

Estate Protection

Contract

Segregated funds
Individual variable annuity policy

This policy contains a provision that removes or restricts the right of the policyowner to designate persons to whom or for whose benefit insurance money is to be payable.

The Canada Life Assurance Company is the sole issuer of the contract.

Any amount allocated to a segregated fund is invested at your own risk and may increase or decrease in value.

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1. General Provisions

1.1 Provisions

This contract is between Canada Life Assurance Company (“We”, “Us”, “Our” and “Canada Life”), a Canadian life insurance company and the Policyowner (“You” and “Your”) as defined below. This contract is an individual variable annuity insurance contract, and consists of the application, these policy provisions, applicable endorsements and any riders or amendments that We agree to. After issue, amendments agreed upon in writing are part of the contract. We may amend the terms of the contract without prior notice to You, as required to comply with the provisions of the *Income Tax Act* (Canada) (“Tax Act”) as amended, and any other legislation that may be enacted or amended from time to time (“Applicable Legislation”).

The “Annuitant” is the person or persons upon whose life or lives the policy is based as named in the application. The Annuitant must be at least 80 and no more than 90 years of age as of the date of issue of this policy. Where the policy is non-registered the age is based on the youngest Annuitant.

The Annuitant cannot be changed except in accordance with sections 4.1.9 and 4.2.8.

Where the Annuitant is changed under either of these provisions, any provisions dependent on the age of the Annuitant will be based on the age of the original Annuitant as named on the application.

The “Policyowner” is the person or persons named as the Applicant in the application and to whom Canada Life has issued the policy. “Spouse” means the person recognized as Your spouse or common-law partner by the Tax Act or is a civil-union spouse under Quebec legislation.

A policy held as an investment in a trust arrangement that is registered externally (meaning not through Canada Life) under the Tax Act (such as an RRIF, TFSA, etc.) (a “Trusteed Registered Plan”) is a non-registered policy with Canada Life. The Policyowner of a non-registered policy held in a Trusteed Registered Plan will be the trustee of the Trusteed Registered Plan.

A “non-registered” policy is a policy that has not been registered through Canada Life pursuant to the provisions of the Tax Act or any applicable provincial or territorial legislation.

Applicable Legislation requires Us to obtain specific information from You when You apply for or add a Premium (as defined in section 2.4.1) to a non-registered policy. We obtain this information on the application for the policy and supplemental forms. If the required information is not provided We will follow up for the information. We have the right to take actions We consider appropriate to obtain this information in a timely manner. Until We receive the required information any Premium will be handled in accordance with Our then-current administrative rules which may include; declining to apply the Premium received with the application; refusing to accept further Premiums, process switch and/or redemption requests; delay trades and suspend trading under the policy. We reserve the right to change Our administrative practices or introduce new ones where We determine it is appropriate. You are responsible for any policy value changes until You provide Us with the required information.

Where the policy is non-registered and where “Joint Applicant(s)” have been indicated in the application, the word Policyowner will mean all the Joint

Policyowners. We will require written instructions from all Policyowners to take any action under the policy. Ownership of the policy following the death of a Joint Policyowner depends on the type of Joint Policyowner selected on the application.

The following sections, 1.1 A) and B) apply only where a sole Annuitant has been named in the application. If a Joint Annuitant is selected in the application, ownership of the policy continues to the surviving Annuitant: see section 1.3 Joint Annuitants.

A) With right of survivorship

Where Joint Policyowners have been named on the application with right of survivorship (subrogated Policyowner in Quebec), on the death of a Joint Policyowner who is not the Annuitant, the other Joint Policyowner will become the sole Policyowner. You are responsible for any income tax reporting and payment that may be required as a result of the change in ownership. If the deceased Joint Policyowner is the Annuitant, the applicable Death Benefit as set out in section 2.9.3, will be paid.

B) Tenants in common

Where Joint Policyowners have been named on the application as tenants in common, on the death of a Joint Policyowner who is not the Annuitant, if no Contingent Policyowner (as defined in section 1.6) has been named, the estate of the deceased Policyowner will take the place of the deceased Joint Policyowner. You are responsible for any income tax reporting and payment that may be required as a result of the change in ownership. If the deceased Joint Policyowner is the Annuitant, the applicable Death Benefit as set out in section 2.9.3 will be paid.

Where You have requested the policy be registered and if You are the Annuitant named in the application for the policy, the additional provisions of the life income fund ("LIF"), restricted life income fund ("RLIF"), locked-in retirement income fund ("LRIF"), prescribed registered retirement income fund ("PRIF"), registered retirement income fund ("RRIF") or tax-free savings account ("TFSA") endorsement apply, as applicable. The terms of the endorsements, where applicable, will override any conflicting provisions except where the Annuitant is changed under sections 4.1.9 and 4.2.8.

The only guarantee level available is the 75/100 Guarantee as set out in the application. For more information, see section 2.9 75/100 Guarantee Provisions.

You can pay Premiums from time to time to various Canada Life Segregated Funds ("Segregated Funds") offered under this policy. The list of current Segregated Funds under this policy is available upon request and is set out in the then current Canada Life Estate Protection Segregated Funds information folder.

When You invest in Estate Protection Partner series You must enter into a Partner Series fee agreement ("Fee Agreement") with respect to the advisory and management service fee. If a Fee Agreement is not received either with the application or switch form We will set the advisory and management service fee in accordance with Our then-current administrative rules and this will apply until a Fee Agreement is received in good order at Our Administrative Office. For more information, see section 2.7.2 *Advisory and management service (AMS) fee*

We reserve the right to add or withdraw investment options.

Switches, redemptions and transactions under this policy may generate taxable results and You are responsible for any income tax reporting and payment that may be required as a result of any transaction.

Annuity payments will commence as set out herein. The performance of the Segregated Funds You select will affect the amount available for annuity payments.

The use of the singular will include the plural, where applicable.

Every action or proceeding against Us for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for actions or proceedings governed by the laws of Alberta and British Columbia), The Insurance Act (for actions or proceedings governed by the laws of Manitoba), the Limitations Act, 2002 (for actions or proceedings governed by the laws of Ontario), the Limitations Act (for actions or proceedings governed by the laws of Saskatchewan) or other applicable legislation. For those actions or proceedings governed by the laws of Quebec, the prescriptive period is set out in the Quebec Civil Code.

Only an authorized officer of Canada Life at the Vice Presidential level or above can change or waive any provisions of the contract. No other person can change or waive any provisions of the contract on Our behalf.

1.2 Administrative Office

Our Head Office is located at 100 Osborne Street North, Winnipeg, Manitoba R3C 3A5 or any other location that we might specify to be Our Head Office.

Our Administrative Offices deal with all administrative matters relating to Your policy and are currently located at the following addresses. Please include Your policy number on any correspondence.

The Canada Life Assurance Company

Wealth Operations, T-424
255 Dufferin Ave
London ON N6A 4K1

The Canada Life Assurance Company

Wealth Operations, M-1110
1350 René-Lévesque Blvd W
Montréal QC H3G 1T4

1.3 Joint Annuitants

If You have selected Joint Annuitants in the application, the following provisions apply.

Joint Annuitants are the persons upon whose lives the policy is based. Joint Annuitants must be Spouses of one another at the time of the application. Joint Annuitants cannot be changed. Use of the word “Annuitant” in this contract also includes Joint Annuitants, where applicable.

The Joint Annuitants shall also be Joint Policyowners with rights of survivorship (where Quebec law applies; rights of survivorship means accretion and in order to obtain the same legal effects, Joint Policyowners must appoint and maintain each other as his/her subrogated Policyowner).

Where Joint Annuitants are also Joint Policyowners, upon the death of a Joint Annuitant, the surviving Annuitant will become the sole Annuitant and Policyowner.

Any policy provisions dependent on the age of the Annuitant will be based on the age the youngest Joint Annuitant is or would be if alive. For example, the Policy Maturity Date (as defined in section 1.11) will be December 31 of the calendar year in which the youngest Annuitant attains, or would have attained if they survived, 105 years of age.

The Death Benefit will only be paid on the death of the last surviving Annuitant while the policy is in force.

1.4 Beneficiary

You can designate one or more beneficiaries to receive any Death Benefit payable under this policy. You can revoke or change the designation, subject to applicable law. If the designation is irrevocable, You cannot revoke or change it or exercise certain other rights without the written consent of the irrevocable beneficiary in accordance with applicable law. Where the policy is held in a Trusteed Registered Plan, a beneficiary may not be named; on death of the last annuitant any Death Benefit proceeds will be paid to the trustee of the Trusteed Registered Plan.

Any designation of a beneficiary, or any revocation or change of a designation, unless otherwise permitted by law, must be made in writing. We will not be bound by any designation, revocation or change that has not been recorded at Our Administrative Office prior to Us taking any action or making any payment.

We assume no responsibility for the validity or effect of any designation, revocation or change.

1.5 Death Benefit Provisions

If the last Annuitant dies before the Policy Maturity Date or the commencement of annuity payments, We will pay the Death Benefit to the beneficiary. If there is no surviving beneficiary, We will pay it to You or Your estate. We will make the payment once We have received satisfactory proof of the death and a beneficiary's right to the proceeds.

The amount of any Death Benefit will be determined as set out in section 2.9.3. The Death Benefit for the policy is the sum of the Death Benefit for all Segregated Funds.

The Death Benefit will be adjusted for payments made between the date of death and the date Our Administrative Office received notification of death. Payment of the Death Benefit will discharge Our obligations under this policy.

1.6 Contingent Policyowner

If You are not the Annuitant, You can name a Contingent Policyowner and can revoke or change a Contingent Policyowner as permitted by law. In the event of Your death, the Contingent Policyowner, if living, becomes the new Policyowner. Where Joint Policyowners were named on the application with right of survivorship (subrogated Policyowner in Quebec), “Your death” means the death of the last Policyowner. If You have not named a Contingent Policyowner or if they are not living on Your death, Your estate will become the Policyowner.

1.7 Assignment

1.7.1 Assignment by You

Subject to applicable laws, You can assign this contract. We will not recognize an assignment until the original or a true copy is recorded at the Administrative Office.

Canada Life is not responsible for the validity of any assignment. An absolute assignment of this contract will make the assignee the Policyowner and revoke any revocable beneficiary and contingent policyowner designations unless the document by which the contract is assigned specifies otherwise; a collateral assignment or movable hypothec in Quebec will not.

The rights of any Policyowner, revocably designated beneficiary or irrevocably designated beneficiary who has consented are subject to the rights of any assignee.

1.7.2 Assignment by Us

Subject to receipt of all applicable regulatory approvals, We may transfer and assign Our obligations under this contract to another life insurance company carrying on that business in Canada, and provided the life insurance company agrees to take all of Our obligations under and be bound to the terms and conditions of this contract, We shall be released and discharged from all obligations under this contract which We owe to You, to Your beneficiaries, or to any Annuitant.

1.8 Non-Participating

This contract is non-participating; it is not eligible to share in Our profit or surplus.

1.9 Age, Gender and Survival

We reserve the right to request satisfactory proof of the birth date, gender and survival of any Annuitant. If this information has been misstated, we reserve the right to recalculate the benefits based on the correct factors to determine the amount of any annuity payments, income amount, benefits or guarantees.

Any policy issued whereby the Annuitant or youngest Joint Annuitant was over age 90 at the date of issue is null and void.

1.10 Place of Payment and Currency

All payments under this policy will be made in Canada in Canadian currency.

1.11 Policy Maturity Date

The Policy Maturity Date is the date on which the policy matures. This date will depend on the terms of the policy provisions, the provisions of the Tax Act, if the policy is registered, and any Applicable Legislation at any given time.

The Policy Maturity Date for a non-registered, RRIF, Spousal RRIF, PRIF, RLIF, LRIF or TFSA policy is December 31 of the year the youngest Annuitant attains age 105. Effective this date, unless You have provided alternative direction, We will redeem all Segregated Fund Units allocated to Your policy and annuity payments will commence as set out in section 1.12. If December 31 is not a Valuation Day, the Policy Maturity Date will be the Valuation Day prior to December 31 in that year.

If the policy is a LIF, the Policy Maturity Date is dependent on the jurisdiction that regulates it. Where applicable pension legislation requires You receive payments from a life annuity, the Policy Maturity Date will be December 31 of the year in which You attain the age stipulated in the applicable pension legislation. Otherwise, the Policy Maturity Date will be December 31 of the year in which You attain age 105. If December 31 is not a Valuation Day, the Policy Maturity Date will be the Valuation Day prior to December 31 in that year.

1.12 Annuity Provisions

No Premiums will be accepted after annuity payments commence and the Maturity and Death Benefit Guarantees as set out in section 2.9 no longer apply. Where annuity payments depend upon the survival of the Annuitant, We may require evidence that an Annuitant is living when any payment becomes due.

Annuity payments due while the Annuitant is living will be paid to You or, if You are not living, Your estate. Where the policy is based on the lives of two Joint Annuitants as selected in the application, if both Annuitants are living on the date annuity payments commence, the annuity payments will be payable to the Policyowner while living. Payments following the death of the Policyowner will be payable to the surviving Joint Policyowner. You or Your representative must advise Us of the death of the last Annuitant prior to the next annuity payment following the date of his or her death. Payments made following the death of the last Annuitant must be returned to Us.

For sections 1.12.1, 1.12.2 and 1.12.3 unless You provide alternative direction in writing We will commence annuity payments as outlined below.

1.12.1 Policies that are a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF or a policy held in a Trusteed Registered Plan that is a RIF

If the last Annuitant dies after the date annuity payments commence but prior to the payment of 120 monthly payments, a Death Benefit equaling the commuted value of the remaining annuity payments will be payable in one sum. The payment will be made to the named beneficiary, if there is one, otherwise to You or Your estate. If the last Annuitant dies after 120 monthly annuity payments have been made, the annuity payments cease with the last payment before the death of the last Annuitant. Annuity payments are not commutable during the Annuitant's lifetime.

Policyowner Resident In All Provinces Except Quebec When The Policy Is Issued

If the Annuitant is living on the Policy Maturity Date and if the Policyowner was not a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Policy Maturity Date and be in equal monthly amounts for a guaranteed period of 10 years (120 monthly payments) and thereafter for the remaining lifetime of the Annuitant. The amount of the annuity payments will be determined based on the Cash Value (as defined in section 2.3) and in accordance with Our then-current administrative rules using the annuity rate in effect and with respect to the age of the Annuitant on the Policy Maturity Date.

Policyowner Resident In Quebec When The Policy Is Issued

Policyowners residing in Quebec on the date We issue the policy may elect to commence annuity payments following the date the Annuitant attains age 80 or 90 but a Maturity Guarantee will not apply. If an election is not made, annuity payments will commence following the Policy Maturity Date. "Annuitization Date" is the date the Annuitant attains age 80 or 90, as applicable, if elected, or the Policy Maturity Date if no election was made.

If the Annuitant is living on the Annuitization Date and if the Policyowner was a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Annuitization Date and be in equal monthly amounts for a guaranteed period of 10 years (120 monthly payments) and thereafter for the remaining lifetime of the Annuitant. The amount of the annuity payments will be determined by multiplying the Cash Value as of the applicable Annuitization Date by the greater of:

a) The then-current Canada Life annuity rate for a single life non-participating annuity with a guaranteed period of 10 years using the annuity rate in effect and with respect to the age of the Annuitant when the payments commence; and

b) For each \$1,000 of Cash Value:

- i) If the Annuitant is male and the Policyowner elects to commence annuity payments
 - In the month next following the month the Annuitant attains the age of 80 years, \$5.10
 - In the month next following the month the Annuitant attains the age of 90 years, \$5.95; or

If an election is not made the rate will be \$5.96 and payments will commence following the Policy Maturity Date

- ii) If the Annuitant is female and the Policyowner elects to commence annuity payments
 - In the month next following the month the Annuitant attains the age of 80 years, \$4.84
 - In the month next following the month the Annuitant attains the age of 90 years, \$5.92; or

If an election is not made the rate will be \$5.96 and payments will commence following the Policy Maturity Date.

1.12.2 Non-registered policy

If the last Annuitant dies after the date annuity payments commence but prior to the payment of 12 monthly payments any remaining annuity payments will be payable to the named beneficiary, if there is one, otherwise to You or Your estate.

Policyowner Resident In All Provinces Except Quebec When The Policy Is Issued

If the Annuitant is living on the Policy Maturity Date and if the Policyowner was not a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Policy Maturity Date and be in equal monthly amounts for a guaranteed period of one year (12 monthly payments). The amount of the annuity payments will be determined based on the Cash Value and in accordance with Our then-current administrative rules using the annuity rate in effect and with respect to the age of the Annuitant on the Policy Maturity Date.

Policyowner Resident In Quebec When The Policy Is Issued

Policyowners residing in Quebec on the date We issue the policy may elect to commence annuity payments following the date the youngest Annuitant attains age 80 or 90 but a Maturity Guarantee will not apply. If an election is not made, annuity payments will commence following the Policy Maturity Date. "Annuitization Date" is the date the youngest Annuitant attains age 80 or 90, as applicable, if elected, or the Policy Maturity Date if no election was made.

If the Annuitant is living on the Annuitization Date and if the Policyowner was a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Annuitization Date and be in equal monthly amounts for a guaranteed period of one year (12 monthly payments). The amount of the annuity payments will be determined by multiplying the Cash Value as of the applicable Annuitization Date by the greater of:

- a) The then-current Canada Life annuity rate for a one-year term certain annuity; and
- b) \$82.13 for each \$1,000 of Cash Value of Your policy.

1.12.3 TFSA policy or a policy held in a Trusteed Registered Plan that is a TFSA

If the last Annuitant dies after the date annuity payments commence but prior to the payment of 12 monthly payments any remaining annuity payments will be payable to the named beneficiary, if there is one, otherwise to You or Your estate.

Policyowner Resident In All Provinces Except Quebec When The Policy Is Issued

If the Annuitant is living on the Policy Maturity Date and if the Policyowner was not a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Policy Maturity Date and be in equal monthly amounts for a guaranteed period of one year (12 monthly payments). The amount of the annuity payments will be determined based on the Cash Value and in accordance with Our then-current administrative rules using the annuity rate in effect and with respect to the age of the Annuitant on the Policy Maturity Date.

Policyowner Resident In Quebec When The Policy Is Issued

If the Annuitant is living on the Policy Maturity Date and if the Policyowner was a resident of Quebec on the date We issue the policy, the annuity payments will commence after the Policy Maturity Date and be in equal monthly amounts for a guaranteed period of one year (12 monthly payments).

The amount of the annuity payments will be determined by multiplying the Cash Value as of the Policy Maturity Date by the greater of:

- a) The then-current Canada Life annuity rate for a one-year term certain annuity; and
- b) \$82.13 for each \$1,000 of Cash Value of Your policy.

1.13 Notice

Any notice We send to You will be sent to Your address as shown on Our records.

1.14 Fees for Additional Services

We reserve the right to charge certain fees for additional services from time to time.

1.15 Recovery of Expenses and Investment Losses

You agree to indemnify Us for any costs, expenses and investment losses that are incurred as a result of incomplete or incorrect information provided by You including, but not limited to, those costs, expenses and investment losses caused by not-sufficient fund (NSF) payments.

2. Segregated Funds

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

2.1 The Canada Life Segregated Funds

This policy allows You to allocate Premiums to Units (as defined below) of the Canada Life Segregated Funds (“Segregated Fund(s)” or “Fund”) made available by Us from time to time.

All Segregated Funds are used to allocate Premiums to a variety of investments and styles.

The Segregated Funds are not separate legal entities. Rather, each Segregated Fund is a pool of assets that is kept separate or “segregated” from the general assets of Canada Life. The assets of each of the Segregated Funds are owned by Us. All investments of the Segregated Funds are made in the name of Canada Life. We retain control of the investments of the Segregated Funds.

A Premium allocated to the policy is subject to Our then-current administrative rules and applicable minimum and maximum amounts.

Each Segregated Fund can be divided into an unlimited number of classes (“Class”). Each Class can be subdivided into an unlimited number of notional units of equal value (“Units”). Currently, You can select one of two Classes (Estate Protection standard series or Estate Protection Partner series).

The only sales charge option available for both Estate Protection standard series and Estate Protection Partner series is the front- end load option. For more information, see section 2.4.2 Sales charge option and minimums. You cannot hold Units from Estate Protection standard series and Estate Protection Partner series in the same policy at the same time.

The Units are allocated to the policy solely for the purpose of determining the benefits to which You are entitled. Those benefits are based on the Unit Value (as defined in section 2.3 B) of the Units allocated to Your policy on a Valuation Day (as defined in section 2.3 A). A Unit is a notional concept only and You do not actually own an interest in the Segregated Fund or its holdings. In addition, this policy does not make You a shareholder of Canada Life and You have no voting rights.

We reserve the right to appoint investment managers to provide investment management, investment advisory and related services necessary for the investment and management of Segregated Fund property. We will advise You of any change of an investment manager. We may update a Segregated Fund’s investment strategy, including the removal or substitution of underlying funds, without notice to You.

We reserve the right to close or restrict the allocation of Premiums or switches to a Segregated Fund, Class or any Sales charge option. If We do so You cannot allocate a Premium or switch to the closed Segregated Fund, Class or Sales charge option. We can re-open the closed Segregated Fund, Class or Sales charge option for investment at Our discretion without notice to You.

We may add or terminate a Segregated Fund, Class or a Sales charge option. If We terminate a Segregated Fund while You are a unitholder of the Segregated Fund We will give You written notice of Our intent in accordance with any Applicable Legislation or guidelines.

If We terminate a Segregated Fund completely You have the right to switch the value of Your Units to the same Class of another Segregated Fund. We reserve the right to automatically switch the Units in the terminated Segregated Fund to another Segregated Fund of Our choosing. Our written notice to You will specify the Segregated Fund(s) that will be terminated; the proposed Segregated Fund that will receive the automatic switch and the date the automatic switch will occur if We do not receive other instructions from You five (5) business days prior to the date the Segregated Fund is to be terminated. A short-term trading fee will not apply.

The Segregated Funds are subject to various risks which can lead to changes in the value of the Segregated Fund. The rate and size of change in the value of the Segregated Fund over time is referred to as “volatility.” The relative volatility of each Segregated Fund is disclosed on the Fund Facts pages. We reserve the right to reassess the relative volatility of each Segregated Fund from time to time.

2.2 Information Folder

These policy provisions are accompanied by an information folder that includes additional information regarding the Segregated Funds, taxation and administration of the policy. The information folder does not form part of the contract other than the following information set out in the *Fund Facts* pages:

- name of the individual variable insurance contract and the Segregated Funds available from time to time
- management expense ratio
- risk disclosure
- fees and expenses

The above information in the *Fund Facts* pages was accurate and complied with the Canadian Life and Health Insurance Association Guideline G2 and the Autorité des marchés financiers Guideline of Individual Variable Insurance Contracts Relating to Segregated Funds as of the date noted on the *Fund Facts* page. This information can change from time to time without notice.

The remedies for any error in the above *Fund Facts* information will include reasonable measures by Us to correct the error but do not entitle You to specific performance under the contract.

If there is any conflict between these policy provisions and the information folder, these policy provisions will prevail.

2.3 Valuation

We value the Segregated Funds and Units as set out below. We have the right to change how often We value the Segregated Funds and Units. We will notify You in writing 60 days before We change the valuation frequency. However, in no case will any Units be valued less frequently than monthly.

A. Value of a Segregated Fund

The value of each Segregated Fund will be determined at the close of business each day the Toronto Stock Exchange is open for business ("Valuation Day"). The value of each Segregated Fund is calculated by taking the total assets of the Segregated Fund, and subtracting liabilities which equals the total Net Asset Value (NAV) of the Segregated Fund. Generally, the value of an asset of the Segregated Fund will be the closing market price on each Valuation Day on a recognized securities exchange, and in all other cases, will be the fair market value as determined by Us.

Where the assets of a Segregated Fund consist of units of underlying funds the unit values of the underlying funds are the unit prices published by or on behalf of the underlying funds on the Valuation Day. If the unit value of the underlying fund is not available on a Valuation Day We will determine the fair market value.

B. Unit Value

For each Class We calculate a NAV per unit ("Unit Value"). A Unit Value for each Class is calculated by dividing the total value of the assets attributed to each Class less any liabilities attributed to that Class (including applicable investment management fees and operating expenses as described in Section 2.7 *Fees and expenses*) by the total number of Units outstanding. The Unit Value will fluctuate with the value of the Segregated Fund's investments. Generally, We determine the Unit Value on a Valuation Day according to Our rules then in effect.

We can subdivide or consolidate Units of a Segregated Fund upon giving notice to You. The subdivision or consolidation of Units does not affect the Market Value, but will result in an increase or decrease of the Unit Value.

C. Market Value

The value of Your policy ("Market Value") will equal the number of the Units of each Segregated Fund allocated to Your policy multiplied by their respective Unit Values on the Valuation Day.

D. Cash Value

The cash value of Your policy ("Cash Value") for purposes of redemptions and switches will be the Market Value less any applicable fees and charges.

Subject to any applicable guarantee, any amount that is allocated to a Segregated Fund is invested at Your risk and may increase or decrease in value.

2.4 Premiums, Redemptions and Switches

You may allocate Premiums to, switch or redeem Units of the Segregated Funds offered under this policy subject to these policy provisions and Our then-current administrative rules.

2.4.1 Premium Provisions and Allocating Premiums to a Segregated Fund

Premiums to be allocated to the policy are to be paid to Canada Life at Our Administrative Office. If the initial Premium is paid by a cheque or any other means that is not honoured, the contract will be void.

A Premium is the amount You pay into the policy before any applicable deductions, which may include premium taxes and other governmental levies ("Premium").

Premiums can be paid by lump sum or pre-authorized chequing ("PAC") where applicable and are subject to applicable minimums. For PACs, We will withdraw money from Your account at Your financial institution in the amount and frequency specified by You subject to Our then-current administrative rules and allocate it to the Segregated Funds chosen by You. If a PAC transaction is scheduled to occur on a non-Valuation Day, it will be processed on the next Valuation Day. You may change or terminate Your participation under the PAC at any time before a scheduled redemption date as long as we receive notice as required under Our then-current administrative rules. PACs are not permitted on RRIF, Spousal RRIF, PRIF, LIF, RLIF and LRIF policies.

If any lump sum or PAC is not honoured for any reason, We reserve the right to charge You a fee, as set out in Our then-current administrative rules, to cover Our expenses and recover any investment losses. See section 1.15 *Recovery of Expenses and Investment Losses*. We will redeem Units to pay the fee and recovery of any investment losses. You are responsible for any income tax reporting and payment that may be required.

We will accept Premiums in accordance with Our then-current administrative rules up to the earlier of the Valuation Day prior to the Annuitant attaining age 91 and commencement of annuity payments as set out in section 1.12. Premiums allocated to the policy, Segregated Funds, Class and a Sales charge option are subject to such minimum and maximum amounts as determined by Us from time to time. We reserve the right to reject any application and Premium. Any Premium received and rejected will be returned. We can discontinue the PAC or change how it functions at any time.

We will create a record for each Segregated Fund and Sales charge option to which a Premium is allocated. We will track all transactions in these Segregated Fund records. Subject to the following, We will provide You with a confirmation of transactions within a reasonable period of time. For PAC transactions a confirmation will only be provided when the PAC is established. We will not provide a confirmation for redemptions to pay fees.

All redemptions will, however, be reflected in a statement that will be provided to You at least annually. If You do not advise Us in writing of potential discrepancies in the confirmation or statement within 60 days of the confirmation or statement date, they will be deemed to be correct.

Each Premium will be allocated to the Segregated Fund(s) You have selected on the Valuation Day that all required original documentation and the Premium is received at Our Administrative Office, if it arrives in good order before 4:00 p.m. Eastern Time or before the Toronto Stock Exchange closes, whichever is earlier (the "Cut-off Time"). If it is received after the Cut-off Time, or on a day that is not a Valuation Day, We will process it on the next Valuation Day. We reserve the right to change the Cut-off Time. If the documentation is incomplete, Your instructions are not clear to Us or are not in accordance with Our then-current administrative rules, the Premium will be held in accordance with Our then-current administrative rules.

On the Valuation Day We receive satisfactory documentation and the initial Premium the contract will come into force and this date will be the policy effective date.

The number of Units allocated to Your policy will equal the amount of the Premium less any applicable deductions which may include premium taxes and other governmental levies divided by the Unit Value of the applicable Class at the time.

See section 2.3 *Valuation* for more information.

Electronic Transactions

We may allow a Premium to be allocated to a Segregated Fund, Class and Sales charge option electronically however, We may, in Our sole discretion, require all necessary and original documentation be provided to Us prior to the Premium being allocated.

If Your financial security advisor has forwarded Your Premium and allocation instructions electronically and they are received in good order at the Administrative Office prior to the Cut-off Time on a Valuation Day, Units will be allocated to Your policy on that day, or the next Valuation Day if received after that time. All required original documentation and the necessary Premium must be forwarded to the Administrative Office immediately for processing.

If We have not received everything We require to process Your request within ten valuation days after We receive Your request, We will reverse the transaction. If there is any loss incurred as a result of reversing the transaction, the amount of the loss will be charged to You.

If on receipt of the required original documentation, it is incomplete or does not match the electronic instructions, Your policy will be restricted and You will not be able to switch Units until the documentation is corrected to Our satisfaction. Once We receive satisfactory documentation, the restriction will be removed.

2.4.2 Sales Charge Options and Minimums

Currently, only the front-end load option is available for Estate Protection standard series and Estate Protection Partner series. The front-end load fee is set at zero per cent.

The minimum initial Premium, via lump sum or PAC, is currently \$10,000. The Premium allocated to each Segregated Fund must be at least \$25 per Segregated Fund.

Additional Premiums must be at least \$100 unless the policy is a RRIF, Spousal RRIF, LIF, RLIF, PRIF or LRIF where the minimum is \$500.

When You invest in Estate Protection Partner series You must enter into a Partner Series fee agreement (“Fee Agreement”) with respect to the advisory and management service (AMS) fee. For more information, see section 2.7.2 *Advisory and management service (AMS) fee*.

We reserve the right to add or remove the Segregated Funds available. The then-current information folder will set out the Segregated Funds available under a Class and Sales charge option. We will advise You if We remove a Segregated Fund from a Class or Sales charge option if You are a unitholder of that Segregated Fund. If We remove a Segregated Fund, it can be re-added at Our discretion without notice to You. If a Segregated Fund is removed, You cannot allocate any additional Premiums or make switches to it.

2.4.3 Short-Term Trading

Using Segregated Funds to time the market or trading on a frequent basis is not consistent with a long-term investment approach based on financial planning principles. In order to limit such activities We will charge a short-term trading fee that is retained in the Segregated Fund as compensation for the costs associated with a switch or redemption request.

Our current policy is to charge a short-term trading fee of up to two per cent of the amount switched or redeemed if You allocate Premiums to a Segregated Fund for less than 90 consecutive days. The fee is subject to change. This right is not affected by the fact that We may have waived it at any time previously. We reserve the right to increase the period of time a Premium must remain in a Segregated Fund. We will give You written notice of Our intent to increase the amount and/or time period at least 60 days in advance. Our notice to You will specify the affected Segregated Fund(s), new short-term trading fee and the new period of time. We will send the notice to Your most recent address on Our records for this policy.

We have the right to take additional actions as We consider appropriate to prevent further similar activity by You. These actions can include the delivery of a warning, placing You on a watch list to monitor activity, declining to accept Premiums to, and switch and redemption requests from a Segregated Fund, delay trades by one Valuation Day and suspend trading under the policy. We reserve the right to change Our administrative practices or introduce new ones where We determine it is appropriate.

2.4.4 Switching Units Within Your Policy

You can switch all or part of the value of Units allocated to Your policy by providing Us, at the Administrative Office, with appropriate documentation in Our approved form to that effect, subject to Our then-current administrative rules. Switches will be subject to any applicable short-term trading fee in accordance with section 2.4.3, *fees and other charges*. When You, request a switch between Segregated Funds, You are redeeming Units of a Segregated Fund and allocating the net proceeds to another Segregated Fund. The oldest Units of the Segregated Fund will be switched first.

The switch request must indicate the applicable Class, Segregated Fund(s) and the number of Units, percentage or dollar value You wish to redeem and the Class and Segregated Fund(s) You wish to allocate the proceeds to. Switches will be subject to any applicable short-term trading fee as set out in section 2.4.3, *taxes, fees and other charges*. Switch requests will be processed in the order they are received.

You can only switch Units between Classes if the total Cash Value is switched.

If You switch to Estate Protection Partner series, You must complete the Partner Series fee agreement if there is no existing Fee Agreement.

If You switch Estate Protection Partner series Units the accrued fees related to the AMS fee will be collected prior to a switch being processed when the remaining market value of a Segregated Fund, in Our sole discretion, will be less than the upcoming monthly fee.

We will redeem the Units of the Segregated Fund You have selected on the Valuation Day Your request is received at the Administrative Office if it arrives in good order before the Cut-off Time, or on the next Valuation Day if received after that time.

We will then apply the net proceeds to the applicable Segregated Fund based upon the Unit Value in effect at that time. The number of Segregated Fund Units allocated to Your policy will equal the net amount of the proceeds divided by the Unit Value of the applicable Segregated Fund at the time.

The value of the Maturity and Death Benefit Guarantees will not change when You switch the value of the Units allocated to the policy.

We will not process a switch request if the amount requested exceeds the Cash Value of the Units You have chosen to redeem. Any switch must meet Our then-current minimum and maximum amounts. You may make up to 12 free switches in each calendar year, subject to Our then-current administrative rules. We reserve the right to increase or decrease the allowed number of switches without notice.

If the switch results in the value of Your Units of a Segregated Fund being lower than Our then-current required minimum amount, We reserve the right to switch the value of Your Units in that Segregated Fund to another Segregated Fund that meets Our then-current administrative rules. We reserve the right to change the minimum and maximum amounts.

Switches are subject to the suspension and postponement rights described in section 2.6 *Suspensions, Postponements and Limited Liquidity*.

Switches between different funds will be subject to any applicable short-term trading fee in accordance with section 2.4.3 *and applicable fees and other charges*. For a non-registered policy switches between different funds may result in capital gains or losses. You are responsible for any income tax reporting and payment that may be required.

2.4.5 Redemptions

You can redeem all or part of the value of Units allocated to Your policy by providing Us, at the Administrative Office, with appropriate documentation in Our approved form to that effect. Redemptions are subject to Our then-current administrative rules and Applicable Legislation. Redemptions will be subject to any applicable short-term trading fee in accordance with section 2.4.3, applicable withholding taxes, fees and other charges.

The value of any Maturity or Death Benefit Guarantee will be proportionally reduced by any redemptions in a manner determined by Us. Examples of Our current process are set out in the then-current information folder.

The number of Units required to fulfill Your redemption request will be redeemed on the Valuation Day Your request is received at the Administrative Office if it arrives in good order before the Cut-off Time, or if received on a day that is not a Valuation Day, We will process it on the next Valuation Day. Where You have set-up an automatic partial redemption or scheduled income redemption and it is scheduled to occur on a non-Valuation Day, We will process it on the Valuation Day prior to the scheduled date.

We will redeem Units to fund Your request based upon the age of the Units held in the applicable Segregated Funds, with oldest Units being redeemed first.

If You redeem Estate Protection Partner series Units the accrued fees related to the AMS fee will be collected prior to the redemption being processed when the remaining market value of a Segregated Fund, in Our sole discretion, will be less than the upcoming monthly fee.

A cheque for the proceeds, less any applicable withholding taxes, fees or charges, will be mailed to Your most recent address on Our records for this policy or as requested in writing or the proceeds will be directly deposited to Your bank account once all documentation required to process Your redemption request is received in a form acceptable to Us.

If We do not receive everything We require to process Your request within ten valuation days after We receive Your request, We will reverse the transaction. If there is any loss incurred as a result of reversing the transaction, the amount of the loss will be charged to You.

Redemptions requests will be processed in the order they are received and are subject to any Applicable Legislation that requires Us to withhold tax. Redemptions from a non-registered policy may result in a taxable capital gain or loss. The entire amount of redemptions from a registered policy, other than a TFSA policy, is taxable income. You are responsible for any income tax reporting and payment that may be required.

Redemptions are subject to the suspension and postponement rights described in section 2.6 *Suspensions, Postponements and Limited Liquidity*.

The current minimum amount for a redemption from a Segregated Fund is \$500 and is subject to Our then-current administrative rules. You may make two unscheduled redemptions in each calendar year, subject to Our then-current administrative rules. You cannot carry forward any unused unscheduled redemptions to another year. Additional redemptions are subject to an administrative charge. We reserve the right to increase or decrease the allowed number of unscheduled redemptions without notice.

Any applicable laws and regulatory guidelines may determine allowed redemption amounts.

Redemptions reduce the Cash Value and the amount available for annuity payments. The value of Your Maturity Guarantee and Death Benefit Guarantee will be proportionally reduced by any redemption in a manner determined by Us. Examples of Our current process are set out in the then-current information folder.

2.4.6 Automatic Partial Redemptions and Scheduled Income Redemptions

You may request an automatic partial redemption ("APR") in Your non-registered or TFSA policy or scheduled income redemptions in Your RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy according to Our then-current administrative rules and subject to Applicable Legislation.

These redemptions are subject to the suspension and postponement rights described in section 2.6 *Suspensions, Postponements and Limited Liquidity*.

Requests for an APR and scheduled income redemptions must be received at least 30 days prior to the requested start date. Your written request must indicate the Segregated Fund(s) from which the Units are to be redeemed and the frequency of redemptions.

If We cannot redeem sufficient Units from a Segregated Fund or the Segregated Fund has been closed to redemptions under the suspension and postponement rights described in section 2.6 *Suspensions, Postponements and Limited Liquidity*, We will redeem Units in accordance with Our then-current administrative rules.

We may require evidence that the Annuitant and/or the person receiving any payment is living before any redemption is paid.

You must have a minimum amount in Your policy in order to start an APR in accordance with Our then-current administrative rules.

The value of Your Maturity Guarantee and Death Benefit Guarantee will be proportionally reduced by any redemption in a manner determined by Us. Examples of Our current process are set out in the then-current information folder.

2.5 Rebalancing Service

The rebalancing service is an automatic portfolio rebalancing service that allows You to invest in selected Segregated Funds and choose to have the Segregated Funds rebalanced to a target allocation on specific rebalancing dates. The frequency of the rebalancing and the rebalancing range percentages selected by You are subject to Our then-current administrative rules. Units of all Sales charge options held in Your policy are taken into consideration when a rebalancing occurs.

You can choose eligible Segregated Funds You wish to have rebalanced. We will only rebalance those You have selected under this service.

To participate in the rebalancing service You must provide Us, at Our Administrative Office, with the appropriate documentation in Our approved form, subject to Our then-current administrative rules. The rebalancing service will commence once complete documentation, acceptable to Us, has been received at Our Administrative Office.

The selected Segregated Funds will be monitored and reviewed against the requested target allocation on the rebalance dates that You select. On a rebalance date, if the weightings attributable to the Segregated Fund differ by an amount greater than the rebalancing range percentage You selected, We will rebalance a Segregated Fund to a point within the rebalancing range percentage in accordance with Our administrative rules.

The Segregated Funds available under the rebalancing service may be limited to a number of rebalancing eligible Segregated Funds that We make available from time to time. If a Segregated Fund is not eligible, You are not able to select it in Your target allocation. The list of current rebalancing eligible Segregated Funds is available upon request and is set out in the current information folder. We reserve the right to add or remove a Segregated Fund from the list of rebalancing eligible Segregated Funds from time to time, without notice.

If We remove a Segregated Fund from the eligible list it will not be included in any future scheduled rebalancing. We will advise You after a Segregated Fund becomes ineligible in accordance with Our then-current administrative rules.

You may direct Your Premiums to eligible Segregated Funds you selected by establishing a rebalancing service. Once established, on a Valuation Day we receive a Premium as set-out in Our then-current administrative rules for this rebalancing service, We will allocate the Premium to the selected Segregated Funds as of that day. If the Premium is received after the Cut-off time, We will apply the Premium on the next Valuation Day.

If the documentation is incomplete or Your instructions are not clear to Us the Premium will be held in accordance with Our then-current administrative rules.

You can change Your target allocation, rebalancing range or rebalancing frequency by providing updated written instructions at Our Administrative Office in a form acceptable to Us. You may also request a manual rebalancing of Your Segregated Funds outside of the scheduled automatic rebalancing period at any time. A manual rebalancing may trigger short-term trading fees. You will have to pay any applicable short-term trading fee as set out in section 2.4.3.

If You redeem all the Units in a Segregated Fund that was part of Your target allocation without providing Us with amended instructions, We will rebalance the remaining eligible Segregated Funds and proportionately reallocate the value of the Units to the Segregated Funds in Your stated target allocation including the redeemed Segregated Fund at time of the next scheduled rebalancing. We reserve the right to introduce fees for the rebalancing service and minimum amounts on prior written notice to You. We may terminate the rebalancing service at any time by providing notice to You in accordance with Our then-current administrative rules.

In a non-registered policy, transactions under the rebalancing service may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required as a result of any transaction.

2.6 Suspensions, Postponements and Limited Liquidity

We anticipate having sufficient cash and marketable securities on hand to enable Us to effect redemption requests or switches for all Units for which a request has been received, but We may, in Our sole discretion, suspend redemptions or switches, or from time to time postpone the date fixed for redemptions or switches with respect to such request under the following circumstances:

- a) During any period when normal trading is suspended on any stock exchange within or outside of Canada on which securities are listed which represent a significant percentage, in Our sole discretion, by value of the total assets of the Segregated Fund or underlying fund, without allowance for liabilities; or
- b) When circumstances exist as a result of which, in Our opinion, it is not reasonably practicable to dispose of investments held for the Segregated Fund or as a result of which any such disposal would be materially prejudicial to the policyowners who hold Units in the Segregated Fund.

During any suspension or postponement, We will administer requests for redemptions or switches in a manner considered equitable by Us having regard to Our administrative rules then in effect and any applicable laws.

In addition, should the total redemption requests exceed the current liquidity of a Segregated Fund, such redemption requests will be honoured on a pro-rata basis, up to the distributable liquidity as determined by Us. Redemption requests beyond the distributable liquidity of the Segregated Fund, subject to suspension or delay of further redemptions, will be carried forward, and honoured as soon as the liquidity position of the Segregated Fund permits. As redemption requests are met, the appropriate number of Units will be deducted from the total number of Units held by each policyowner as shown on Our records, and the remaining Units shall remain recorded thereon.

2.7 Fees and Expenses

2.7.1 Investment Management Fees, Operating Expenses and Management Expense Ratio

Investment management fees, operating expenses, and advisory and management service fee are all charges related to the investment and administration of the Segregated Funds.

Investment management fee and Operating expenses

The investment management fee varies depending on the Segregated Fund chosen. For information on the current investment management fee, see the then-current information folder.

An investment management fee is charged in respect of each Class and is a percentage of the market value of each Class of the Segregated Fund, plus applicable taxes. An investment management fee is deducted on a Valuation Day and paid to Us before We calculate that Class' Unit Value.

We reserve the right, subject to section 2.8 *Fundamental Changes to a Segregated Fund*, to increase the investment management fee by giving You 60 days' notice.

In addition to the investment management fees, each Segregated Fund is responsible for paying its respective operating expenses.

These operating expenses are deducted from the assets of the Segregated Fund before the calculation of the applicable Unit Value and may include legal, audit, custodian, order processing, portfolio valuation and report preparation costs. Investment management fees and operating expenses may be subject to applicable taxes, which will be charged to the applicable Segregated Fund. Operating expenses may change from time to time.

For Segregated Funds that invest in an underlying fund, the fees and expenses payable in connection with the management, operation and administration of the underlying fund are in addition to those payable by the Segregated Fund. As a result, the Segregated Fund pays its own fees and expenses and its proportionate share of the fees and expenses of the underlying fund based on the number of Units of the underlying fund owned by the Segregated Fund. There will be no duplication in the payment of investment management fees in such circumstances. The investment management fee shown in the then-current information folder is the total of the investment management fees charged by the Segregated Fund and the underlying fund.

Management expense ratio

For Estate Protection standard series the management expense ratio (MER) is the total of the investment management fee and operating expenses and includes a trailing commission payable to Your advisor.

For Estate Protection Partner series the MER is the total of the investment management fee and operating expenses but does not include any amounts payable to your advisor for advisory and management services. You are responsible for paying the advisory and management service (AMS) fee. For more information, see section 2.7.2 *Advisory and management service (AMS) fees*.

The MER is expressed as an annualized percentage of daily average net assets for the year. The investment management fee and operating expenses (including any applicable expenses of an underlying fund) are deducted before the applicable Unit Value is calculated. The most current MER is published each year in the audited financial statements. The MER is subject to change from time to time and without notice.

2.7.2 Advisory and Management Service (AMS) Fees

When you invest in Estate Protection Partner series for each Segregated Fund held in Your policy You will pay an advisory and management service fee ("AMS fee") by redemption of Units from each Segregated Fund in Your policy. The AMS fee is negotiated between You, Your advisor and Us and set out in the Fee Agreement. The AMS fee may be renegotiated only if You, Your financial security advisor and We agree.

The AMS fee is calculated and accrued daily. You are also required to pay applicable taxes on the AMS fee, including harmonized sales tax ("HST") or goods and services tax ("GST"), to Us. Any such taxes will be remitted to appropriate Government tax authorities.

The daily accrued amount of the AMS fee is equal to the market value of the Units of each of the Segregated Funds held in Your policy multiplied by the AMS fee for that day plus applicable taxes.

The AMS fee is currently paid monthly. We have the right to change the frequency the AMS fee is paid by giving You notice.

The AMS fee will not proportionally reduce the Maturity or Death Benefit Guarantee amounts.

For Segregated Funds the Canada Revenue Agency has advised currently the AMS fee is not tax deductible under the Tax Act. You are responsible for any income tax reporting and payment that may be required.

2.8 Fundamental Changes to a Segregated Fund

If We make any of the following fundamental changes to a Segregated Fund, We will notify You in writing at least 60 days before the change occurs.

- Increase in the investment management fee
- Material change to the fundamental investment objective of a Segregated Fund
- Decrease in the frequency with which the Units of a Segregated Fund are valued

During the notice period, You will have the right to switch the value of Your Units from the affected Segregated Fund to the same Class and Sales charge option of a similar Segregated Fund that is not subject to the fundamental change without incurring a fee, provided You advise Us, in a form satisfactory to Us, at least five (5) business days prior to the change happening. We will advise You of similar Segregated Funds that are available to You. A similar fund is a Segregated Fund within the same investment fund category that has a comparable investment objective and the same or lower investment management fee. The notice will be sent to Your most recent address on Our records for this policy.

If We do not offer a similar Segregated Fund, You have the right to redeem Your Units without incurring a fee provided You advise Us at least five (5) business days prior to the change happening. We will advise You if this applies to You.

Switches or redemptions from a non-registered policy may result in a taxable capital gain or loss. The entire amount of redemptions from a registered policy, other than a TFSA policy, is taxable income. You are responsible for any income tax reporting and payment that may be required.

During the transition period between the notice and the effective date of the fundamental change, You will not be permitted to allocate Premiums to or switch into the affected Segregated Fund unless You agree to waive Your rights under this fundamental change provision.

2.9 75/100 Guarantee Provisions

The following describes how We determine the Maturity and Death Benefit Guarantees.

2.9.1 Maturity Guarantee

The Maturity Guarantee is provided on the Maturity Guarantee Date (as defined in section 2.9.2).

The Maturity Guarantee, on that date, is the greater of the:

- Market Value; or
- 75 per cent of the Premiums allocated to the policy reduced proportionally by any redemptions ("Maturity Guarantee Amount")

On the Maturity Guarantee Date if the Maturity Guarantee Amount exceeds the Market Value, We will top-up Your policy for the difference so the Market Value equals the Maturity Guarantee Amount. We apply this amount to Your current Segregated Fund allocation proportionately. You are responsible for any income tax reporting and payment that may be required as a result of payment of the guarantee. If the Market Value is equal to or higher than the applicable Maturity Guarantee Amount, We will not pay a top-up.

The payment of any top-up does not affect the Maturity or Death Benefit Guarantee Amounts.

2.9.2 Maturity Guarantee Date

The Maturity Guarantee Date will be the same date as the Policy Maturity Date

2.9.3 Death Benefit

A) If We receive notification at Our Administrative Office, acceptable to Us, of the death of the last Annuitant on a Valuation Day that is on or prior to the Policy Maturity Date, and prior to the Cut-off Time, We will determine the Death Benefit as of this day. If the notification is received after the Cut-off Time, or the date of notification is not a Valuation Day, We will use the next Valuation Day. The accrued AMS fees related to Estate Protection Partner series Units, as set out in section 2.7.2 *Advisory and management service (AMS) fee*, will be charged at this time.

Any PACs, automatic partial or scheduled income redemptions being made will cease.

If on the day the Death Benefit is determined the Market Value is less than the applicable Death Benefit Guarantee Amount (see section 2.9.3 B), We will make a top-up payment for the difference in accordance with Our then-current administrative rules. You are responsible for any tax reporting and payment that may be required. If the Market Value is higher than the Death Benefit Guarantee Amount, We will not pay a top-up.

The “Death Benefit” means the value of the Units allocated to the policy as of the Valuation Day We determine the Death Benefit and any applicable top-up payments.

B) The Death Benefit Guarantee Amount is 100 per cent of the Premiums allocated to the policy reduced proportionally by any redemptions from the policy.

The applicable Death Benefit Guarantee Amount will be proportionally reduced by redemptions from the policy in a manner determined by Us. Examples of Our current process are set out in the then-current information folder.

3. Termination Provisions

3.1 Cancellation Rights

You may cancel this contract, the initial PAC Premium and any subsequent Premium You apply to the contract. You may only do so by delivering a written request to Us within two business days from the earlier of the date You receive the confirmation of Your transaction or five business days after We mailed the confirmation to You.

If You give Us written notice as noted above, We will refund the lesser of:

- 1) the amount of the Premium being cancelled; or
- 2) the value of the units associated with the Premium being cancelled as of the Valuation Day We receive Your written notice if We receive it before the Cut-off Time, or the next Valuation Day if received after that time;

We will refund any fees or charges associated with the cancelled transaction.

This does not apply to redemption requests.

This may generate a taxable result and You are responsible for any income tax reporting and payment that may be required.

3.2 Surrender of this Policy

Subject to the rights of any irrevocable beneficiary, applicable locking-in endorsements and legislation, You can surrender this policy prior to the Policy Maturity Date, by providing Us with a written request. Surrenders are also subject to applicable withholding taxes, short term trading fee (see section 2.4.3) and other fees and charges.

Your written request is Your acknowledgement that a surrender of a non-registered policy may result in a taxable capital gain or loss and the entire amount from a registered policy, other than a TFSA policy, is taxable income. You are responsible for any income tax reporting and payment that may be required. You further acknowledge any applicable Maturity and Death Benefit Guarantees will no longer apply upon surrender of the policy.

We will pay You the Cash Value after We receive the releases and other documents We require. The redemption process is described in section 2.4.5 *Redemptions*.

If You request a direct transfer of the value of Your registered policy to another financial institution, the above provisions in this section apply except that the transferee will receive the payment. Also, if Your policy is a RRIF, Spousal RRIF, PRIF, LIF, LRIF or RLIF, We will pay You the required legislated RRIF Minimum Amount prior to effecting the direct transfer to the transferee.

Payment of the Cash Value discharges Our obligations under this policy.

3.3 Other Termination

Subject to Applicable Legislation, We can terminate the policy when the value of the policy is less than the specified minimum amounts.

The current minimum amount that must remain in a policy is \$500. If any redemption leaves the Cash Value less than \$500, We reserve the right to terminate Your policy and forward the Cash Value to You. Payment of this amount discharges Our obligations under this policy.

Subject to any applicable guarantee, any amount that is allocated to a Segregated Fund is invested at the risk of the Policyowner and may increase or decrease in value.

The Canada Life Assurance Company agrees to pay benefits according to the terms of the policy.



Paul A. Mahon
President and Chief Executive Officer



Fabrice Morin
President and Chief Operating Officer, Canada

4. Endorsements

4.1 RIF Endorsement

This endorsement does not apply to a policy held in a trust arrangement that is registered externally (meaning not through Canada Life) under the *Income Tax Act* (Canada) as a RIF.

4.1.1 Policyowner and Annuitant

For the purposes of this RIF Endorsement, the Policyowner and Annuitant must be the same person. When We refer to the Policyowner, We also mean the Annuitant as defined in the *Income Tax Act* (Canada), just as when We refer to the Annuitant, We also mean the Policyowner.

4.1.2 Spouse

For the purposes of this RIF Endorsement, Spouse means both the spouse and common-law partner as both those terms are defined in the *Income Tax Act* (Canada) ("Tax Act").

4.1.3 Applicable Provisions

If You have requested the policy be registered as a RRIF under the Tax Act the provisions of this RIF Endorsement form part of the policy. In the event of a conflict, the provisions of this endorsement will prevail. The policy will be administered and will comply with all relevant provisions of the Tax Act.

4.1.4 Registration

We will apply for registration of Your policy as a RRIF under the Tax Act

4.1.5 Transfers to Your Policy

We will only accept Premiums that represent transfers of monies originating directly from Your RRSP or Your RRIF; the commutation, in whole or in part, of Your RRSP annuity; Your deceased Spouse's RRIF under which You are named as the beneficiary; Your Spouse's or former Spouse's RRSP or RRIF if resulting from a division of assets upon marriage or conjugal relationship breakdown pursuant to a decree, order, judgment or written separation agreement; or any other source permitted by the Tax Act, from time to time.

4.1.6 Scheduled Income Redemptions to the Annuitant

Your policy will provide You with a scheduled income redemption that will begin on or before December 31 of the second calendar year of Your RRIF policy. In each such calendar year, the total amount You receive will not be less than the Minimum Amount (the "RRIF Minimum Amount") required to be paid to You under the Tax Act. The amount of any redemption under Your policy will not exceed the Cash Value immediately before the time of the payment.

You must specify in writing, in a form satisfactory to Us, the amount and frequency of the redemptions to be made to You during any year. Subject to any applicable fee or charge, You can change the amount and frequency of the redemptions from year to year or request additional redemptions by providing Us with written instructions in a form satisfactory to Us. If You do not specify the amount and frequency of the redemptions to be made in a year or the amount that You specify is less than the RRIF Minimum Amount for a year, We will make sufficient redemptions as We deem necessary in Our sole discretion, to ensure the RRIF Minimum Amount for that year is paid to You. In the absence of satisfactory instructions, We will redeem Units as set out in the terms of Your policy for the purpose of making payments to You.

Redemptions will continue until the Cash Value of the policy reaches zero or the policy is terminated pursuant to section 3.

4.1.7 Calculation of the RRIF Minimum Amount

The RRIF Minimum Amount will be calculated in accordance with the provisions of the Tax Act. Currently the Tax Act requires the RRIF Minimum Amount to be zero in the first calendar year. Currently the Tax Act allows You to elect, before any redemptions are made, to base the Minimum Amount on Your age or the age of Your Spouse. This election is binding and cannot be changed, revoked or amended under any circumstances. If no election is made the RRIF Minimum Amount will be based on Your age.

As the required RRIF Minimum Amount cannot be determined until the first day of each year, We reserve the right not to make the first redemption in each calendar year before the 20th day of the first month.

4.1.8 Transfers from Your Policy

Subject to any restrictions imposed by the Tax Act, all or part of the Cash Value of Your policy may be transferred to Your RRSP or RRIF, or for the purchase of an annuity that conforms with paragraph 60(l) of the Tax Act.

Following receipt of Your written instructions in a form satisfactory to Us, We shall effect the transfer. Such transfer will be net of all appropriate charges and any amount that We are required to retain by paragraph 146.3(2)(e) of the Tax Act, as amended from time to time, to ensure the payment to You of the RRIF Minimum Amount for that year. The Tax Act does not permit the transfer of any amount to an RRSP after December 31 of the specified year. The current specified year is the year in which You attain the Maximum Age. In the event of a partial transfer from Your policy and in the absence of satisfactory instructions, We will redeem Units as set out in the terms of Your policy to effect the transfer.

4.1.9 Death of the Annuitant

Upon receipt of written notification of Your death, and if Your Spouse is entitled to receive the scheduled income redemptions, Your Spouse will become the Policyowner and successor Annuitant of the policy.

Where Your Spouse becomes the successor Annuitant of Your policy, Your Spouse will be deemed to be the Annuitant under the policy with the same rights as if Your Spouse had been the original Annuitant.

If Your Spouse is not entitled to receive the scheduled income redemptions or Your named beneficiary is not Your Spouse, the Death Benefit will be paid in a lump-sum to Your designated beneficiary, or, if there is no surviving beneficiary, to Your estate. The lump sum payment made will be net of any appropriate charges, including income tax required to be withheld.

4.1.10 Accounting and Reporting

We will maintain a record with respect to Your policy which will include:

- Transfers to Your policy
- Units allocated to Your policy
- Redemptions, transfers and fees paid from Your policy
- Market Value
- The minimum and maximum (if applicable) amount that can be paid from Your policy

You will be sent a statement at least annually. Before April of each year, You will be provided with any applicable tax forms that are required to be filed with Your personal income tax return for the previous year.

4.1.11 Prohibition

Except as specifically permitted under the Tax Act, no benefit, loan or indebtedness that is conditional in any way on the existence of Your policy may be extended to You or a person with whom You do not deal at arm's length. You may not engage in any transaction, investment, payment or transfer which is or may be an advantage, an RRSP strip or a swap transaction under Part XI.01 of the Tax Act. Retirement income under Your policy may not be assigned in whole or in part. We will not make any payments under the policy except those specifically permitted under the provisions of the policy (including this RIF Endorsement) or the Tax Act or required by law. We reserve the right to prohibit any transaction, investment, payment or transfer, whether an advantage, an RRSP strip or a swap transaction under the Tax Act, or such other payment or transfer which is or may be prohibited or penalized under the Tax Act.

4.1.12 LIFS, RLIFS, PRIFS and LRIFS

If "locked-in" monies are transferred to Your policy in accordance with applicable pension legislation, the additional provisions of the LIF, RLIF, PRIF and/or LRIF endorsement will form part of this policy, as applicable. In the event of any inconsistency between the provisions of this RRIF endorsement and the provisions of the applicable LIF, RLIF, PRIF or LRIF endorsement, the provisions of the LIF or LRIF endorsement will apply to the "locked-in" monies.

4.1.13 Non-Assignment

You cannot assign or hypothecate this policy in whole or in part.

4.2 TFSA Endorsement

This endorsement does not apply to a policy held in a trust arrangement that is registered externally (meaning not through Canada Life) under the *Income Tax Act* (Canada) as a TFSA. An arrangement is not considered a qualifying arrangement under the *Income Tax Act* unless the holder is at least 18 years of age when the arrangement is entered into.

4.2.1 Policyowner, Annuitant and Holder

For the purposes of this TFSA endorsement, the Policyowner, Annuitant and Holder (as defined below) of the TFSA must be the same person. When We refer to the Policyowner, We also mean the Annuitant and Holder, just as when We refer to the Annuitant or to the Holder, We also mean the Policyowner. “Holder” means, until Your death, You, and at and after Your death Your validly designated successor holder, if any.

4.2.2 Spouse

For the purposes of this TFSA Endorsement, Spouse means both the spouse and common-law partner as both those terms are defined in the *Income Tax Act* (Canada) (“Tax Act”).

4.2.3 Applicable Provisions

If You have requested that an election be filed to register this policy as a TFSA under the Tax Act and any applicable provincial or territorial legislation and if You are the Policyowner named in the application for that policy who has attained the minimum age specified in the Tax Act, the provisions of this TFSA endorsement form part of the policy. In the event of a conflict, the provisions of this endorsement will prevail. The policy will be administered and will comply with all relevant provisions of the Tax Act and any applicable provincial or territorial legislation.

4.2.4 Registration

We will file an election to register Your policy as a TFSA under the Tax Act and any applicable provincial or territorial legislation.

4.2.5 Premiums

Only You may allocate Premiums to the policy. We will also accept transfers of funds as Premiums under Your policy from any source permitted by the Tax Act from time to time, including a transfer from another TFSA held by You or from a TFSA of Your current or former Spouse where the transfer relates to a division of property arising out of, or on the breakdown of, Your marriage or common-law partnership, in accordance with the Tax Act.

4.2.6 Distributions to the Annuitant

You may make redemptions so that distributions can be made from Your TFSA, including distributions to reduce the amount of tax otherwise payable in respect of contributions made to Your TFSA while a non-resident of Canada or contributions in excess of the maximum contribution limits for TSFAs permitted under the Tax Act. Distributions will be made net of all appropriate charges and fees as set out in the policy.

4.2.7 Transfers from Your Policy

Subject to any restrictions imposed by the Tax Act, all or part of the value of Your policy may be transferred to another TFSA of the Holder.

Following receipt of Your written instructions in a form satisfactory to Us, We shall effect the transfer. Such transfer will be net of all appropriate charges. In the event of a partial transfer from Your policy and in the absence of satisfactory instructions, We will redeem units as set out in the terms of Your policy to effect the transfer.

4.2.8 Death of the Annuitant

Upon receipt of written notification of Your death, if You have appointed a successor holder who is Your Spouse at the time of Your death, Your Spouse becomes the successor holder of Your TFSA, will be deemed to be the Annuitant under the policy and will acquire all of Your rights under the Policy. If, at the time of Your death:

- i) Your Spouse is not the appointed successor holder, or
- ii) Your Spouse is the appointed successor holder but is not Your Spouse at the time of Your death, or

- iii) Your Spouse has predeceased You, the Death Benefit of Your policy will be paid in a lump sum to Your designated beneficiary, or, if there is no surviving beneficiary, to Your estate. The lump sum payment made will be net of any appropriate charges, including any income tax required to be withheld.

4.2.9 Accounting and Reporting

We will maintain a record with respect to Your policy which will include:

- Premiums allocated to Your policy;
- Transfers to Your policy;
- Units allocated to Your policy;
- Redemptions, transfers and fees paid from Your policy;
- Market Value;

You will be sent a statement at least annually.

4.2.10 Prohibition

Your policy will be maintained exclusively for the benefit of the Holder, disregarding any right of a person to receive a payment out of or under the policy only on or after the death of the Holder. While there is a Holder, no person other than the Holder or Us shall have any rights under the policy relating to the amount and timing of distributions and investing of funds.



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