, you may rely on the advice given by your designated financial advisor – as the financial advisor is always responsible for the advice given, and for ensuring that the advice is suitable based on the client’s investment needs and objectives.

Nature of Products and Services Offered

Educators offers the ability to choose from thousands of mutual fund products, including its own family of mutual funds. Our services include free financial planning, webinars, workshops, and for clients looking to purchase securities other than mutual funds, we have partnered with third party service provider, Qtrade Investor. In addition, Educators is also a Mortgage Brokerage firm offering mortgages to clients, as well as lines of credit and loans through various lending partners.

For more detailed information on the specific products and services offered, clients can visit educatorsfinancialgroup.ca, or call **1.800.263.9541** and ask to speak to an Account Manager. Any cost of borrowing or other required disclosure under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (Ontario) will be provided to you if you arrange a mortgage through us. If a referral is made to one of our lending partners for a line of credit or a loan, a separate disclosure document regarding our relationship with the lending partner will be provided to you.

Nature or Type of Client Accounts

Educators offers investment accounts such as Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Registered Education Savings Plans (RESPs), Tax-Free Savings Accounts (TFSA) and Non-Registered (Cash) accounts.

Procedures Regarding Handling of Cash and Cheques

Educators does not accept cash deposits. All payments must be provided by cheque (personal or certified) or electronically through the client’s financial institution. All cheques must be made payable to Educators Financial Group, and should never be made payable to a financial advisor.

Suitability of Orders Accepted/Recommendations Made

Educators is required under securities legislation, and MFDA rules to:

- Ensure each investment recommendation is suitable for the client in relation to the client’s investment objectives, risk tolerance, and other personal circumstances; and
- To perform a suitability assessment of all trades proposed by you, regardless of whether or not a recommendation is made

In addition, when any of the conditions noted below occur, we are required to perform a suitability assessment of the investments held in your account(s):

- When you transfer assets into an account at Educators;
- When Educators or your financial advisor becomes aware of a material change in your personal information such as your stated risk tolerance, time horizon and investment objective; or
- When there is a change in the financial advisor responsible for your investment account(s)

Definition of KYC (Know Your Client) Terms

We are required under securities legislation to collect certain personal information about you and your financial condition, pursuant to our KYC obligations. We do this through the KYC form and account application that you complete in order to open an account. This information also helps us perform our required suitability review when securities are traded in your account. It is therefore very important that this information be kept up to date. Please contact your financial advisor if any of the personal information provided to us changes materially. Material changes would generally be any significant changes relating to your annual income, investment objectives, risk tolerances, time horizon or net worth. For a full description of KYC terms, including Risk Tolerance, Investment Objective and Time Horizon, please refer to your Educators KYC form and application.

Investment Risks

All investments have some level and type of risk. Simply stated, risk is the possibility you will lose money, or not make money on your investment. Each investor has a different tolerance for risk. Some investors are more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial circumstances and goals. The risks associated with investing in a mutual fund are similar to the risks associated with the securities in which the mutual fund invests. Generally, the higher an investment’s anticipated return, the greater the risk you must be prepared to take.

When deciding how much risk is right for you, think about how much time you have until you need the money: If you are investing for less than a year, you should not take undue risk. There may not be enough time to recover the full amount of your investment if the mutual fund falls in value. A longer time horizon allows you to take on more risk. Although the value of your investments may drop in the short term, longer investment horizons may help to lessen the effects of short-term market volatility.

It is important that you understand the risks associated with the funds held in your account. All of our funds have been assessed by us for their relative level of risk, and are rated as either: low, low-medium, medium, medium-high, or high, as applicable. The risk rating of any particular fund is set out in the Fund Facts sheet for that fund. There is also a detailed discussion of the risks associated with investing in mutual funds generally, as well as the risks associated with each fund, and a description of the various risk rating categories in the funds' simplified prospectus. We encourage you to review this material, or speak to your financial advisor. For the specific risks associated with a particular fund, refer to the fund's simplified prospectus or speak to your financial advisor.

Risks associated with borrowing money to invest

Borrowing money, often referred to as leveraging, to invest is risky and should only be considered if you are:

- Comfortable with taking risk
- Are investing for the long-term
- Have a stable income and
- Are comfortable with taking on debt to purchase investments that may go up or down in value

If you use leveraging to invest, you may end up losing money:

- If the investments go down in value and you have borrowed money, your losses would be larger than had you used your own money
- Whether your investments make money or not you will still have to pay back the loan plus interest
- You may have to sell other assets or use money you had set aside for other purposes to pay back the loan
- If you used your home as security for the loan, you may lose your home
- If the investments go up in value you may still not make enough money to recover the costs of borrowing

Conflicts of Interest

As a registered investment fund manager, we are required to refer all conflict of interest matters between us and our funds to an independent review committee established under National Instrument 81-107 Independent Review Committee for Investment Funds, for either their recommendation or approval, as required by that Instrument.

Content and Frequency of Reporting

Educators sends out two types of reporting documentation; trade confirmations and quarterly statements. Trade confirmations are sent out whenever a new transaction is processed through your account and are mailed within four business days from the date of the transaction. The confirmations include: the name of the fund(s), the type of transaction (i.e. purchase, redemption, switch), the unit price, the quantity transacted and trade date, as well as other pertinent information.

Account statements are sent out on a quarterly basis and consist of: a detailed transaction history, an overall account summary showing the unit balance, unit price and market value for each fund, opening market value, and closing market value. Account rates of returns are also provided on statements of accounts. For more specific content, clients can refer to their respective trade confirmations and quarterly statements. We encourage you to review trade confirmations and quarterly statements carefully, so that you understand the transactions that have occurred in your account, your account holdings and performance. If you have any questions about these matters, please speak to your financial advisor.

Compensation and Reference to Other Sources of Information

Educators charges an aggregate management fee plus HST for its combined services as investment fund manager and principal distributor to our fund—a portion of that management fee is used by us to pay the third party portfolio advisers to our funds. We do not charge administration costs against our funds for regulatory filing fees, record keeping or accounting. Consistent with industry practice, the only additional costs charged to our funds in addition to our management fees are the fees and expenses of the Independent Review Committee and brokerage costs. If clients choose to close their account, Educators charges a \$150 fee plus HST for the full transfer of holdings in a registered account (excluding RESPs), as well as a non-registered account to another financial institution.

Further information with respect to fees and costs in respect of our funds can be found in our simplified prospectus, Fund Fact sheets, Annual Information Form (AIF), online at educatorsfinancialgroup.ca, or clients can speak to their financial advisor.

In addition, if we as a mutual fund dealer sell a third party fund to you, we do not levy any sales charges for doing so. We may, however, receive trailer fees (also known as service fees) from that third party fund in accordance with its policies in this regard for so long as the fund in question remains in your account with us. If we receive revenue in respect of any referral fee arrangements with others, we will provide you with specific disclosure regarding that referral arrangement and the associated fees we receive in accordance with regulatory requirements.

Performance Benchmarks

We do not currently use benchmarks in order to assess the relative performance of your account. We have, however, for many of our funds, established a benchmark, or a blended benchmark, consistent with the types of securities that the fund may hold, that we use to assess the effectiveness of the portfolio adviser appointed for that fund and to decide when a change of portfolio adviser would be appropriate.



One focus, many solutions.

LEVERAGE RISK Disclosure

RISK OF BORROWING TO INVEST

Here are some risks and factors that you should consider before borrowing to invest:

Is it Right for You?

Borrowing money to invest is risky. You should only consider borrowing to invest if:

- o You are comfortable with taking risk.
- o You are investing for the long-term.
- o You have a stable income.
- o You are comfortable taking on debt to buy investments that may go up or down in value.

You should not borrow to invest if:

- o You have a low tolerance for risk.
- o You are investing for a short period of time.
- o You intend to rely on income from the investments to pay living expenses.
- o You intend to rely on income from the investments to repay the loan. If this income stops or decreases you may not be able to pay back the loan.

You Can End Up Losing Money

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.
- Whether your investments make money or not you will still have to pay back the loan plus interest. You may have to sell other assets or use money you had set aside for other purposes to pay back the loan.
- If you used your home as security for the loan, you may lose your home.
- If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

Tax Considerations

- You should not borrow to invest just to receive a tax deduction.
- Interest costs are not always tax deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest. Your advisor should discuss with you the risks of borrowing to invest.